ANNUAL REPORT 2022

FAIRTRADE
AUSTRALIA
NEW ZEALAND

MESSAGE FROM THE BOARD CHAIR

I write this on behalf of the out-going Chair, John Buttle who led the Board during this financial year before resigning in March 2023.

There is no dount that the financial year December 2021-December 2022 has been challenging for Fairtrade. The CEO Molly Harris-Olsen stepped down after 9 years, to pursue new career goals and focus on her work to mitigate climate change. Director Mike Briers stepped up as Interim CEO while we recruited a new leader for the organisation.

The long term impacts of Covid, inflation, and global volatility due partly to the war in Ukraine, continued to put pressure on our existing and potential licensees. This has inevitably impacted on our financial situation too. It's a tough time for an organisation like Fairtrade which has a well-respected record of making trade fair for some of the poorest farmers in the world. If our corporate partners feel the pressure, then so do we.

But like us, our licensees recognise that our work is more important than ever.

The year December 2021-2022 has shown how important it is to adapt our business model to survive these tough times, while also implementing plans to grow and improve our support to producers, particularly in the Pacific, as well as our value to those companies that partner with us.

We are very fortunate to have found a dynamic and strategic leader in Senthil Nathan, who started as CEO in April 2023. We could not have a better person to lead us through these tough times and make the organisation fit for the future.

In his own words, Senthil was born to a family of small-hold paddy farmers in a Southern Indian village. He grew up watching the environmental and economic challenges faced by his community, which led him to embark on a career developing and implementing sustainability programs in the food and agricultural sector.

He spent the last two decades helping the world's leading food and beverage companies, for example PepsiCo, with their supply chain transparency, responsible sourcing, regenerative agriculture and carbon management initiatives.

We have the right person for the job ahead.

I want to pay tribute to the staff – past and present - who despite financial challenges, have done a great job of delivering quality services and support to producers in country, as well as working with our licensees in Australia and New Zealand to demonstrate the value of having the gold-standard Fairtrade brand on their products.

Fairtrade staff have provided support to producers in PNG, Fiji, Timor Leste, Tonga and Solomon Islands. Not just with training in coffee quality or organic certification for example, but with the set up of a Gender School of Leadership, and research and studies to measure the carbon footprint of industries like sugar.

Our advocacy work has continued to have an impact, with successful campaigns around child labour and modern-day slavery. We have a strong social media presence thanks to our staff.

Despite the challenges this year, Fairtrade is particularly proud of its growing relationship with new licensee, 7-Eleven, who launched its partnership with Fairtrade with an exciting marketing campaign.

There is so much good work to build on. And so much trust in the Fairtrade brand.

Fairtrade is the only organisation that guarantees a fair Minimum Price to producers in developing countries. Businesses and consumers can be reassured that Fairtrade products are high quality and sustainable, and that the support is going direct to those farmers who need it most.

I bring my experience working in aid, politics, trade and the media, and most recently as the Executive Director of the NZ Council for International Development (CID) to the role of Chair. But we are a team, and I would like to thank my fellow Board members who have worked beyond the call of duty to get the organisation through these tough times. We are lucky to have such committed Directors. I particularly want to thank out-going Chair John Buttle and Mike Briers who stepped up as Interim CEO.

And finally, we could not do the work that we do without our licensees or our donors in Australia and New Zealand.

We are lucky to work with wonderful donors in government and internationally, and with some of the most socially responsible companies in Australia and New Zealand. We look forward to deepening our relationships with those existing licensees, and develop partnerships with new companies in the next year.

We share a common goal. To get the best possible outcome for producers in developing counties, and communicate their stories to customers and partners.

