

SHAREDINTEREST
INVESTING IN A FAIRER WORLD



SOCIAL ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

SHAREDINTEREST
FOUNDATION
Building a fairer world

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ACKNOWLEDGEMENTS

Drafting of this report was undertaken by the social reporting team at Shared Interest: Andrew Ridley, Jo Hall, Laura Carrick, Louise Douglass, Denise Sumner, Chris Allcock and Chris Pay. Stina Porter supported this team with layout. Editing and illustrations provided by Alpha Communication.

We are grateful to Alan Kay, Matthew Anderson, Philip Angier and Tracy Mitchell for providing our independent review this year.

Front and back cover images:

Kabuboni Coffee Farmers' Co-operative, photography by Frederic Courbet.

WELCOME

Welcome to Shared Interest's tenth annual social accounts report, covering the 12 months to 30 September 2014.

This has been a year of significant achievement for both Shared Interest Society and Shared Interest Foundation. Total share capital invested by members has grown by a remarkable £1.8m and our direct lending to producer organisations has also increased significantly.

We have continued to develop our monitoring and evaluation to understand more clearly the difference that our lending is making. Meanwhile, our Foundation was recognised as 'Highly Commended' by the Charity Awards 2014 in providing training and support to fair trade businesses. This adds to the accolades gained by Shared Interest Society this year of winning the Guardian Sustainable Business Awards and the Big Tick, part of the Responsible Business Awards 2014.

During the year we also carried out a strategic review. This process included conversations with a wide cross-section of our stakeholders and a significant amount of research. The resulting strategy outlines five paths to guide our direction over the coming years, including the need for us to go wider and deeper in our support of fair trade. A summary of this has been sent to members, and can be found on our website shared-interest.com/SA14/Annex1.

We enter our 25th anniversary year in 2015 building on firm foundations. We are proud of what we have achieved since 1990 and grateful for the continued support of all those who make Shared Interest what it is today.

We hope you enjoy reading these social accounts, and welcome any feedback. Please email any comments to socialaccounts@shared-interest.com.

Kate Priestley

Chair of Shared Interest

SCOPE AND METHODOLOGY

These accounts cover Shared Interest's financial year from 1 October 2013 to 30 September 2014. References to 'this year' and '2014' 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 5. These aims cover the substantive activities of both organisations. There are some smaller areas of work which have not been covered (such as our livelihoods security fund, which was not utilised in the year). 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/SA14/Annex19 and shared-interest.com/SA14/Annex20.

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 the previous page. 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 page 34-36. Where we have quoted comments in the accounts, we have selected these to be a representative 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), Chris Pay (Head of Foundation), Andrew Ridley, Jo Hall, Louise Douglass, Denise Summer, Chris Allcock and Laura Carrick at the Social Audit Panel meeting held on 11 November 2014. I have examined the revised social accounts which were prepared following the Social Audit Panel meeting and which have taken into account various points identified in the notes* of the Social Audit Panel meeting. We also examined a sample of the data and the sources of information on which the social accounts have been based.

We believe that the process outlined above has given us sufficient information on which to base our opinion. We are satisfied that, given the scope of the social accounting explained in the revised draft and given the limitations of time available to us, the social accounts are free from material mis-statement and present a fair and balanced view of the performance and impact of Shared Interest as measured against its stated values and aims and the views of the stakeholders who were consulted.

The Social Audit Panel was unanimous in affirming that the accounts were clear, comprehensive and thorough, and that much progress had been made in responding to the Panel's recommendations from prior years. We identified a number of important issues to be taken into consideration during the next social audit cycle. In particular we would refer to the following:

- Recognising the progress already made in these social accounts, continue to research methods whereby Shared Interest can account for their outcomes and the impact on people and communities
- Extend and develop Shared Interest Foundation's Theory of Change model to the work of the Society which will enable it to examine the degree of impact achieved and reflect on issues of wider strategic significance
- Consider including specific KPIs and quantitative targets in future social accounts
- Consider linking the key findings from the social accounts directly to Shared Interest's strategic plans and business plans for future development
- Suggest re-looking at taking a social capital approach based around networking/partnership, information exchange, mutuality and the development of trust.

The members of the Social Audit Panel were:

Alan Kay (SAN Social Auditor, Chair)

Philip Angier, Angier Griffin

Tracy Mitchell, Independent Consultant & Board Member Scottish Fair Trade Forum

Matthew Anderson, Portsmouth Business School, University of Portsmouth

Signed:



Dated: 19 December 2014

Alan Kay, Chair of the Social Audit Panel



* 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, 2 Cathedral Square, Groat Market, Newcastle Upon Tyne NE1 1EH. Members of the Social Audit Panel have acted in an individual capacity.

WHY WE EXIST AND WHAT WE DO

Shared Interest Society plays an important role in the fair trade movement. With almost 9,000 members, each investing between £100 and £100,000, we are able to lend money directly to fair trade businesses across the globe.

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

In addition to finance, through Shared Interest Foundation we continue to provide essential financial training and business support to fair trade producers. This activity is supported by donations and grants from over 300 donors.

You can read more about Shared Interest and our achievements over the last 25 years at shared-interest.com/about-us/our-history.

Our Society and Foundation have been working to achieve complementary visions through a single mission and set of values. These have been updated as part of a strategic review undertaken during 2014, but we are reporting here the vision and mission that were in place for the majority of the year under review. In 2015 we will report against the new mission and values statements, which are available at shared-interest.com/about-us/our-mission.

VISION

“A world where justice is at the heart of trade finance” (Society) and
“A world where businesses create livelihoods in disadvantaged communities” (Foundation).

MISSION

Our mission is to provide financial services and business support to make livelihoods and living standards better for disadvantaged communities in some of the world’s poorest countries.

We work with people who share our commitment to fair and just trade. Together we take and share risk, because we value the difference that fair and sustainable trade makes.

We seek to satisfy the needs of producers as they trade their way out of poverty and to meet the aspirations of our investors and donors to support them in achieving this aim.

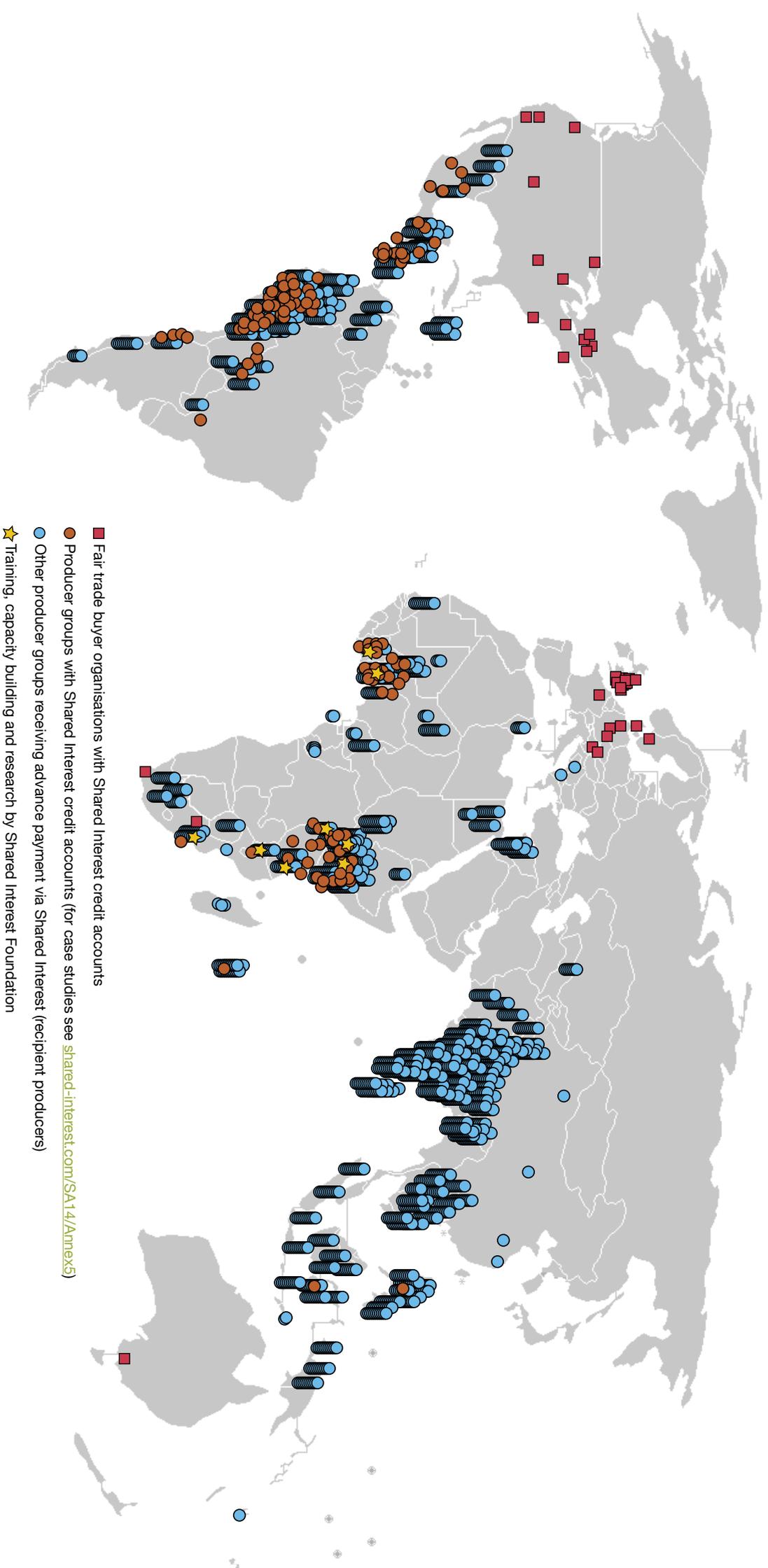
VALUES

We will conduct our business in a manner which reflects the principles of love, justice and stewardship. We will:

- Work to recognised fair trade standards**
- Respect the diversity of different cultures
- Value and engage with our members and supporters
- Place partnership at the heart of what we do when working with others
- Work with our people and encourage their commitment, talents and energy in an environment of mutual respect

* World Fair Trade Organisation (WFTO) 10 principles of fair trade at <http://s.coop/1tn8q>

WHERE WE WORK



OUR PERFORMANCE AGAINST AIMS AND ACTIVITIES

We report on our performance during the year under the following four headings. 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. This year we have reduced our aims from six to four, and have revised our activities, primarily in order to make the wording clearer. The key stakeholder groups of relevance to each aim are listed, but a full stakeholder list is on page 34.

Aim 1: Provide financial services which make livelihoods and living standards better for disadvantaged communities in some of the world's poorest countries

Key stakeholders: **customers**

Activities:

- Lending to fair trade producers and buyers
- Developing our relationships with customers
- Assessing the impact of our lending

Aim 2: Provide business support which makes livelihoods and living standards better for disadvantaged communities in some of the world's poorest countries

Key stakeholders: **beneficiaries**

Activities:

- Improving access to finance for fair trade businesses
- Developing business support networks
- Growing businesses, creating jobs and increasing incomes

Aim 3: Provide members and donors with a social return which attracts new share capital and donations and retains existing investments

Key stakeholders: **members, donors and volunteers**

Activities:

- Developing our supporter base of members, donors and volunteers
- Acting co-operatively to engage with and value the views of our members, donors and volunteers
- Assessing the satisfaction of our members, donors and volunteers with the impact of our work

Aim 4: Conduct our business in a manner which reflects our values

Key stakeholders: **partners, employees, members and donors**

Activities:

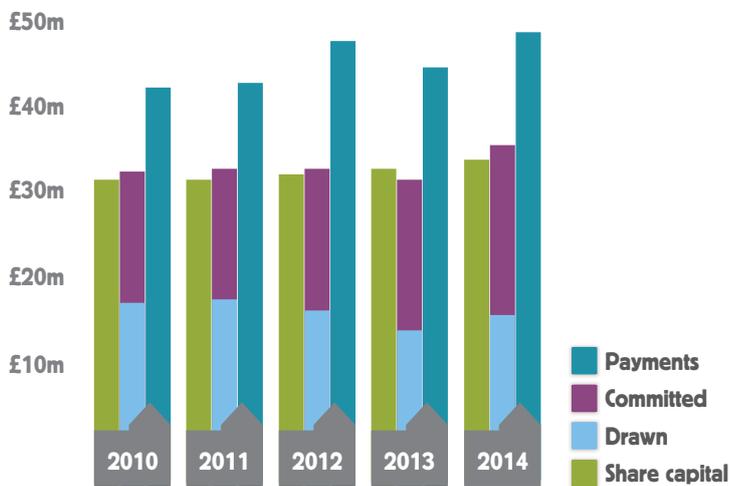
- Placing partnership at the heart of what we do when working with others
- Encouraging staff's talent and commitment in an environment of mutual respect
- Practising good financial and environmental stewardship

AIM1: PROVIDE FINANCIAL SERVICES WHICH MAKE LIVELIHOODS AND LIVING STANDARDS BETTER FOR DISADVANTAGED COMMUNITIES IN SOME OF THE WORLD'S POOREST COUNTRIES

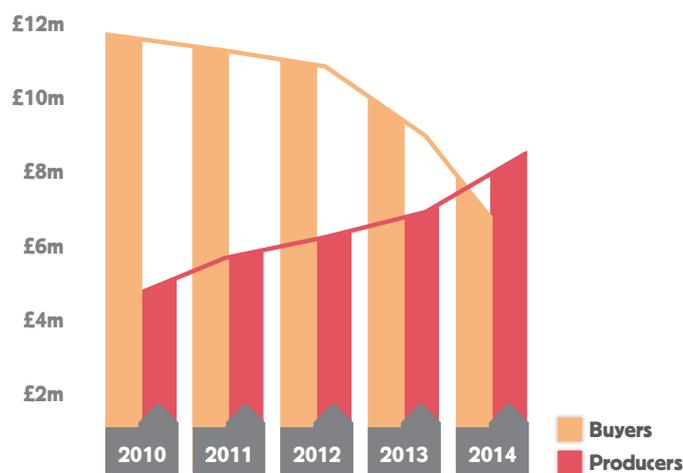
Activity 1: Lending to fair trade producers and buyers

A full explanation of Shared Interest's lending products can be found at shared-interest.com/SA14/Annex2.

