

# SOCIAL ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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## ACKNOWLEDGEMENTS

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

We are grateful to Dr Matthew Anderson, Sue Osborne (Chair), Stuart Raistrick and Rebecca Rowland for providing our independent verification this year.

Front cover image:

UGF/CDN (Union des Groupements Feminins Ce Dwane Nyee) is a shea butter co-operative located in Reo, Burkina Faso.

# WELCOME

You cannot have success without challenge and I am delighted to say that, despite the unsettled economic backdrop following the UK's decision to leave the European Union, 2016 has been a year of achievement for Shared Interest. Shortlisted for 14 awards, we were proud winners of the Social Enterprise category of the prestigious UK Private Business Awards, and also the Social Investment category at the Third Sector Awards.

Not only are the awards a great way of recognising the hard work of our staff and stakeholders, they also help us showcase the powerful and positive impact we can have on producers' lives with the support of our members and volunteers.

This year, the Society lent money directly to 163 producer groups, and we also added three new products to our lending portfolio: flowers in Kenya, coconuts in Ghana, and alpaca fibre in Peru.

The year started with Shared Interest being commended for its good practice as the first share offer to be accredited with the Community Shares Standard, and as the financial year came to a close on 30th September, we reached almost £36.5m in Share Capital, which surpassed targets by over £1m.

With the average length of time someone holds a Share Account remaining at 13 years, we are fortunate to have a loyal membership which enables us to provide finance to those communities across the globe that need it most.

By using a crowdfunding platform for the first time and through the support of donors, our charity, Shared Interest Foundation has been able to raise almost £5,000 to help improve the livelihoods of almost 300 women in Rwanda, as well as embarking upon access to finance training in Latin America.

As you will see from the figures in this report, the financial result for the Society shows a loss after making provision for likely bad debts.

Unfortunately, it has been necessary to provide for a large outstanding balance in full, as well as our normal yearly provision. Great efforts were made to find a rescue package for the co-operative in question but in the end this proved impossible to achieve.

Had it not been for this unforeseen amount, we would have posted a profit; a huge achievement in a year of change and turbulence. However, we must remember that this is the reality of lending to vulnerable businesses in the developing world and we keep a strong balance sheet precisely to deal with any such events.

We choose to lend to producers in disadvantaged parts of the world because of the impact we have on those communities.

This year, we made 630 payments to producer customers, with a total value of £37m. This set of Social Accounts illustrates the difference this finance makes to people's lives.

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

Please email any comments to [membership@shared-interest.com](mailto:membership@shared-interest.com).

**Mary Coyle MBE**  
**CHAIR OF SHARED INTEREST**





# SCOPE AND METHODOLOGY

**THESE ACCOUNTS COVER SHARED INTEREST'S FINANCIAL YEAR FROM 1 OCTOBER 2015 TO 30 SEPTEMBER 2016. REFERENCES TO 'THIS YEAR' AND '2016' SHOULD THEREFORE BE READ AS THE ABOVE 12-MONTH PERIOD.**

They cover the operations of both Shared Interest Society and Shared Interest Foundation, which are summarised in the aims and activities listed on page 10. These aims cover the substantive activities of both organisations. A full picture of our work can be gained by reading this report in conjunction with the Directors' Report and Financial Statements which are available for both Shared Interest Society and Shared Interest Foundation at [shared-interest.com/SA16/Appendix20](http://shared-interest.com/SA16/Appendix20) and [shared-interest.com/SA16/Appendix21](http://shared-interest.com/SA16/Appendix21).

This report was produced in accordance with the process recommended by the Social Audit Network UK (SAN). This includes audit by an independent panel, chaired by a SAN qualified social auditor, members of which are listed on page 2. 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 46.

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



# SOCIAL AUDIT STATEMENT

The Social Audit Panel has examined the draft Social Accounts submitted to us and discussed them in detail with Patricia Alexander (MD), Kerrey Baker, Tim Morgan, France Villeneuve and Kate O'Dell at the Social Audit Panel meeting held on 22nd November 2016. 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 misstatement and present a fair and balanced view of the performance and impact of Shared Interest as measured against its stated values and aims and the views of the stakeholders who were consulted.

In the notes of the Social Audit Panel was unanimous in affirming that the accounts were clear, comprehensive and thorough,

and that much progress had been made in responding to the Panel's recommendations from previous years. We identified one key issue to be taken into consideration during the next social audit cycle. In particular, we would refer to the following:

There has been some progress in Shared Interest reporting more on the outcomes and the wider impact of their work. However further progress can be made through development of the Theory of Change model which will enable a closer examination of the degree of impact achieved and enable Shared Interest to reflect on issues of wider strategic significance.

The members of the Social Audit Panel were:

**Sue Osborne (Chair),**  
School for Social Entrepreneurs, Yorkshire,  
Humber and North East

**Dr Matthew Anderson,**  
Portsmouth Business School,  
University of Portsmouth

**Becca Rowland,**  
Marketing Analyst and  
Fairtrade campaigner

**Stuart Raistrick,**  
Hexham, Northumberland



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

# WHY WE EXIST AND WHAT WE DO

**SHARED INTEREST SOCIETY PLAYS A CRUCIAL ROLE IN THE FAIR TRADE MOVEMENT. WITH 9,232 MEMBERS, EACH INVESTING BETWEEN £100 AND £100,000, WE ARE ABLE TO LEND MONEY DIRECTLY TO FAIR TRADE BUSINESSES ACROSS THE GLOBE. YOU CAN READ MORE ABOUT OUR LENDING PRODUCTS AT [SHARED-INTEREST.COM/SA16/APPENDIX1](https://shared-interest.com/sa16/appendix1)**

These businesses range from sole trader handcraft producers to large scale coffee co-operatives in the developing world, to buyers mostly in Europe and North America. We offer a variety of lending options that enable our customers to finance orders; purchase essential machinery and infrastructure; make advance payments to farmers and artisans; and finance inventory for new shops selling fair trade goods.

In addition to finance, Shared Interest Foundation provides financial training and business support to fair trade producers. This is supported by donations and grants from 453 donors.

You can read more about Shared Interest and our achievements over the last 26 years at [shared-interest.com/about-us/our-history](https://shared-interest.com/about-us/our-history).

Our Society and Foundation have a shared mission and set of values:

## MISSION

Our mission is to provide financial services and business support to make livelihoods and living standards better for people as they trade their way out of poverty.

We work collaboratively and innovatively with those who share our commitment to fair and just trade. With a community of investors and the support of donors and volunteers, we seek to contribute to a world where justice is at the heart of trade finance.

## VALUES

We will 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**

## OUR PERFORMANCE AGAINST AIMS AND ACTIVITIES

We report on our performance during the year under the three aims detailed on page 10. These organisational aims contribute to the achievement of our Mission and Values.

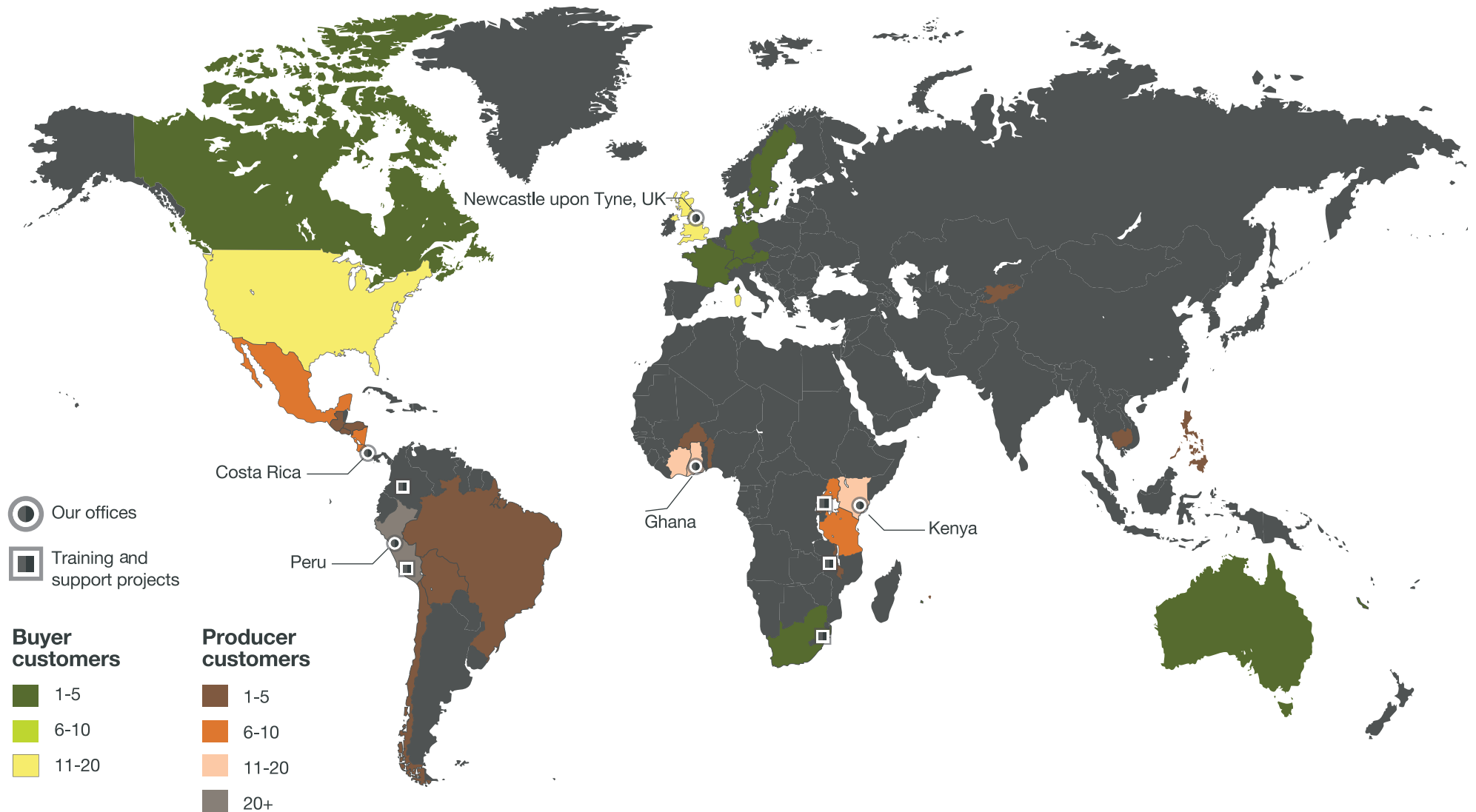
All aims and accompanying activities are reviewed annually by the Social Reporting Team and approved by the Board of Directors.

The key stakeholder groups within each aim are listed but a full stakeholder list is available on page 46.

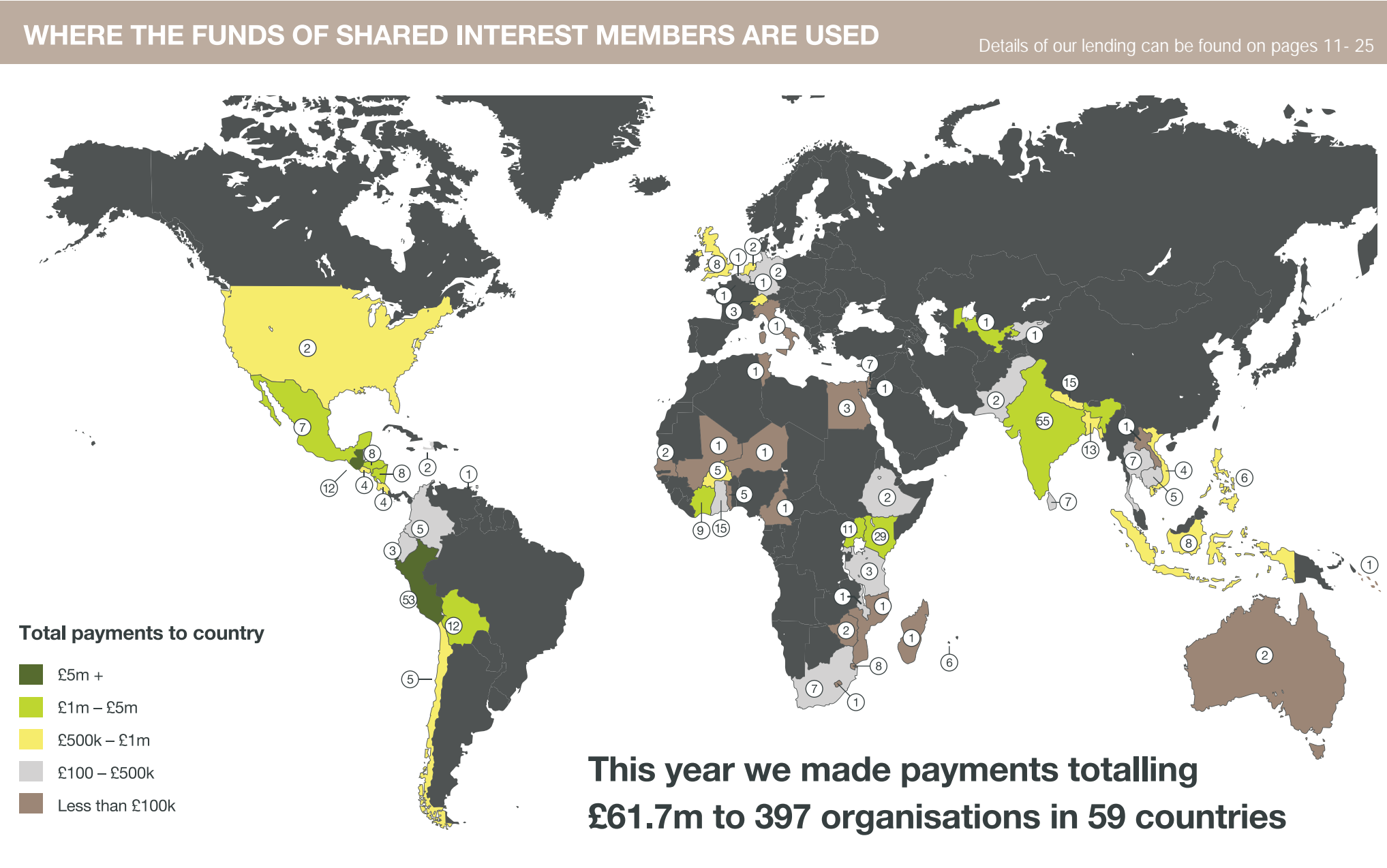
Read in conjunction with our Directors' Report and Financial Statements these aims cover all areas of our organisation.

\* World Fair Trade Organization (WFTO) 10 principles of fair trade at <http://www.wfto.com/fair-trade/10-principles-fair-trade>

## WHERE WE WORK



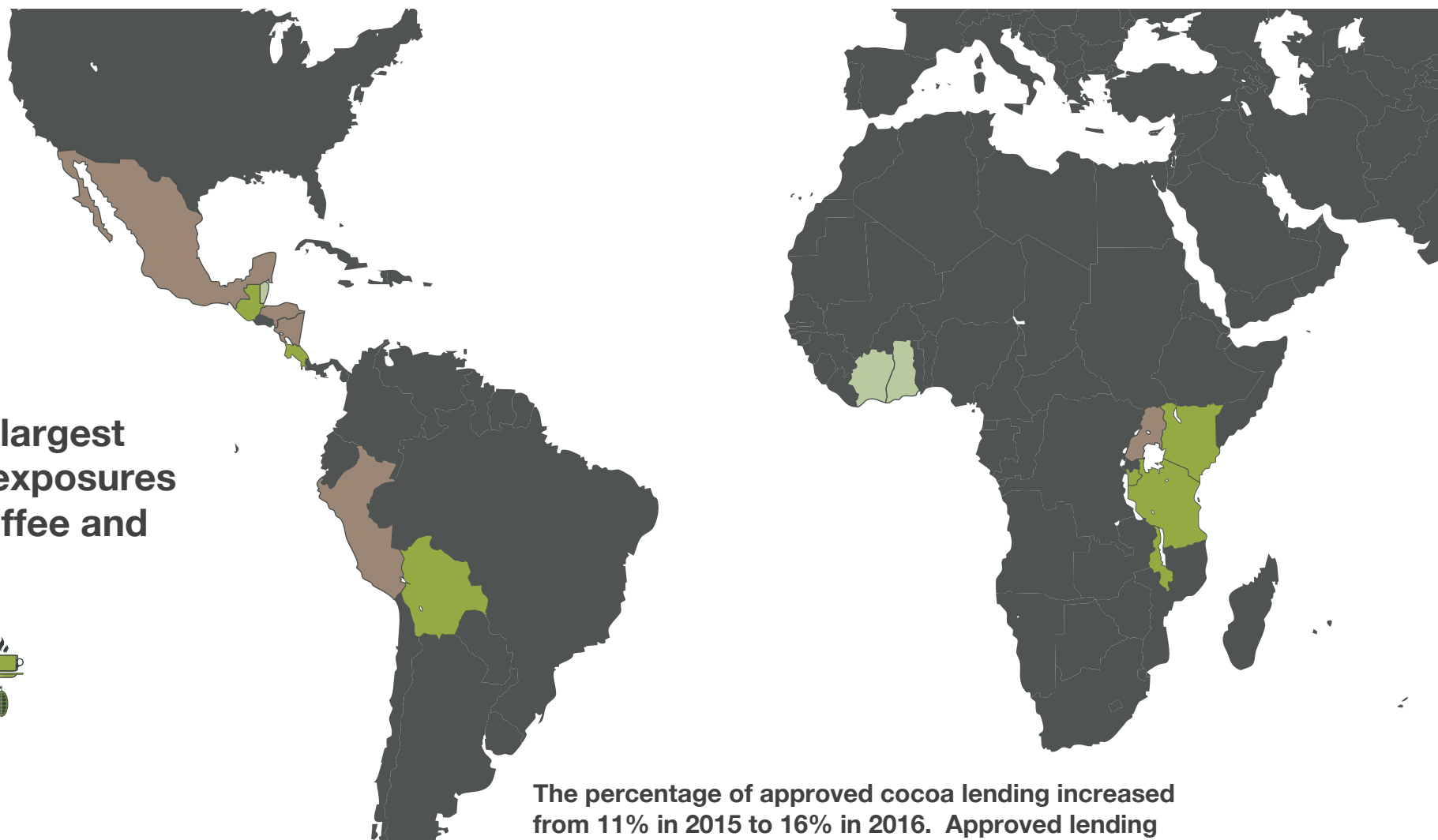




## LOCATION OF COFFEE AND COCOA PRODUCER CUSTOMERS

More details can be found on page 13

**Our two largest  
lending exposures  
are in coffee and  
cocoa.**



The percentage of approved cocoa lending increased from 11% in 2015 to 16% in 2016. Approved lending against coffee decreased from 47% to 43%.

# 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**



Key stakeholders: customers & beneficiaries

## **ACTIVITIES:**

- Provide lending directly to producer businesses
- Enable more producer businesses to access finance by providing financial services to their buyers and by delivering training
- Build sustainable support for fair trade businesses

# 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**



Key stakeholders: members, donors, volunteers & partners

## **ACTIVITIES:**

- Attract and retain investors, donors and volunteers
- Act co-operatively, valuing the views of our membership and wider supporters
- Collaborate and innovate with partners

# AIM 3:

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



Key stakeholders: our people

## **ACTIVITIES:**

- Ensure good financial stewardship of our investments and donations
- Encourage staff talent and commitment in an environment of mutual respect
- Practice good environmental stewardship



# 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.

Shared Interest continues to follow the strategy set in 2014 which is to remain a trusted and respected provider of ethical finance, with a particular emphasis on working in parts of the world where other lenders are less keen to operate.