Josie Pagani

MESSAGE FROM THE CEO

In April 2023, when I joined as the CEO, I expected challenges. Of course, it would be naïve for me to think that I'll be inheriting a perfectly healthy organisation after the COVID-19 pandemic that left deep scars on many organisations. But the quantum of the challenges I inherited was unprecedented and the biggest test of my leadership. A few days into the role, I learned that the leadership required for the post-pandemic world, the cash flow situation and the organisational culture needed a fix. We acted quickly and put the organisation on a stable trajectory to face 2023 and beyond. Despite these challenges, it is a great time to be leading Fairtrade ANZ.

First and foremost, all the research tells us that consumers care about sustainability and increasingly look to businesses to solve societal challenges. Recent consumer research conducted in Australia and New Zealand showed that consumers are more inclined to buy products from companies they perceive as responsible. Businesses embracing sustainable business practices are becoming mainstream and, if managed well, provide a significant competitive advantage. Simultaneously, government regulations are also catching up, particularly in human rights and environmental due diligence. The regulatory landscape, such as the reporting requirements that Europe recently made mandatory, will rapidly evolve worldwide.

Of course, this happens while smallholder producers face market uncertainties around price and climate. It remains true that smallholder farmers, despite contributing the least to climate change, are the most directly impacted by it. But businesses that partner with Fairtrade, the most trusted ethical label globally, are ahead. Their contributions, especially through the Fairtrade Minimum Price and Premium, mean they're working with us as part of a system that assists producers in overcoming crucial sustainability challenges.

Building partnerships is at the heart of our work, and the exceptional team at Fairtrade ANZ recognises this. We can build this organisation to become stronger and more resilient in the years ahead.

Senthil Nathan

KEY FAIRTRADE FIGURES AT A GLANCE

1.9 million
More than farmers and workers in 70 countries
1,930
Fairtrade certified producer organisations

2,568
companies licensed more than
37,600
Fairtrade products in 2021

Fairtrade products sold in
143 countries
in 2021

Many Fairtrade products are also organic:
63% of
Fairtrade coffee
61% of
Fairtrade bananas
56% of
Fairtrade cotton

€15.8 million
in Fairtrade COVID-19 relief funds have benefitted
667
cooperatives and 815,000 farmers and workers

Fairtrade carbon credits have raised more than
$ 7 million
for projects

€190 million
Fairtrade farmers and workers earned
in Fairtrade Premium in 2021 for the top 7 products

And an additional
$450,000
in Fairtrade Premium, offsetting more than
650,000 tonnes
of carbon emissions.

NUMBER OF FAIRTRADE LICENSEES IN

AUSTRALIA: 117
IN NEW ZEALAND: 45

TOTAL
162

NUMBER OF FAIRTRADE PRODUCTS FOR SALES IN ANZ: 1748

PRODUCER SUPPORT STATS

FIJI

Commodity: Sugarcane & ginger
Producer organisations: 4
Number of members: 11,389
Number of female members: 1624
Number of beneficiaries: 56,945

Sales of Fairtrade sugar: 28500 MT
USD $10,260,000

PAPUA NEW GUINEA

Commodity: Coffee & cocoa
Producer organisations: 8
Number of members: 9052
Number of female members: 1087
Number of beneficiaries: 54,312

Sales of Fairtrade coffee:1192 MT
USD $4,092,658

Sales of Fairtrade cocoa:125 MT
USD $265,126

TIMOR-LESTE

Commodity: Coffee
Producer organisations: 2
Number of members: 3378
Number of female members: 567
Number of beneficiaries: 16, 890

Sales of Fairtrade coffee:
300 MT
USD $1,206,861

GROWTH AND INNOVATION

Fairtrade ANZ is fortunate to have an excellent bunch of market-leading licensees who participated in some terrific events in 2022. It was a busy year overall with most of the activity focusing on some big calendar events in the last half of the year.

Fairtrade Fortnight ran from Wednesday August 3rd to Tuesday August 16th as the major event for our licensees in 2022. Licensees participated in social media campaigns, giveaway competitions, cross promotion, digital advertising and point of sales advertising during the busy fortnight. Licensees participating included All Good, Aldi, Jeuneora, Karma Drinks, Kokako, Mighty Good Basics and Pico Chocolate just to name a few.