Broadly speaking, our lending falls into two categories: funds lent directly to fair trade producer groups in developing countries (producer lending), and funds lent to fair trade wholesale or retail businesses in developed countries (buyer lending). The majority of the funds we lend to buyers are used to pre-finance orders, so we also send this money to producers, on buyers' behalf. We therefore refer to 'recipient producer payments', meaning those organisations that will receive funds from us, which have been borrowed by a buyer.



How we use our Share Capital



Average drawn lending to Producers & Buyers over the last five years

Part of the payments we make to producers are funds which are not borrowed from us, but are part of the payment to them from commercial buyers for orders against which we have lent.

This year, payments to our producer customers amounted to £29m (£21.5m producer lending, and £7.5m of payments for orders from commercial buyers). Recipient producer payments as a result of buyer lending were £19m. This totals £48m of payments in the year (the dark blue 'payments' column in the chart on the left) – the highest in our history and £1.2m more than last year.

This represents 160% of the value of our share capital held at the start of the year. We can do this because when loans are repaid, we are able to lend the money out again. Over the last five years we have used share capital an average of 1.44 times during year.

The top graph also shows the average value during the year of loan facilities that are available to customers ("committed"), and the average value of drawn lending over the year ("drawn"). This average drawn lending figure is split in the second graph between lending to buyers and producers. This shows the continuing shift towards producer lending which began in 2006 when we took the step of opening overseas offices, of which we now have four.

By increasing this year the number of people we have dealing directly with

potential and existing customers in our overseas offices, we have been able to further build relationships and be more reactive to issues and requests in these regions. In particular, we have seen growth in our cocoa lending in West Africa.

The increase in direct producer lending this year was the highest in the history of Shared Interest. This strategy has been important to maintain total lending in the face of reduced buyer lending.

This reduction has been partly caused by increased availability of cheaper credit from conventional financial sources. This is in some cases due to buyers becoming stronger as a result of finance we provided when they were in a weaker position. For many there has also been continued pressure for them to minimise expenditure.

While we still lend significant funds for coffee, in which farmers have suffered from the blight of crop pests, we have also pursued a broadening in the range of commodities for which we lend.

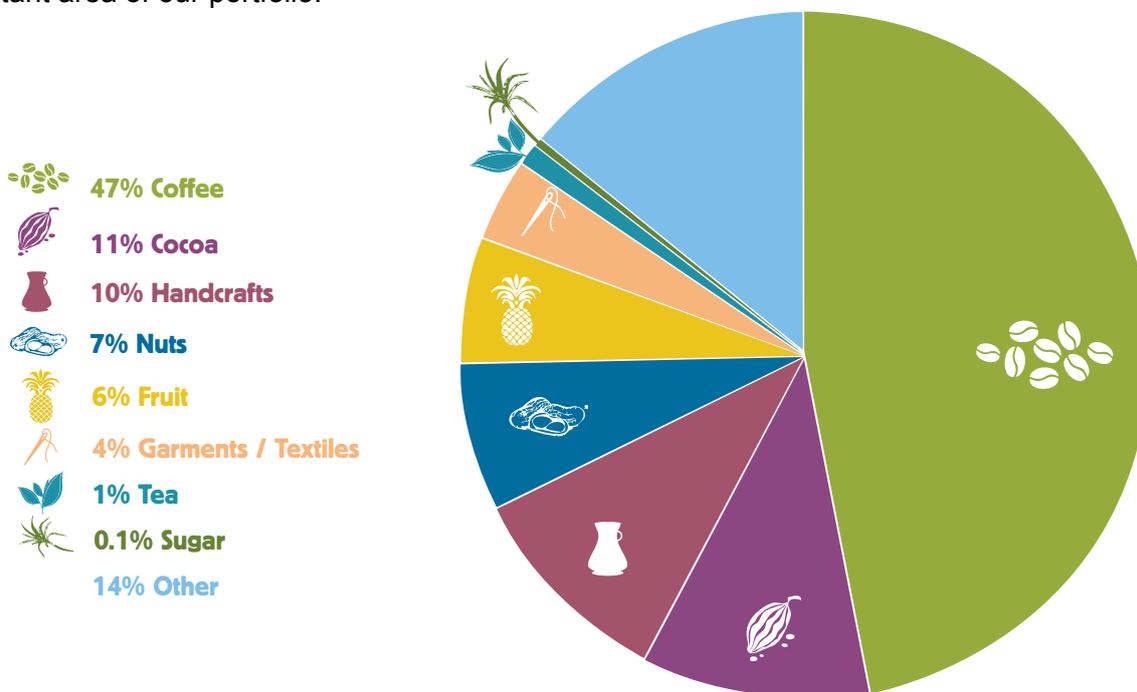
We have a diverse regional and product lending portfolio, which allows us to manage lending requirements which peak at different times of the year depending on the product and region. Being confident that all loan facilities will not be required simultaneously allows us to commit to a higher total value of facilities than we physically hold in share capital.

Due to these peaks and troughs in our customers borrowing needs, the actual amount of drawn lending varies on a daily basis. For example during the peak of the South American coffee harvest in July/August, our drawn lending in this region can exceed £7.5m. We therefore show an average drawn lending figure for the year, to remove significant peaks and troughs, but still enable a comparison to be made with previous years.

The map below is illustrative of the variety of payments we have made during the year.



At the end of the year we had approved lending facilities of £35m. The chart below shows the spread of product making up that total. Coffee represents the greatest proportion of our facilities, but we have had growth in fruit and cocoa in particular. The origins of Shared Interest are in lending to handcraft organisations. This percentage has diminished in recent years as the volume of total lending has increased primarily driven by commodities, but handcrafts still remain an important area of our portfolio.



New lending facilities

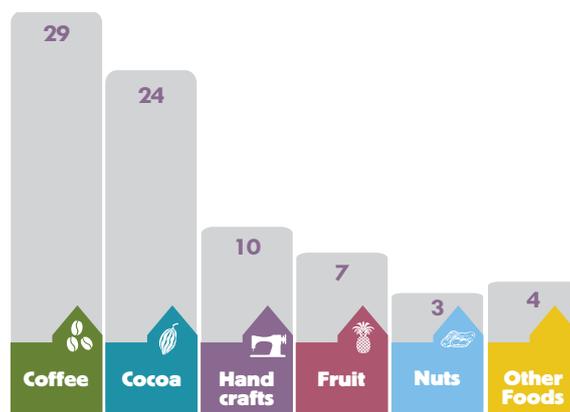
This year, we exceeded our £7m target for new lending facilities by 45%:

In 2014, we approved 77 new proposals,

This included 47 new customers and 30 existing customer increases.

These facilities were in 17 different countries in 6 different product categories

For a total of £10.2m



New lending facilities

Interest rates

The table overleaf shows a comparison by region of the interest rates being charged for both Shared Interest facilities and all other facilities used for financing by those producers to whom we lend directly.

South American producers have the greatest reliance on external financiers and are also charged the highest rates of interest with a high of 60% and a mid-point of 10.30%. This resilience on external lending is a reflection of the coffee market and the high prices with expected payment on delivery by the farmers.

West African producers rely less on external lending although this is also a reflection of a lack of availability of credit. Fifty-seven per cent of the West African credit facilities from external providers are secured. This is the lowest figure out of the four regions, with on average 73% of loans from other providers being secured.

Maximum external interest rates exceed the highest Shared Interest rate in all regions. This is particularly pronounced in in South America and East Africa. We are the same or cheaper than external finance at the mid-point in all regions except West Africa. This is the region in which we have the least data to compare, although the majority of external lending is secured.

Where the interest rate is shown at 0% it is typically a facility from a family member, supporters, or NGO.

Region	Source of loan	Number of loans	High	Mid-point	Low	Secured
Central America	Shared Interest	20	11.5%	9.84%	8.25%	0
	External	68	24%	9.83%	0%	58
South America	Shared Interest	54	12%	10%	8.25%	0
	External	190	60%	10.30%	0%	129
East Africa	Shared Interest	33	12.5%	11%	9%	0
	External	42	49%	14%	1.75%	35
West Africa	Shared Interest	21	12%	11.47%	10%	0
	External	14	15%	8.93%	2%	8

Activity 2: Developing our relationships with customers

Our commitment to listening to the views of our customers continued this year through regular dialogue, visits, attendance at conferences, our annual producer committees, and customer surveys. The table below shows the face-to-face contact we had with organisations during the year. The majority of these visits were undertaken by our regional staff. This contact is essential in developing relationships with customers and potential customers.

Region	Number of visits	Number of groups visited	Number of days visited	Conference	Customer visit	Due diligence	Producer committee	Monitoring and evaluation
West Africa	8	33	54		X	X	X	X
East Africa	9	24	58		X	X	X	X
South America	6	38	27		X	X	X	X
Central America	2	19	24		X	X		
Rest of World	5	3	15	X	X			
Total	30	117	175					

Customer surveys

This year we carried out three customer surveys:

- Online to all of our 37 buyer customers (with a 54% response rate)
- Online to 181 of our 267 recipient producers (with an 18% response rate)
- Direct consultation with a sample of 16 of our 35 East African producer customers.

In total this provided us with responses from 68 organisations. Among a range of questions, we asked respondents whether they believe that Shared Interest is achieving its vision. All but two felt we were. All respondents felt that we lived up to our values.

Do you believe that Shared Interest is achieving its vision? How?

“Yes. Shared Interest is providing credits without any discrimination to all producer organisations and perhaps traders that impacts directly to the livelihood of millions of small producers who are normally cheated by middle men. If there was no finance it could not be managed.”

(from online recipient producer survey)

“Yes, there is good involvement with both the producers and the buyers. It has an excellent reputation in the fair trade industry.”

(from online buyer survey)

Do you feel that we have lived up to our stated values? How?

“Yes. By working with producers from simple backgrounds, respecting and partnering with them.”

“Yes. By working with small scale producers and ensuring that they are sustainable and assist them to achieve their goals.”

(both quotes from East African producer customer consultation)

If you needed to borrow more funds, would Shared Interest be your first option?



What three words best describe Shared Interest?

The relative size of the text reflects how often each word was mentioned in survey responses.



Although many organisations expressed satisfaction with the service provided, we also wanted to know how we could improve. In previous years the emphasis for improvement has always been a reduction in interest rates and while there was mention of this, it was noticeably less prominent. Feedback this year showed that organisations were looking for increased training opportunities particularly in: marketing, export management and financial control.

There was also a desire for assistance with market access. These issues were also raised in our producer committees (see following section). Other recommendations included access to an emergency or insurance fund, simplification of application documents, inclusion of non-fair trade organisations and loans provided in local currency.

Producer committees

This was the fourth year we had held producer committees moderated by our overseas staff. This year they took place in Ivory Coast, Kenya and Peru. The South American meeting was attended by seven Peruvian producers of coffee, cocoa, handcrafts and bananas, none of whom had attended one of these meetings previously. The West African meeting was attended by seven Ivorian producers of cocoa and again this was the first time they had attended one of these meetings. The East African meeting was attended by seven producer groups from a variety of countries (Tanzania, Kenya and Uganda) and producing various commodities including coffee, tea, vanilla, cocoa and handcrafts. Two of the seven had attended last year.

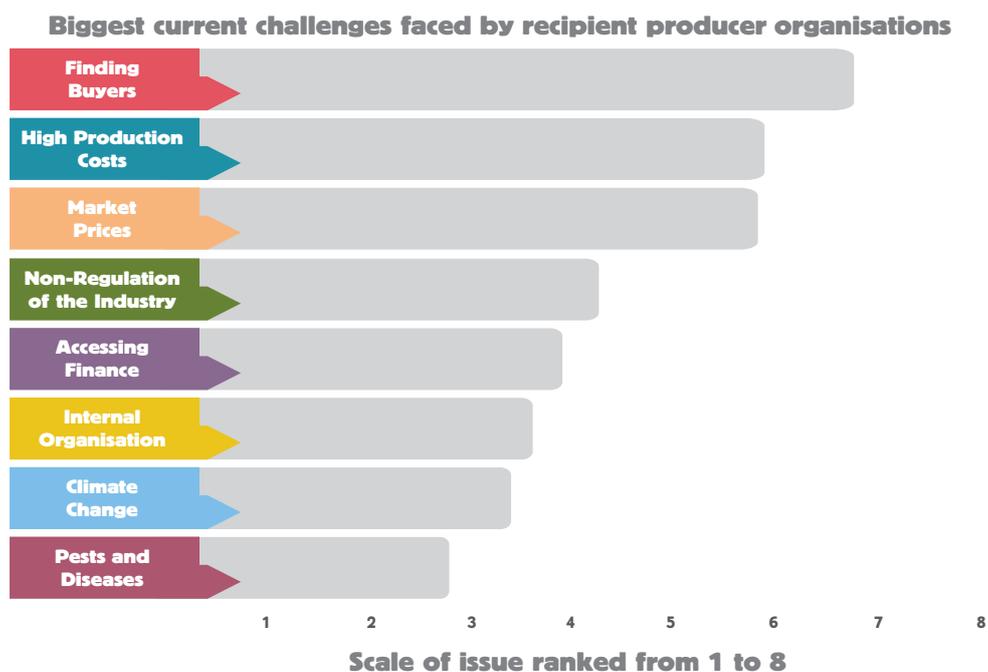
The groups discussed the following topics: our recent strategic review including the future of fair trade, improved use of technology, working with processors/traders and groups that are not yet certified fair trade. They also discussed monitoring and evaluation, our lending conditions, the biggest challenges facing them currently, any new ideas for lending products and the quarterly newsletter that we now send out.