The impact of activity derives from our financial support to organisations but the quantitative measurement of this is difficult to attribute. We have been embedding more monitoring and evaluation metrics into our activities and this year our Monitoring and Evaluation (M&E) Committee expanded the existing Customer Data Analysis (CDA) platform to enable the entry, storage and reporting of data related to identified social impact indicators. Going forward, we will be able to track progress but, as we have not entered previously collected data, analysing historical trends is limited at present.

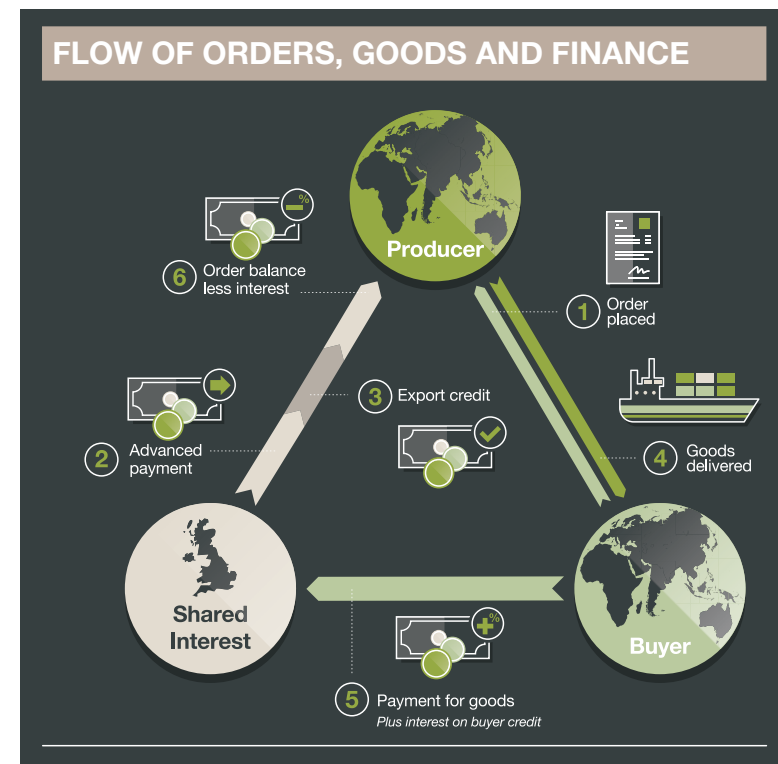
The people we are trying to help with our lending are producer groups, and we lend in two ways: directly to fair

trade producer groups (producer lending), and to fair trade wholesale or retail businesses (buyer lending). An explanation of the different types of financial products can be found in [shared-interest.com/SA16/Appendix1](https://shared-interest.com/SA16/Appendix1).

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

We do offer term loans for the purchase of assets such as a truck, or infrastructure such as a cableway to help move bananas, however the majority of our lending can be classed as short term rolling facilities. This is usually in the form of export credit providing working capital to help a producer group fulfil their orders or a stock facility for building up raw materials. Both types of lending are designed to be repaid as contracts are fulfilled. The funds are then released and lent again. As a result, the value of payments made, is greater than the value of lending facilities provided.

In some instances, these payments also include funds which are not borrowed from us. These funds are sent from commercial buyers for specific orders against which we have lent. For example, when an order is placed by a commercial coffee buyer, we pay the producer up to 80% of the order value.



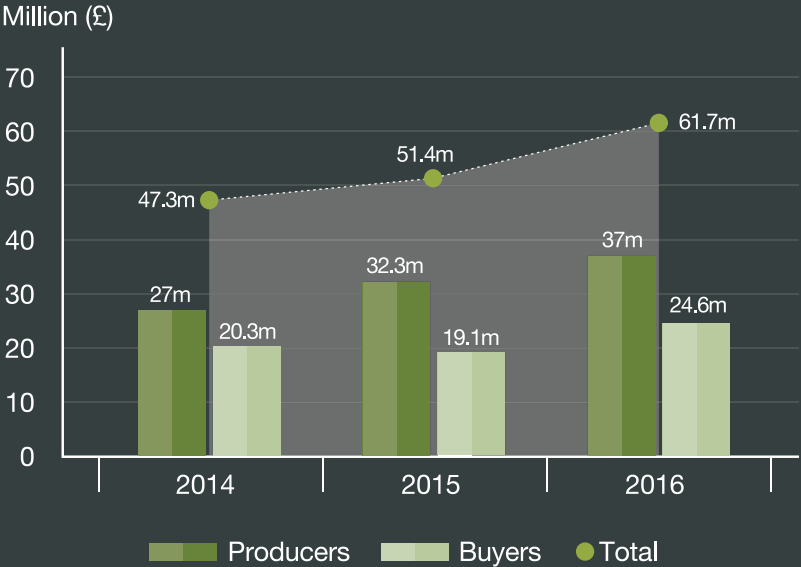
Maps 1 & 2 on pages 7 & 8 show the location of our customers and the reach of our payments. The chart below gives a more detailed summary of the total payments made to both producer customers and to producers on behalf of buyers.

As you can see overall payments have increased by £10m and 60% of the total value has been made directly to producers. It should be noted that a large part of this increase is due to the fluctuation of the

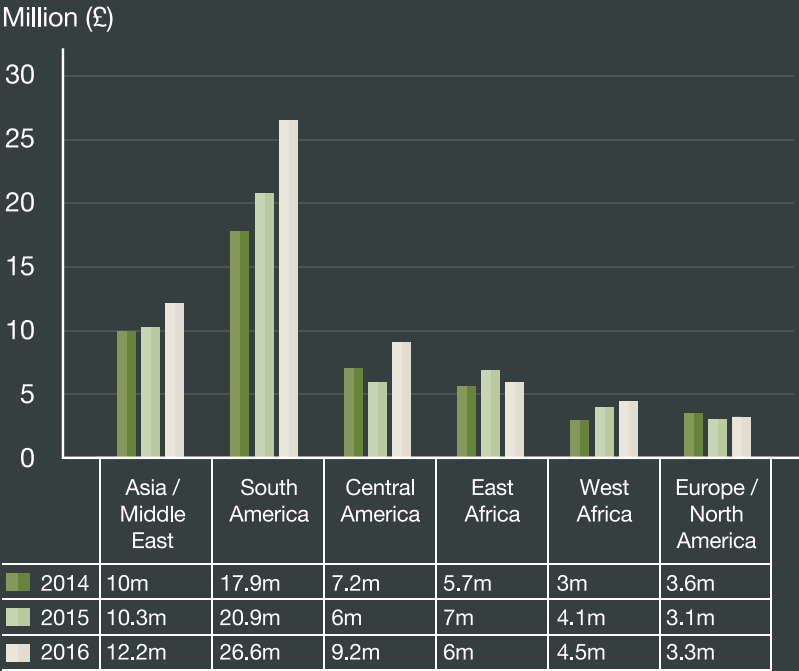
exchange rate between USD, Euro and GBP following the UK's decision to leave the European Union (EU) in June 2016. In fact, 84% of our payments are made in USD and the total payments made in that currency increased by US \$1m (1.5% increase).

Shown in the chart below, the most significant increase was seen in South and Central America.

TOTAL PAYMENTS MADE TO PRODUCERS ON BEHALF OF OUR BUYER CUSTOMERS



TOTAL PAYMENTS PER REGION



It is particularly important to note that a large proportion of payments made on behalf of buyers go to Asia and the Middle East. Due to political and economic constraints in those countries we are unable to work directly in these areas but operating through buyers allows us to reach these disadvantaged producers.

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

We have continued to diversify the types of products our lending supports in order to reach more producers and mitigate against our risk exposure in coffee. This year the prudential limit for cocoa was increased from 20% to 30%. This decision was based on the knowledge and expertise developed in our West Africa office and as a result the percentage of approved cocoa lending increased from 11% in 2015 to 16% in 2016. With the product diversification, approved lending against coffee has reduced from

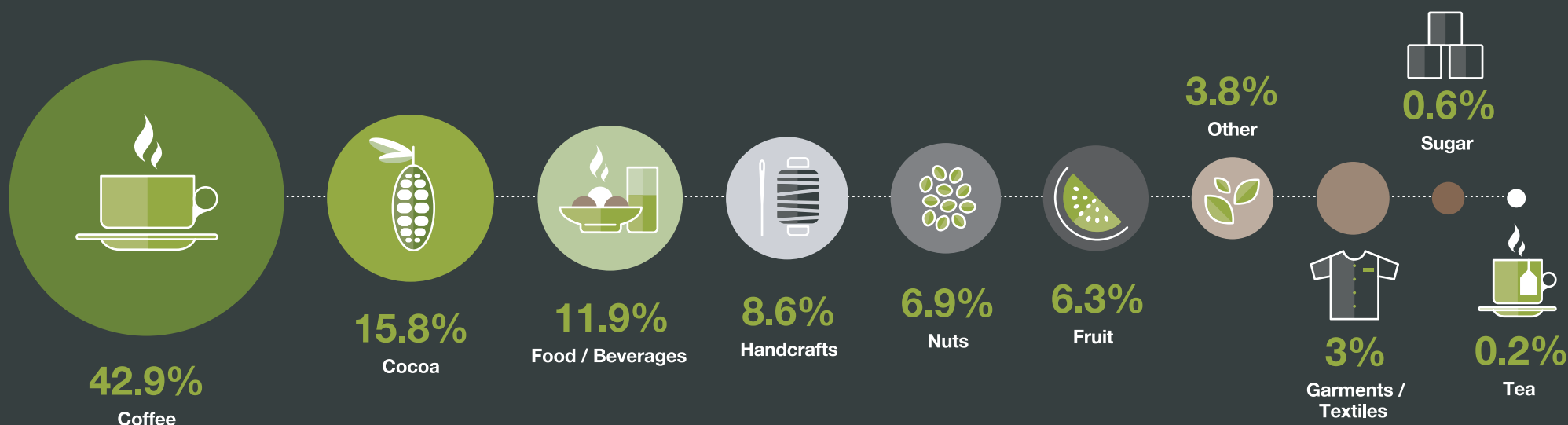
47% in 2015 to 43% in 2016. We have illustrated the location of our cocoa and coffee customers on the map on page 9.

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

Each year we review our lending and analyse the type of products we have been lending against, the geographical reach, and the rates of interest we charge. As with last year,

we have separated the analysis of lending provided to fair trade producer organisations and lending provided to fair trade buyer organisations.

## PERCENTAGE OF OUR APPROVED LENDING PER PRODUCT



(The product mix within our lending portfolio is primarily driven by the products more commonly produced in the areas near our offices)



## ACTIVITY 1 – PROVIDE LENDING DIRECTLY TO PRODUCER BUSINESSES

As detailed in the 2015 Social Accounts we have strengthened our overseas presence with more colleagues in the overseas offices. This has helped our strategy of growing the proportion of direct producer lending and understanding the needs of the communities we are working within. It has also resulted in a greater proportion of our members' Share Capital being used to directly support producers.

The following graph shows the average value of loan facilities that were available to customers ("committed"), and the total payments made to producer customers in relation to our Share Capital. This year, we

made 630 payments to producer customers, with a total value of £37m; £4.8m higher than the previous year. This exceeds the total amount committed to producer customers by £2.2m; an indication that a successful use of credit facilities allowed producer organisations to re-use their facility once funds had been repaid.

Payments to producer customers increased in all regions except Asia and East Africa as illustrated in the below graph. In East Africa this reduction was due to a lack of market opportunities and lower coffee prices resulting in fewer contracts available for pre-finance. Payments to South America

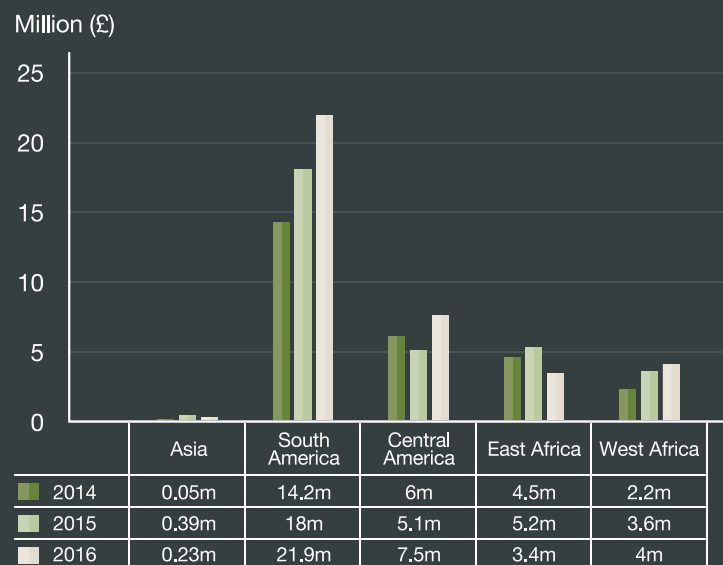
were significantly greater than other regions due to the larger number of facilities provided to coffee producers. Coffee also has a much greater value compared to other products such as fruit or handicrafts.

To ensure we use our Share Capital effectively, we take advantage of the different harvest seasons across products and regions. For example, when the coffee harvest in South America finishes, the Central American harvest begins, meaning that their borrowing peaks never coincide. This allows us to commit a higher value of lending than the total value of our Share Capital.

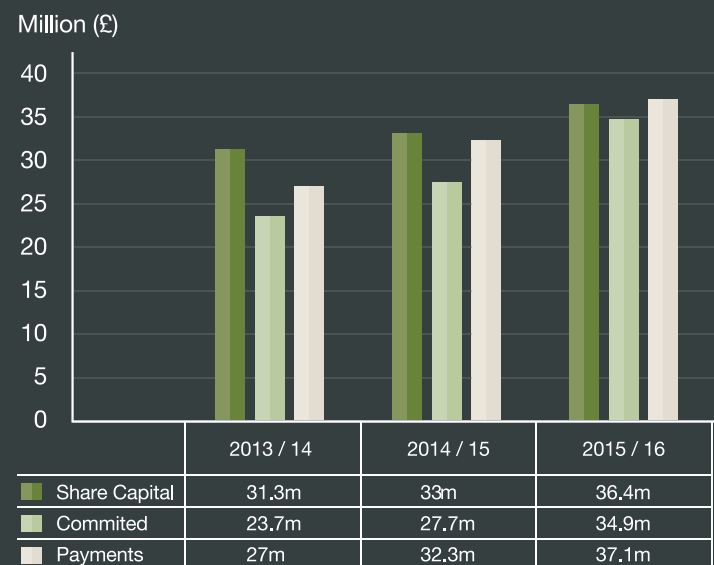
We control the risk by setting a prudential limit on approved facilities of 135% of our Share Capital and reserves. Based on year-end figures, this currently equates to £14.5m more than our current Share Capital total. This is higher than last year's £8.3m as we increased the percentage from 125% to 135%.

The infographic on page 15 illustrates our capability to make a wide range of payments, from small to large, on behalf of our customers.

### PAYMENTS MADE TO PRODUCER CUSTOMERS BY REGION



### COMMITTED LENDING AND PAYMENTS TO PRODUCER CUSTOMERS IN RELATION TO SHARE CAPITAL

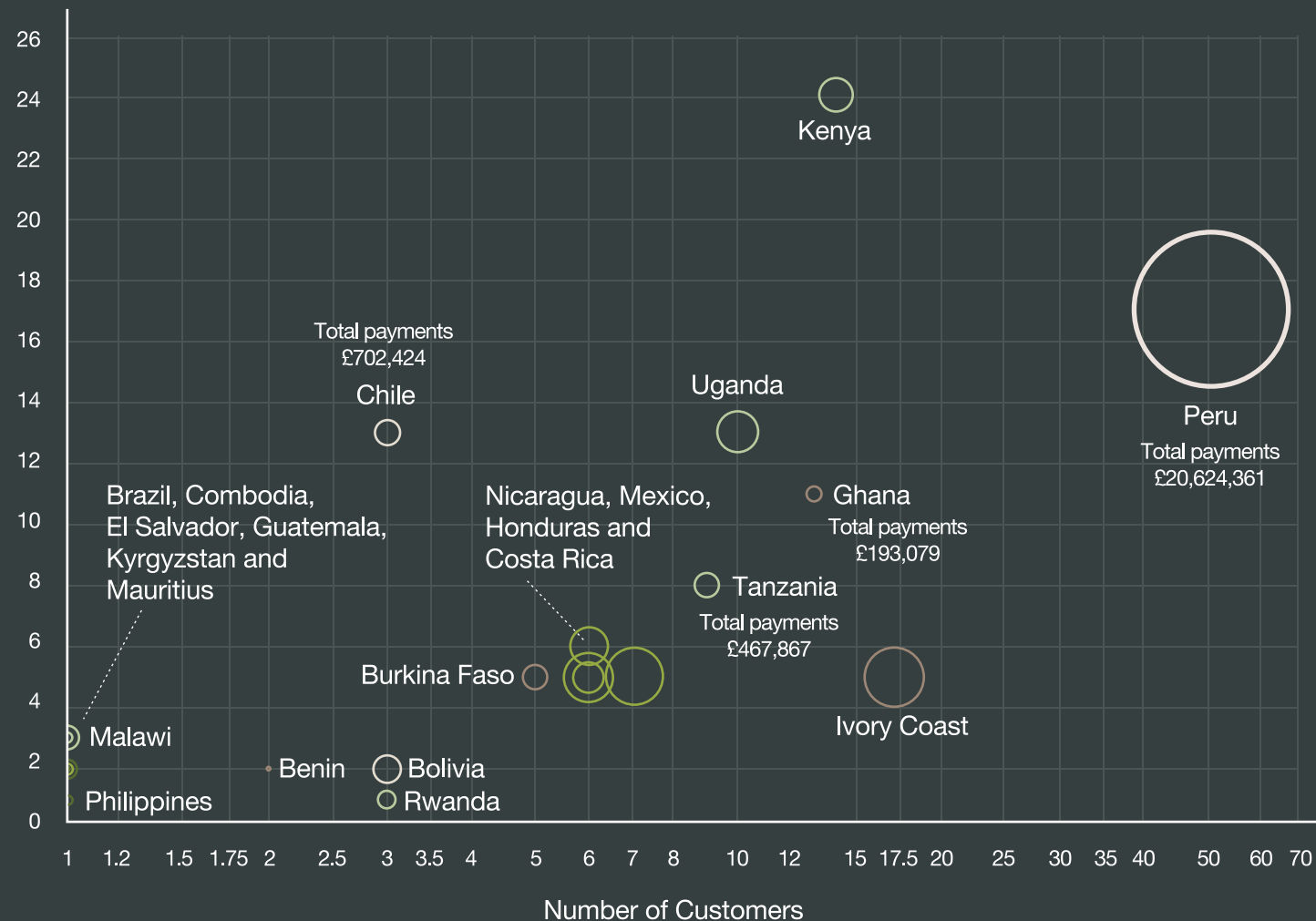


## PAYMENTS TO PRODUCER CUSTOMERS 2016



## PAYMENT BY COMMODITY

Number of Products



### Region

- Asia
- Central America
- East Africa
- South America
- West Africa

The chart shows the range of products we support in different countries. The size of the circle is representative of the total value of payments, and the position indicates the number of customers and products in the country.

