

Corporate Governance Framework for the Fair Trade Advocacy Office

Our Mission, Values, Aims, Principles and Accountability

Introduction

This document gives an overview of how FTAO works. It highlights the main criteria by which we operate and seek to be judged in the work we undertake and the services we provide. Feedback on its detailed content, effectiveness in guiding what we do and our overall effectiveness is most welcome from our partners and stakeholders on a continuing basis.

Vision and Mission

Our vision is **“A world in which justice and sustainable development are at the heart of trade structures and practices so that everyone, through their work, can maintain a decent and dignified livelihood and develop their full human potential.”** and our mission is **“To catalyse collaboration within the international Fair Trade movement on policy, advocacy and campaigning activity; facilitate knowledge co-creation and sharing on Fair Trade policies and practices; and lead advocacy work on European Union legislation, policies and their implementation.”**

Values

Our values are the code by which we operate and inform and underpin all that we do. These are set out in the document Our Values and supported by our Code of Ethics. They can be summarised as:

- Inclusivity and equity.
- Sustainability.
- Responsibility.
- Empowerment.

Code of Ethics and Code of Conduct

At its inception the Board of FTAO agreed a Code of Ethics by which it would conduct its affairs and which it continues to observe. The Board and staff of FTAO also commit to observing the Code of Conduct.

Governance Principles

This document is a comprehensive statement of our governance principles which can be summarised as follows.

- Focus on purpose and outcomes.
- Perform effectively.
- Promote values for the whole organization.
- Take informed, transparent decisions and manage risk.
- Develop the capacity of the board to be effective.
- An approach to diversity that supports effectiveness, leadership and decision-making.

- Engage stakeholders and be both responsible and accountable.

Aims

Our strategic aims in the current five year plan:

- **Advocacy:**
We monitor and influence EU policies and legislation and their implementation.
- **International Collaboration:**
We catalyse the Fair Trade movement's collaboration at international level.
- **Knowledge Co-creation:**
We facilitate the sharing and co-creation of knowledge by the Fair Trade movement and researchers.

These aims provide the delivery mechanisms for our ambitions. We want to support and help create a society where justice, equity and sustainable development are at the heart of trade structures and practices so that everyone, through their work, can maintain a decent and dignified livelihood and develop their full human potential.

Accountability

FTAO seeks to operate to the highest standards. This involves accuracy and impartiality in the work we do, integrity in the services we deliver and in our relationships with partners and good stewardship in the use of resources available to us through donations, grant aid or contract income.

This **statement of Governance Principles** invites partners, funders and stakeholders to hold us to account and give us feedback about our performance.

We make organisational information available on our website (www.fairtrade-advocacy.org) including annual reports and accounts, key topics and projects and our range of publications.

Our Foundation Document of 3rd December 2010 is the legal document which establishes FTAO as a civil-law foundation formed under the laws of the Netherlands. It specifies how we operate. Our board of Directors has accountability for the oversight of the organisation, in particular by exercising its responsibilities for:

- Promoting the mission, vision and values of FTAO and observing high standards of corporate governance and conduct;
- Establishing strategic aims, objectives and policies;
- Ensuring resources are adequate to deliver services and approving annual budgets and business plans;
- Identifying strategic risks in the operating environment and ensuring that these are managed effectively;
- Overseeing compliance with relevant law and regulatory obligations;
- Approving the Report and Annual Accounts
- Accounting for performance to funders, stakeholders, and partners.

Directors serve for terms of three years, and can apply for reappointment indefinitely. The Chair's appointment is limited to a maximum of three terms of three years. There is a skills matrix and role profile which applies to Directors and a competencies framework for the Chair and Directors which specifies expectations in more detail. Directors and senior staff complete a Register of Interests to ensure that any possible conflict of interest is declared and that FTAO's emphasis on probity is maintained.

The Managing Director is appointed by the board and is responsible under delegated authority for the efficient and effective operation and management of FTAO. The Managing Director has responsibility for the overall organisation, management and staffing of FTAO, including establishing operating procedures and other matters including conduct and discipline. The Managing Director is in turn authorised to delegate matters to other FTAO staff.

The Managing Director is responsible for ensuring that the Chair and Directors have timely, accurate and clear information to enable them to undertake their responsibilities. Staff is FTAO's most valuable asset. We seek to enhance their skills, development and experience to ensure we deliver together FTAO's mission. We aim to be a best practice employer of choice, to engage staff and volunteers in developing policies and services, promote diversity and offer equality of opportunity. We will apply these principles to recruiting staff and volunteers on an impartial basis.