The attendees view these meetings as an opportunity to network, share information, learn and understand the challenges faced by others. It was also a valuable opportunity for us to receive feedback direct from producers and hear their suggestions. The producers expressed appreciation

that we facilitate these annual meetings; indeed the Ivorian group commented that no other lender had ever invited them to such a meeting previously.

Challenges faced by producer groups

Through the producer committees and direct consultations with East African producers, we explored the biggest challenges that our producer customers currently face. From these themes, we developed a question in the online survey of recipient producers which asked them to rank eight common themes in order of importance to them currently. 21 out of 32 respondents answered this question, to provide the following results:



While we cannot claim to provide a solution to all of these problems, we do provide assistance in many of the areas highlighted:

Non-regulation: We engage with WFTO and Fairtrade International, who engage in issues of trade regulation. We also provide support to the Fair Trade Advocacy Office based in Belgium.

Pests and diseases / Climate change: We have extended the maximum duration of our term loans from five to seven years in order to assist producer organisations with both pests/disease and climate change, particularly coffee producers who need to renew crops that have suffered with leaf rust in recent years.

Internal organisation / Accessing finance: Shared Interest Foundation projects include training on accessing finance and work with some groups to assist with accessing new markets, product development, operational efficiency and governance, all key elements of internal organisation. Finally, as a social lender we are very well placed to be able to provide appropriate and responsible finance to producer organisations.

The challenges where we are less able to provide support are all market related: high production costs, market prices and finding new buyers.

Customer lists

The latest list of our producer and buyer customers can be found at:

shared-interest.com/SA14/Annex3

shared-interest.com/SA14/Annex4

Activity 3: Assessing the impact of our lending

In the last 12 months we have continued with our collaboration with the Council on Smallholder Agricultural Finance (CSAF). We contributed to a launch document which describes the work of this group, published in April 2014 which is available at shared-interest.com/SA14/Annex21. We have also taken steps to establish our own monitoring and evaluation (M&E) committee with the purpose of improving our M&E reporting across the organisation. This will have a primary focus on the impact of our lending and how we can better demonstrate and prove our social impact.

Through our work with CSAF we have agreed on common terms for measurement, aggregated our data and started to demonstrate our collective scale and reach. This work is detailed in a briefing note published by the Initiative for Smallholder Finance in March 2014 entitled 'Smallholder Impact and Risk Metrics' to which we contributed. This is available at shared-interest.com/SA14/Annex22. Using the commonly agreed definitions explained in that briefing paper, we can report the following scale of our lending in 2014. These figures apply to our producer customers, both agricultural and handcraft, except for the final statement which relates only to agricultural groups.

In 2014 ...

**We lent money to 133 producer groups
With 9,135 permanent employees.**

**These groups represent 182,280 individuals
Including 69,460 women.**

**These businesses collectively earned revenues of £232.1m
And paid £182.8m to their members.**

**The 71 groups producing crops sustainably cultivated 221,237 hectares
And exported 120m kg into sustainable supply chains.**

We have agreed that individually and collectively we now need to make progress in two areas:

- Integrate impact metrics with financial and organisational ones. Integrated metrics can help us to develop better products and services, improve resource allocation and build a more efficient and impactful business.
- Implement targeted, actionable evaluations that are useful to multiple stakeholders and fit with collective learning agendas. Such evaluations will build on existing knowledge, break down big questions into manageable, answerable pieces; and put the answers back together to inform strategic decision-making.

Working with our internal M&E committee and collaboratively with the members of CSAF we hope to be able to make progress in these areas over the next three years.

In our survey of customers, we asked:

Do you feel that we have achieved the intended impact against our stated mission?

94% of the respondents believed that we had. The remaining 6% felt that they were not informed enough to be able to give a fair opinion.

Typical comments included:

"Yes! By helping our organisation and beneficiaries, all family members of our artisans also get a better life."
(from online recipient producer survey)

"Yes - we visit the women who make our clothes each year and see first-hand how they and their families are positively impacted by our growing purchase orders. Our growth would have been much slower without Shared Interest."

(from online buyer survey)

For the 133 producer customers that we lend to directly, we are able to monitor more detailed information about the number of people who benefit. This includes those who are paid employees and also the much greater number of farmers or artisans that earn an income through these groups. In total this amounted to over 190,000 people this year, broken down as follows:

PAID EMPLOYEES

The total number of employees across all of our producer customers

9,135



2 → 1,470

The smallest to the largest number of employees in any one organisation

FARMERS AND ARTISANS

The total number of individuals across all of our producer customers

182,280



5 → 65,000

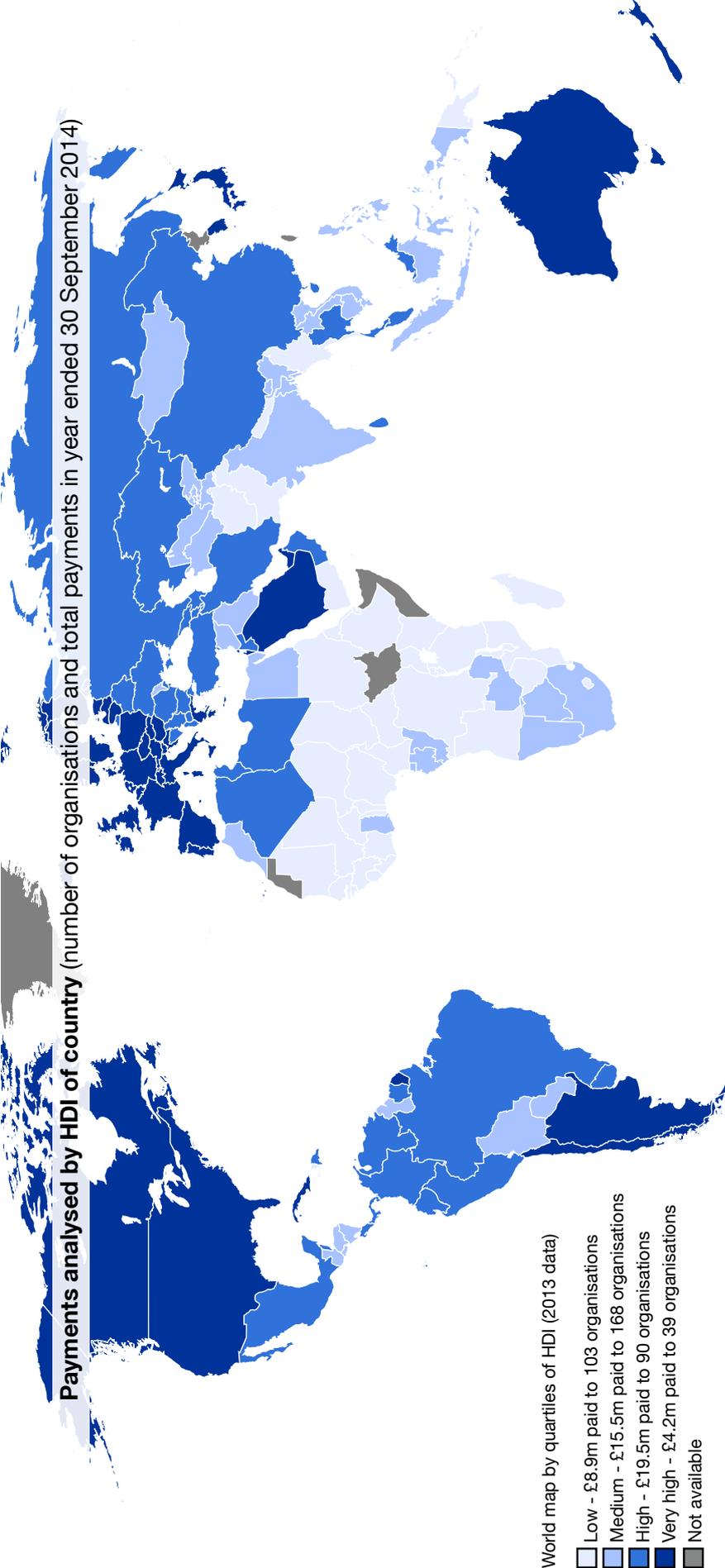
The smallest to the largest number of individuals in any one organisation

The map on the next page shows the total value of payments and number of organisations paid by country, categorised by the Human Development Index. 62% of the payments made to countries categorised as either high or very high were to Peru, currently categorised as high HDI. Within individual countries there are wide inequalities, and the funds we lend reach the underdeveloped areas of the country where access to services and finance is limited. You can read information on the types of businesses we lend to and the social benefits provided by our customers in case studies at shared-interest.com/SA14/Annex5. Also included in this map are payments made to developed countries which represent purchases by fair trade buyers of raw materials or finished goods, all of which originated from producer co-operatives.

We also consider the spread of our lending across different countries by considering the associated country risk. To make this analysis, we use Coface, a French credit insurer, who produce an assessment of risk for 157 countries on a quarterly basis using economic, financial and political data. Analysis of our lending portfolio using this measure can be found at shared-interest.com/SA14/Annex6.

Appropriate management of our risk portfolio helps to keep bad debt provision at an acceptable level. This year, this was 7.2% of our outstanding lending amount at financial year end. Our average over the last five years is 4.5% More information on this can be found in note 24 of our financial accounts at shared-interest.com/SA14/Annex19

Payments analysed by HDI of country (number of organisations and total payments in year ended 30 September 2014)



World map by quartiles of HDI (2013 data)

- Low - £8.9m paid to 103 organisations
- Medium - £15.5m paid to 168 organisations
- High - £19.5m paid to 90 organisations
- Very high - £4.2m paid to 39 organisations
- Not available

LOW HDI		Nepal	15	£711,395	Cambodia	5	£130,354	Palestine	7	£204,897	Dominican Rep	1	£26,013	Chile	5	£527,570	
Benin	2	£23,342	Niger	1	£29,197	Congo	2	£252,862	Paraguay	1	£107,667	Ecuador	3	£97,388	China	2	£11,880
Burkina Faso	6	£59,1736	Pakistan	4	£792,967	East Timor	1	£2,250	Philippines	6	£845,511	Fiji	1	£584	Germany	5	£130,336
Cameroon	1	£60,886	Rwanda	4	£417,116	Egypt	2	£52,373	Sao Tome & Principe	1	£22,846	Mauritius	3	£352,333	Israel	2	£63,120
Ethiopia	1	£20,461	Senegal	4	£92,248	El Salvador	5	£445,934	South Africa	10	£295,448	Mexico	7	£2,073,356	Netherlands	2	£387,684
Haiti	2	£143,688	Swaziland	8	£82,450	Ghana	10	£558,133	Uzbekistan	1	£509,249	Peru	44	£14,792,881	Spain	1	£21,444
Ivory Coast	6	£1,235,035	Tanzania	8	£671,446	Guatemala	10	£231,304	Vietnam	7	£616,284	Sri Lanka	13	£398,509	Switzerland	3	£831,286
Kenya	23	£658,646	Uganda	10	£2,625,455	Honduras	4	£970,604	HIGH HDI			Thailand	9	£120,283	UK	10	£1,590,139
Madagascar	2	£10,144	Zimbabwe	2	£26,778	India	51	£3,538,442	Albania	1	£21,189	Tunisia	2	£75,784	USA	5	£579,884
Malawi	1	£829,662	MEDIUM HDI			Indonesia	12	£639,950	Bosnia	1	£6,366	VERY HIGH HDI					
Mali	2	£2,849	Bangladesh	13	£1,553,035	Laos	1	£36,911	Colombia	2	£215,744	Australia	2	£11,957			
Mozambique	1	£2,813	Bolivia	13	£2,425,565	Nicaragua	6	£2,035,757	Costa Rica	3	£1,334,260	Belgium	2	£222,935	TOTAL	400	£47,997,115

Each category is ranked low to high linked to HDI

AIM 2: PROVIDE BUSINESS SUPPORT WHICH MAKES LIVELIHOODS AND LIVING STANDARDS BETTER FOR DISADVANTAGED COMMUNITIES IN SOME OF THE WORLD'S POOREST COUNTRIES

Through Shared Interest Foundation, we build the resilience of businesses that are aiming to have both a financial and social impact in their community. Our projects include support for fair trade networks and the businesses they represent. We are also increasingly focused on improving access to finance for those businesses by providing financial training and mentoring programmes.

This year, we provided support through Shared Interest Foundation to 101 businesses in eight countries.

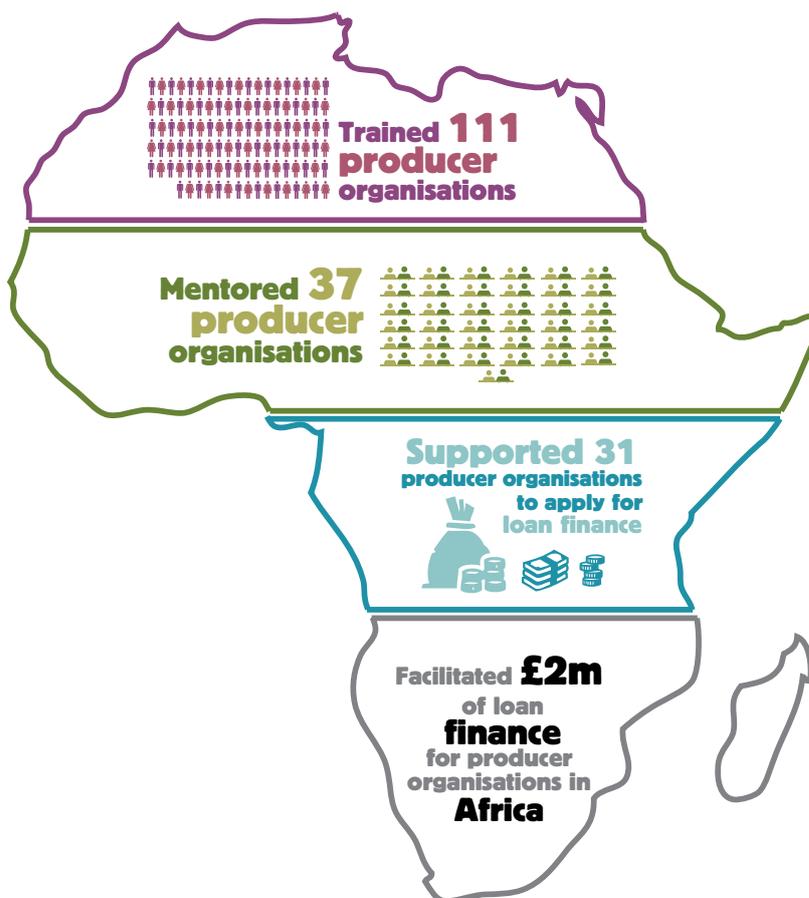
Activity 1: Improving access to finance for fair trade businesses

Since April 2013, we have been running an Access to Finance project in Kenya, Ghana, Tanzania, Uganda and Ivory Coast, with funding from Comic Relief. This has helped to improve business' understanding of key financial concepts and how to apply them, as well as assist in applying for loan finance.