It shows the importance of Peru within our lending portfolio. 50% of the world's Fairtrade coffee and cocoa is produced in Latin America and our portfolio reflects this with payments totalling £20.6m to 51 customers in Peru, of which 35 are coffee or cocoa producers. This region did, however, see growth in new products such as palm hearts, gold, and asparagus. The second major country where our lending is prevalent is Ivory Coast, where the number of customers has increased to 17, and there is a high proportion of cocoa and cashew producers.



This year the value of facilities approved was £2.4m higher than last year; an increase from £4.8m to £7.2m.

We also increased the number of honey producers we support by four (three in Mexico and one in Nicaragua) and provided a line of credit for three new products within our lending portfolio: flowers (Kenya), coconuts (Ghana) and alpaca fibre (Peru). Over the last year the total number of lending facilities for producer groups increased by 13 reaching a total of 163 in 2016.



Our lending supported coconut production for the first time

## NEW PRODUCER BUSINESS

Million (£)



## NEW FACILITIES

In 2016, we approved

**46**

producer lending proposals

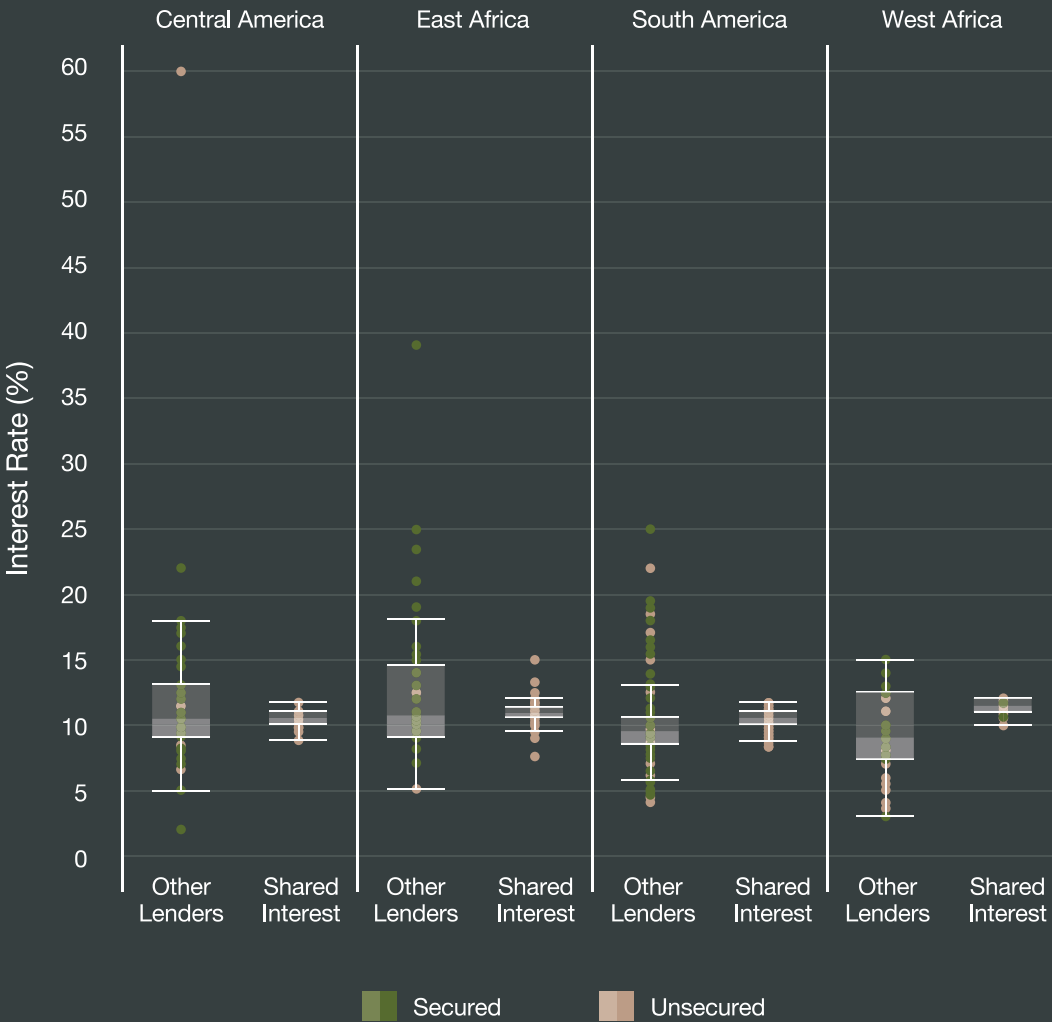


These facilities were in **12 different countries** and **6 different product categories** for a total of

**£7.2m**

(20% increase on the lending portfolio)

# INTEREST RATES



# INTEREST RATES

Region		Alternative Lender		Shared Interest	
		Line of Credit (%)	Term Loan (%)	Line of Credit (%)	Term Loan (%)
Central America	Secured	12.42	10.51		
	Unsecured	11.64	11.42	10.40	10.60
East Africa	Secured	14.92	11.34		
	Unsecured	10.61	10.44	10.94	10.83
South America	Secured	9.67	10.83		
	Unsecured	9.93	9.59	10.41	10.36
West Africa	Secured	11.19	8.92	10.75	11.75
	Unsecured	12.00	7.67	11.33	11.47

This shows the types of lending and interest rates available in Latin America and Africa from Shared Interest alongside the rates available to customers from alternative lenders including their local bank. You can see that in comparison to other lenders, the security we hold over assets is minimal.

These comparisons show that Shared Interest is offering a competitive rate to the producers, considering that most of

our lending is unsecured. This year, the only secured lending was in West Africa where there was a personal guarantee secured against a handcraft producer.

Customer feedback shows that in many cases the overall cost of our lending to producers is considerably lower than other lenders because of the way our facilities are more flexibly structured.

## COUNTRY RISK

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

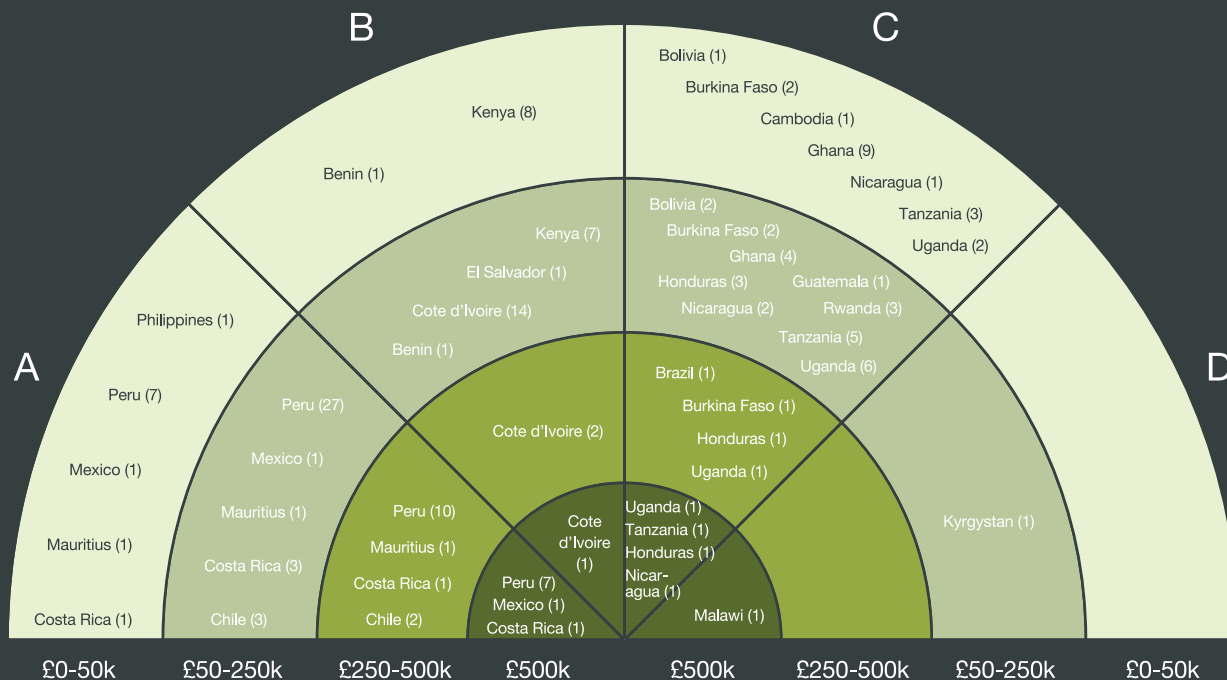
country risk can be found at [shared-interest.com/SA16/Appendix3](https://shared-interest.com/SA16/Appendix3).

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

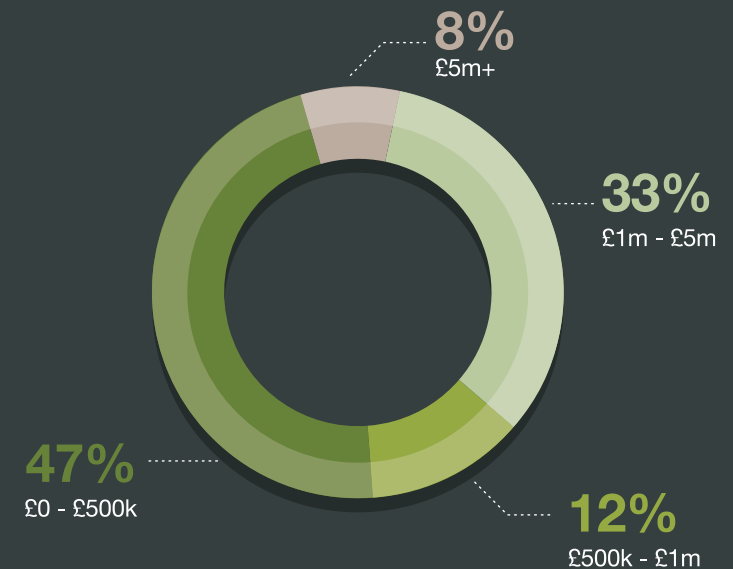
communities, with limited access to the country's infrastructure. We have a large facility in excess of £500k in Malawi, positioned in the highest risk category, D. This is a large coffee co-operative where we have established links with their commercial buyers, many of whom are also buyer customers of ours.

We have continued to place significant emphasis upon reaching small and disadvantaged producers and the chart below shows that the majority of our producer lending is directed towards smaller groups, with 47% having a turnover of below £500,000.

### COUNTRY RISK

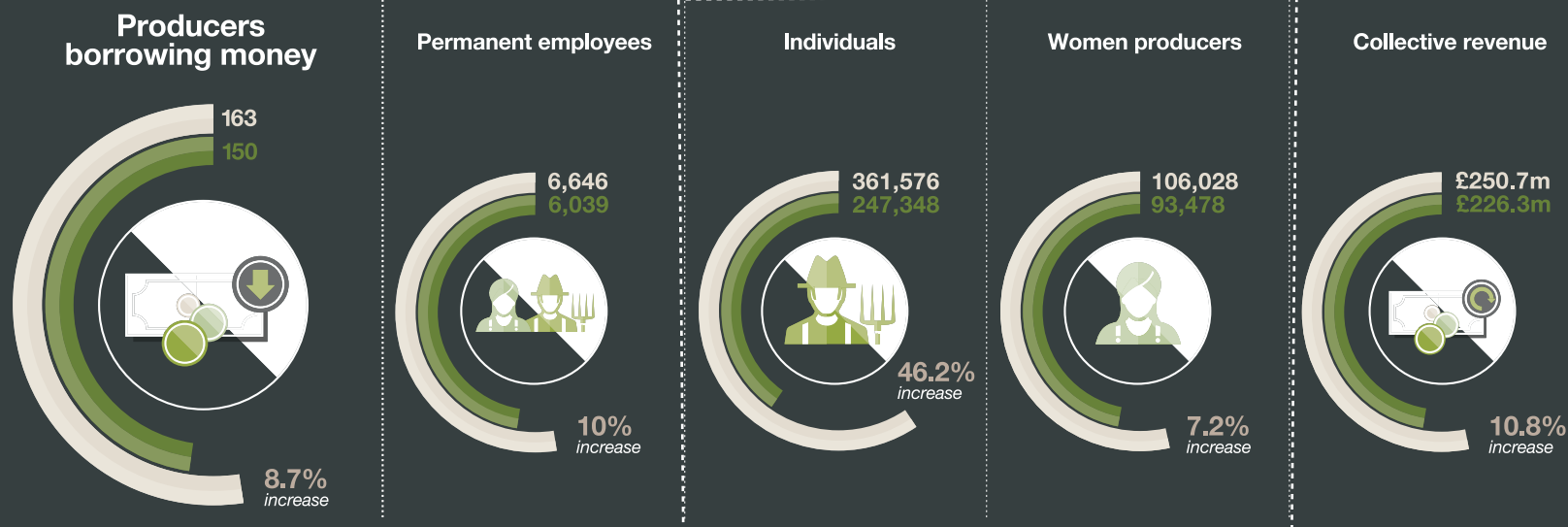


### LENDING TO PRODUCER CUSTOMER BY TURNOVER BAND



# IMPACT IN 2016

2016 2015



In 2016 we lent money to 163 producer groups with 6,646 permanent employees, representing 361,576 individuals, including 106,028 women.

The Monitoring and Evaluating (M&E) Committee was formed in 2014 with the specific purpose of refining and reviewing data collected on the lending portfolio. They identified four key indicators; business performance, financial performance, socio-economic impact and environment.

The graphic above shows a summary of the key indicators we compile to measure impact. Together they show an increase in the amount of producer groups we work with, and consequently the individuals we are impacting within those groups. Of the 361,576 individuals supported by the producer groups, 106,028 are women.

Although we are unable to quantify what proportion of the revenues generated by the 163 producer organisations was related to Shared Interest support, we estimate that collectively, they earned £251m; an 11% increase from last year.

## IMPACT CASE STUDY

### CANDELA 2000 - 2016

We have also been working to attribute impact and this year undertook two longitudinal studies; Namayiana, a handcraft producer in Kenya; and Candela, a nut producer in Peru.

The following case study is a summary of one report to illustrate our activity and impact.

The full reports can be found in [shared-interest.com/SA16/Appendix12](http://shared-interest.com/SA16/Appendix12) and [shared-interest.com/SA16/Appendix13](http://shared-interest.com/SA16/Appendix13)



Candela Peru (Candela) has been working closely with Brazil nut producers in Peru for over 25 years, supporting them to increase product quality, improve access to market and enhance livelihoods. As an alternative trade organisation, Candela's aim is to process and transform sustainable natural products to create trade opportunities in the poorest regions of Peru.

Candela works with nearly 300 Brazil nut gatherers (castañeros) and their families who live along the Madre de Dios river. Brazil nuts are a wild product. The large pods, which contain 12 to 20 nuts, hang some 30 metres above the ground on trees that can be 200 years old. The castañeros collect them when they fall, from December to March.

Candela is one of Shared Interest's longest serving customers, receiving various forms of financial support in their bid to fulfil their mission of being a: "leading organisation in the development of ethical markets for natural organic high quality products aimed at strengthening the value chains of Amazonian and Andean production by empowering the capacities of rural producers, making sustainable use of their native ecosystem."

Over the years they have received three different types of financial products from Shared Interest; a Commercial Order Export Credit, a Term Loan and Stock Facilities.

Candela's Manager Lupe Lanao said, **"Shared Interest has contributed to the growth and sustainability of the organisation and impacted positively on the livelihood of Brazil nuts producers and harvesters, their families and communities."**

**"Shared Interest has been a consistent ally for us during this process. The rolling stock facility has allowed us to meet the requirements of our producers**

**at the moment they need us, without delays, even when the nut market seems stagnant and uncertain. Now, looking back, we are able to tell this story after a satisfactory outcome, but every year we are faced with this enormous responsibility for over 200 families who depend on us."**

**"The chain gathers strength from the trust built between the producers and consumers and the ethical investors of Shared Interest."**

A study carried out by the Natural Resources Institute of the University of Greenwich on the economic viability of Brazil nut trading in Peru revealed that Candela was the only organisation that

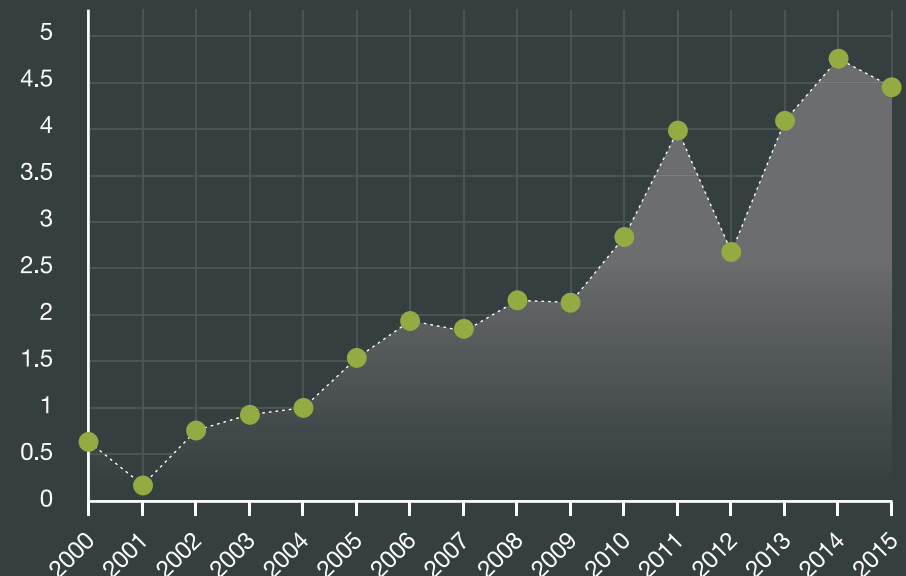
offers credit facilities to their producers with the most favourable terms and conditions. In 2014, Candela spent US \$425K to pre-finance producers' harvest activities. This was made possible with the financial support from Shared Interest.

Candela employees stated during interviews that without Shared Interest's support, Candela would not be able to pre-finance harvest activities and many nut harvesters would have been denied their source of income and livelihood.

The graph below shows the value of sales from 2000 to 2015. The slight decrease in sales growth in 2012 was due to market price volatility.

## SALES GROWTH

Sales Value in USD (Millions)





## PRODUCER CONSULTATIONS

### Survey

This year a survey was sent to all producer customers. We received a total of 62 responses from 13 different countries, which represents a 38% response rate. You can read more about this in [shared-interest.com/SA16/Appendix4](https://shared-interest.com/SA16/Appendix4). Results show that 50% of respondents produce coffee, and over 61% have fewer than 25 employees.

When asked about their relationship with Shared Interest, 82% of respondents said that working with Shared Interest had a direct impact on the long term sustainability of their business. Consequently, we would be their first choice if they needed additional funds. In addition, 81% of respondents agreed or strongly agreed that working with Shared Interest has improved their financial management and record-keeping. This is partly due to the "Access to Finance" training provided by our charity, Shared Interest Foundation, which some of our producers attended.

***"Working with Shared Interest has enabled us to increase our capital base to expand our agro inputs (i.e. fertiliser) shop even to the society level (community) to make the inputs more accessible to our members and this has helped to raise our production level. Also, we get more income because of the increase in production and this has therefore helped to raise our standard of living." Comment from producer customer in Africa.***

We also asked respondents whether they believe that Shared Interest has achieved its intended impact when measured against its mission and 95%, said yes.