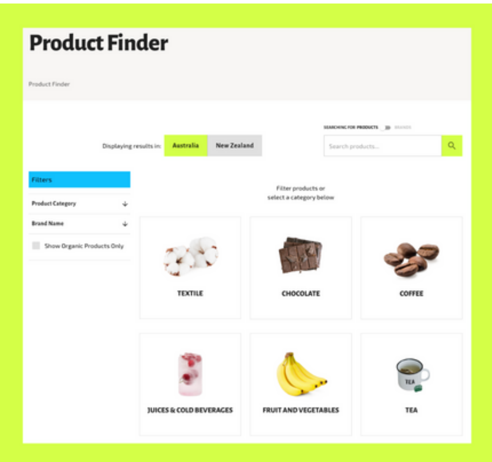
MICE, the Melbourne International Coffee Expo, ran Tuesday September 27th to Friday September 30th and was an action packed four days where Fairtrade ANZ had coffee licensees take over our stand to promote their brands and their association with Fairtrade. Fairtrade coffee producers Mitchell Ricky from PNG and Madalena Da Costa Soares from Timor-Leste joined us at MICE and their presence was hugely appreciated by the media, event attendees and our licensees.

In early October, 7-Eleven launched their most sustainable coffee ever. There was a town hall launch to their team Australia-wide, which was followed by the 7-Eleven Fair Ground event in Melbourne's CBD, promoting 7-Eleven, Fairtrade and the launch of their most sustainable coffee ever to the wider community. This was supplemented by a media and advertising campaign from 7-Eleven during this time which has proven to be beneficial to our brand and awareness of Fairtrade.

MARKETING AND COMMUNICATIONS

SUMMARY OF MARKETING ACTIVITIES

- 4 x marketing campaigns - International Women's Day (8 March), International Day Against Child Labour (12 June), Fairtrade Fortnight (4-16 August) and International Day for the Abolition of Slavery (2 Dec), Two of these included buy in from licensees for participation.
- Built community of advocates through competitions resulting in growth of email list and regular communication (monthly) to email list
- Coordinated quarterly Friends of Fairtrade boxes sent to online influencers resulting in strong social media engagement
- Managed social media accounts
- Built Product Finder capacity on website
- Billboard campaigns in New Zealand with Everybird Coffee and Karma drinks
- Focused on use of videos in organic social posts and social media advertising
- Leveraged the launch of 7-Eleven Fairtrade coffee
- Coordinated media and marketing collateral for Melbourne International Coffee Expo including publication of coffee table book.



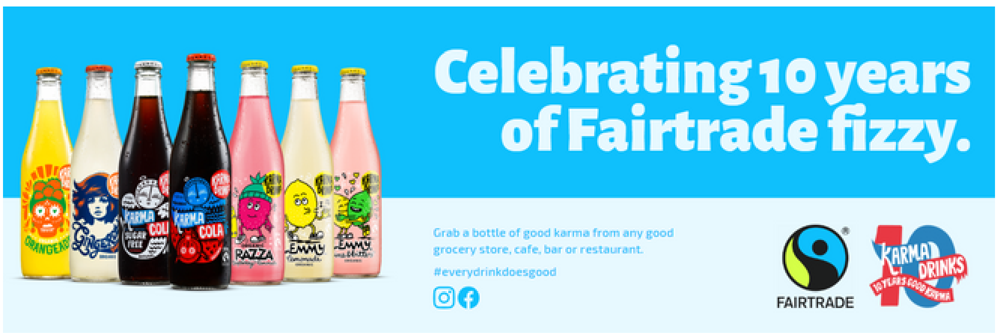
MARKETING ACTIVITIES


Your daily coffee fix may be doing way more good than you know

By AG STAFF • July 25, 2022

Coffee beans drying on tarps in Timor-Leste. Image credit: Courtesy Fairtrade ANZ