We worked with our partner, Fairtrade Africa, to undertake a thorough skills audit of participating businesses at the beginning of the project. We discovered a clear divide in knowledge between East and West Africa, with levels averaging 'medium' in the East and 'low' in the West (according to a detailed financial profiling tool developed by Fairtrade Africa). This correlates with the average age of co-operatives being younger, and therefore less developed, in West Africa.

This year we undertook an internal mid-term evaluation and gathered data from a sample of 27 businesses (30%) participating in the first year of the programme. We carried out structured phone or email questionnaires with 21 businesses and held two focus groups with a combined total of six businesses. Eighty-nine per cent of the respondents indicated that the training had been good or excellent and had filled gaps in their knowledge.

The evaluation also concluded that 82% of the participants had implemented some of the concepts learnt from the training or mentoring (most commonly financial reporting techniques and business planning). This confirms anecdotal evidence from our own observations. For instance, we can see through the quality of the submitted loan applications that certain financial records, in particular cash flows, are improving. Questioning those who had not implemented learning, they reported that they experienced difficulty in achieving 'buy-in' from the remaining co-operative members. This strengthens our belief that working with co-operative structures requires a tailored approach.



Access to Finance project: impact in first 18 months

This year, 31 businesses applied for a Shared Interest loan after participating in the programme: 16 of these applications had been approved by the end of the year, totalling £2m of loan facilities. This represents 57% of the total Shared Interest African lending portfolio this year. With 14 applications still in progress, and more anticipated from the training in the coming year, we have already substantially surpassed the project target to facilitate £1m of approved loans over two years.

A one-page summary of our internal evaluation, highlighting our learning from the first year of this project, as well as a case study on one of the participant businesses can be found at shared-interest.com/SA14/Annex7. We will use this learning to further develop our support package for financial training in 2015.

Activity 2: Developing business support networks

Supporting the growth of resilient, fair businesses requires the presence of a strong, sustainable local support network. We use our partner relationships to build the strength and knowledge of the staff we work with to deliver better services for their members. This year we



Using funding from Commonwealth Foundation, we have been able to support our partners in Swaziland (SWIFT), Rwanda (RWFAT) and Malawi (MFTN) to come together into a shared learning network. The 'Best practice in fair trade support networks' project is designed to allow space for reflection and sharing of the successes and challenges in running a fair trade business network in Africa.

From our internal evaluation of the first full year of the project we have seen common learning emerge from the participants. The three key lessons that have been identified so far include:

- Networks must have a strong, relevant offer for members to subscribe and pay their fees. Therefore all three networks should improve their needs assessment work so that they can better identify what the members need and want
- Proper governance structures will ensure member confidence and provide greater sustainability in case of staff changes. All three networks can improve in this area
- Training and market access opportunities must go hand in hand. For example training must be coupled with a practical example of concepts in use, such as exhibiting at a trade fair and similarly attending a trade fair will have little impact without first having training on branding, marketing and merchandising

Knowledge of fair trade issues is vital for developing these networks. All three of the networks involved in this project promote fair trade but their understanding of the movement varies. This has an impact on how they promote it to their partners.



The table below shows how the three networks have made progress on this issue in the first year of the project

Best practice in fair trade networks project: Knowledge and understanding of fair trade		
Network	Baseline level	End of year 1
RWAFAT	Very low – heard of main concepts	Basic knowledge now in place, aware of WFTO principles and introduced to Fairtrade International system
SWIFT	Reasonable level, good understanding of WFTO principles	Vast improvement, now good general understanding of Fairtrade International, system of certification and actors working in Africa. Now able to reflect on how they track their own members for compliance
MFTN	Good level, able to articulate to external stakeholders	Strong on Fairtrade International system and good understanding of WFTO networks

Our Improving Access to Finance project also involves the development of staff knowledge and skills. This year colleagues at Fairtrade Africa improved their understanding of access to finance issues for their membership. They attended the training workshops alongside co-operatives, sat in on focus group discussions and held in-depth conversations with the trainers about the issues their members face. This allowed the staff to improve the advice and guidance they can offer to their membership and has strengthened the partnership between Shared Interest and Fairtrade Africa.

SWAZILAND FAIR TRADE (SWIFT)

SWIFT is our partner in Swaziland - a fair trade business support network made up of a core of four staff and a Board of experienced fair trade business leaders from the local community. Together they support a network of 50 small businesses. We delivered our 3½ year Comic Relief project supporting the Swaziland craft industry with SWIFT. This project concluded in April 2014.

Since we began our partnership we have seen SWIFT move from a basic structure designed to deliver one large project into a much more robust organisation with a strong Board, experienced staff and increasing services for its members. They now deliver training, organise mentoring, facilitate buyer visits, engage with the Swazi government on trade related issues and have even developed a shop through which some of the businesses supported can sell their produce.

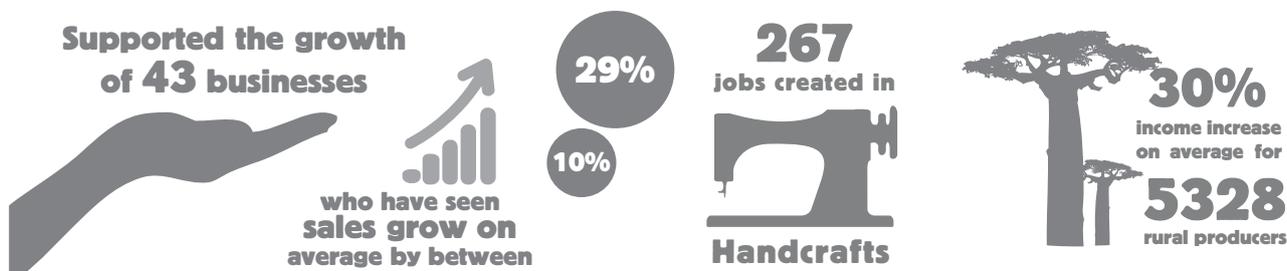
SWIFT has a clear vision for its future. Over the last six months we have worked with them to develop this into a fully-costed delivery plan, with income from a range of sources.

As part of this process we have worked together to apply for a further four years of funding from Comic Relief. If this application is successful, we will build on what was achieved during the original project, aiming to ensure that within four years only 20% of SWIFT funding comes from donor sources.

Activity 3: Growing businesses, creating jobs and increasing incomes

Across all of our business support projects, our success is based on assisting businesses that are aiming to have a financial and a social impact to become more resilient. We therefore measure our success based on business growth, and the economic and social benefits that come from this. In future years, we hope to be able to measure these same indicators across all of our projects.

This year, an independent, external project evaluation of our work in Swaziland over the past 3½ years (see case study on previous page) found that we have:



The evaluation quoted above was carried out by an external consultant. The evaluation judged that overall, nine out of the 12 project indicators had been fully achieved, and the remaining three, mostly achieved.

We also carried out our own internal survey as part of our ongoing monitoring and evaluation of this project. This gathered information from 262 rural producers working for 26 of the 43 SWIFT member businesses at the time (60%). We gathered additional business information from 10 of those 26 businesses through a combination of interviews and focus groups. This information was summarised in our final project report to the project’s principal funder Comic Relief.

The project was designed to help businesses progress through stages of growth and create a network of co-operation between all levels. The levels are classified as:

Level of business	Description
Level 1	Informal artisan, have little or no systems in place, little or no record keeping, not exporting, mainly sole entrepreneur
Level 2	Have some management systems in place, employing a minimum of two contracted employees, little or no export capabilities, been in operation for more than 3 years. Have an annual turn-over of ZAR 500,000
Level 3	Management systems in place, employ a minimum of 20 contracted employees, exporting, in operation for more than 5 years, annual turnover of ZAR 1,000,000.

From Level One artisans, 22 were registered as formal businesses by the conclusion of the project (against a target of 20) and the average sales increase was 15% (against a target of 15%).

Level Two businesses grew by an average of 29% (against a 15% target).

Level Three businesses grew by 10% (against a target of 15%) heavily affected by the performance of two companies that had encountered challenging circumstances during the last year of the project.

There was also an HIV/AIDs aspect of the programme, which ensured businesses understood how best to deal with this topic in the workplace. The external evaluator identified that this had been very well received and successfully taken on board by most of the businesses involved. Given that Swaziland has the highest incidence of HIV/AIDs in the world, this was particularly significant. These findings have influenced our thinking in the design of our future work in Swaziland. The HIV/AIDs aspect of our work will become a core part of the programme.

The evaluation also identified the strong impact that our partner, SWIFT had on the project participants. Comments included how SWIFT is like a family, how they challenge business leaders to get out of their comfort zone, and how they offer hope and support. One level 1 artisan went further, noting:

“What SWIFT has done to us money cannot buy. SWIFT has broken barriers, barriers between whites and blacks, barriers between millionaires and the poor, barriers to markets for entrepreneurs”

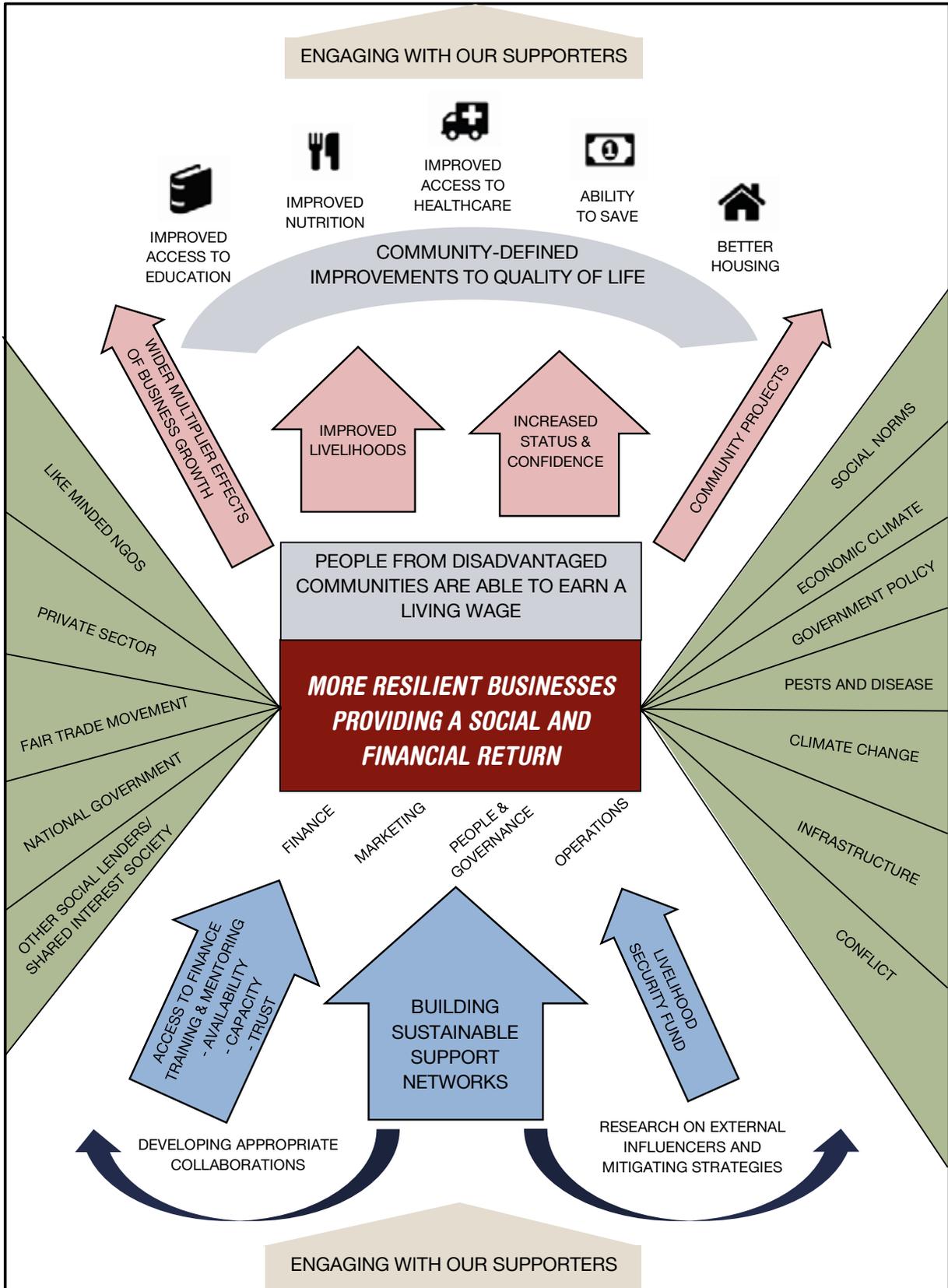
The evaluation concludes that:

“The overall SWIFT contribution to changing the lives of its beneficiaries, particularly the Level One artisans and producers, was fully satisfactory. There is a high likelihood that the project’s achievements will have a lasting impact in the lives of the projects beneficiaries in the long term.”