***"Supporting our co-operative is helping create better living conditions for members of our organisation and community in general." Comment from Peruvian producer customer.***

### Committees

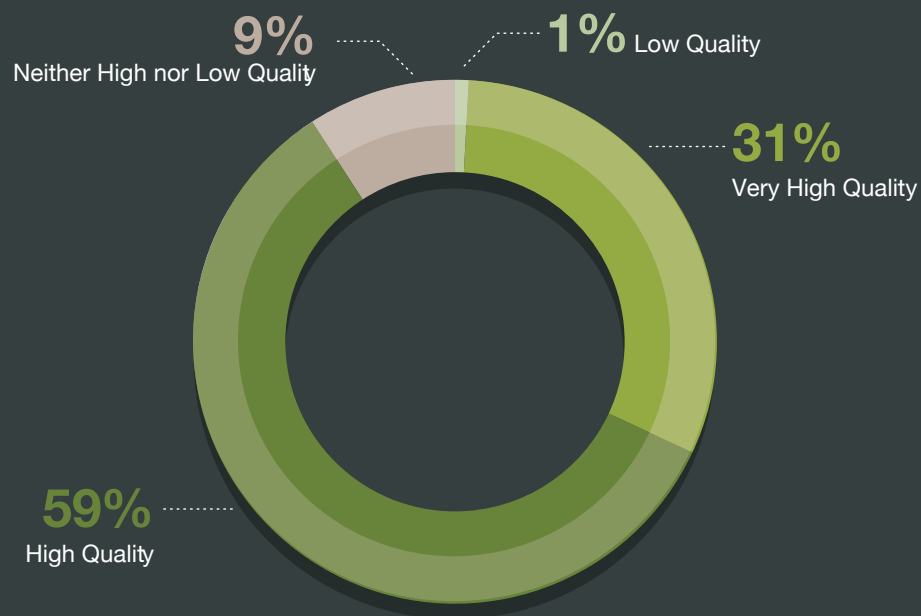
Annual Producer Committee meetings were facilitated by in-country staff in Peru, Ivory Coast, and Kenya, giving producers the opportunity to discuss common issues and market trends. While it is not in our remit to provide a solution to these problems, sharing experiences can assist organisations in resolving their own issues.

In total, 25 producers attended from six countries and represented seven different types of lending products.

Common themes included; member loyalty to co-operatives, exchange rates, price fluctuations and corruption. Attendees also discussed the effect of the UK's decision to leave the European Union (EU).

***"Shared Interest always makes the effort to regularly meet their customers in conferences when they cannot visit the organisation. This is not the case with other lenders who don't visit customers like us". COCAGI***

### HOW WOULD YOU RATE THE QUALITY OF CUSTOMER SERVICE?



As can be seen from the above pie chart 90% of organisations said our customer service was of very high or high quality. When asked about improvements, suggestions included; increased customers visits; more access to training, particularly in export management and financial control;

clearer statements and a quicker response for new pre-finance requests.

***"The artisans are improving themselves, they learnt how to save money and they are able to fight against poverty at their homes." Comment from African producer customer.***

ACTIVITY 2 – ENABLE MORE PRODUCER BUSINESSES TO ACCESS FINANCE BY PROVIDING FINANCIAL SERVICES TO THEIR BUYERS AND BY DELIVERING TRAINING.

NEW FACILITIES

In 2016, we approved

4

buyer lending proposals



These facilities were in 3 different countries and 3 different product categories for a total of

£249,316

As mentioned earlier, we lend to fair trade buyer organisations to help pre-finance orders, which can otherwise place pressure on cash flow. 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.

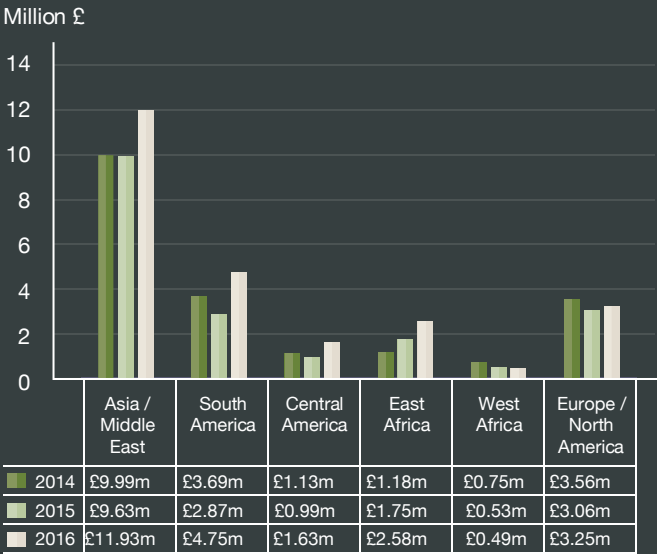
In the graphs below you can see a breakdown of payments made to producer organisations who do not hold an account with Shared Interest but who do receive payments from us on behalf of their buyer partners.

Although buyer lending has declined in recent years, we saw this trend reversed in 2016. This was due to a number of new buyer facilities, increasing the committed lending value (amount available for buyer organisations to send funds) by £1.5m. It should be noted that the exchange rate mentioned earlier will have had an impact on these figures.

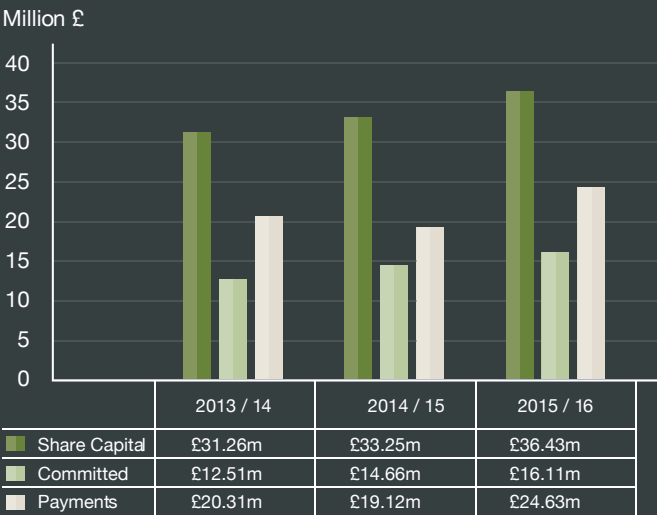
The total value of payments made to producer groups on behalf of buyer customer increased by £5.5m and a large proportion of this was made in the regions of Asia, Middle East and South America.

In contrast to producer customers, the majority of payments made on behalf of buyer customers 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 these producer organisations because of financial regulations in those countries but by providing a facility to buyer organisations, we can indirectly assist these producers to access working capital.

PAYMENTS ON BEHALF OF BUYER CUSTOMERS BY REGION



COMMITTED LENDING AND PAYMENTS TO PRODUCER CUSTOMERS IN RELATION TO SHARE CAPITAL



## PAYMENTS ON BEHALF OF BUYER CUSTOMERS 2016



Largest payment  
Quinoa co-operative

**£518,155**

*South  
America*

**Bolivia**



Smallest payment  
Handcrafts  
producer

**£35**



**India**



**India** received the  
highest number of  
payments – 430 totalling

**£4.4m**



On behalf of buyer organisations, we  
made a total of 1,920 payments to 286  
organisations in 59 countries totalling

**£24.6m**

## CONSULTATIONS WITH PRODUCERS IN RECEIPT OF BUYER PRE-FINANCE

This year we also carried out an online survey of 283 producer organisations who receive payments from our buyer customers. Topics included working in the fair trade marketplace, challenges, and their relationship with Shared Interest. A total of 73 responses were received, a lower response than the direct producer customers which reflects the lack of a personal relationship.

The producer groups were from 25 different countries and 78% were handcraft producers. Details of the survey can be found in [shared-interest.com/SA16/Appendix4](https://shared-interest.com/SA16/Appendix4). The producers generally felt that, even if they do not have a direct relationship with us, our work benefits their organisation.

***“It is of benefit to our customers therefore of great importance to us.”***

When asked their view of the most important factors when applying for finance; interest rate, speed of payment, and a long term relationship with the finance organisation were listed as the most important. This aligns with our 2014 strategy to place greater emphasis upon our overseas presence; focusing on customer service and efficiency.

The top challenges for many of the producer groups were:

**FINDING BUYERS:** This is something that Shared Interest cannot help directly with, but there are NGO's we can link up with producers, who do provide this support.

**RECRUITING SKILLED AND EXPERIENCED EMPLOYEES:** As many of the respondents are handcraft producers, one of the challenges faced is to find and keep skilled artisans especially with traditional knowledge for weaving, dying, knitting etc.

**CLIMATE CHANGE:** One of the main challenges for commodity producers is climate change as it has a direct influence on production. For example, Shared Interest is helping producers affected by coffee rust (Roya) by offering longer term loans to enable the replanting of coffee plants.

**ACCESSING FINANCE:** Sometimes challenges arise where we are unable to help directly due to their location in India, Pakistan, and Bangladesh. However, our charity, Shared Interest Foundation has been supporting some producers through training.

## DIRECT TRAINING TO SUPPORT PRODUCERS

This year Shared Interest Foundation delivered two direct training and mentoring programmes. With the assistance of in-country partners, producer businesses were helped to improve their financial systems and increase their awareness of affordable finance.

### **Project 1: Improved Financial and Organisational Management of 25 small producer organisations in Peru and Colombia (Access to Finance in Latin America)**

Following approval from members, we used a donation of £50,000 from Shared Interest Society to part-fund a partner project with CLAC (Latin American and Caribbean Network of Small Fair Trade Producers) to roll out our Access to Finance project in Latin America. We worked with a total of 25 co-operatives (10 in Colombia and 15 in Peru). Participants included cocoa, fruit, and vegetable farmers. Each explored the reasons preventing them from reaching their organisational goals, and ultimately how they could access finance to grow their business. As well as delivering financial training to the co-operatives, we also trained CLAC staff so

they could support the farmers in accessing finance. An end of project report can be found [shared-interest.com/SA16/Appendix6](https://shared-interest.com/SA16/Appendix6)



The project had four main objectives:

**OBJECTIVE ONE: TO IMPROVE THE GOVERNANCE STRUCTURES OF THESE CO-OPERATIVES.**

CLAC regional teams delivered direct training to 88 representatives from 25 small producers organisations. The training included topics such as ‘managing Fairtrade organisations’ and ‘the importance of democracy, transparency and participation’. Every participant reflected on their governance structures and current resources before developing a strategic plan for the future.

Banana co-operative, Coobamag, supports 160 people. The financial record-keeping and planning workshops have given administration staff more confidence in their roles. In practical terms, they feel they can now look at ways of improving governance structures.

**OBJECTIVE TWO: IMPROVING THE FINANCIAL KNOWLEDGE, UNDERSTANDING AND CAPACITY OF 25 TARGETED CLAC MEMBER CO-OPERATIVES.**

Shared Interest Foundation training was delivered to 94 representatives from 25 small producers organisations. The training covered key topics such as ‘keeping accurate records’ and ‘an introduction to social lenders’. Feedback showed that the participants finished the course with a greater understanding of financial management and good record keeping. The end of project evaluation illustrated that 98% of organisations:

- **Highlighted areas for improvement within their records keeping systems.**
- **Learnt how to interpret financial records for forward planning.**
- **Are now able to apply for finance if they wish to.**

Co-operative Agraria Cafetalera Perene (CAC Perene) was established in 1966 to produce and sell green coffee beans. The organisation has over 30 office employees and works with 80 farmers. Following the training, CAC Perene improved its internal financial reporting to the Board and said the strategic plan had helped them identify the best time for seeking out finance, which in their case is after harvest.

**OBJECTIVE THREE: TO ENHANCE CLAC STAFF KNOWLEDGE ON HOW TO ASSIST THEIR MEMBERS WITH FINANCIAL MANAGEMENT AND ACCESS TO FINANCE.**

Shared Interest Foundation provided a day of direct training to six of the CLAC regional team members, building their knowledge of social lenders and investigated how best to support farmers in accessing finance. They were also given remote support.

95% of the 25 small producer organisations described the support they received from CLAC as “vital” in enabling them to practically apply the lessons learnt from training. All 25 organisations developed their own strategic plan and several are now making preparations to apply for loan finance in the coming year.

**OBJECTIVE FOUR: TO ENABLE ACCESS TO LOAN FINANCE FOR TARGETED CLAC MEMBER CO-OPERATIVES.**

One-to-one mentoring sessions provided by CLAC, with remote support from Shared Interest Foundation, assisted the organisations to put their new skills to use. Feedback suggests that 93% of the

businesses we worked with would like to access finance, with more than 80% of participants currently preparing to apply.

***NEXT STEPS: We will be investigating the longer term impact by carrying out a post project impact evaluation in February. This will assess whether any of the 25 organisations are successful in applying for finance.***



## Project 2: Malawi Financial Training

In 2015 Shared Interest Foundation worked with eight Malawian tea and sugar co-operatives from the Malawi Fair Trade Network (MFTN) to improve their financial capacity. The end of project evaluation was completed in December 2015 and a follow up evaluation completed in September 2016. Two reports were prepared one produced at the end of the project [shared-interest.com/SA16/Appendix7](http://shared-interest.com/SA16/Appendix7) and another six months later [shared-interest.com/SA16/Appendix8](http://shared-interest.com/SA16/Appendix8). The project aimed to achieve four objectives:

### **OBJECTIVE ONE: ENHANCED CAPACITY OF EIGHT SMALLHOLDER FARMER CO-OPERATIVES WITHIN TEA AND SUGAR SECTORS IN FINANCIAL MANAGEMENT SYSTEMS.**

All participating co-operatives were able to give practical examples of how this project increased the capacity of their financial management systems.

Some examples are listed below:

- Set-up of internal control committee responsible for financial management system maintenance and pre-audit checks.
- Monthly management meetings held to review finances, using data to plan ahead.
- Investment in employing a full-time administrator to manage the accounts.

*“Financial statements (balance sheet, income statements etc.) are now prepared on a monthly basis. This has led to farmers knowing the financial standing of the organisation. If our association is successful, it translates to sustainability, our children will be able to benefit from the co-op too.”*  
**Eastern Outgrowers Trust.**

### **OBJECTIVE TWO: TARGETED FARMER CO-OPERATIVES EQUIPPED WITH MODERN RECORD KEEPING TECHNIQUES TO IMPROVE THEIR COMPLIANCE TO FAIRTRADE STANDARDS SECTORS IN FINANCIAL MANAGEMENT SYSTEMS.**

At the end of the project, many participants stated that they had an improved understanding of how and why they must comply with Fairtrade standards with regards to financial record keeping. Six months later, three out of the nine businesses were able to demonstrate how they had put these lessons into practice. This included the backing up of financial data and the plan to purchase software systems to improve book-keeping.

#### **Kasinthula**

*“With the Fairtrade Premiums we receive, training in financial management are so much helpful as Fairtrade auditors emphasise on the importance of proper management of our finances.”*

### **OBJECTIVE THREE: INTRODUCTIONS TO SOCIAL LENDERS AS PROVIDERS OF FAIRER FINANCE WHO WILL DISCUSS THE FINANCE NEEDS OF THE CO-OPERATIVES ON AN INDIVIDUAL BASIS.**

All participants felt that their knowledge on social lenders had improved as a result of this project. Many of the businesses stated that they do not have projects that currently need external finance but know where to seek advice when they do.

### **OBJECTIVE FOUR: IMPROVED CO-OPERATIVE FINANCIAL MANAGEMENT LEADING TO GREATER PRODUCT EFFICIENCY AND, IN THE LONGER TERM, INCREASED FARMER INCOMES.**

For many of the businesses, being able to analyse their own financial records and data has allowed them to improve their planning for the future. Although we have not seen data to illustrate an increase in farmer income, the structured interviews with each business enabled us to ask participants the question: How has the project impacted your organisation's plans and aspirations for the future? Some of the answers are listed below;

#### **Satemwa**

*“We are looking at diversifying our business to start growing flowers and herbs. If these plans materialise, we know where to ask for financing.”*

#### **Phata**

*“It is our wish to have the business 100% run by the farmers. At the moment we are managed by Agricare. The training was a stepping stone towards achieving this as we first need to understand financials before anything else.”*

#### **Msuwadzi**

*“We are a co-operative of elderly people with little business and financial knowledge. In future, we need to have an administrator who can work full time for us and help put our house in order.”*

## **EOT**

*“Financial management – we have started training our farmers to operate the co-operative as a business and not just like farming. We intend to provide more financial literacy and business management training to improve their business understanding.”*

## **UNEXPECTED PROJECT REQUIREMENTS**

Ahead of our project start in January 2015, Malawi was hit by devastating floods which affected three of the eight co-operatives with whom we had planned to work.

Shared Interest Foundation appealed to donors, and as a result raised £5,000 for the Livelihood Security Fund. This was used to create a co-ordinated response with Fairtrade Foundation, which brought a further £30,000. The resulting flood response programme provided support to five co-operatives serving 8,226 people in the worst hit region of Southern Malawi. This involved the provision of agricultural start-up kits containing seedlings to replace those washed away and to train the recipients in helping to prepare for future natural disasters. A post flood report is available [shared-interest.com/SA16/Appendix9](http://shared-interest.com/SA16/Appendix9).

### **One recipient commented:**

*“The cassava provided once mature, will help feed our families for a good three months. When the rains start, we will replant the tea that got washed away with the heavy rains. This will ensure that we still maintain our tea fields, which is our greatest source of income. So we are really grateful of this support.”*

## ACTIVITY 3 - BUILDING SUSTAINABLE SUPPORT FOR FAIR TRADE BUSINESSES



### Improving producer livelihoods in Swaziland

This year we reached the half-way point of our four-year project in Swaziland. This programme focusses on the organisational development of Swaziland Fair Trade (SWIFT) as well as improving livelihoods for the farmers and artisans involved.

In this section, we will refer to figures from the Comic Relief 'End of Year One' project report. [shared-interest.com/SA16/Appendix10](http://shared-interest.com/SA16/Appendix10). The next data analysis report (from January to December 2016) is due in 2017 and therefore is beyond this reporting period.

### This project has four main outcomes

#### 1. Swazi micro-enterprises (Level 0) have grown and are operating as sustainable businesses providing local employment.

The infographic explains the different business levels involved in this project. These levels are based upon annual turnover. After attending training sessions and trade fairs to ascertain market needs, six of the 17 businesses broke the lower level turnover threshold of ZAR 50,000 and so graduated to become medium level (Level 2) enterprises.

#### 2. Medium and higher level enterprises (Level 2 & 3) have expanded their businesses and contribute to the improvement in the livelihood of their producers and employees.

Collectively, these medium to higher level businesses have employed a further 151 producers and 86 formal staff following

consistent business development. This follows tailored training to address individual needs. These businesses also participated in local trade events including 100% Design, a prominent international home and furnishings design exhibition, and Bushfire, Swaziland's acclaimed international music and arts festival

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

During its first year, SWIFT achieved its target of generating revenue to cover 5% of core costs reducing its reliance on donations. This has involved selling training services worth £22,697 to non-members and bringing in £6,478 profit from sales at the SWIFT artisan shop.

As part of building SWIFT's internal capacity, two staff members have attended courses to improve their operational knowledge. The Office Administrator attended a course on financial management while the Business Development Officer attended a needs assessment and support course. Next year a key focus will be on building stronger governance structures by offering training to the board members and reworking their terms of reference.