The rest of this Corporate Governance Framework includes:

- Our Values
- Code of Ethics
- Code of Conduct
- FTAO Governance Principles
- Conflicts of Interest Policy
- Main Financial Policies
- The Foundation document of FTAO plus any appropriate legal/statutory requirements and bylaws (the current Foundation Document (in translation) and proposed bylaws are included but may be subject to change after review)

Other functioning policies include: GDPR policy, work regulation, travel policy and sustainable office policy.

Our Values

FTAO values	Public text (explanatory note)
Inclusiveness and equity	<p>We speak out for trade policies and practices that are just and equitable. In our day-to-day work, we strive to be equitable in how we work with our stakeholders and we proactively reach out to actors that would otherwise not have a voice in public policy level discussions.</p> <p>We refuse to participate in "all-male" panels. In addition, in our own recruitment policy, we ensure non-discrimination of candidates on the basis of gender, sexual</p>

	orientation, and other grounds foreseen in the Treaty on the European Union and the Fundamental Rights Charter.
Sustainability	Sustainability is fundamental to Fair Trade, Fair Trade values are a “must have component” of a true sustainable agenda. We also practice what we preach, namely by favouring Fair Trade and other sustainable consumption choices in our own procurement of products and by implementing a “sustainable office, including travel” policy to limit travel to whenever necessary and reduce the carbon emissions linked to travel.
Responsibility	We are careful in how we manage financial and human resources. Our activities are based on intellectual rigour, and we communicate in a truthful and transparent way. For example, we issue annual activity reports and include information on audited financial accounts. We strive to create safe spaces for interaction for groups in vulnerable situations, such as young people.
Empowerment	Our way to advocate is to strengthen the voice of individuals and groups in disadvantaged and marginalised situations along supply chains. We do not speak ‘on behalf of’ producers, we want them to have a seat at the table. Our policy demands have them as main subjects and we aim to include them in our activities.

Reviewed and agreed by the FTAO Board
November 2023

Code of ethics

FTAO Founder Members¹ and FTAO Board Directors:

- Commit to work collectively within the FTAO to achieve FTAO's mission and vision²
- Ensure that none of their activities run counter to the FTAO mission or vision.
- Share information about their programmes and procedures with other FTAO Founder Members and Directors when they can have an impact on the advocacy;
- Warn other FTAO Founder Members as soon as a member can reasonably foresee, in a short or medium term, not to be in a position to fully its obligations linked to FTAO membership, including the membership fees.
- Integrate public transparency as a basic operating principle by making information about their operations to other Founder Members and Directors when relevant to advocacy;
- Seek opportunities to collaborate with other Founder Members and Directors at all levels in the field of advocacy for Fair Trade.
- Develop agreements on how they will present their programme and each other externally, and strive to follow those agreements in communications to external stakeholders;
- Strive to mitigate all potential conflicts of interest in their work, as they arise;
- Use their participation in FTAO for the benefit of the Fair Trade movement;
- Do not engage in work elsewhere that contradicts this Code of Ethics; and
- Do not make false statements about FTAO or the nature of their membership in FTAO.
- Refrain from making false or misleading statements about other FTAO members.

Reviewed and agreed by the FTAO Board
November 2023

¹ See FTAO statutes and by-laws

² See current FTAO strategic plan

Code of Conduct

1	Introduction
2	General Obligations
3	Decision Making
4	Standards
5	Equality and Diversity
6	Attendance
7	Interests
8	Resources
9	Expenses / Gifts and Hospitality
10	Breaches of the Code

1 Introduction

- 1.1 The purpose of this Code of Conduct ('the Code') is to provide the board members of the Fair Trade Advocacy Office with clear guidance as to their standard of behaviour, responsibilities and best practice in fulfilling their obligations. There are common standards of behaviour expected from all involved, board members, team members and volunteers. These are intended to ensure good and effective relationships at all levels of the organisation so that we are better able to meet our objectives.
- 1.2 Board members should observe the Code of Conduct and other arrangements put in place to ensure good governance whenever they:
- conduct the business of the FTAO;
 - conduct the business of the office to which they have been nominated, elected or appointed; and
 - act as a representative of the FTAO.
- 1.3 The Code applies to all board members, as well as any other people appointed by the board to represent it.
- 1.4 While this Code applies specifically to the FTAO board, similar standards apply to members of staff.
- 1.5 Board members are expected to familiarise themselves with and abide by these general principles governing public life:

Selflessness	To take decisions solely based on the mission, strategic objectives and values of FTAO.
Integrity	Not to be compromised by individuals or outside organisations.
Objectivity	To remain impartial and ensure choices are made on merit alone.
Accountability	To be responsible for their decisions and actions.
Openness	To give reasons for their decisions and actions.
Honesty	To declare any private interests.
Leadership	To promote and support these principles by leadership and example.