Theory of change

This year we made good progress in identifying how and what we will measure to test the impact of Shared Interest Foundation, through the development of a Theory of Change. This is a process requiring reflection on how the activities you deliver lead to change, what external factors affect this, and on what assumptions you are basing your activities. We undertook a process of consultations with project partners, businesses and beneficiaries in Swaziland, Malawi and Kenya, as well as Shared Interest staff; a review of external learning reports; an analysis of project evaluations and dialogue with trustees. As part of the process we developed a diagram (see next page), a narrative that explains how the diagram works and the assumptions it is based on and an M&E framework that uses the Theory to guide us in measuring our activities. This internal document will be updated on an annual basis as part of the business planning process for Shared Interest Foundation.

WHAT WE THINK THE CHANGES ARE



WAYS OF BRINGING ABOUT CHANGE

AIM 3: PROVIDE MEMBERS AND DONORS WITH A SOCIAL RETURN WHICH ATTRACTS NEW SHARE CAPITAL AND DONATIONS AND RETAINS EXISTING INVESTMENTS

Shared Interest Society is owned and controlled by its members. Our membership mostly comprises individuals but also includes a growing number of faith groups, fair trade partnerships, businesses, schools and community organisations. We also have a range of volunteers, not all of whom are members.

Shared Interest Society has also established a registered charity, Shared Interest Foundation, which is funded by donations and grants.

Here, we explain how we engage with our members and donors, share what we know about their satisfaction with our work, and how we are growing our supporter base further.

Activity 1: Developing our supporter base of members, donors and volunteers

Members

By the end of September we had 8,940 Share Accounts. Of these, 7,361 were held by individuals and 1,579 by groups. 362 new members joined the Society during the year; this was 100 more than the previous year. The net increase (new accounts minus closed accounts) for the year was 133 compared with 16 last year.

8,940 MEMBERS



INVEST a total of £31.3 million



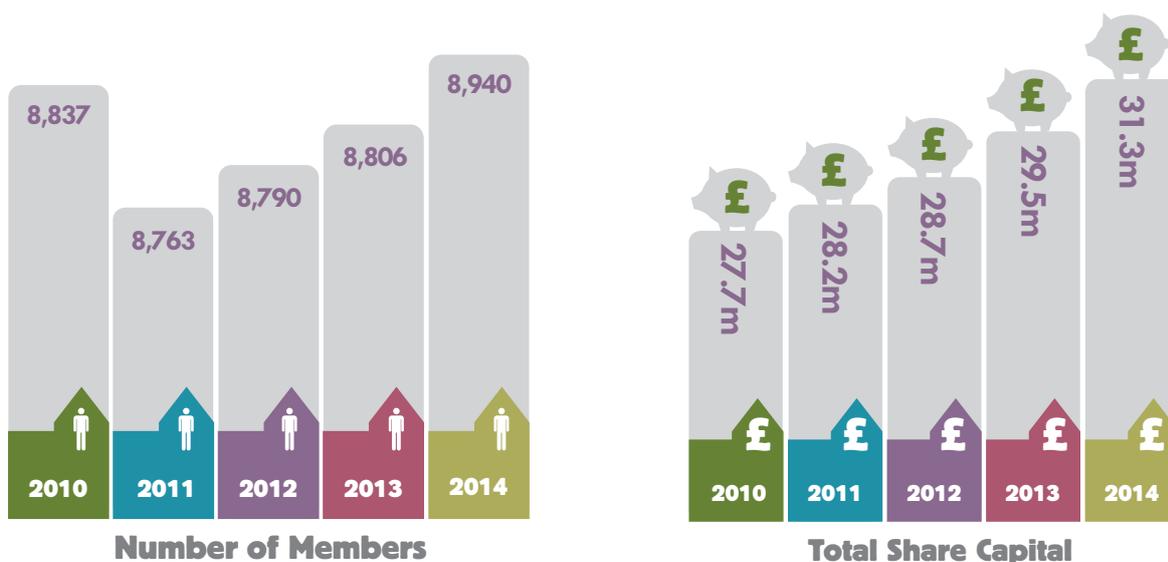
Alongside the increase in members, we were very pleased to see an increase in total share capital of £1.8m with the closing level of investment standing at £31.3m.

A large proportion of the new investment comes from new members opening accounts, but existing members also continue to invest further sums during subsequent years.

When comparing this trend with previous years it is interesting to note that there has been an increase in existing members investing more largely due to recent appeals in our quarterly newsletter, QR, for members to top up their Share Accounts.

This year we also benefited from changed legislation which increased the upper investment limit from £20,000 to £100,000.

Our members continue to be loyal, with the average length of time a Share Account is open being 12 years.



Donors

During the year, 381 donors gave money to Shared Interest Foundation, a 57% increase on last year. The majority of donations came from the UK, but we also received donations from Channel Islands, Denmark, Spain and Australia. 60% of donors to the Foundation are female.

	Number of Donors	Total Unrestricted Income	Total Restricted Income	Total Income
2010/11	153	£82k	£68	£151k
2011/12	134	£132k	£120	£252k
2012/13	244	£131k	£177k	£308k
2013/14	381	£181k	£89k	£270K

67% Individual Donations

31% Institutional Grants

2% Trusts, Groups & Corporates



Volunteers

Shared Interest relies on a network of volunteers across the UK. We have 96 volunteers nationwide - this consists of volunteers and ambassadors. Volunteers support us with our administration, collating data or helping at our events, ambassadors play a vital part in finding opportunities to raise awareness of the Society both locally and nationally. They get involved in a variety of activities including running stalls at events, sending out information and giving presentations to local groups.

This year, we recorded attendance of our volunteers at 64 events and Shared Interest had a presence at 103 events, a rise of 18 on the previous year. Through these activities, they contributed over 502 hours of their own time to promote Shared Interest. Case studies of our volunteers can be found at shared-interest.com/SA14/Annex8.

Our volunteers have attended at least 64 EVENTS across the UK in 2014
Shared Interest have provided literature at 103 EVENTS



Website

To encourage people to become return visitors to our website, we continuously update content. This year we developed our web content by increasing the number of investor and customer case studies.

To maximise profiling opportunities within this year's banana-themed Fairtrade Fortnight, we showcased the impact stories of our banana producer customers shared-interest.com/SA14/Annex9. In terms of UK activity, the Events page clearly showed events in which our ambassadors were involved. To raise our profile overseas we also reviewed the entire borrowing section of the website.



An information pack is now available online, which includes details of what to expect as a Shared Interest customer. It also features customer case studies to convey the breadth and impact of our lending.

We also created a new Corporate Support section on the Shared Interest Foundation area of the website. Linking to the Foundation's recent fundraising challenge to raise £10,000 we have set up a Just Giving page and promoted the event through social media to encourage donations.

25 year anniversary

In 2015, Shared Interest Society will celebrate its 25 year anniversary. In advance of this, we launched a campaign to increase membership and investment. Our goal is to increase membership to 10,000 and to increase share capital to £33m.

To commemorate the achievements and contributions of all of our supporters, in the UK and overseas, we commissioned a Shared Interest anniversary flag split into five sections. The five individual flags (Costa Rica, Ghana, Kenya, Peru, UK) started their journey across the globe in May, collecting signatures along the way. We developed an area of our website to track the flags and post images of their journey shared-interest.com/SA14/Annex10.

Advertising

We placed a total of five insert campaigns this year in the Big Issue, Amnesty International, U3A, and the Guardian magazine. It has been calculated that the return on investment for insert activity is three years. Working in partnership with the Big Issue, we also ran two 'cover wraps' (creating a Shared Interest cover for the magazine) and two 'home page takeovers' (the magazine cover design is replicated online across their web home page). These activities were carried out to coincide with Fairtrade Fortnight in February and World Fair Trade Day in May.

Enquiries that converted into NEW investments



Social media

We have grown our presence on Twitter with followers of [@SharedInterest](#) increasing from 6,429 to 6,905. In addition, the Shared Interest Foundation account [@SharedIntFdn](#) has grown to 475, and the Managing Director and Head of Foundation both now have active Twitter accounts. We also created a Pinterest account to showcase our photography and we currently have 167 followers. We also continue to have Facebook accounts for Shared Interest Society and Foundation.

Materials

We updated and reproduced our enquiry pack, investor pack, customer pack and gift packs this year. This involved updating the artwork and case studies, and in some cases the terms and conditions. We created a supporter pack for Shared Interest Foundation, which sits alongside the enquiry pack.

Media coverage

Shared Interest featured in our regional press, including The Northern Echo and Sunderland Echo. Our story ran as a page lead in The Journal when customer Namayiana visited Central High School for Girls. We also ran an advertorial in the Big Issue magazine.

Activity 2: Acting co-operatively to engage with and value the views of our members, donors and volunteers

Member events

In addition to our Annual General Meeting (AGM) we hold a series of member events in different locations to which all local members are invited. These events have been structured to facilitate an open debate on topics suggested by members.

Annual General Meeting, London

The 24th Annual General Meeting was held at the BMA (British Medical Association) House, London, on 14 March 2014 with over 200 attendees. Feedback was positive, and highlights included the workshops, (which were an opportunity to participate in discussion on our strategic review process), the AGM session and meeting other Shared Interest members.

Glasgow member meeting

To mark World Fair Trade Day 2014, we held a member event in Glasgow. We were joined by around 48 members and guests at The Lighthouse in the city centre. The event opened with Tracy Mitchell from the Scottish Fair Trade Forum speaking about the campaign to maintain Fair Trade nation status.

Cardiff member meeting

Taking place at Cardiff Business School just after National Ethical Investment Week, the event sought to explore how churches can put their money to work ethically. Over 60 Shared Interest members attended, as well as faith leaders, and fair trade supporters. The Right Reverend John Davies, Bishop of Swansea and Brecon, chaired the event. Speakers from other host organisations included the Ecumenical Council for Corporate Responsibility (ECCR), Church in Wales, Fair Trade Wales, and Cardiff Business School.

Strategic review

This year we undertook a full strategic review of Shared Interest Society, considering our organisational goals and values. We looked at a range of ways we can develop our offer to be inspiring and relevant for current members as well as future generations of investors and borrowing customers. As part of the process we consulted staff, partners, volunteers, fair trade producers and buyers; experts in the fields of social finance, climate change, and development; and our members. It was particularly important that members played a key part in informing our thinking, and we ensured that everyone had an opportunity to participate by including workshops at our AGM and inviting members to share their thoughts on specific subjects via our quarterly newsletter, QR. We received feedback from more than 200 members as a result. The strategic review was approved in August 2014 and you can read more about it on our website at shared-interest.com/SA14/Annex1.

Newsletters

We continued to publish our newsletter, Quarterly Return (QR). Although some of our members prefer to read it online, 78% request a printed copy along with their statement. In our survey to volunteers, 83% of respondents said they use QR frequently as a useful resource. Volunteers who have provided an email address receive a bi-monthly e-newsletter. 51% of respondents to the volunteer survey said they read every issue of the newsletter and 61% said they are happy with its frequency. Shared Interest Foundation creates a donor newsletter which is designed and printed in-house. It is posted on a quarterly basis to over 500 recipients. Over the last year, charitable donations in response to the newsletter have averaged at an approximate 5% return, with a high of 10% to the Foundation's tenth anniversary appeal.

Films

We launched two promotional films showing our social impact at our AGM. This year, they featured Kenyan handcraft group Namayiana, and North American quinoa buyer Andean Naturals. We have 10 social impact films, which are featured on our website along with case studies of some of our customers at shared-interest.com/SA14/Annex11 and shared-interest.com/SA14/Annex5.

Activity 3: Assessing the satisfaction of our members, donors and volunteers with the impact of our work

Each year we carry out a survey with our supporters, alternating the member survey and volunteer survey. Next year, Shared Interest Foundation will undertake a survey to donors for the first time. This year offered us a second opportunity for Shared Interest Society to survey our volunteers (the first volunteer survey took place in 2012). A copy of the survey questions can be found at shared-interest.com/SA14/Annex23.

Participants

- 91 volunteers
- 50% response rate
- 70% of respondents over the age of 55
- 57% female, 43% male

Volunteering with Shared Interest

- 60% see themselves as an ambassador, 23% as a volunteer and 17% are unsure
- 47% of respondents volunteer very occasionally
- 70% have been volunteering with Shared Interest for more than three years
- 80% feel that Shared Interest Society is working towards its mission
- 90% are members of Shared Interest Society
- 30% are donors to Shared Interest Foundation

Value of volunteering

- 66% are satisfied or very satisfied in their volunteer role
- 100% feel motivated in their role
- 67% would recommend volunteering with Shared Interest to others

Reward and recognition

- 67% feel recognised in their role
- Over 50% do not wish to be rewarded and over 30% feel sufficiently rewarded currently

Communications

- 89% of respondents read our volunteer e-newsletter on a regular basis
- 80% of respondents are readers of our social accounts with 87% finding them useful as a resource

Vision, mission and values

- 80% of respondents felt we are working well towards our vision and mission
- 69% of respondents felt we are working in accordance with our values.

These results will help to shape the strategy and implementation of our volunteer programme and associated ambassador scheme.

AIM 4: CONDUCT OUR BUSINESS IN A MANNER WHICH REFLECTS OUR VALUES

Activity 1: Placing partnership at the heart of what we do when working with others

Working in partnership with like-minded organisations is an important part of the way Shared Interest operates. These partners include fair trade networks and certification bodies, faith groups, and development agencies.

In our 2013 social accounts we identified 10 of our strongest partnerships. These are the relationships that enable us to carry out our everyday operations more effectively and were with: Comic Relief, Co-operatives UK, Ecumenical Council for Corporate Responsibility (ECCR), Fairtrade Africa, Fairtrade Foundation, Fairtrade International, Rwanda Forum for Alternative Trade (RWFAT), Swaziland International Fair Trade Association (SWIFT), The World Fair Trade Organisation (WFTO) and WFTO Europe.