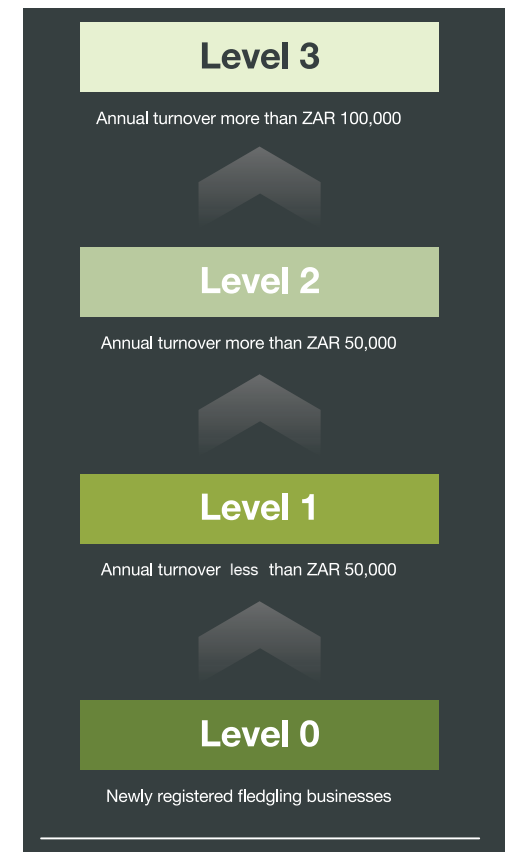
SWIFT has continued to grow its partnership network. For instance, Microsoft has invited SWIFT and its members to be part of their project to improve IT skills in the developing world. The Swaziland Ministry of Commerce, Industry and Trade has also pledged to support the SWIFT project this year.

#### 4. Employees and producers of SWIFT membership businesses have improved support for HIV/AIDs and wellbeing issues in the workplace.

SWIFT and SWABCHA (Swaziland Business Coalition on Health and AIDs) have trained 77 people from member businesses as 'Peer Educators'. These representatives will now be able to advise on, and signpost other workers to, wellbeing services. They are also trained in responding to gender based violence. Gender-based violence is the general term used to capture violence that occurs as a result of the normative role expectations associated with each gender, along with unequal power relationships between the two genders within the context of a specific society. (Source: Bloom Shelah (2008), Violence against Women and Girls: A Compendium of Monitoring and Evaluation Indicators.) In other words, gender based violence is physical, social, or mental harm caused because of a person's gender.

One of the positive outcomes of this peer education programme is that it has drawn attention to needs in the community. Subsequently, projects have been set up that address the issues of poverty, health and education.

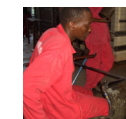
**SWIFT Country Manager said:**  
*"Shared Interest is more than just a partner to SWIFT; it is through their continued support and guidance that SWIFT has been able to create a sustainable path in business where our end destination is to be a leading sustainable Fair Trade Country Network for Swaziland."*



#### LEVEL 0

Mankoni works for himself making accessories.

Started as a hobby in 2013 and sells locally to tourists Sales: 5000 Zar.



#### LEVEL 3

Ngwenya Glass has 5 employees and works with 63 producers making luxury glass products. They started in 1979 & sell internationally.

## IMPACT OF FINANCIAL MANAGEMENT TRAINING

	Peru	Colombia	Malawi
Businesses taking part in training and mentoring	15	10	8
Individuals that received training	82	100	47
Staff members of local support networks that received training	3	3	1



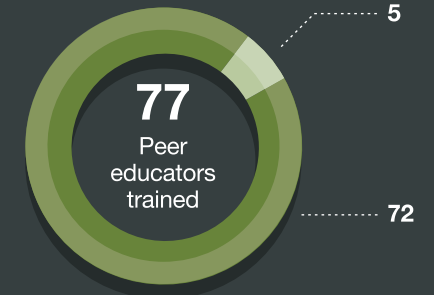
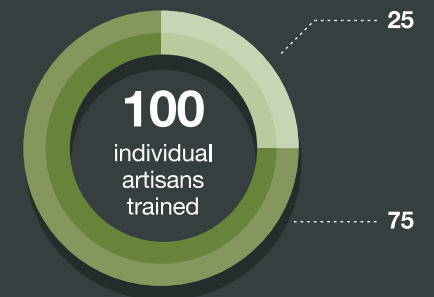
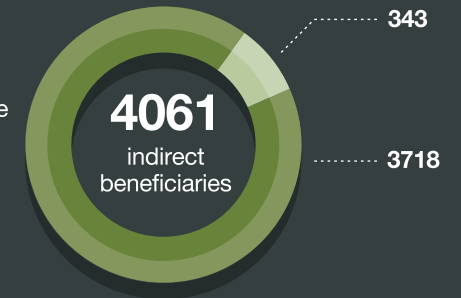
**256.5**

Hours of training delivered

(28.5 days training x 9 hours per day)

## BENEFICIARIES OF SWIFT PROJECT

**Key**  
 Male  
 Female



**40**

businesses received business skills training and mentoring

# BUILDING SUSTAINABLE FUTURES FOR THE HANDCRAFT SECTOR IN RWANDA

In October 2015, Shared Interest Foundation partnered with Rwanda Forum for Alternative Trade (RWFAT) to deliver a two-year project in Rwanda working with ten handcraft co-operatives.

The first year of the project is now complete, which saw RWFAT deliver six training sessions and follow-up meetings with each co-operative to improve their business skills. A mentoring session was led by Cards from Africa, a successful Rwandan craft business. [shared-interest.com/SA16/Appendix11](http://shared-interest.com/SA16/Appendix11).

## Training sessions involved:

- **Business planning**
- **Co-operative management**
- **Financial management**
- **Fair trade principles**
- **Leadership skills**
- **Marketing**
- **Environmental protection**

90% of the 50 participants (29 women, 21 men) rated their training as 'good' or 'very good'.

Shared Interest Foundation trained RWFAT staff in financial record keeping skills and project management. Building RWFAT's sustainability beyond this project will be a main priority of year two. Improvements will include:

## Financial capacity building of RWFAT

Development of an internal process manual to standardise record keeping.

## Development of a three-year business plan

Translating the strategic plan into a sustainable business plan.

## Project Management capacity building of RWFAT

Development of an internal project management system to assist RWFAT in future project design, management and evaluation.

## Development of a membership service booklet

Training materials made into an internal library for future replication and delivery.

This year the following objectives have been the priority:

- Enable ten co-operatives to achieve increased sales.
- Develop ten co-operatives to operate as sustainable businesses.
- Enable individual members of ten co-operatives to have a more positive perception of their co-operatives' future.
- Enable RWFAT to gain increased income through membership fees.

In the first nine months of this financial year, six of the ten co-operatives had generated more sales than in the full year prior. A further two businesses are on target to increase their 2015 sales by the end of 2016. Overall the ten organisations have improved their sales from 11,258,015rwf in 2015 to 16,133,146rwf in 2016.

It is unsurprising therefore that RWFAT has seen increased income through membership fees from these ten co-operatives. In 2015, RWFAT's membership fee income was 120,000rwf. In 2016 it has risen above 600,000rwf. RWFAT has invested this income into buying an office computer for their members to access and store their financial records.

At the end of year one, 18% of the co-operative members stated that they felt more positive about their co-operatives' future. However, it should be noted that these members already had high perceptions when the project began. The fact that there is a reduction of 42% in the number of participants feeling their business has reached its limits, allows us to assume that the project has improved the perception of the co-operatives' futures, as they now talk about growth rather than just survival.

## CASE STUDY: KOABIMU

Koabimu is a co-operative made up of 92 artisans who make chairs from bamboo and banana leaves. It can take between seven to 10 days to make one chair, which are sold to its local customer base.

As a direct result of participating in this project, Koabimu has introduced its own saving system for producers. Funds can be used to pay school fees or make home improvements. Its 2016 sales figures have grown by 59%.

The technician interviewed stated that the most beneficial part of the training was the sessions on marketing and business planning so that growth continues and Koabimu can have a wider impact in their local community by providing more jobs.

# 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.

Shared Interest Society is a society registered under The Co-operative and Community Benefit Society Act 2014, and is also a member of Co-operatives UK. It is owned and controlled by its 9,232 members. By opening a Share Account our members receive non-transferable shares to the value of the investment (£1 = 1 share). We are in fact the only accredited open share offer to have received the Community Shares Standard in October 2015.

Sitting alongside the Society is sister organisation Shared Interest Foundation, a registered charity funded by donations and grants.

Between the two organisations, we have a network of volunteers and supporters, not all of whom are members or donors. In this section we explain how we develop our community of investors, donors, volunteers and partnerships.

### ACTIVITY 1 – ATTRACT AND RETAIN INVESTORS, DONORS AND VOLUNTEERS

#### INVESTORS

Our membership continues to diversify and includes faith groups, fair trade partnerships, small businesses, schools and community organisations as well as individuals. Of the 9,232 Share Accounts, 7,540 are held by individuals and 1,692 are held jointly, by groups or organisations. In total there are 10,994 individuals named on Shared Interest Share Accounts.

Share Account closures totalled 246 this year, but overall we saw a net increase of 187 compared to the increase in the previous year of 105 accounts.

Alongside the increase in members, we significantly increased investment with a closing Share Capital total of £36,431,447, a net increase of £3,142,329 and ahead of the budget set at £35.78m.

The average investment from a new member is £2,084; 13% up on the previous year and the average balance when a Share Account is closed equals £3,188, highlighting the ongoing need to recruit new investors.

The average age of a member remains at 63 and the average length of time a member holds a Share Account is 13 years.





## MEMBERSHIP

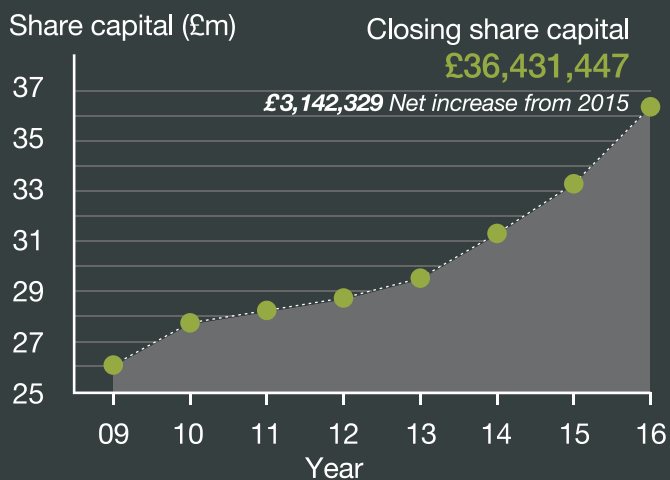


# 10,994

Signatories  
on accounts



### CLOSING SHARE CAPITAL 2016



### MEMBERSHIP TYPES

23 Organisations

42 Churches

7 Schools

75 Under 16

1545 Groups/  
Joint Accounts

7540 Individuals



# 433

Accounts Opened



# 246

Accounts Closed



# 59

Average age



# 68

Average age

**£2,084**  
Average open  
balance

**£3,188**  
Average closing  
balance

# 63

Overall average age of members



## DONORS AND TRUSTS

Total income for Shared Interest Foundation reduced in the year, partly due to a reduction in the amount of donated funds from Society Share Accounts.

A crowdfunding appeal was undertaken for the first time and successfully raised almost

£5,000 to help improve the livelihoods of almost 300 women in Rwanda.

Although the value of total income declined there was an increase in the donor base to 453, an increase of 63 from last year. A donor survey was conducted last year and will be undertaken again in 2017.

	Number of Donors	Total Unrestricted Income	Total Restricted Income	Total Income
2012	134	£132k	£120k	£252k
2013	244	£131k	£177k	£308k
2014	381	£181k	£89k	£270k
2015	390	£130k	£258k	£388k
2016	453	£101k	£137k	£238k

Project funders are listed below in alphabetical order:

### CLAC PROJECT\*

Allan and Nesta Ferguson Charitable Trust  
Shared Interest Society

### MFTN PROJECT\*

Charles Hayward Foundation

### RWAFAT PROJECT\*

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

### SWIFT\*

Comic Relief  
SWIFT contributions

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

## COMMUNICATION

We use a range of communication channels to engage with current and potential investors as well as our key stakeholders. Our aim is to first build awareness of our activities, and then establish credibility and trust; recognition in awards helps in this process.

This year we were shortlisted for 14 awards, and won the Third Sector Award for Enterprise, The Private Business Awards, and the P.E.A. (People. Environment. Achievement.) Awards. We were also recredited at the Responsible Business Awards and shortlisted for the Social Enterprise Awards – International Impact and Social Impact categories, the Guardian Sustainable Business Awards and highly commended in the North East Charity Awards – Outstanding Social Enterprise category. Shared Interest Foundation was shortlisted at The Charity Times Awards. As a result of being recognised the Society gained substantial free publicity in the national press.

We build a human connection using photography and case studies. Four photography shoots were commissioned this year; three in Africa and one in Latin America. The resulting images were used in online and printed publications. We use overseas photographers for shoots outside the UK in order to support local talent and reduce our carbon footprint.

The final aim of our communications strategy is to build loyalty in Shared Interest and we are very proud of the retention level of members.

## PRINT COMMUNICATIONS:

We have a suite of materials to introduce Shared Interest to a new audience and also explain to members how their investment is making a difference. This year we introduced a smaller enquiry booklet, primarily for potential investors to take away from events. This was designed with input from volunteers. New postcards were created with case studies of our lending customers for general profiling and insert campaigns in magazines.

We increased the number of insert campaigns from eight to 23 this year and these were placed in a variety of publications including the Big Issue, the Guardian Weekend magazine, National Trust magazine, Church Times, Methodist Recorder, and Waitrose food magazine. In total, 465 people returned the inserts and asked for further information, and overall we received 1100 enquiries this year.

To celebrate the 100th issue of our member newsletter Quarterly Return (QR) we redesigned the publication and featured 100 of our producer customers. In response to feedback from our members in the 2015 Member Survey, we created a condensed version of the Annual Review. This appeared in the January newsletter thus reducing print and postage costs. Shared Interest Foundation also sends a regular newsletter to donors, which is printed in house on a sheet of A4 paper. Copies of our newsletters are available on our website.

We also launched a Children's Yearly Report this year to help us engage with minors and build their relationship with, and understanding of, Shared Interest. This will hopefully improve retention levels once the young person reaches 16 years and takes over the Share Account.

### WEB AND ONLINE:

Over 25,000 people visited our website this year, a 40% increase on the previous year and 74% had not visited the website before. Of the people visiting the site, 27% have used either tablets or mobile phones, a higher number than last year and a trend that we expect to continue. We will therefore be ensuring that any future redesign is optimised for this use.

The online members' portal called "Our Shared Interest" was introduced in March 2015 and has been developed throughout

this financial year. While we are aware that many of our members prefer paper communication, we are conscious of the environmental and financial cost of such activity and encourage greater online use within our membership. As a result, 30% of our members are now signed up to use the portal.

For the first time, this year members were able to pay funds into their Share Accounts online using their debit cards. This follows on from making our online application process fully transactional the previous

year. 165 investments have been received online totalling £227,646, still a very small proportion at 5% of overall investments but a quicker process and one that requires less administration. 10% of the votes received in the year's AGM were placed using the online system.

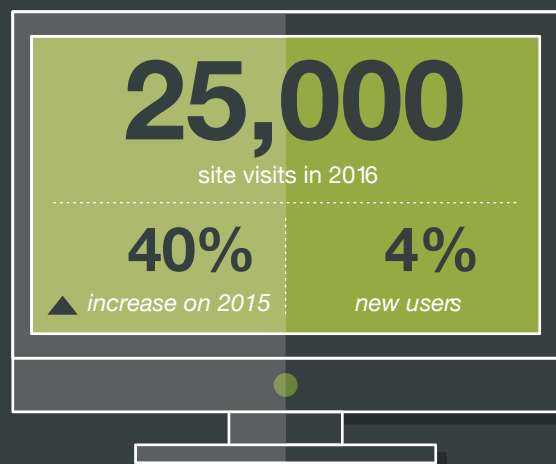
All subscribers to the portal receive a quarterly e-newsletter and this achieves an average open rate of 57%. We are increasingly advertising online and linking through to our website and online application form. This year we took over the

Big Issue homepage for a month, advertised on Chronicle Live, Church Times and Guardian money pages. We also ran our first app advert with Waitrose.

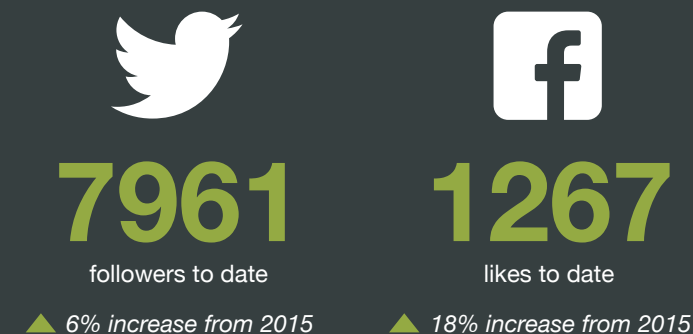
### SOCIAL MEDIA:

This year we have further developed our social media activity, increasing the number of Twitter followers on our main account @SharedInterest to 7,961 and likes on Facebook to 1,267. In addition to this, the Shared Interest Foundation Twitter account @SharedIntFdn has 885 followers.

## OUR WEBSITE



## OUR SOCIAL MEDIA



## ACTIVITY 2 – ACT CO-OPERATIVELY, VALUING THE VIEWS OF OUR MEMBERSHIP AND WIDER SUPPORTERS

### MEMBER ENGAGEMENT

In our 2014 Strategic Review we reaffirmed our commitment to keep members at our heart and so we took the decision this year to streamline our AGM to a morning-only session with no overseas staff or producers present and the cost savings reallocated toward a series of five member events to enable us to reach a greater proportion of our membership.

Our AGM was held at Northern Stage, Newcastle. Over 80 members attended and 14% of our total membership returned a postal ballot or voted online. In contrast to the AGM, the member events were far less formal and started with a presentation from a customer, followed by an overview of the year's activity. Attendees were then given time to ask questions and give comments before participating in a networking lunch.

At least one member of the Senior Management Team, two members of the Board and a member of Council attended each meeting.

We also incorporated a live Skype discussion with Regional Manager Africa, Rachel Ngondo, during the Edinburgh meeting which was very well received by members.

A total of 375 people attended the member events and AGM, the majority of whom were members. Interestingly, over 25% of attendees had never been to a previous event and a further 25% had only been to one other event; yet 65% had held accounts for over ten years. Only a small proportion, 10%, had held accounts for less than a year. There was, however, no correlation on the amount invested and attendance.

From the evaluation undertaken after each member event we know that many attendees said the most important part of the morning was the question and answer session which covered 40 minutes of the agenda. Attendees said they really appreciated the time given and the wide range of topics discussed. Common themes included; bad debt, Brexit, the Foundation's activity, basis of lending decisions and risk.

Location	Date	Guest speaker	No	Stallholders	Board	Council
Manchester	Oct-15	Cashew Farmer Aniamma and Ed Mayo, Coops UK	73	Fair and Funky, Liberation, Dalit Candles	Keith Sadler Patricia Alexander	Liz Muphy
Newcastle AGM	Mar-16		77	Newcastle Fairtrade Partnership, Meet the People	All	Five members of Council attended
York	May-16	Adam Brett, Tropical Wholefoods	49	Tropical Wholefoods, Meet the People, Mary and Martha	Mary Coyle, Patricia Alexander & Tim Morgan	Ashley Wyatt
London	May-16	Adam Brett, Tropical Wholefoods	65	Tropical Wholefoods, Meet the People, Mary and Martha	Martin Kyndt and Patricia Alexander	Ben Quashie & Tony Allchurch
Edinburgh	Jun-16	Andy Biggs, Traidcraft	54	Traidcraft, Hadeel, One World Shop, Scottish Fairtrade Forum	Paul Chandler and Patricia Alexander	Rod Gilpin
Oxford	Jun-16	Amanda Galliano, Liberation	57	Liberation, Phone Co-op, Akoma	David Bowman and Patricia Alexander	Malcolm Nunn & Martin Canning

## OUR VOLUNTEERS

With 71 volunteers based across the UK, we draw on their support in reaching potential investors in different communities.