Reading Time: 7 Minutes • Print this page



PROGRAMS IN THE PACIFIC

Country Scope: Papua New Guinea (PNG), Fiji, Timor Leste (TL)

- Fairtrade certification support to 14 producer organisations (POs) across all countries, with a focus area on good governance, Fairtrade premium management and report and business development.
- Coffee quality training in partnership with Coffee Quality Institute with PNG and TL Coffee POs
- Organic certification support in PNG (3 POs)
- Accounting support to implement new accounting software in TL and PNG (in partnership with Business Link Pacific)
- Fairtrade Gender School of Leadership roll out with young women and men in PNG and TL (25 each country)
- Water and carbon footprint study of the Fijian sugar cane supply chain
- Coffee impact study in PNG with Sustineo
- Partnership with Empower Pacific in Fiji to support the Fairtrade POs to have a child labour, forced labour and Gender based violence policy ; identify, report and remediate on cases of child labour, forced labour and gender based violence.

FINANCIAL STATEMENTS

Statement of Surplus or Deficit and Other Comprehensive Loss

For the 12 Months Ended 31 December 2022

	12 months ended 31-Dec-22 $	18 months ended 31-Dec-21 $
Income		
Grant income	2,192,524	2,060,951
License fees	1,326,999	2,803,093
Other income	17,897	87,334
Total income	**3,537,420**	**4,951,378**
Expenses		
Australian grants		
International program costs	348,257	414,892
Program support costs	281,767	335,680
Community education costs	73,636	87,726
New Zealand grants		
International program costs	281,362	313,046
Program support costs	291,299	324,103
Community education costs	404,585	450,146
Other Grants		
International program costs	351,732	272,657
Program support costs	79,984	62,002
Total grant expenditure	**2,112,622**	**2,260,252**
Employment costs	1,383,383	1,359,450
Licensing costs	776,838	1,024,874
Technology costs	57,300	144,808
Non-monetary costs	71,948	99,245
Occupancy costs	65,984	140,782
Organisation costs	47,785	47,137
Domestic program costs	45,778	99,926
Other costs	121,268	353,492
Total expenditure	**4,682,906**	**5,529,966**
Deficit before income tax expense	**(1,145,486)**	**(577,125)**
Income tax expense	-	-
Deficit after income tax expense	**(1,145,486)**	**(577,125)**
Other comprehensive loss		
Foreign currency translation losses	(12,274)	(5,808)
Total comprehensive deficit for the year/period	**(1,157,760)**	**(582,933)**

This summary financial information was extracted from the audited Annual Financial Report. It is consistent in substance with these statements notwithstanding the less technical language and content. The full financial statements are available on the Fairtrade ANZ Ltd website www.fairtradeanz.org

FINANCIAL STATEMENTS

Statement of Financial Position

31 December 2022

	12 months ended 31-Dec-22 $	18 months ended 31-Dec-21 $
Assets		
Cash and cash equivalents	336,419	1,153,816
Trade and other receivables	789,941	1,186,913
Other current assets	16,262	23,390
Total Current Assets	1,142,622	2,364,119
Property, plant, and equipment	21,525	13,989
Intangible assets	53,553	62,567
Total Non-current Assets	75,078	76,556
Total Assets	**1,217,700**	**2,440,675**
Liabilities		
Trade and other payables	1,179,606	490,627
Contract liabilities	152,062	774,002
Employee benefits	81,375	175,136
Total Current Liabilities	1,413,043	1,439,765
Employee benefits	162	38,655
Total Non-current Liability	162	38,655
Total Liabilities	**1,413,205**	**1,478,420**
Net (Liabilities)/Assets	(195,505)	962,255
Equity		
Reserves	735,679	747,953
(Accumulated deficits)/Retained earnings	(931,184)	214,302
Total (Deficit)/Equity	**(195,505)**	**962,255**