To this list, we would add the Council on Smallholder Agricultural Finance (CSAF) and Bond, both of which we are members. We also recognise the importance to us of other bodies to whose members we lend, such as Fairtrade Federation (USA) and the British Association of Fair Trade Shops (BAFTS). More details on our current list of key partners can be found at shared-interest.com/SA14/Annex12. While we have previously attempted to analyse these partnerships using a social capital approach, we have found it difficult to translate this into practical actions. We therefore concentrate instead on continuing to develop the quality of our partnerships.

Fairtrade Africa has worked in partnership with Shared Interest Foundation since 2011. In Ghana Shared Interest and Fairtrade Africa share an office.

Here's what our partnership means in their words:

How are you involved?

Our joint Access to Finance project works across five countries. Shared Interest Foundation has also taken part in the Fairtrade Africa Continental Conference, as well as working with our Fairtrade Network in Malawi.

What difference has working with Shared Interest Foundation made to your organisation?

Our producers have benefited from the Access to Finance project. We have been able to bring relevant services to our producers, and evaluation shows that they appreciate the project.

Do you have a message that you would like to give to Shared Interest's investors and donors?

Please remain open to new ways of doing things and being innovative with social lending. The partnership between Shared Interest Society and Foundation is an invaluable combination to the producer organisations that require capacity building prior to accessing finance. Most technical assistance is offered after, but having Shared Interest Foundation step in to provide it first, has opened the pool of potential borrowers.

In 2014, we considered links that the Shared Interest Board of Directors and Council have with potential new partners. This exercise fed into consultations we carried out as part of our strategic review. The process saw us consult with a number of our existing partners as well as new contacts to ask questions about the direction of Shared Interest's operations and the demand for fair finance. As a result, we have begun conversations with new potential partners for the future such as CAFOD, Christian Aid, Oxfam and Waitrose.

Comments we received from the strategic review consultations included:

"Shared Interest's uniqueness is that they lend only to fair trade. They truly understand what these businesses need."

"Shared Interest has a stronger ethos than other lenders. There is a qualitative difference on how Shared Interest is received. But others have a stronger commercial edge."

Annual partnership surveys over the past four years found that almost all of our partners find the relationship they have with Shared Interest mutually beneficial. As many of these partners were consulted as part of our strategic review process, we did not repeat the partnership survey this year.

Some Shared Interest staff members work with other organisations as Board members or representatives. Time spent in these positions allows us to share our knowledge, skills and resources as well as having a voice within relevant sectors.

Partner	Staff member and position/ role	Time spent on partnership in 2013	Time spent on partnership in 2014
WFTO	Malcolm Curtis (Member of European Board and Global Board)	20 days	15.5 days
Fairtrade Foundation	Patricia Alexander (Board Member / Treasurer)	15 days	17 days
UK Fairtrade Leaders' Forum	Patricia Alexander (Member) Malcolm Curtis (WFTO Representative)	4 days	5 days
Co-operatives UK	Tim Morgan (Representative)	1.5 days	2 days
Co-operatives SE	Sally Reith (Board Member)	8 days	4 days
Trade Justice Movement	Sally Reith (Representative)	2 days	0.5 days
CSAF	Malcolm Curtis (Representative) Elisabeth Wilson (Representative)	10 days	17 days
BOND	Chris Pay (Representative)	2 days	2 days
TOTALS		62.5 days	63 days

The Ecumenical Council for Corporate Responsibility (ECCR) has worked in partnership with Shared Interest Society since 2009

Here's what our partnership means in their words:

Why did you get involved with Shared Interest Society?

We have a common interest in promoting understanding about - and commitment to - ethical investment. We also have similar values in effective stewardship.

What difference has working with Shared Interest Society made to your organisation?

It is great to work with an organisation where we have common cause and share similar values. Our partnership gives us greater reach and exposure to a constituency who are also supportive of ECCR's work on economic justice, human rights, and environmental sustainability.

Do you believe that the work carried out by Shared Interest Society meets its vision, mission and values?

My understanding of the work of Shared Interest Society is that it does meet its vision, mission and values. I would suggest that a more explicit mention of the respect for human dignity would be helpful as this is a vital part of your work and fair trade as a whole.

Activity 2: Encouraging staff's talent and commitment in an environment of mutual respect

Shared Interest employs a committed team of staff. This numbered 36 people at 30 September 2014, compared to 31 the previous year. Eleven people joined the staff team this year, and six people left. These figures included four temporary staff, three of whom provided maternity cover.

Shared Interest staff at 30 September 2014

	Full-time	Part-time	UK	Kenya	Ghana	Peru	Costa Rica
Female	20	0	16	2	1	1	0
Male	15	1	11	1	2	1	1

Days lost to sickness

2013	2014	National average
1.3%	1.9%	3.8%

Staff training

Description	2013	2014
Training cost (course/trainer fees)	£35,545	£24,865
Staff time cost (while on courses)	£28,592	£30,285
Inductions (staff time cost carrying out and attending inductions)	£5,792	£6,990
Number of hours spent training	2,634	2,102
Total	£69,929	£62,140
Number of training days	360.5	283.5

The number of sickness days increased but this figure remains below the national average for our sector.

We budget 3.5% of salary costs for training. This year saw a slight reduction in overall spend, but we were able to approve the majority of training requests made. Previously we have shown management training as a separate line, but have now incorporated this.

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 include contributions of 9% into a group personal pension scheme, life assurance cover, income protection cover, a sick pay scheme, maternity, paternity and adoption leave/pay that is more generous than the statutory requirements. The cost of living, individual performance and an annual salary benchmarking exercise are all taken into account when we review salaries on an annual basis. A comparison of the highest salary against the lowest salary in the organisation provides a ratio of 3.9:1.

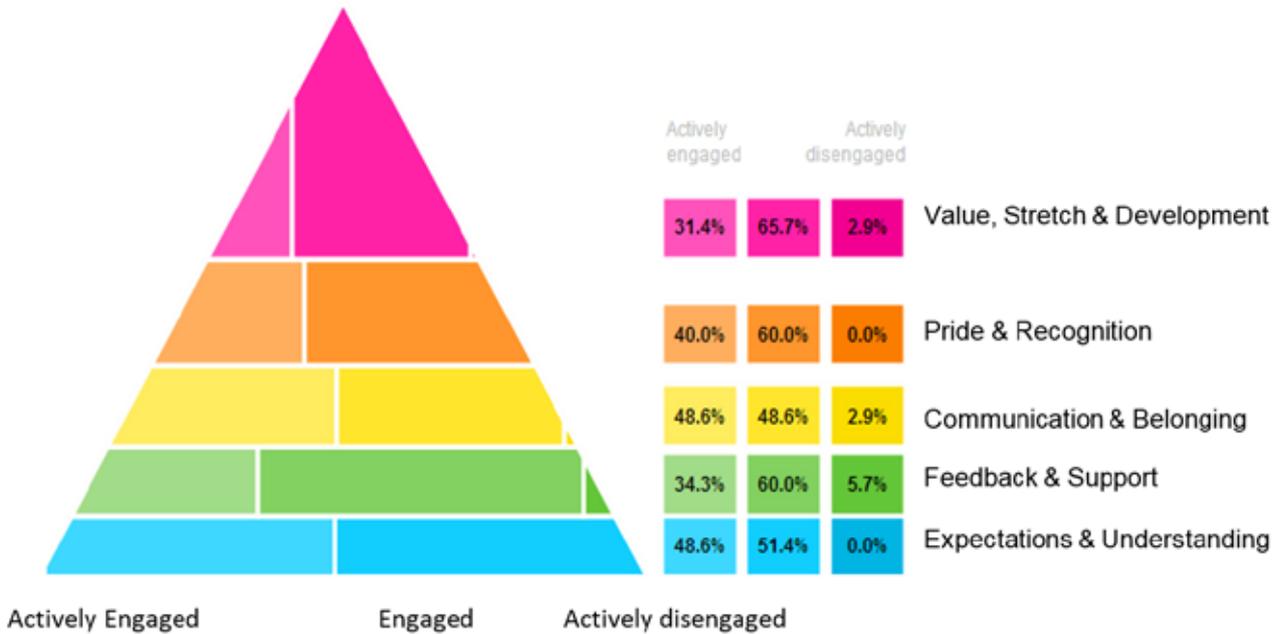
Communication

Staff have weekly team meetings as well as one-to-one meetings with their line manager. Monthly updates on forthcoming activities in each department are held in the Newcastle office, with minutes sent to all staff. We have a staff forum which liaises with senior management to resolve issues as required. Staff had significant input into our strategic review process with focus group sessions, and working groups researching specific issues.

Staff survey

We send out a five-point survey twice a year and compare the results for significant changes. This looks at communication, leadership, respect and equitable treatment. Results were generally comparable, with the only significant change being an improvement in the number of staff who felt that “Communication is good” in the September survey (83%) compared to the February survey (60%) and last year’s result (63%).

We also carry out an annual staff survey. This year we worked with the online survey and analysis service, People Gauge. Ninety-two per cent of staff completed the anonymous survey, which concluded that 41% of staff are actively engaged, 57% engaged and the remaining 2% actively disengaged. These results are broken down into five key areas:



These were very encouraging results. We also received analysis of these broken down by internal department. Space for two additional questions enabled us to ascertain that:

- 89% of respondents felt that Shared Interest fulfils its vision, mission and values
- 91% felt that staff are encouraged to understand other cultures (2013: 88%)

The survey also asked staff how we can improve our effectiveness. 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. The size of the words below correspond to how frequently they were used. The word ‘challenging’ can have positive or negative meanings; we have been advised by People Gauge that it should be considered in the context of the other positive words used.



Activity 3: Practising good financial and environmental stewardship

For Shared Interest, stewardship is about doing the best we can with the resources that are entrusted to us. We consider stewardship particularly with the financial and environmental aspects of our work. More details on the operational finances of Shared Interest Society and Shared Interest Foundation can be found in our 2014 financial accounts at shared-interest.com/SA14/Annex19 and shared-interest.com/SA14/Annex20.

Financial

Financial controls

We continue to place great importance on robust financial controls. Our procedures for budgeting, financial reporting and secure payment authorisation can be found at shared-interest.com/SA14/Annex13. Our internal controls are regularly reviewed and updated. We again undertook a small amount of internal audit work on internal controls with no significant concerns being raised.

Procurement

We also follow an approach to procurement as set out at shared-interest.com/SA14/Annex14. This ensures that as far as practical we source products and services for business use which are fair trade, environmentally friendly, and 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 members share capital which can be lent by commodity, country risk category, region and product. These limits are approved by the Board of Directors. During the year we increased the limit for lending on cocoa from 10% to 20% and revised the regional limits for coffee lending.

Liquidity and investment

The majority of our 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) are from foreign currency loans secured against the deposited share capital.

The Co-operative Bank remains our main banking partner but we continue to review alternatives and assess the strength and ethical performance of the Co-operative Bank under its new ownership. Our deposits held at other banks and institutions equals 18% of our total investment (2013: 7%). These figures include members' share capital, our reserves, and Comic Relief money that we are lending as part of a social investment pilot project.

Cash Investments:	2010	2011	2012	2013	2014
Co-operative Bank	£27.2m	£27.5m	£30.3m	£30.5m	£28.9m
Others	£0.3m	£0.3m	£0.3m	£2.3m	£6.5m

Fundraising ratios

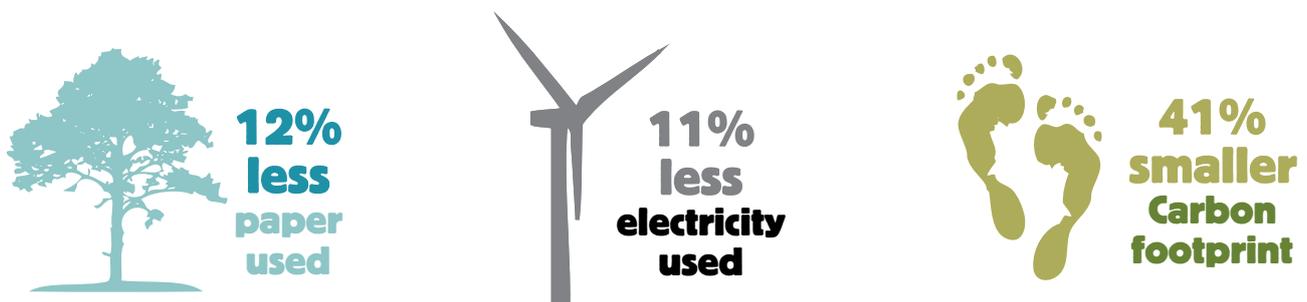
In addition to the share capital of Shared Interest Society members, we manage donations made to Shared Interest Foundation. In order to ensure we do this efficiently and effectively, we monitor two key ratios. Management costs as a percentage of charitable expenditure were this year 27% (2013: 24%) and fundraising costs as a percentage of income were 16% (2013: 8.8%). This increase is due in part to a lower income figure compared to last year caused by early payment by one of our project funders which had the effect of increasing income in 2013 and reducing it in 2014. Adjusting

for this would provide fundraising costs as a percentage of income as 11% and 14% respectively. The remainder of the growth is due to increased investment of time and resources in fundraising.

We also monitor the running costs and reserves of Shared Interest Foundation, operating a policy of keeping 3 - 6 months of total expenditure in reserves. Reserves remained within policy levels throughout the year and total overhead cost was £70,000 (2013: £63,000).

Environmental

One of the key areas considered in our strategic planning, over the last year, was the global trend of environmental uncertainty. It is very clear that this is leading – among other things – to a strain on food security and sourcing for a global population estimated to be 9 billion by 2050. As a result of the review, one of our new five strategic paths includes deepening impact and within this we will assist businesses in adapting to the challenge of climate change, encouraging them to invest in water and energy. For our members this may well involve the development of new financial products to support climate adaptation and/or environmental sustainability.