This year, our volunteers were involved with 70 awareness-raising events. These events can involve delivering presentations and running stalls. We also have behind the scenes opportunities including administration tasks such as data entry, preparing mailings and submitting articles to community publications such as church newsletters. To find out what motivates our volunteers in their work, as well as carrying out our biennial volunteer survey, we also surveyed volunteers about which parts of their role mean most to them.

*"People who listen to a presentation enjoy it and find it interesting. Somebody once said to me, you gave us a lot to think about."*

*"Making a difference for people in resource-poor settings to improve their financial situation and their self-esteem."*

This year, volunteer support included 18 training sessions, including inductions for new volunteers. We continued to hold bimonthly Skype forums for our ambassadors, and created opportunities for volunteers to meet each other in person to share ideas. Brand new resources have been created in line with volunteer feedback, including a Volunteer Handbook as a summary of our offering and expectations, and a more compact Enquiry Pack to use at events when people require a brief introduction to Shared Interest. We also showed our appreciation during Volunteers' Week by sending volunteers a thank you card and Shared Interest branded notebook.

It is important that we continue to listen and respond to the needs of our volunteers where they require support and resources to enable them to carry out their roles effectively and efficiently. Feedback on these new resources has been very positive from our volunteers:

*"Thank you. It is exactly what I was hoping for - personal, direct and practical."*

Shared Interest staff were also surveyed for the first time to explore their perceptions of our volunteer network and provided statements such as:

*"Volunteers provide the word of mouth approach that is vital to our work."*

*"They are the unsung heroes of Shared Interest."*

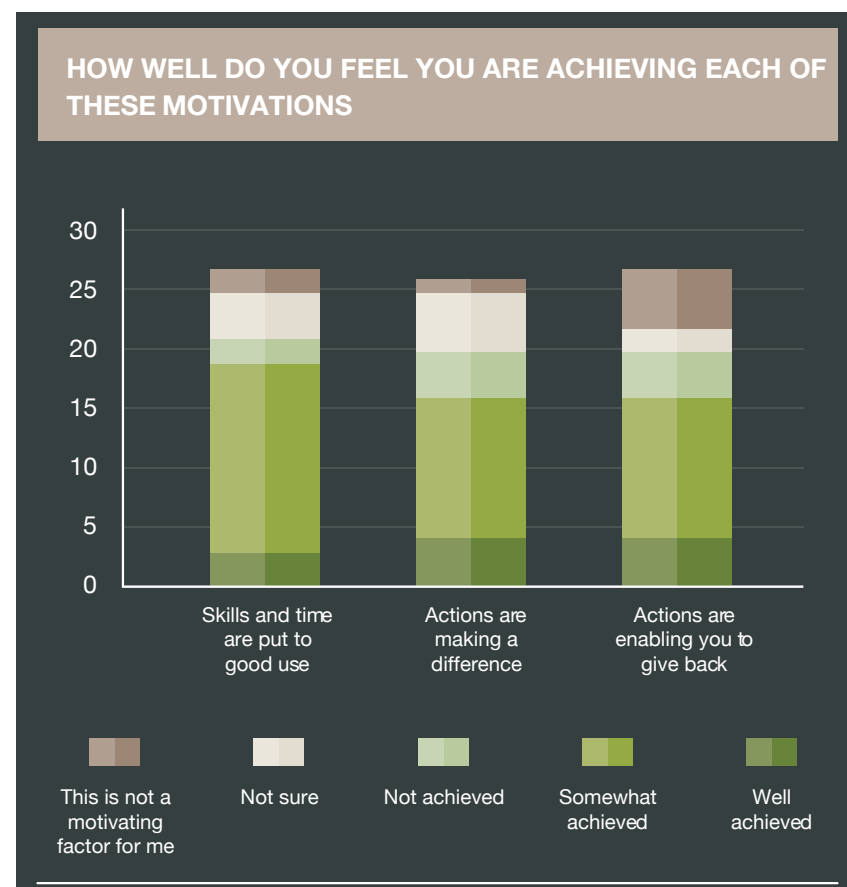
In building a valued network of volunteers it is important that they feel a sense of belonging within the organisation, which requires reciprocal understanding and support. This recognition of working towards common aims and goals is vital for volunteers to inspire a sense of belonging, especially because of the geographical spread of our volunteer network.

More detailed information, including results, of these surveys can be found in [shared-interest.com/SA16/Appendix14](https://shared-interest.com/SA16/Appendix14).

We welcomed 13 new volunteers to the network this year and 11 volunteers stepped

down from their roles. The majority of leavers cited factors such as poor health as their reasons for ending their volunteering with us.

The graph below shows the top three motivations of our volunteers and indicates how well these needs are being met. We have identified areas where improvements can be made and will subsequently provide our volunteers with even more personalised support.



## VOLUNTEER SURVEY

- ✓ **50%** response rate to survey
- ✓ **67%** had been volunteering with Shared Interest for over 3 years, with 24% volunteering for over 6 years
- ✓ **96%** respondents said they would recommend volunteering to others

## OUR VOLUNTEERS



## AMBASSADOR CASE STUDY



Being an ambassador is rewarding in that not only is the cause worthy but the message is almost always received with courtesy and intrigue.

By giving talks, manning stalls at events and through personal contact, I continue to help promote Shared Interest in west central Scotland, while also continuing my consultancy and getting involved in other aspects of the fair trade movement here.

Shared Interest has strong support here in Scotland in terms of investment but I would like to grow the volunteer network in my local area.

Stephen Hayes lives in Glasgow and is married to Shivonne, they have two teenage children.

International aid strikes me as important but still fails to address the issue of sustainability. This is why I was immediately attracted to Shared Interest.

Shared Interest is an innovative concept in that it goes far beyond charitable giving in using an individual's savings – which may be needed again one day but can be put to good use in the interim – to finance fair trade businesses that may not be able to find financial support elsewhere.

I was also drawn to the organisation's ethical basis, and mutual principles in being a co-operative, along with its transparency. The idea of becoming a voluntary ambassador for Shared Interest was attractive because I am sure there are so many people of goodwill in the UK who would readily become investors but haven't yet heard of the organisation.

My own involvement has been stalled slightly due to returning to Pakistan for three years in 2008. Now that I am back, I look forward to being able to start to meet occasionally with other volunteers as a Glasgow-based group. This means that we work together in encouraging others to invest in a fairer world; whether it be their time or their money or both.

## ACTIVITY 3 – COLLABORATE AND INNOVATE WITH PARTNERS

We recognise that we cannot and do not work in isolation from others and we place partnerships at the heart of how we aim to achieve our mission. Across Shared Interest we build and maintain partnerships with various organisations and networks to support our shared goals. For us, a partnership is a distinct relationship consciously entered into by both partners with clear shared objectives for working together towards a specific goal, event or activity.

Each of our partnerships is based on a unique relationship involving mutuality, shared values and expected outcomes. The detail of each of our partnerships is given meaning only by the partners themselves but is fundamentally based on a joint commitment and reciprocal obligation. We recognise that the benefits of a partnership may not appear immediately and may take time to become apparent. We also appreciate that partnerships change over time, a relationship may develop into a partnership, or cease to be one, any number of times as goals, objectives and activities change between partners.

You can find a list of these and all other partners [shared-interest.com/SA16/Appendix15](https://shared-interest.com/SA16/Appendix15).

### DELIVERY PARTNERS

Shared Interest Foundation is currently working with five delivery partners across Africa and Latin America. In-country support networks provide a vital resource to fair trade local businesses, and have an inherent understanding of their members' needs. This helps ensure that we deliver the most appropriate support in the most effective way. We work directly with our partners on strengthening and growing their networks. This helps to create a sustainable future for their members and the communities that they support.

### FUNDERS

To deliver our larger charitable projects we must attract funding from large, institutional donors and trusts and foundations. In the past year, we have continued to work closely with key funders who have enabled us to plan for our work on projects in Swaziland, Rwanda, Malawi, Columbia and Peru.

### STRATEGIC PARTNERS

We count our strategic partners as organisations in our sector with whom we share joint marketing activity due to having similar values. Strategic partners also represent organisations who we are members of, or have a representative on the Board.

### GROUPS AND NETWORKS

Over the year we work with many different groups and networks, all of whom are working towards similar goals, share our values or support our work. These organisations are vital to sharing information at a local level and we have participated in many events and activities in a positive and collaborative way with them.

## CASE STUDY ~ MAKE YOUR MONEY COUNT

An audience of over 100 people attended a partner event at the MShed, Bristol on Friday 16 October 2015 to participate in an ethical investment debate.

Patricia Alexander, MD of Shared Interest Society, Charles Middleton, UK MD of Triodos Bank, John David and Matt Crossman from Rathbone Greenbank Investments gave their perspective on ethical investments.

The event, which was organised in Good Money Week, aimed to bring together

investors and savers from each of the three organisations together with Fairtrade supporters in Bristol. It was recognised that there was considerable cross over in supporter values amongst the organisations and each wanted to create a platform to debate key issues and promote their activity to likeminded individuals.

The morning culminated in a lively Q&A session during which the audience questioned the panel on a wide variety of subjects, ranging from fair trade, the stability of the economy and sustainable banking, through to their views on fossil fuel divestment, the future of crowdfunding and how individuals, as pension scheme members, can actively influence investment decisions.

Jenny Foster, Bristol and South West Fairtrade Co-ordinator, chaired the event and feedback was very positive with attendees saying they really appreciated the collaborative approach.



# 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 and environmental work.

Shared Interest Society and Shared Interest Foundation have prepared their accounts this year under new UK Generally Accepted Accounting Principles (UK GAAP), reporting under FRS102. The presentation of results, balance sheet and accompanying notes have changed under this standard which is designed to give greater comparability and transparency internationally, to financial statements. More details on the operational finances of Shared Interest Society and Shared Interest Foundation can be found in our 2016 Financial Accounts at [shared-interest.com/SA16/Appendix20](http://shared-interest.com/SA16/Appendix20) and [shared-interest.com/SA16/Appendix21](http://shared-interest.com/SA16/Appendix21).

#### FINANCIAL CONTROLS

Significant emphasis is placed on robust financial controls. Our procedures for budgeting, financial reporting and secure payment authorisation can be found at [shared-interest.com/SA16/Appendix16](http://shared-interest.com/SA16/Appendix16).

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

#### PROCUREMENT

We also follow an approach to procurement as set out at [shared-interest.com/SA16/Appendix17](http://shared-interest.com/SA16/Appendix17). This ensures that as far as possible and practical we source products and services that are fair trade, environmentally friendly, and/or locally produced. This page also includes a link to our green policy and checklist for purchasing.

#### LENDING

Our lending decisions are made within credit policies, which help in managing our exposure to risk. Prudential lending limits specify the proportion of our Share Capital, which can be lent by commodity, country risk category, region and product. Revisions are made on the basis of evidence gained from lending and careful consideration of relevant risks. These limits are approved by the Board of Directors. During the year we made changes to the overall limit for approved lending which was increased from 125% to 135%, revised the Country Risk limits and increased the percentage approved from 20% to 30% for lending to cocoa businesses.

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 £36.4m in Share Capital is deposited in GBP in fixed rate deposit accounts. The funds lent to our customers in foreign currency (we offer facilities in GBP, USD, EUR and AUD and we also have a small loan in Kenyan Shillings) are from foreign currency loans secured against the deposited Share Capital. Although we do not convert members' investments in our Share Capital into foreign currencies, we do use these funds as security to borrow the USD, EUR and AUD that we lend. We have therefore naturally been impacted by the currency fluctuations since the referendum decision to leave the EU as our capacity to borrow foreign currency reduces as the pound weakens.

Our deposits held at other banks and institutions have virtually all been recalled to the Co-operative Bank to support our currency borrowing facility due to the weaker pound as mentioned earlier. The figures shown in the table include Share Capital, reserves, and a loan from Comic Relief.

#### FUNDRAISING RATIOS

In addition to the Share Capital of Shared Interest Society members, we manage donations made to Shared Interest Foundation. In order to do this efficiently and effectively, we monitor two key ratios. Management costs as a percentage of charitable expenditure were this year 28% (2015: 27%) and fundraising costs as a percentage of income were 12% (2015: 11%).

We also monitor the running costs and reserves of Shared Interest Foundation, operating a policy of keeping three to six months of total projected annual expenditure in reserves, with a year-end figure of 3.7 months (2015: 3.6 months).

Cash Investments:	2012	2013	2014	2015	2016
Co operative Bank	£30.3m	£30.5m	£28.9m	£31.3m	£40.7m
Others	£0.3m	£2.3m	£6.5m	£5.1m	£0.05m
Others (No.)	2	4	4	6	2

## ACTIVITY 2 – ENCOURAGE STAFF TALENT AND COMMITMENT IN AN ENVIRONMENT OF MUTUAL RESPECT

Staff numbers remained at 37 this year, as one new employee joined the team at our UK head office, and one person left. An organisational chart can be found in [shared-interest.com/SA16/Appendix24](https://shared-interest.com/SA16/Appendix24).

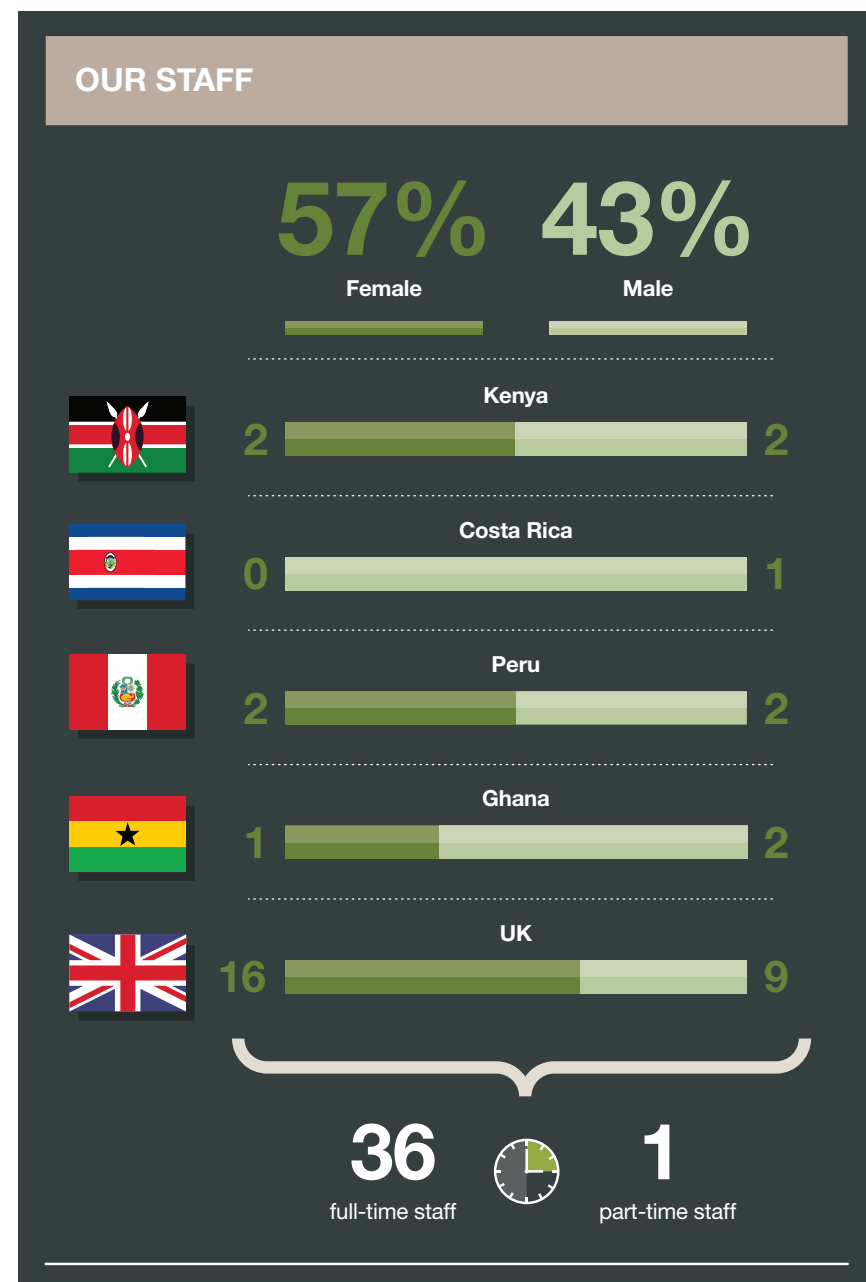
The number of sickness days rose as a result of long term sickness absence. These staff have since returned to work.

There has been a reduction in overall training costs this year. This is due to some of the courses, particularly those leading to a qualification (which are more expensive), commencing during the last financial year and payment being made at that time.

In addition, due to reduced recruitment, we have had less induction training. We have also undertaken more online training, which is cost effective.

This year, we used the Insights personal development model as the basis for our team building. The aim of using this technique was to improve understanding of colleagues' communication preferences according to their personality type. We held a staff training session in Newcastle with our UK staff and Regional Managers for Africa and Latin America. Further sessions for the overseas teams were carried out by Skype.

Description	2014	2015	2016
Training cost (course/trainer fees)	£25k	£31k	£23k
Staff time cost (while on courses)	£30k	£28k	£30k
Inductions (staff time cost carrying out and attending inductions)	£7k	£4k	£1k
Number of hours spent training	2,102	1,834	1,728
Total	£62k	£63k	£54k
Number of training days	283	255	244



## COMMUNICATION

Improved technical facilities in our new office have enabled us to hold virtual meetings between staff and stakeholders here and offsite. We now hold update sessions where all staff are present, including those overseas. For day to day matters relevant to Newcastle staff only, we continue to hold a monthly update slot in our Board Room, led by the Managing Director, with each Senior Manager reporting on behalf of their team. Minutes of the meeting are circulated by email for reference. Individual teams continue to meet formally, and one-to-one meetings are held once a week between each member of staff and their Line Manager.

## WORKING ENVIRONMENT

We moved our headquarters in January this year, to a more compact base in the centre of Newcastle upon Tyne, remaining close to public transport links. Due to the reduction in space, we took the opportunity to digitalise membership and lending records. As a result, although the new office has less storage space, there is more free space than at our previous location. The working environment has improved and all Newcastle staff have new PCs according to good practice measures of upgrading systems every three to four years. Not only do we have the latest software available but the minimal design of the new set up has enabled staff to enjoy more desk space.

Middle Managers worked with staff to ensure that the new office environment fits with

brand guidelines in terms of colour of office furniture, and promoted a positive working culture. Positive statements were created in line with this. They are framed and displayed in the open plan office space as a reminder of the ethos we want to achieve:

**BE FAIR:** we invest in a fairer world. We believe in treating people consistently and making measured judgements – whether it is with each other, or with a customer, investor, donor, volunteer, or supplier.

**BE RESPONSIBLE:** we lend responsibly; we inform our investors of risk, and we do our best with the resources that are entrusted to us. We consider the impact of our actions on the environment and community, as well as each other.

**BE POSITIVE:** we see the world as it could be. We aim to see the best in people and work together to achieve positive solutions in all that we do.

**BE INNOVATIVE:** we work collaboratively and professionally. This means we share knowledge and skills to attain the best outcome possible. We celebrate the diversity of different cultures. We listen, and value others' opinions, use experience to inform our decisions, and encourage new ideas.