FINANCIAL STATEMENTS

Statement of Changes in Equity

For the 12 Months Ended 31 December 2022

2022	Retained Earnings (Accumulated deficits)	Foreign Currency Translation Reserve	General Reserves	Total
	$	$	$	$
Balance as at 1 January 2022	214,302	12,274	735,679	962,255
Total comprehensive deficit for the year:				
Exchange differences on translating foreign operations	-	(12,274)	-	(12,274)
Deficit for the period	(1,145,486)	-	-	(1,145,486)
Total comprehensive deficit for the year	**(1,145,486)**	**(12,274)**	**-**	**(1,157,760)**
Balance as at 31 December 2022	**(931,184)**	**-**	**735,679**	**(195,505)**

2021	Retained Earnings (Accumulated deficits)	Foreign Currency Translation Reserve	General Reserves	Total
	$	$	$	$
Balance as at 1 July 2020	791,427	18,082	735,679	1,545,188
Total comprehensive deficit for the year:				
Exchange differences on translating foreign operations	-	(5,808)	-	(5,808)
Deficit for the year	(547,500)	-	-	(547,500)
Prior period error (note 22)	(29,625)	-	-	(29,625)
Total comprehensive deficit for the period	**(577,125)**	**(5,808)**	**-**	**(582,933)**
Balance as at 31 December 2021	**214,302**	**12,274**	**735,679**	**962,255**

FINANCIAL STATEMENTS

Statement of Cash Flows

For the 12 Months Ended 31 December 2022

	12 months ended 31-Dec-22 $	18 months ended 31-Dec-21 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from grants and licensees	3,927,262	4,567,815
Payments to suppliers and employees	(4,672,203)	(5,699,138)
Interest (paid)/received	(10,052)	1,464
Net cash used in operating activities	**(754,993)**	**(1,129,859)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant, and equipment	(18,740)	(15,850)
Purchase of intangible assets	(31,390)	-
Net cash used in investing activities	**(50,130)**	**(15,850)**
Effects of exchange rate changes on cash and cash equivalents	**(12,274)**	**(5,808)**
Net decrease in cash and cash equivalents held	**(817,397)**	**(1,151,517)**
Cash and cash equivalents at beginning of year/period	1,153,816	2,305,333
Cash and cash equivalents at end of financial year/period	**336,419**	**1,153,816**

Notes to the Financial Statements

For the 12 Months Ended 31 December 2022

1 Reporting Entity

Fairtrade Australia and New Zealand Ltd is a not-for-profit company limited by guarantee, incorporated, and domiciled in Australia. The financial report covers Fairtrade Australia and New Zealand Ltd as an individual entity. The Company is primarily involved in the economic improvement and community development of rural communities in developing countries through Fairtrade certification and market access. There is a change in the reporting period from 30 June to 31 December. The current reporting period is for the 12 months ended 31 December 2022 compared with the previous reporting period being 18 months ended 31 December 2021.

2 Basis of Preparation

a) Statement of compliance

The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Simplified Disclosure Requirements adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

d) Use of estimates and judgements

In the preparation of financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The accounting policies set out below have been applied consistently in all periods presented in these financial statements.

The main judgement made by the management is the going concern assumption, as disclosed in Note 2(f).

Licence fees charged to licensees is also considered a critical estimate and judgment as the license charged (based on a percentage of license sales) is dependent on the accuracy of the reported licensee revenue (as disclosed in note 3b(ii).

e) Income tax

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

f) Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal trading operations and the realisation of assets and settlement of liabilities in the ordinary course of business.

As at 31 December 2022, the Company had a net current liability position of $270,421 (31 December 2021: net current asset position of $924,354) and net liability position of $195,505 (31 December 2021: net asset position of $962,255). The total comprehensive deficit for the 12-month period ended 31 December 2022 amounted to $1,157,760 (31 December 2021 deficit: $582,933). Net cash outflow from above year was $754,993 (2021: $1,129,859).