In addition to this strategic approach, we continue to aim to reduce the environmental impact of our own operations:

Recycling

Staff continue to recycle paper, plastics, and glass. Fresh paper used for printing in our UK office reduced by 12% this year to 95,000 sheets. Paper recycling remained the same as last year at 38 wheelie bins.

Procurement

Procurement of goods and services from local suppliers helps to minimise environmental impact and support the sustainability of local businesses. During the year, purchases from local suppliers in North East England totalled £249,000. This represents 39% of our purchases (2013: 44%)

Newcastle office and business travel

The main contributors to our carbon emissions are running our offices and business travel. Our electricity usage this year was 51,067 Kwh which is an 11% decrease from 2013. Adding office electricity and business travel, we estimate total carbon emissions this year of 56.9 tonnes. This is a decrease of 41% on 2013.

Carbon offsetting

We offset our annual carbon dioxide emissions by donating to environmental projects linked to our work. We use the Climate Care website and carbon calculator www.co2balance.com to calculate an appropriate offsetting donation which this year will amount to £800. We are currently investigating how best to use this.

STAKEHOLDERS AND CONSULTATIONS

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	
			2013	2014
Potential customers	Organisations we strive to or may be able to work with	Fair trade producer groups and buyers that could benefit from becoming customers	N/A	N/A
Customers	Borrower organisations which enter into a business contract with Shared Interest Society	Producer group customers	97	133
		Buyer customers	38	37
	Other organisations that receive or make payments via Shared Interest Society	Recipient producers*	240	267
		Commercial buyers	67	88
Beneficiaries	Organisations who benefit from the support of Shared Interest Foundation	Producers trained	137	101
		Producer groups receiving grants	0	0
Members	Shared Interest Society investors	Members	8,807	8,940
Volunteers	Individuals who volunteer their time and expertise to Shared Interest	Ambassadors and volunteers	138	96
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 representatives (executive and non-executive)	9	8
Council	Body which serves to represent and reflect the views of membership	Appointed/elected Shared Interest Society members	9	9
Donors	Shared Interest Foundation donors	Individual donors	218	360
		Corporate donors	5	5
		Churches and other groups	2	8
		Grant-making bodies	9	8
Employees	Staff	Staff	31	36
Partners	Those we collaborate with for mutual benefit	Organisations we work closely with and umbrella groups of which we are members	54	15

* 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 for us 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 the following ways this year. Blank copies of the surveys used can be found at shared-interest.com/SA14/Annex23. As a comparison, consultations carried out over the past three years can be found at shared-interest.com/SA14/Annex15.

Potential customers

No formal research or consultations 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, we carried out four specific consultation exercises, which gathered views from a total of 89 of our 525 customers (17%):

- Direct consultations with producer group customers in East Africa (16 selected as randomly as possible given communication constraints out of a portfolio of 35).
- Electronic survey sent to all 37 buyer customers. 20 responses received.
- Electronic survey sent to 181 of our 267 recipient producers. (All those we were able to contact by email). 32 responses received.
- Producer committees in Peru, Kenya and Ivory Coast attended by seven producer group customers each (total of 21 producers).

Beneficiaries

Information from organisations benefiting from the work of Shared Interest Foundation this year came from the following:

Swaziland

- As our 3½ year project with SWIFT in Swaziland came to an end, an external evaluation gathered information from businesses selected by the evaluator through four focus groups and 13 individual interviews.
- As part of our on-going project monitoring and evaluation in Swaziland we carried out survey questionnaires with 262 rural producers working for 26 of the 43 member businesses of our partner SWIFT (60%). We gathered additional business-level information from 10 of those 26 businesses through four semi-structured interviews and six journey of change exercises in focus groups. This information was summarised in our final project report to the project's principal funder Comic Relief.

Access to Finance

- As part of an internal mid-term evaluation of our project to improve access to finance across five countries, we surveyed 21 businesses and held two focus groups with a further six businesses (total of 27 businesses).

Best Practice in Fair Trade Networks

- We carried out an internal evaluation of the first year of this project, consulting with our three project partners SWIFT, RWFAT and MFTN. This information was summarised in our year 1 report to the project's principal funder Commonwealth Foundation.

Theory of Change

- We consulted with businesses from across our partners in developing the Foundation's Theory of Change. This was primarily done by adding specific questions or exercises into some of the consultations listed above. In addition to this we consulted with producers in Malawi who had not been consulted by other means. In total we used feedback from 35 businesses from a range of exercises.

Members

This was not one of the years in which we carried out our biennial membership survey. However, member engagement was a key part of our strategic review, with consultations taking place through focus groups at the AGM in London in March 2014 and feedback in response to a request in QR. Member events held in Scotland and Wales are detailed under Aim 3. Correspondence with members is also shared with the Board on a regular basis.

Volunteers and ambassadors

As part of our ongoing contact with ambassadors, we carry out induction training and then conduct Skype discussions every six weeks. We also held events to meet with volunteers in Newcastle and Leeds. This year we also conducted our biennial volunteer survey, which received 46 responses from the 91 volunteers we had at the time of the survey (50%).

Board of Directors / Trustees

The Shared Interest Board meet five times a year and considered aspects of the social accounts at three of those meetings. They discussed and approved the strategic review, and some were part of a subcommittee overseeing the process. The Board respond to members at the AGM. Trustees of Shared Interest Foundation fed into the development of a Theory of Change.

Council

Council are not consulted separately from members as part of the social accounts process. They meet three times during the year and provide input to Board meetings and the AGM. The Council were also closely involved in the strategic review process. There is a joint Board and Council meeting annually.

Donors

We have had face-to-face meetings during the year with Comic Relief and Commonwealth Foundation, who provide funding for some of our business support projects. We have not carried out any separate consultation exercises with donors more widely, but plan to do so in the coming year.

Employees

- The staff forum facilitated a series of focus groups of staff following the 2013 staff survey, in order to explore the responses provided. Results of this exercise were discussed with the Senior Management Team.
- A 5-point email survey was carried out in February and September 2014, with 28 responses from 34 staff and 30 responses from 38 staff respectively.
- A 'People Gauge' staff engagement survey was completed by 35 out of the 38 staff employed at the time of the survey in August 2014 (92%).

Partners

Research with key partners was carried out as part of the strategic review process. There was no separate partner survey in the year under review. We did however ask two partners to respond to a set of questions in order to include short case studies in the social accounts. We picked Fairtrade Africa and ECCR for this, both of whom are included in our list of strong partnerships, and to provide balance between a partner working primarily with Shared Interest Foundation and one working with Shared Interest Society.

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. The research found 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 that aimed 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. Within a year, we had attracted £750,000 of share capital and 600 members. Today, we have almost 9,000 members in the UK, each investing between £100 and £100,000. With an average investment of approximately £3,500, this provides share capital of over £31m.

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.

The achievements of Shared Interest over the past 25 years are considerable. They include twice winning the Queens Award for Enterprise in the category of Sustainable Development. The story of our past 25 years is detailed at shared-interest.com/SA14/Annex16.

OWNERSHIP AND GOVERNANCE

Shared Interest is an independent organisation based in the UK with staff based in the UK, 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 almost 9,000 investors. It is the sole member of Shared Interest Foundation.

Shared Interest Society is governed by a Board of Directors which is 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 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 from the membership, while the other three members applied for their roles and were elected by a ballot of members.

LEGAL STRUCTURE AND REPORTING

Shared Interest Society is incorporated with limited liability as a registered society under the Co-operative and Community Benefit Societies Act 2014, Number 27093R. It submits annual returns to the Financial Conduct Authority as its registrar. Shared Interest Foundation is a registered company limited by guarantee in England, Number 4833073, and is a registered charity, Number 1102375. It submits annual returns to the Registrar of Companies and to the Charity Commission.

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/SA14/Annex17. 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/SA14/Annex18.

CONCLUSIONS

PROGRESS ON LAST YEAR'S RECOMMENDATIONS

Progress on the recommendations we made in last years social accounts is organised into the six aims on which we reported last year:

Recommendation	Progress
Aim1: Provide financial services and so make livelihoods and living standards better for disadvantaged communities in some of the world's poorest countries	
<ul style="list-style-type: none"> Reach the target of 70% of share capital being borrowed, by lending more to producer groups, where we believe the social impact is greater. 	<ul style="list-style-type: none"> Close to 70% by year end. Significant focus to increase proportion of producer lending has had desired impact.
<ul style="list-style-type: none"> Continue the development of social indicators looking at how we report impact and scale and the documentation used to gather and retain the information. 	<ul style="list-style-type: none"> Significant data collection in Africa. Our data included in Global Development Incubator report. Exploring further analysis through cross departmental group including representation by Society, Foundation and M&E officer.
<ul style="list-style-type: none"> Explore ways to consider and present the risks within our lending portfolio at a disaggregated level which does not rely on broad country level risk categorisation. 	<ul style="list-style-type: none"> Analysis remains manual in many areas. This will form part of internal project on development of reporting from our lending database planned for early 2015.
<ul style="list-style-type: none"> Continue efforts to diversify the product range of our lending portfolio. 	<ul style="list-style-type: none"> Have developed term loan specific for coffee producers suffering from Roya and lent in local currency (Kenyan Shillings) for first time.
<ul style="list-style-type: none"> Scope out requirements of an online platform for producers including a realistic timetable for implementation. 	<ul style="list-style-type: none"> Other IT projects have been prioritised as more business critical. Estimated that work will commence late 2015
<ul style="list-style-type: none"> Review survey results and get a more considered view from those who rated us low in certain areas in order to address concerns where possible. 	<ul style="list-style-type: none"> More staff employed in region allowing greater contact with customers. Changes being made in response to comments e.g. reworded credit notifications to make application of interest clearer.
Aim2: Provide members and supporters with a social return which attracts new share capital and retains existing investments	
<ul style="list-style-type: none"> Continue to try new methods of multi-channel marketing promotion, carefully evaluating the cost-benefit to find the most effective approaches. 	<ul style="list-style-type: none"> Our tried and tested promotional methods have again generated positive enquiries. In addition we trialled a direct marketing campaign and an insert campaign in the U3A magazine, neither were successful.
<ul style="list-style-type: none"> Investigate the feasibility of allowing enquirers to open share accounts online and giving members the ability to make payments and withdrawals through the Secure Area. 	<ul style="list-style-type: none"> This investigation was undertaken within the strategic review and we will progress with opening accounts online in the coming year.
<ul style="list-style-type: none"> Consider how to draw out a deeper understanding of, and engagement with, members and volunteers through surveys and other means. 	<ul style="list-style-type: none"> A volunteer survey was undertaken this year. Members were also involved throughout the strategic review process and through member events and AGM.

<ul style="list-style-type: none"> • Look to engage with our volunteers more to help identify their activities and record hours given, allowing a more detailed cost/benefit analysis to be undertaken. 	<ul style="list-style-type: none"> • A Skype forum for volunteers was set up to discuss ideas and activities this year and attendance at events of which we are notified were recorded in a central database.
<ul style="list-style-type: none"> • Investigate the members' changing view of lending risk, their perception of risk and the potential direction of future lending through the strategic review process. 	<ul style="list-style-type: none"> • A workshop was conducted at the AGM and members were asked their views during the strategic review.
Aim3: Provide business support and so make livelihoods and living standards better for disadvantaged communities in some of the world's poorest countries	
<ul style="list-style-type: none"> • Increase collaboration between Shared Interest Foundation and Society on ways to measure the impact of our work. Develop a cohesive approach to monitoring and evaluation across the organisation. 	<ul style="list-style-type: none"> • Working together on Access to Finance programme. Established M&E committee across both parts of the organisation. Developed Theory of Change for Foundation.
<ul style="list-style-type: none"> • Ensure that project design is based on clear analysis of local need. 	<ul style="list-style-type: none"> • Invested in training with local university to increase our ability to do this.
<ul style="list-style-type: none"> • Use learning from current projects to refine methodology for delivery of financial management capacity building and developing realistic project timescales for building the capacity of partner organisations. 	<ul style="list-style-type: none"> • Participated in an evaluation of first year of Access to Finance training and this has influenced year two of the project. Working on design of follow-on projects.
<ul style="list-style-type: none"> • Diversify sources of income by testing new markets for fundraising. 	<ul style="list-style-type: none"> • Profile raising with corporates provided some return on investment. Trials with students were unsuccessful. We continue to seek to diversify funding sources.
Aim4: Work in partnership with people who share our commitment to fair and just trade	
<ul style="list-style-type: none"> • Continue to build relationships with existing and appropriate new partners. 	<ul style="list-style-type: none"> • We continued to build relationships with both existing and new partners through regular contact and by engaging them in our strategic review process.
<ul style="list-style-type: none"> • Continue to develop understanding of social capital and how to evaluate it. 	<ul style="list-style-type: none"> • We have agreed not to develop further our evaluation of social capital at this time
<ul style="list-style-type: none"> • Conclude research on the partnership working of members of Shared Interest's Board and Council. 	<ul style="list-style-type: none"> • We carried out research with the Board and Council on their contacts
Aim5: Conduct our business in a manner which reflects the principles of stewardship and environmental sustainability	
<ul style="list-style-type: none"> • Continue a strategy of reducing dependence on any one bank. 	<ul style="list-style-type: none"> • 18% of our funds held with banks other than Co-op – up from 7% in 2013.
<ul style="list-style-type: none"> • Review whether the Co-operative Bank remains the optimal main banking partner for Shared Interest. 	<ul style="list-style-type: none"> • Continuing to review alternatives and assess strength and ethical performance of the Co-operative Bank under its new ownership.
<ul style="list-style-type: none"> • Explore and develop understanding of the opportunities for Shared Interest to get more involved in environmental issues from a strategic perspective. 	<ul style="list-style-type: none"> • A commitment to this area has been made in the new strategy. One of our five strategic paths to deepen impact will include assisting businesses in adapting to the challenge of climate change.
<ul style="list-style-type: none"> • Continue internal audit to maintain high level of risk and control structure. 	<ul style="list-style-type: none"> • A second year of internal audit was carried out in 2014 with positive results and no significant adverse findings

Aim6: Encourage staff's talent and commitment in an environment of mutual respect	
<ul style="list-style-type: none"> • Continue team-building activities. 	<ul style="list-style-type: none"> • Several successful team building events organised in addition to social events.
<ul style="list-style-type: none"> • Continue looking for ways to improve communication. 	<ul style="list-style-type: none"> • More communication meetings and updates were held, including staff involvement in strategic review process.
<ul style="list-style-type: none"> • Consider alternative methods of assessing staff satisfaction because we have identified that the staff survey does not provide us with good contextual information. 	<ul style="list-style-type: none"> • Additional focus groups explored themes from previous staff survey. New survey type from People Gauge trialled this year and proved successful.
<ul style="list-style-type: none"> • Build on the organisational development work already begun, identifying areas for improvement and implementing initiatives where practical. 	<ul style="list-style-type: none"> • Among a range of actions, regular meetings established between senior and middle management and cross departmental research groups for the strategic review.