The appraisal process has been updated to include the new statements.

## STAFF SURVEY

We carry out an annual staff engagement survey. Having used the same People Gauge online survey as last year, it was helpful in comparing results. This year showed that 34% of staff are actively engaged (33% last year), 64% engaged (64% last year) and the remaining 2% as actively disengaged (3% last year).

Overall, there has been a move from actively disengaged to engaged/actively engaged, particularly in the communication, feedback and support, and recognition sections, 98.3% of staff still remain actively engaged or engaged. The results were broken down into five key areas, which are shown in the infographic on page 42.

The Five-Point survey was not carried out this year as it was designed according to a set of 'Ground Rules', which have now been replaced by the positive statements.

Two specific questions enabled us to ascertain that:

- 86% of respondents felt that Shared Interest fulfils its mission and values (2015: 88%)
- 83% felt that staff are encouraged to understand other cultures (2015: 79%)

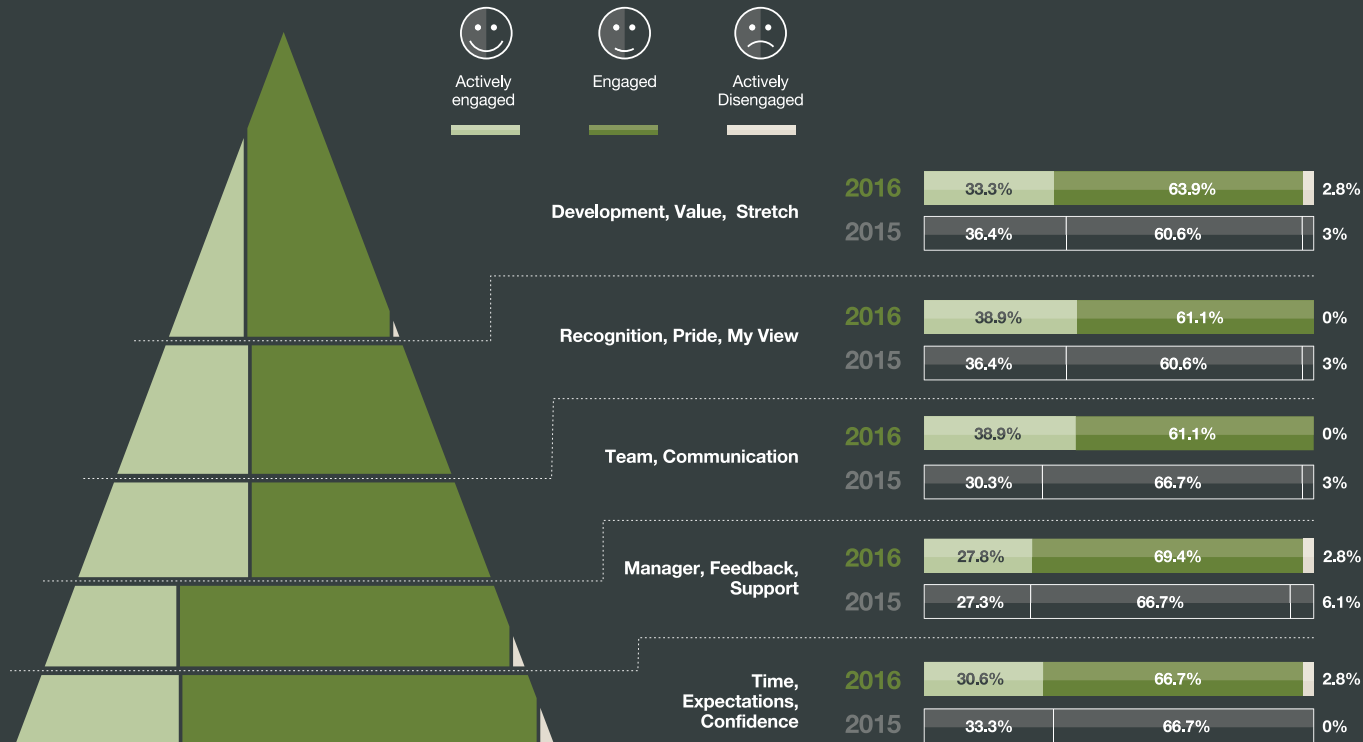
The survey also asked staff how Shared Interest could help improve individual and team effectiveness and the suggestions will be considered by the Senior Management Team.



Staff were asked to provide three words to describe what it's like to work at Shared Interest and the top 40 most commonly suggested were used to produce a word cloud. The size of the words below corresponds to how frequently they were used.

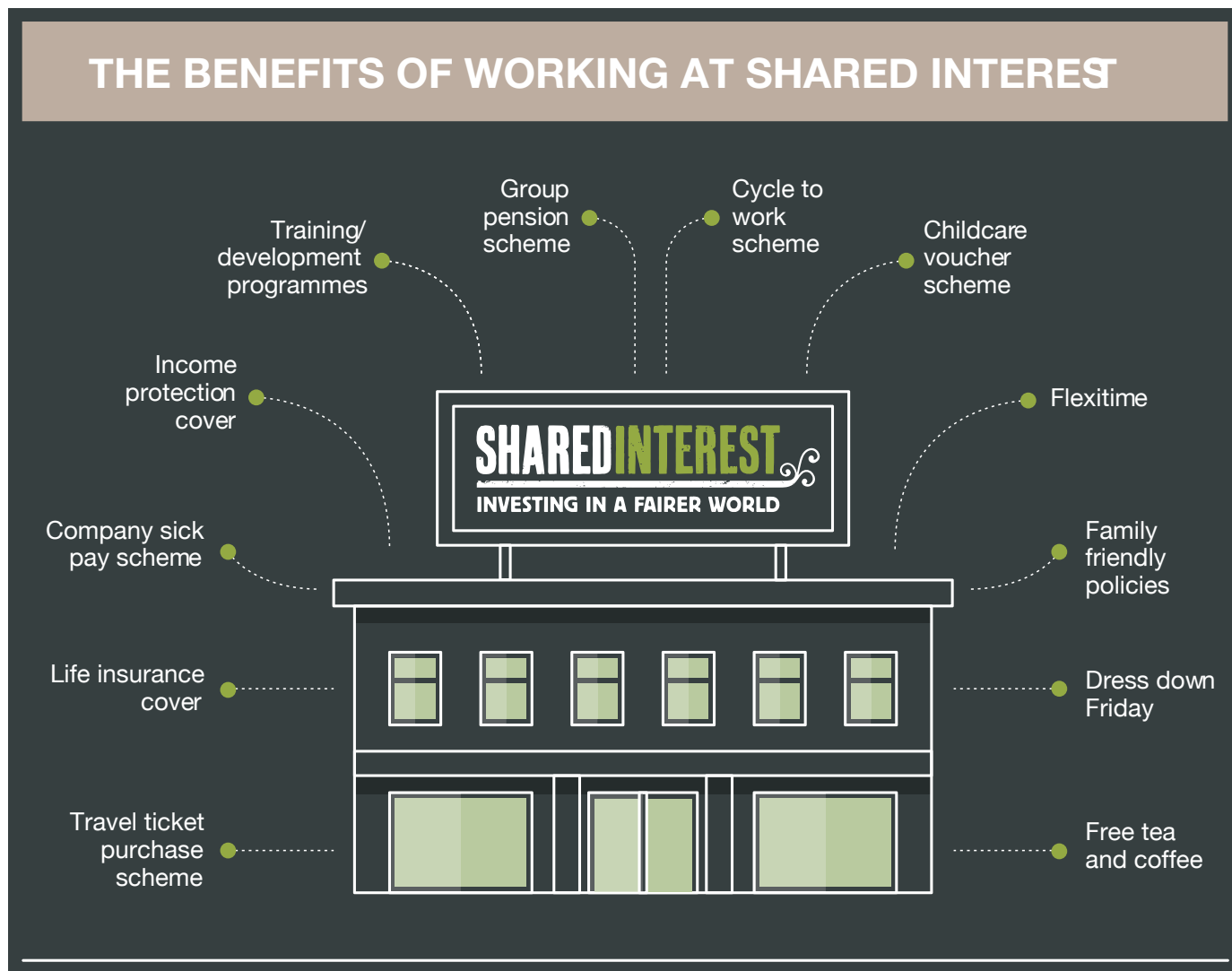


## STAFF SURVEY



### BENEFITS AND SALARY

Shared Interest aims to provide staff with job satisfaction by offering interesting and varied work combined with generous and flexible benefits. Benefits, including contributions of 9% into a group personal pension scheme, are illustrated in the diagram adjacent. Salaries are reviewed annually with the cost of living, individual performance, and an annual salary benchmarking exercise all considered in the process. A comparison of the highest salary against the lowest salary in the organisation provides a ratio of 3.8 to 1.



## ACTIVITY 3: PRACTICE GOOD ENVIRONMENTAL STEWARDSHIP

One of the key areas considered during our Strategic Review in 2014, was the global trend of environmental uncertainty.

On an operational level, we encourage staff to be environmentally aware when working in the office, and with travel. This year, we invited a member of the Kenya office to join the Environmental Team meetings using Skype to ensure involvement of our overseas staff.

### RECYCLING

Due to our move to a more compact office space at the beginning of the year, we donated furniture to a local charity. The clear-out also meant that 48 bin bags of rubbish, and 85 cardboard boxes were securely recycled.

Staff continue to recycle paper, plastics, and glass. Paper used for printing in our UK office decreased by 52%. Only 66,000 sheets of paper were used after a continued awareness raising focus instigated by the Environmental Team. This was also impacted by the increasing number of members using the online portal rather than receiving paper statements. Staff are encouraged to recycle/reuse paper and this year we recycled the equivalent of 52 wheelie bins.

This year, computers were upgraded and the previous versions recycled after securely wiping them of data. The majority were taken by staff, and some were donated to a local church.

### PROCUREMENT

Procurement of goods and services from local suppliers helps to minimise environmental impact and support the sustainability of businesses in our region. During the year, purchases from suppliers in North East England totalled £398,000. This represents 50% of our purchases (2015: 36%). You can read more about our procurement policy at [shared-interest.com/SA16/Appendix17](http://shared-interest.com/SA16/Appendix17).

### CARBON OFFSETTING

The main contributors to our carbon emissions are in our office operations and business travel. Our electricity usage this year was 35246.8 kWh which is a reduction of 43% from 2015. This is largely due to the more efficient systems in the new office, the introduction of new lower power computers and the increased use of Skype for meetings rather than staff travelling to alternative locations.

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 £696, compared to £821 last year. As our Carbon Offset fund is reducing according to our carbon footprint, we have rolled over the amounts from previous years to fund a bigger project. This means that our grand total going forward is £2317 and we are currently investigating how best to use this. We are discussing the possibility to join forces with other likeminded businesses to combine funds to tackle bigger projects for greater impact.

## RECYCLING



Staff continue to recycle paper, plastics, and glass.



# 52%

▼ decrease in paper used for printing



This is the number of wheelie bins we could have filled with our paper recycling



# 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. 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 the Ecumenical Development Co-operative Society (EDCS). Within a year, we had attracted £750,000 of Share Capital and 600 members.

Today, we have 9,232 members in the UK, each investing between £100 and £100,000. With an average investment of £3,844, this provides Share Capital of £36.4 million. In 2004, Shared Interest established a subsidiary, Shared Interest

Foundation. The charity delivers practical business support in the developing world, helping fair trade businesses to improve their financial management and other business skills. Shared Interest has been awarded the Queen's Award for Enterprise in the category of Sustainable Development on two occasions. This year, we won the Social Enterprise category of the UK Private Business Awards, and also the Social Investment category at the Third Sector Awards. The story of our past 26 years is detailed at [shared-interest.com/SA16/Appendix22](https://shared-interest.com/SA16/Appendix22).

## OWNERSHIP AND GOVERNANCE

Shared Interest is an independent organisation with its headquarters in the UK and further staff based in Kenya, Ghana, Peru, and Costa Rica. Shared Interest consists of Shared Interest Society and a charitable subsidiary, Shared Interest Foundation. Shared Interest Society is owned and controlled by its membership of 9,232 investors. It is the sole member of Shared

Interest Foundation. Shared Interest Society is governed by a Board of Directors which is currently made up of eight members; two executives and six non-executives.

Seven of these eight Directors also form the Trustee Board which governs Shared Interest Foundation. A Council of nine Society members monitors the work of the Society's Board of Directors. The Council has the power to question the Directors and Management Team and, if it sees fit, to address the membership independently. To ensure the Council is a representative body, six members have been randomly selected for nomination, while the other three members applied for their roles; all were subject to a ballot of members.

## LEGAL STRUCTURE AND REPORTING

Shared Interest Society is incorporated with limited liability under the Co-operative and Community Benefit Societies Act 2014, Number 27093R. The Society has submitted timely annual returns to the

Financial Conduct Authority as its registrar.

Shared Interest Foundation is registered as a company limited by guarantee in England, Number 4833073, and is a registered charity, Number 1102375. It has submitted timely annual returns to the Charity Commission and to the Registrar of Companies. Shared Interest has an annual compliance action plan 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. An update on these areas is at [shared-interest.com/SA16/Appendix18](https://shared-interest.com/SA16/Appendix18).

These topics are also included in induction schedules for all new staff. In addition, a key aspects checklist is produced by the Social Audit Network to enable standardised reporting on areas such as HR, governance, finance, and environmental / economic aspects. This can be found at [shared-interest.com/SA16/Appendix19](https://shared-interest.com/SA16/Appendix19).

# STAKEHOLDERS AND CONSULTATIONS

## KEY STAKEHOLDERS

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

Stakeholders	Definition	Description	Number of stakeholders	
			2015	2016
Beneficiaries	Organisations who benefit from the support of Shared Interest Foundation	Producers trained Producer groups receiving grants	130 4	472 1
Board of Directors	Collectively responsible for the direction and management of the Society, 7 of these 8 are also Trustees of Shared Interest Foundation	Elected Shared Interest Society Members	8	8
Council	Body which serves to keep the Board “on mission” and be representative of the views of members	Elected Shared Interest Society members	9	9
Customers	Borrower organisations which enter into a business contract with Shared Interest Society  Other organisations that receive or make payments via Shared Interest Society	Producer group customers Buyer customers Recipient producers* Commercial buyers	150 37 289 88	163 37 283 87
Donors	Shared Interest Foundation donors	Individual donors Corporate donors Churches and other groups Grant-making bodies	372 1 7 8	424 10 7 12
Our people	Our people	Our people	37	37
Members	Shared Interest Society investors	Members	9045	9232
Partners	Those we collaborate with for mutual benefit	People, groups and organisations we work with and umbrella groups of which we are members	54	61
Volunteers	Individuals who volunteer their time and expertise to Shared Interest	Ambassadors and volunteers	77	71

\* Recipient producers are those producers who do not have a credit facility with Shared Interest but who receive payments through Shared Interest on behalf of their buyers. There are wider stakeholders with whom it is not practical to consult. These include friends and family of staff, the local community, potential members and regulators such as the Financial Conduct Authority (FCA) and HM Treasury.

# CONSULTATIONS

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

## POTENTIAL CUSTOMERS

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

## CUSTOMERS

In addition to our daily contact with customers and annual reviews undertaken by the Lending Team, we carried out two specific consultation exercises, which gathered views from a total of 135 of our 464 producer customers and recipient producers (29%). This involved:

- An electronic survey was sent to our 163 producer customers and 62 responses were received. This is the first year that we sent the survey electronically. In previous years direct consultations were undertaken. The response rate was higher than anticipated.
- An electronic survey was sent to our 283 recipient producer customers and 73 responses were received. This is the highest response rate we have received from recipient producers who have a direct

relationship with their buyers and not Shared Interest.

- Producer committee meetings take place annually and allow the Lending Team to gain a greater understanding of the producers' challenges and experiences. This year 25 producers participated: Peru (7), Ivory Coast (12) and Kenya (6).

## BENEFICIARIES

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

- 1) Malawi financial training project - The Malawi project consulted with a representative of each of the eight participating businesses to discuss the impact of the project.
- 2) Improving producer livelihoods in Swaziland - The Swaziland project surveyed representatives from the 40 participating businesses.
- 3) RWFAT capacity building support - The project in Rwanda interviewed 135 individuals representing ten co-operatives as part of the end of year one evaluation.
- 4) CLAC Latin America project - The Latin America Project called upon needs assessment surveys from 30 producers to help select the 25 participating businesses.

## MEMBERS

A full members' survey was conducted in 2015. Our AGM took place in Newcastle in March 2016 and this was supported by a series of five member events around the UK. A total of 375 members attended the events. Correspondence with members is also shared with the Board on a regular basis.

## VOLUNTEERS AND AMBASSADORS

All new volunteers receive induction training and are invited to participate in Skype discussions every six weeks. We also held meet up events with volunteers to encourage networking and receive feedback on events. A full survey of volunteers was undertaken this year.

## BOARD OF DIRECTORS / TRUSTEES

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

## COUNCIL

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

## DONORS

We met with Comic Relief during the year and have on-going communication on a project by project basis with our other grant funders. We carry out a survey of our individual donors every two years, with the next due in 2017.

## EMPLOYEES

We carry out an annual staff survey. As with the previous year, we worked with People Gauge, an online survey and analysis provider. The survey was completed by 36 of the 38 staff who were employed at the time of the survey in July 2016 (95%). Presentations of the results were fed back to staff with discussions taking place on the results and how they compared with the previous year.

## PARTNERS

We sent a partner survey this year to nine of the 61 partners. Rather than include a case study of a partner we have used a case study example of collaborative working. Please refer to pages 38.

## SUMMARY OF CONSULTATIONS 2013 -2016

Stakeholders	2013	2014	2015	2016
Potential customers	Research by consultant via questionnaires to members of WFTO Africa and Fairtrade Africa (109/400)	No formal research or consultations took place with this group, beyond our normal business development activities	No formal research or consultations took place with this group, beyond our normal business development activities	No formal research or consultations took place with this group, beyond our normal business development activities
Customers	Online survey to recipient producers (18/196) Online survey sent to South American Producer Customers (14/37) Producer committees	Online survey to recipient producers (32/267) Online survey sent to buyer customers (20/37) Direct consultations with producer customers in East Africa (16/35) Producer committees	Online survey to recipient producers (32/267) Online survey sent to buyer customers. (20/37) Direct consultations with producer customers in East Africa. (16/35) Producer committees	Online survey to producer customers. (62/163) Online survey sent to recipient producers (73/283) Producer committees (25)
Beneficiaries	Consultations via SWIFT with artisans in Swaziland re training Farm and household level research with coffee farmers in Ethiopia Needs analysis visit to co-ops and producers in Rwanda Financial profiling with 94 businesses across 5 countries in Africa	External evaluation with SWIFT. Four focus groups took place and 13 interviews. A survey of 262 rural producers took place with 60% response  21 businesses were surveyed in five countries and two focus groups took place to evaluate the Access to finance project	Final evaluation of the Improving access to finance project involved 42 of 122 businesses. A full baseline survey of 605 people took place for the Improving producer livelihoods in Swaziland project. A needs analysis of 38 businesses in Rwanda was undertaken by our partner RWAFFAT. An external evaluation of best practice networks in fair trade networks took place and seven people participated	The CLAC project involved needs assessment surveys from 30 organisations to select the final 25 businesses. These participating businesses went on to complete baseline and end of training evaluations In Rwanda, we interviewed 135 individuals representing 10 co-operatives as part of the end of Year One evaluation. The Malawi project consulted with a representative of each of the eight participating businesses to discuss the impact of the project. External evaluation of the Swaziland project involved surveying representatives from the 40 participating businesses
Members	Questionnaire sent to all members who are happy to receive mailings. (1,993/7,446) Feedback forms at AGM and members meetings	Feedback forms at AGM and members' meetings. (109)  All consulted on the Society strategic review.	Questionnaire sent to all members who are happy to receive mailings. (1,993/7,446)  Feedback forms at AGM and members meetings.	Feedback forms at AGM and members' meetings
Volunteers	Evaluation forms from events Feedback on resources and newsletters	Volunteer survey (46/91) Some consulted for Society strategic review.	Regular Skype discussions took place as well as regional meet-up events	Volunteer Motivation Survey – March 2016 (26/70) Volunteer Survey –May 2016 (34/70)
Board	Consulted as members	Consulted for Society strategic review	Consulted as members	Consulted as members
Council	Consulted as members	Consulted for Society strategic review	Consulted as members	Consulted as members
Our People	5 point survey (30/33) Staff Survey (26/33)	5 point survey (30/38) Staff Survey (35/38) Staff working groups to discuss key strategic review themes	5 point survey carried out twice (32/36) (35/37) Staff Survey (35/38)	Staff Survey (36/38)
Donors	Comic Relief as recipient of partner survey below. Many donors also receive the membership survey as 80% of Foundation donors are also society members	On-going dialogue with key funders	A full postal survey of 372 individual donors and 174 enquirers (130/546)	No formal consultations took place with this group
Partners		Questionnaire (9/10)	Two key partners were asked to complete a survey	Partner survey (6/9)

# SUMMARY

This set of Social Accounts represents a successful year, despite the challenges faced following the UK decision to leave the European Union (EU). Below we detail the outcomes of the Social Accounts aims, which are designed to show how well we are meeting our mission and values.