The liabilities of the entity as at 31 December 2022 include an amount payable to Fairtrade International of $603,973 the payment of which may be deferred over the next 12-18 months. The current agreement with Fairtrade International stipulates that the Company pays 36.2% of its license fee to Fairtrade International.

Management has been advised from the Government bodies that provide the entity with funding that grant funding will most likely cease in December 2023.

The above matters give rise to material uncertainties that cast significant doubt on the ability of the entity to continue as a going concern.

Notes to the Financial Statements

For the 12 Months Ended 31 December 2022

Notwithstanding the above matters and the history of operating losses, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis based on the following mitigating factors:

- Management has prepared cash flow forecasts up until 31 December 2024 which indicate that the Company will generate sufficient cashflows to enable the Company to pay its debts as and when they fall due;
- Management has carried out a detailed cost reduction restructuring exercise in order to reduce the monthly cash outflows over the next 12 months;
- Management is working with Fairtrade International to arrange a favourable payment plan;
- Management have negotiated a payment plan arrangement with the ATO on 17 April 2023 for $138,257 owing (to be repaid by April 2025 in $6,000 monthly instalments). Subsequent to year end from May 2023 to August 2023, management have negotiated an IRD (NZ) payment plan arrangement for debts totalling $120,950 (NZD$130,627); and
- As at the date of this report, the Company has approximately $146,000 in cash assets.

The Company's ability to continue to operate as a going concern is dependent upon the success of new funding and increasing license fee revenue, some of which is not yet contractually confirmed and is consequently uncertain at the date of approval of these annual financial statements. Should the Company be unable to continue as a going concern it may be required to realise assets at an amount different to that recorded in the statement of financial position, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise.

3 Significant Accounting Policies

a) Leases

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

b) Revenue

Revenue is recognised in accordance with AASB 15 *Revenue from Contracts with Customers*. Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts, and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

i) *Grant revenue*

Grant revenue is recognised under AASB 15 Revenue from Contracts with Customers. Generally, grant revenue is recognition based on either cost or time incurred which best reflects the transfer of control. Where specifically designated grant revenue and the designated expenditure for such grants during the year has not occurred or is incomplete and there is likely to be an obligation to repay, the resulting amount is carried forward and recognised in contract liability and will be brought to account in future years as the funds are expended. Income from grants is recognised where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, and when the performance obligations are satisfied.

ii) *License fees*

Revenue for license fees is recognised under AASB 15 *Revenue from Contracts with Customers*. Under the licence agreement with customers, the licence provides a right to use the Company's intellectual property as it exists throughout the licence period. Revenue for related performance obligation is recognised over time, as the customers are using intellectual property during licence period. Revenue is recognised to the extend it can be reliably measured. The licence fee is calculated based on a pre-defined percentage of licensee sales on a quarterly and monthly basis.

iii) Other income

Other income is recognised on an accrual basis when the Company is entitled to it.

d) Goods and services tax (GST)

Revenue, expenses, and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

e) Property, plant, and equipment

i) *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of an asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

Any gains and losses on disposal of an item of property, plant, and equipment (calculated as the difference between the proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

ii) *Subsequent costs*

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed.

iii) *Depreciation*

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.

Depreciation is calculated to write off the cost of property, plant, and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is recognised surplus or deficit.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	**2022**	**2021**
Office furniture and equipment	20.0%	20.0%
Computer equipment	33.3%	33.3%
Leasehold improvements	20.0%	20.0%

f) Intangible assets

i) Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between three and four years.

ii) Amortisation

Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

g) Financial instruments

Financial assets

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements

For the 12 Months Ended 31 December 2022

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTSD (Fair Value through Surplus or Deficit), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

h) Employee benefits

i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

ii) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. Expected future benefits are discounted using market yields at reporting date on Australian corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Remeasurements are recognised in surplus or deficit in the period in which they arise.

iv) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are payable more than 12 months of the end of the reporting period, then they are discounted.

i) Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

j) Contract liabilities

Contract liabilities consists of deferred grant revenue received for projects that are in progress and have not yet been completed as of yearend.

k) Foreign currency transactions and balances

i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in surplus or deficit. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in statement of surplus or deficit and other comprehensive income and presented in the foreign currency translation reserve (Foreign Currency Translation Reserve) in equity.