Recommendations by Social Audit Panel last year

In addition, we have considered the following recommendations made by the Social Audit Panel of last year's social accounts:

- Continue to research methods whereby Shared Interest can account for their direct impact on people and communities
- Consider how case studies can be used more effectively in assessing impact
- Consider including Key Performance Indicators and targets in future social accounts
- Consider using 'annexes' and the Key Aspects checklist more effectively thus focusing more on the difference made to direct beneficiaries
- Consider applying a social capital approach in working with all stakeholders

This year's panel agreed that progress has been made in the majority of these areas, with particular recognition of the work done to develop more effective case studies and using annexes to greater effect. We have not taken forward the social capital approach, and the audit panel discussed some practical ways in which we might consider doing next year.

CONCLUSIONS FROM THIS YEAR

This year, we approved £10.2m of new lending facilities, compared with a target of £7m. We also progressed in our aim of increasing the proportion we lend directly to producer customers. This has been aided by increasing the number of people we have dealing directly with potential and existing customers in our overseas offices.

Data collected from our customers suggests that our interest rates remain competitive, and we remain one of the few lenders who provide unsecured lending in many instances. Our producer committees help us to engage in more detail with our customers and are valued by the participants. We have been able to respond to some of the challenges identified, such as offering loans in local currency and extending the maximum length of term loans to assist with crop renewal. By also carrying out annual surveys with customers, we are ensuring that we continue to respond to customer needs.

We have this year established a working committee on monitoring and evaluation across both our Society and Foundation. We are beginning to make progress in collecting more information directly from producer businesses and in co-ordinating our reporting measures with other social lenders. We still have more to do though in order to present progress against measures of social impact alongside the customer case studies and individual project reports we currently produce.

The Access to Finance project delivered by Shared Interest Foundation has been very successful. Operating across five countries in East and West Africa, this has resulted in new lending facilities of £2m being approved by Shared Interest Society. With further training still to take place, this is already double the target set for the project. A mid-term evaluation identified the one-to-one mentoring with individual business' as having been a key part of its success. We have also had a positive evaluation of a 3½year Foundation project which came to an end in Swaziland, creating 267 new jobs and increasing incomes for more than 5,000 rural producers.

Our Society member numbers and investment levels have both increased to record highs during the year. With a net increase of 133 new accounts, we have also seen an increase in the number of groups that are holding Share Accounts. New legislation increasing the upper limit of investment from £20,000 to £100,000 should continue to help us further increase share capital. This is positioning us well to hit our 25th anniversary targets of £33m invested by 10,000 members. We carried out a survey of our volunteers this year which confirmed that they are a highly engaged group, adding significant value through their presence at a wide range of events.

Our strategic review provided an opportunity to engage with customers, members, staff, partners, Board and Council to ensure a clear direction for the development of Shared Interest over the coming years. The five resulting strategic paths are detailed on our website shared-interest.com/SA14/Annex1. Externally, we continue to nurture partnerships with like-minded organisations, recognising that this will help us to raise our profile and deliver strong results. Internally, it is pleasing that our staff survey this year showed a high level of engagement and that 89% felt we were fulfilling our vision, mission and values. It is also important that we operate robust financial systems and during the year the Board reviewed and approved changes to the prudential limits for lending that we hold against various categories. This will ensure that we are maximising lending while ensuring an appropriately diverse spread of risk. Finally, the environmental impact of climate change on the people we work with is increasingly important. We have therefore agreed as part of our strategic review that we will explore the introduction of lending products which may be able to support producers in the challenges they face in this respect.

Overall, our internal data and external consultations suggest this has been a very positive year for Shared Interest. This was confirmed for us by Shared Interest Society winning the Guardian Sustainable Business Awards, and our Foundation being 'Highly Commended' in the Charity Awards.

RECOMMENDATIONS FOR NEXT YEAR

Next year we will begin to implement the results of our strategic review (shared-interest.com/SA14/Annex1) and will revise our aims and targets in light of this. In addition we will report our progress in the following areas:

Aim 1: Provide financial services which make livelihoods and living standards better for disadvantaged communities in some of the world's poorest countries

- To increase lending, and continue increasing the proportion of lending going directly to our producer customers.
- Embed work of M&E committee and develop impact indicators.
- Diversify lending products in response to new strategic direction.

Aim 2: Provide business support which makes livelihoods and living standards better for disadvantaged communities in some of the world's poorest countries

- Build on Access to Finance project and look for ways to continue this work beyond current funded project.
- Diversify sources of income for Shared Interest Foundation.
- Create opportunities to share learning about sustainable local business support networks coming from best practice project.

Aim 3: Provide members and donors with a social return which attracts new share capital and donations and retains existing investments

- Develop our offer to be inspiring and relevant for both current members and future generations of investors.
- Respond to volunteers survey result by increasing networking opportunities and engagement.
- Use 25th Anniversary to increase engagement and reach goals of 10,000 members with £33m of Share Capital.

Aim 4: To conduct our business in a manner which reflects our values

- Develop our approach to identifying key partnerships and useful ways to measure this.
- Repeat People Gauge staff survey format to enable comparison of results with current year.
- Explore introduction of lending products which would support producers with the challenges created by climate change.

NEXT STEPS

Following review of these accounts by an audit panel with SAN qualified Chair, they are approved by the Boards of Shared Interest Society and Foundation. They will then be available for download from the Shared Interest website shared-interest.com/social-accounts and will be presented along with financial accounts to the Shared Interest AGM for adoption in March 2015. Information from the accounts will be disseminated to our different stakeholder groups throughout 2015, and any feedback will feed in to our next annual process.

Please feel free to email socialaccounts@shared-interest.com with any comments or queries.

GLOSSARY AND ABBREVIATIONS

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.
BAFTS	British Association for Fair Trade Shops and Suppliers - a membership organisation for sellers of fair trade products in the UK.
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
Bond	UK membership body for organisations working in international development.
Buyer customers	Wholesale or retail businesses which borrow money from Shared Interest to finance the purchase of fair trade products.
CAFOD	Official aid agency of the Catholic Church in England and Wales.
Comic Relief	A UK based charity that funds UK and international projects to alleviate poverty.
Commonwealth Foundation	A development organisation linked to the Commonwealth institutions which provides 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.
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.
Fairtrade Africa	The organisation representing all Fairtrade certified producers in Africa. It shares premises with Shared Interest in Ghana.
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 fair trade 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. Formed in 2013 as one of the successors to the Financial Services Authority (FSA).
GBP, USD, EUR, AUD	The main currencies in which Shared Interest lends - GBP: Pounds Sterling; USD: US Dollars; EUR: Euros; AUD: Australian Dollars.
HDI	Human Development Index - a comparative measure of life expectancy, literacy, education, standards of living and quality of life used to rank countries worldwide into four tiers of development.
HR	Human Resources - the function responsible for staffing issues within Shared Interest.

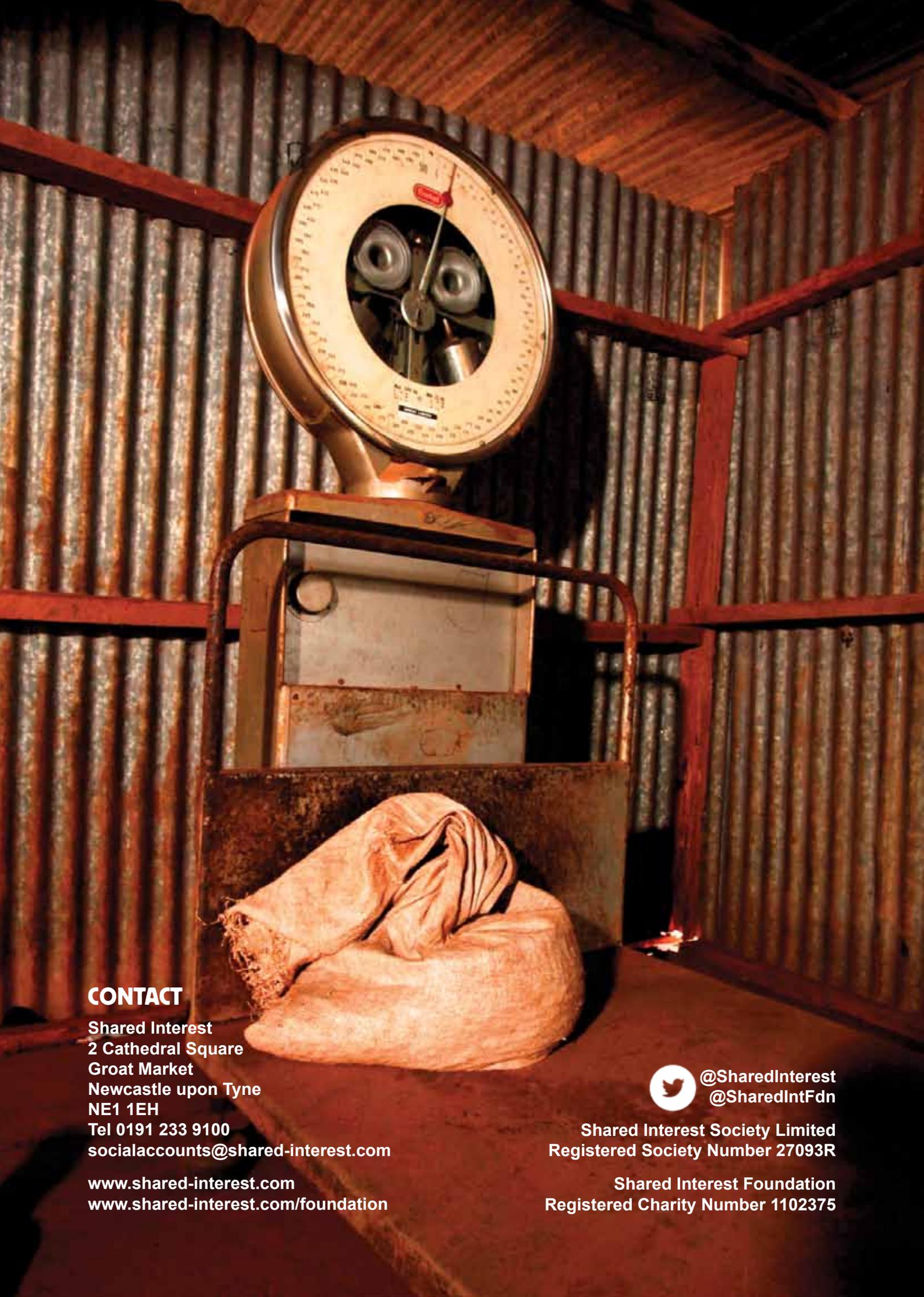
Impact metrics	Specific measurements that we make to assess the extent of change in individuals' lives as a result of our work.
KPI	Key Performance Indicator - a measure of progress towards organisational goals.
M&E	Monitoring and Evaluation - the ongoing process of measuring changes and analysing the 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.
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 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.
Social Audit Network	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.
SWIFT	Swaziland Fair Trade - Partner organisation to Shared Interest Foundation, providing business support to fair trade businesses (mainly handcraft) in Swaziland.
Theory of change	Articulation of the way in which planned activities lead to changes in peoples lives, recognising the other factors that influence this process, and the assumptions that are made in our logic of cause and effect.
Trade Justice Movement	A coalition of organisations in the UK concerned with trade justice, including trade unions, aid agencies, environment and human rights campaigns, Fair Trade organisations, faith and consumer groups.
Trustees	Those elected representatives who who are collectively responsible for the direction and management of Shared Interest Foundation.
UK Fairtrade Leaders Forum	An informal framework for co-operation between the Chief Executives of the UK's principal fair trade organisations.
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 Organisation - a global network of fair trade organisations (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/SA14/Annex# (replacing the # with the Annex number).

- 1 Summary of the 2014 Shared Interest Society Strategic Review
- 2 Explanation of our lending products
- 3 List of our producer customers
- 4 List of our buyer customers
- 5 Producer lending case studies
- 6 Analysis of our lending portfolio by risk
- 7 Summary of learning and case study from our access to finance project
- 8 Volunteers case studies
- 9 Banana producer case studies
- 10 Information on journey of Shared Interest Society anniversary flags
- 11 Social impact films
- 12 List of our partners
- 13 Details of our financial controls
- 14 Details of our procurement policy
- 15 Social accounts consultations over the past three years
- 16 The history of Shared Interest
- 17 Our compliance action plan
- 18 Social Audit Network key aspects checklist
- 19 Shared Interest Society financial accounts for 2013/14
- 20 Shared Interest Foundation financial accounts for 2013/14
- 21 Council on Smallholder Agricultural Finance: launch document, April 2014
- 22 Initiative for Smallholder Finance, Briefing 03: smallholder impact and risk metrics, March 2014
- 23 Copies of questionnaires used for consultation exercises referred to in 2014 social accounts

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 verification panel can be found at shared-interest.com/SA14/supplementary.



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