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

The value of payments made has increased by £10m, to reach £61.7m. It is important to note that the fluctuating exchange rate between USD and GBP has impacted this figure. 84% of our payments were made in USD and the total payments made in that currency increased by US \$1m.

With 60% of the total payment value being made directly to producers, we continue to meet our strategy to reach people in disadvantaged communities.

We have continued to diversify the products our lending supports in order to mitigate against risk exposure in coffee. Subsequently, coffee lending reduced by

4%, and we increased the number of honey producers we lend to by four (three in Mexico and one in Nicaragua) and also provided a line of credit for three new products within our lending portfolio: flowers (Kenya), coconuts (Ghana) and alpaca fibre (Peru).

Peru continues to play an important role within our lending portfolio, with payments totalling £18.4m to 51 customers based there, of which 35 are coffee or cocoa producers. This region did, however, see growth in new products such as palm heart, gold, and asparagus.

This year we made payments for a total value of £37m to producer groups, which exceeds the total amount committed by £2.2m; an indication that a successful use of credit facilities allowed producer organisations to re-use their facility once funds had been repaid.

We are meeting our strategy to reach small and disadvantaged producers, with 47% falling in the turnover band of below £500,000. We continue to balance this strategy with the risk factors involved in lending to certain countries. Although we have a large number of producer organisations based in Category A countries

such as Peru; the producers we reach here are typically living in disadvantaged rural communities, with limited access to the country's infrastructure.

Producer consultations achieved a 38% response rate this year, and 82% of respondents said that working with Shared Interest had a direct impact on the long term sustainability of their business.

This year we also carried out an online survey of 283 producer organisations who receive payments from our buyer customers. The response rate was lower due to the indirect link between us. However, from the 73 respondents, the producers generally felt that, even if they do not have a direct relationship with us, our work benefits their organisation.

This year, Shared Interest Foundation delivered two direct training and mentoring programmes with the assistance of in-country partners, CLAC and MFTN. These programmes focussed on how to improve financial systems and to increase awareness of affordable finance.

Feedback from the Latin American producers suggests that 93% of the businesses we worked with would like to access finance, with more than 80% of participants currently preparing to apply. With regards to Malawi, all participants felt that their knowledge on social lenders had improved as a result of this project. Many of the businesses stated that they now know where to seek advice when access to finance is required.

This year we reached the half-way point of our four-year project in Swaziland, which focusses on the organisational development of SWIFT as well as improving livelihoods for the farmers and artisans involved.

In October 2015, Shared Interest Foundation partnered with RWAFFAT to deliver a two-year project in Rwanda working with ten handcraft co-operatives. The first year of the project is now complete, which saw RWAFFAT deliver six training sessions and follow-up meetings with each co-operative to improve their business skills.

# SUMMARY

## **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.**

In total, there are 10,992 individuals named on Shared Interest Share Accounts. Our membership demographic remains consistent; the average age of a member remains at 63 and the average length of time a member holds a Share Account is 13 years. Share Account closures totalled 248 this year, but overall we saw a net increase of 187 compared to 105 accounts in 2015.

Total income for Shared Interest Foundation reduced, partly due to a reduction in the amount of donated funds from Society Share Accounts. However, there was an overall increase of 65 donors, bringing the total this year to 453. A crowdfunding appeal raised almost £5,000, which will now help improve livelihoods of almost 300 women in Rwanda. This year we were shortlisted for 14 awards, and won the Third Sector Award for Enterprise, The Private Business Awards,

and the P.E.A. (People. Environment. Achievement.) Awards. Shared Interest Foundation was shortlisted at The Charity Times Awards.

We published the 100th issue of our member newsletter Quarterly Return (QR) this year which featured 100 of our producer customers to mark the occasion. In response to feedback from our members in the 2015 Member Survey, we created a condensed version of the Annual Review. This appeared in the January newsletter, reducing print and postage costs.

For the first time members were able to pay funds into their Share Account using their debit card, online, through our member portal, "Our Shared Interest". 165 investments have been received online totalling £227,646.

In our 2014 Strategic Review we reaffirmed our commitment to keep members at our heart and so streamlined our AGM to a morning-only session with no overseas staff or producers present. The cost saving has allowed us to hold a series of five member

events across the UK, reaching a greater proportion of our membership.

Brand new resources have been created in line with volunteer feedback, including a Volunteer Handbook and a more compact Enquiry Pack to use at events when people require a brief introduction to Shared Interest. We also launched a Children's Yearly Report to engage our younger investors and hopefully improve retention levels once the young person reaches 16 years and takes over the Share Account.

This year, our 71 volunteers were involved with 70 awareness-raising events, delivering presentations and running stalls. We surveyed our volunteers on motivation factors for the first time this year and found that a common theme was them valuing our personalised support, so will increase our efforts in this area even further.

Shared Interest staff were also surveyed for the first time to explore their perceptions of our volunteer network and provided statements such as: 'They are the unsung heroes of Shared Interest.'

We welcomed 13 new volunteers to the network this year and 11 volunteers stepped down from their roles. The majority of leavers cited factors such as poor health as their reasons for ending their volunteering with us.

This year we defined further what partners mean to Shared Interest and have categorised them according to each unique relationship involving mutuality, shared values and expected outcomes. One area where our partnership work is clearly evident is events, where we collaborate with different groups and networks with similar goals.

In terms of Shared Interest Foundation, we work with in-country delivery partners to help ensure that we deliver support tailored to particular needs in that region. Our charity is currently working with five delivery partners across Africa and Latin America. We also work directly with our partners on strengthening and growing their networks. This helps to create a sustainable future for their members and the communities that they support.



# SUMMARY

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

We balance our desire to lend to marginalised communities with the element of risk involved. Our prudential lending limits specify the proportion of Share Capital, which can be lent by commodity, country risk category, region and product. This year, we introduced a new limit for stock facility lending of 15%, and also created a new set of limits when lending to likeminded organisations that, although follow Fairtrade principles, are not certified Fairtrade.

The majority of our £36.4m in Share Capital is deposited in GBP in fixed rate deposit accounts. The funds lent to our customers in foreign currency (GBP, USD, EUR and AUD and Kenyan Shillings) are from currency loans secured against the deposited Share Capital. We have therefore naturally been impacted by the currency fluctuations since the referendum decision to leave the EU.

At 30 September 2016, the Co-operative Bank was our main banking partner but we continue to review alternatives, as well as its own strength and ethical performance under new ownership.

Shared Interest Society and Shared Interest Foundation have prepared their financial accounts this year under new UK Generally Accepted Accounting Principles (UK GAAP), reporting under FRS102.

Staff numbers remained at 37 this year, as one new employee joined the team at our UK head office, and one person left.

There has been a reduction in overall training costs this year. This is due to some of the courses, particularly those leading to a qualification (which are more expensive), commencing during the last financial year and payment being made at that time.

This year, we used the Insights personal development model for team building involving UK and overseas staff. The aim of this technique is to improve understanding

of colleagues' communication preferences according to their personality type.

We moved our headquarters this year to a more compact base in the centre of Newcastle upon Tyne, remaining close to public transport links. Due to the reduction in space, we took the opportunity to digitalise membership and lending records.

Improved technical facilities in our new office have enabled us to hold virtual meetings via Skype between staff and stakeholders here and offsite. Subsequently, we now hold update sessions where all staff are present, including those overseas.

Middle Managers worked with staff to inspire a positive working culture. Positive statements were created in line with this, and copies of these are displayed on the office walls.

We carry out an annual staff engagement survey. Having used the same People Gauge online survey as last year, it was helpful in comparing results. This year showed that 34% of staff are actively engaged (33% last

year), 64% engaged (64% last year).

Within our own working environment, we are also focussed on environmental factors. Staff continue to recycle paper, plastics, and glass. Paper used for printing in our UK office decreased by 52%.

The Environmental Team is responsible for awarding our Carbon Offset fund, usually to environmental projects linked to our work. This year, the value is £696, compared to £821 last year. As our Carbon Offset fund is reducing according to our carbon footprint, we have rolled over the amounts from previous years to fund a bigger project.

# PROGRESS ON LAST YEAR'S RECOMMENDATIONS

In each set of Social Accounts, we develop recommendations on which we commit to report progress in future. In order to ensure these don't get forgotten until the following year end, we report progress to the Board against these recommendations at the half-way point in the year.

RECOMMENDATION	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>	
To increase lending, and continue increasing the proportion of lending going directly to our producer customers.	Overall approved facilities have continued to rise (up GBP 4m), of the 26 increases and new facilities nearly all are for producers. The proportion of drawn lending by producers is consistently over 40% of the total drawn.
Embed and develop the new Lending Team structure to support customers and build the pipeline of lending opportunities.	Team is now fully in place with probationary periods for new staff completed. Lending pipeline is more evenly spread across the regions.
Review the lending process; scope out, sources and implement a new lending IT system.	Process mapping for certain areas completed more needed before beginning to engage an external party. Learnings gathered from Root Capital, their process took 18m+.
Continue to develop new access to finance themed projects and spread our work to supporting producers in Latin America.	Delivery of the training programme in collaboration with CLAC completed with 10 producer groups in Columbia and 15 in Peru.
Refine our training package to support producer businesses in improving their financial management including looking at tailored packages of support for particular commodities.	Prepared and delivered a tailored package for Latin America.
<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>	
Increase Share Capital and membership to support lending opportunities.	Share capital and member numbers have increased over the year.
Provide members with more online and flexible access to their Share Accounts, introduce debit card payment ability and tailor communication depending upon their preferences.	Members have the ability to invest through the member portal using SagePay. New investors who sign up online also have the option to invest directly using a debit card. Members can also change their communication preferences online and we can target different emails depending on location etc.
Create more regional opportunities for members to meet other investors, ask questions of staff and Board, participate in debate and offer other views.	Member events took place in Manchester, Edinburgh, Oxford, London and York.
Build awareness of Shared Interest Foundation within the current member base.	An overview of the Foundation was included in the Dec issue of QR together with a combined Society/ Foundation Annual Review.
Diversify and develop funding sources for Shared Interest Foundation.	We have tested new fundraising approaches such as using the Crowdfunder website, but currently we still rely on Society members for a significant proportion of our income (83% of our donor base are Society members).
<b>Aim 3: Manage our resources in line with our principles of love, justice and stewardship.</b>	
Carry out a further staff engagement survey and compare the results with the current year.	We repeated the People Gauge survey and compared the results against last year. This year we had a response rate of 95% compared to 94% of staff who completed the survey in 2015. Of those, 98.3% of staff are engaged or actively engaged compared to 97% in 2015. We are planning to repeat the survey again next year, which will enable us to further compare results.
Continue to manage our resources to ensure we minimise the environmental impact of our operations particularly in relation to the Newcastle office relocation.	Energy rating of the new office is very good (level B47) in comparison to the previous one which is level D93. Our electricity use in The Pearl is 60% of what it was in Cathedral Square. We reused a proportion of office furniture when we moved (about 20%) with the items that were not being transferred donated to a local charity. We were not able to furnish the new offices with eco-grade furniture as this was too expensive. The location of the office was deliberately chosen to continue to facilitate staff and visitors arriving by public transport.
Continue to maintain robust financial controls managing our exposure to risk.	Financial controls have been maintained and no concerns were raised in the various audits in 2016.

# RECOMMENDATIONS FOR NEXT YEAR

## 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.**

- Increase lending, and continue increasing the proportion of lending going directly to our producer customers.
- Improve monitoring and reporting systems within and from our regional offices to facilitate the effective flow of information with customers and ultimately improve customer service and arrears management.
- Build on lessons learnt from capacity building work with SWIFT to apply in other projects and programmes.
- Review monitoring & evaluation frameworks across our training projects to ensure a consistent approach evaluating successful outcomes.
- Continue to develop new training projects which focus on supporting producers to access finance.

## 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.**

- Increase Share Capital and investor numbers to increase the funds available to lend.
- Continue to create regional opportunities for members to meet other investors, ask questions of staff and Board, participate in debate and offer other views.
- Develop our approach to identifying and valuing key partnerships.
- Undertake a strategic review for Shared Interest Foundation.
- Increase and diversify funding sources for Shared Interest Foundation.

## AIM 3:

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

- Continue to monitor staff engagement and develop a better understanding of communication flows between all Shared Interest's offices.
- Allocate the carbon offset fund in partnership with other fair trade organisations, supporting a project that directly creates a positive environmental impact in the developing world.
- Continue to manage our resources to ensure we minimise the environmental impact of our operations.
- Continue to maintain robust financial controls managing our exposure to risk.

## NEXT STEPS

Following review of these accounts by an audit panel with SAN qualified Chair, they are approved by the Board of Shared Interest Society and Foundation. They will then be available for download from the Shared Interest website [shared-interest.com/social-accounts](https://shared-interest.com/social-accounts) and will be presented along with Financial Accounts to the Shared Interest AGM for adoption in March 2017. Information from the accounts will be disseminated to our different stakeholder groups throughout 2017, and any feedback will feed in to our next annual process.

Please feel free to email [membership@shared-interest.com](mailto:membership@shared-interest.com)

## GLOSSARY AND ABBREVIATIONS

### ACRE

A fund to assist agricultural farmers in remote areas.

### AGM

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

### Ambassadors

Shared Interest ambassadors actively promote the organisation to the general public through talks, presentations and stands at events.

### Beneficiaries

Those benefiting from Shared Interest Foundation projects.

### Board

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

### Buyer customers

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

### CLAC

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

### Comic Relief

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

### Commonwealth

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

### Co-operatives UK

A body that seeks to promote and develop co-operative enterprises in the UK. Regional bodies such as Co-operatives SE, SW etc. work in partnership with Co-operatives UK.

### Committed lending

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

### Community Shares Standards

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

### Council

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

### CSAF

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

### Donors

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

### ECCR

The Ecumenical Council for Corporate Responsibility - a UK coalition of church-

based investors, corporate members (including Shared Interest) and individual supporters, carrying out advocacy on issues of business, human rights and environmental stewardship.

**EDCS** Ecumenical Development Co-operative Society.

### Ethical Finance

Providing finance in a fair and equitable manner.

### Export Credit

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

### Facility

A type of loan (short or long term) made in a business or corporate finance context (or Credit Facility).

### Fairtrade Africa

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

### Fairtrade Buyer

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

### Fairtrade Federation

A trade association that strengthens and promotes North American fair trade organisations.

### Fairtrade Foundation

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

### Fairtrade International

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

### FCA

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

### FLO

See Fairtrade International.

### FLO Trader

An organisation that buys and/or sells fair trade products and has obtained product certification as per the relevant Fairtrade standards via FLO Certification.

### GBP, USD, EURO

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

### HR

Human Resources - the function responsible for staffing issues within Shared Interest.

**iDE UK** Supports entrepreneur activity in poor rural communities around the world  
**Impact metrics** Specific measurements that we make to assess the extent of change in individuals' lives as a result of our work.

### KPI

Key Performance Indicator - a measure of progress towards organisational goals.

### Line of Credit

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

**M&E**

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

**Market access**

Ability of those producing products or services to find buyers.

**Members**

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

**MFTN**

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

**NGO**

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

**People Gauge**

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

**Pre-finance**

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

**Producer customers**

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

**QR**

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

**Recipient producers**

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

**RWAFAT**

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

**Share Account**

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

**Share Capital**

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

**SAN**

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

**Stakeholder**

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

**SWABCHA**

Swaziland Business Coalition on Health and AID's.

**SWIFT**

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

**Term Loan:**

A loan from Shared Interest for a specific amount that has a specified repayment schedule and interest rate. Term loans will mature between one and 5 years to the exception of loans provided for Roya which will be extend to 7 years.

**Theory of change**

Articulation of the way in which planned activities lead to changes in people's lives, recognising the other factors that influence this process, and the assumptions that are made in our logic of cause and effect.

**Trustees**

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

**TWIN**

A development through trade NGO working with 33 producer organisations representing 300,000 coffee, cocoa and nut smallholders in 17 countries across Latin America, Africa and Asia.

**UK Fairtrade Leaders Forum**

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

**UK GAAP**

UK Generally Accepted Accounting Practice.

**Volunteers**

Shared Interest volunteers assist us in a variety of ways, from administrative support at our Head Office, to taking photographs for us at events.

**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 AND SUPPLEMENTARY INFORMATION

All of these Appendices can be accessed online at [shared-interest.com/SA16/Appendix#](https://shared-interest.com/SA16/Appendix#) (replacing the # with the Appendix number).

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| <b>2</b> Customer case studies  | <b>12</b> Namayiana Impact Study                                   | <b>21</b> Shared Interest Foundation Financial Accounts for 2015/16  |
| <b>3</b> Country risk analysis of producer lending                      | <b>13</b> Candela Impact Study                                     | <b>22</b> The history of Shared Interest   |
| <b>4</b> Producer online survey   | <b>14</b> Volunteer Survey Report                                  | <b>23</b> Strategic Review booklet   |
| <b>5</b> Producer Committees agenda                                     | <b>15</b> List of our partners                                     | <b>24</b> Organisational chart   |
| <b>6</b> Access to Finance in Latin America end of project report       | <b>16</b> Budgetary control, financial reporting and authorisation | 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 <a href="https://shared-interest.com/SA16/supplementary">shared-interest.com/SA16/supplementary</a> . |
| <b>7</b> Malawi Financial Training end of project report                | <b>17</b> Our approach to procurement                              |  |
| <b>8</b> Malawi Financial Training 6 months' post end of project report | <b>18</b> Compliance with statutory and voluntary codes            |  |
| <b>9</b> Post Malawi flood report                                       | <b>19</b> Social Audit Network key aspects checklist               |  |
| <b>10</b> SWIFT end of year one report                                  |  |  |



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**Shared Interest Society Limited  
Registered Society Number 27093R**

**Shared Interest Foundation  
Registered Charity Number 1102375**