Notes to the Financial Statements

For the 12 Months Ended 31 December 2022

l) New and amended standards not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 31 December 2022. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF FAIRTRADE AUSTRALIA AND NEW ZEALAND LTD

Opinion

We report on the *Summary Financial Statements* of Fairtrade Australia and New Zealand Ltd (the Company) as at and for the 12-month period ended 31 December 2022. The Summary Financial Statements are derived from the audited financial report of the Company (the Audited Financial Report).

In our opinion, the accompanying Summary Financial Statements of Fairtrade Australia and New Zealand Ltd are consistent, in all material respects, with the Audited Financial Report, in accordance with the basis of preparation described in Note 1 to the Summary Financial Statements.

The Summary Financial Statements comprise:

- Statement of financial position as at 31 December 2022
- Statement of surplus or deficit and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- Related notes 1 to 3.

The Summary Financial Statements are contained in the *Audited Financial Report.*

Scope of the Summary Financial Statements

The Summary Financial Statements do not contain all the disclosures required by Australian Charities and Not-for profits Commission Act 2012 and Australian Charities and Not-for-profits Commission Regulation 2013 applied in the preparation of the Audited Financial Report. Reading the Summary Financial Statements and this Auditor's Report thereon, therefore, is not a substitute for reading the Audited Financial Report and our auditor's report thereon.

The Audited Financial Report and our auditor's report thereon

We expressed an unmodified audit opinion (with a material uncertainty related to going concern) on the Audited Financial Report in our auditor's report dated 3 October 2023.

Emphasis of matter – basis of preparation and restriction on use and distribution

We draw attention to Note 1 to the Summary Financial Statements, which describe the basis of preparation.

The Summary Financial Statements have been prepared to assist the Directors of Fairtrade Australia and New Zealand Ltd for the purpose of fulfilling Fairtrade Australia and New Zealand Ltd's financial reporting obligation under Australian Council for International Development Code of Conduct ("ACFID").

As a result, the Summary Financial Statements and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

This auditor's report is intended solely for the Directors of Fairtrade Australia and New Zealand Ltd and ACFID and should not be used by or distributed to parties other than the Directors of Fairtrade Australia and New Zealand Ltd and ACFID. We disclaim any assumption of responsibility for any reliance on this Auditor's Report, or on the Summary Financial Statements to which it relates, to any person other than the Directors of Fairtrade Australia and New Zealand Ltd and ACFID or for any other purpose than that for which it was prepared.

walkerwayland

Material uncertainty related to going concern

We draw attention to Note 1 "Basis of Preparation" in the Summary Financial Report which refers to the general purpose financial report. The conditions disclosed in Note 2(f) in the general purpose financial report, indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, whether it will release its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Summary Financial Report. Our opinion is not modified in respect of this matter.

Other Information

Other information is financial and-non-financial information in Fairtrade Australia and New Zealand Ltd's Annual report which is provided in addition to the Summary financial Statements and the Auditor's report. The Directors are responsible for the Other Information.

Our Opinion on the Summary Financial Statements does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Summary Financial Statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other information is materially inconsistent with the Summary Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibility of the Directors for the Summary Financial Statements

The Directors are responsible for the preparation of the Summary Financial Statements in accordance with the basis of preparation described in Note 1 to the Summary Financial Statements, including their derivation from the Audited Financial Report of the Company as at and for the year ended 31 December 2022.

Auditor's responsibility for the Summary Financial Statements

Our responsibility is to express an opinion on whether the Summary Financial Statements are consistent, in all material respects, with the Audited Financial Report based on our procedures, which were conducted in accordance with *Australian Auditing Standard ASA 810 Engagement to Reports on Summary Financial Statements.*

We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Walker Wayland NSW

Walker Wayland NSW
Chartered Accountants

Wali Aziz
Partner

Dated this 3rd day of October 2023, Sydney

GOVERNANCE & ACCOUNTABILITY

Fairtrade ANZ is honoured to continue our important collaboration with producers throughout the world, brands, governments, non-government organisations and communities. But there are a few stakeholders who deserve special mention.

Board of Directors
Fairtrade ANZ is governed by an independent, voluntary board. It consists of the following directors: John Buttle (Chair), Dr Mike Briers AO, Dr John Hewson, Terence Jeyaretnam, Josie Pagani, John Thwaites and Margaret Zabel.

Partners and supporters

Thank you to our licensees, stakeholders, partners and community advocates who have supported us over the past 12 months. In particular, New Zealand's Ministry of Foreign Affairs and Trade and Australia's Department of Foreign Affairs and Trade continue to provide valuable support. Our partnership the World Trade Organisation with Enhanced Integrated Framework has helped us with with projects in Timor Leste and Ethiopia. We also appreciate the invaluable pro bono assistance from Allens.

NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

Australian Government
Department of Foreign Affairs and Trade

We acknowledge the support and collaborative spirit of the following stakeholders:
- Future Business Council
- Green Building Council of Australia
- The New Zealand Trade for All Advisory Board
- Sustainable Business Council
- Sustainable Business Network
- Sustainable Development Solutions Network, Australia, New Zealand and Pacific
- United Nations Global Compact Network of Australia

ACCOUNTABILITY & ACCREDITATION

Incorporation and charitable status

Fairtrade ANZ is a public company limited by guarantee under the Corporations Act and is a registered charity with the Australian Charities and Not-for-Profits Commission. Fairtrade ANZ is a public benevolent institution and is endorsed by the Australian Taxation Office as a Deductible Gift Recipient (DGR) and an Income Tax Exempt Charity.

Australian Council for International Development Membership

Fairtrade ANZ is a member of the Australian Council for International Development (ACFID) and adheres to the ACFID Code of Conduct (https://acfd.asn.au/code of-conduct). This sets standards of good practice for the governance, management and accountability of non-government organisations and aims to improve international development outcomes and increased stakeholder trust by enhancing the transparency and accountability of signatory organisations.

Council for International Development Membership

Fairtrade ANZ is a member of the New Zealand Council for International Development (CID), the national umbrella agency representing more than 50 members from the aid and development sector in New Zealand. CID exists to support effective aid and development programs with the vision of achieving a sustainable world free from poverty and injustice. As a member, Fairtrade ANZ adheres to the CID Code of Conduct. Feedback

Feedback on this report and on our operations and conduct can be sent to:

Private and Confidential
CEO, 33 Lincoln Square South Carlton,
VIC 3053 Australia

or

Private and Confidential,
CEO, PO Box 33 1587, Takapuna,
Auckland 0740

To lodge a complaint, please send to one of the above addresses or email us at: info@fairtrade.com.au or info@fairtrade.org.nz

Our complaints handling policy can be found on our website: (www.fairtradeanz.org/resources).

If you are not satisfied with the response and believe our organisation has breached the ACFID Code of Conduct or the CID Code of Conduct, you can lodge a complaint:

- With the ACFID Code of Conduct Committee at code@acfld.asn.au. Information about how to make a complaint can be found at www.acfid.asn.au
- With the CID Code of Conduct Committee at code@cid.org.nz. Information on how to make a complaint can be found at www.cid.org.nz

Fairtrade ANZ is an Assurance Provider of Fairtrade International, providing Fairtrade certification services in Australia and New Zealand. We meet Fairtrade International requirements for Assurance Providers. The Fairtrade International Assurance System is designed to meet the requirements of ISEAL's Assurance Code and builds on ISO 17065 Standard.