2. General Obligations

- 2.1 Board members **should**:
- treat everyone with dignity and respect, valuing differences and respecting others opinions regardless of someone's age, disability, gender, race, sexual orientation, religious belief;
 - not do anything which may compromise the impartiality of those who work for, or on behalf of, the FTAO;
 - maintain links and keep in touch with the organisation to develop an understanding of its services.

- 2.2 Board members **will**:
- maintain the confidentiality of information made available in the course of the duties unless disclosure is authorised or is required by law;
 - act professionally at all times and avoid any activity which could bring the FTAO into disrepute.

3. Decision Making

- 3.1 When reaching decisions, board members **must**:

- Make decisions together and take joint responsibility for them
- Act within permitted powers
- Exercise independent judgement
- Exercise reasonable care, skill and diligence
- Promote the success of FTAO.

4. Standards

- 4.1 Board members are expected to respect the views of others and their right to speak. The Chair will ensure that meetings are conducted appropriately and individuals act in accordance with the principles of this Code of Conduct at all meetings.
- 4.2 Any communications by board members relating to other board members, employees, volunteers or the operation of the organisation should be communicated through the Chair and Managing Director unless it is an agreed view by the Board.
- 4.3 Board members should avoid raising issues in meetings concerning named individuals and should observe the requirements of the GDPR in relation to personal data. Any issue should be raised privately with the Chair.
- 4.4 If a board member becomes aware of any conduct by another board member which he or she reasonably believes involves a failure to comply with the FTAO Code and Governance Principles, he or she must write to that effect to the Chair as soon as is practicable to do so.

5. Equality and Diversity

- 5.1 The FTAO is committed to achieving equality of opportunity in every area of its work. Our aim is that everyone should be treated fairly.
- 5.2 Board members are expected to comply with this policy at all times and to behave in a way which respects its intentions.
- 5.3 The FTAO monitors the diversity profile of its board members. The aim is to ensure, as far as possible, that the board profile reflects the partners and stakeholders it serves.

6. Attendance

- 6.1 Board members are expected to play an active role at board meetings and should be prepared to spend an appropriate amount of time reading papers and preparing for meetings.
- 6.2 Any board member who is unable to attend a full board meeting should inform the Chair before the start of the meeting that they are only able to stay for part of the meeting.

6.3 If a board member is likely to have an extended absence or misses three consecutive meetings or two in a six month period, this absence will be discussed by the Chair and the board member concerned, unless the board has given approval to the absence.

6.4 Any board member who misses three consecutive meetings without advance approval will automatically cease to be a member of the board.

7. Interests

7.1 All board members have a duty to act in the best interests of the FTAO and must not put themselves in a position where there is a conflict between their personal interests and the duty they owe to the FTAO.

7.2 All board members are expected to sign a Register of Interests form which will be held by the organisation and be open to public inspection. Board members should inform the Managing Director promptly of any change of circumstances that affect their declaration of interests.

8. Resources

8.1 Board members

- **must not**, in their official capacity or any other circumstances, use their position as board members improperly to confer on or secure for themselves or any other person, an advantage or disadvantage;
- **must**, when using or authorising the use by others of the resources of the FTAO:
 - act in accordance with the FTAO's requirements;
 - ensure resources are used to support the discharge of the functions of the FTAO or of the office to which the board member has been elected or appointed.

9. Expenses and Gifts and Hospitality

9.1 Board members can be reimbursed for reasonable out of pocket expenses incurred whilst on FTAO business.

9.2 If any board member has any doubt as to whether an offer of a gift or hospitality might give rise to a conflict, she/he should seek advice from the Managing Director.

10. Breaches of the Code of Conduct

10.1 It is the role of the Chair of the board to help board members adhere to the Code of Conduct. Where there are examples of situations likely to lead to potential conflicts of interest that may be difficult to manage, board members are urged to seek advice from the Chair on any matter of concern relating to this Code of Conduct.

10.2 Board members will co-operate fully in any investigation or inquiry that arises from any complaint or allegation of breach of this Code of Conduct.

Reviewed and agreed by the FTAO Board
November 2023

Statement of Governance Principles

The Fair Trade Advocacy Office (FTAO) is committed to good governance as the basis for demonstrating our commitment to trade justice, ethical conduct, our commitment to a values-based approach to all our actions and the financial strength of the organisation.

This document is a summary of our approach and we ask all partners, stakeholders, and funders to judge us by how well we deliver the principles highlighted here. We welcome feedback on how we perform against the standards we set for ourselves and will undertake an appraisal of board effectiveness every two years to seek continuously to improve governance as well as the overall performance of FTAO.

The seven principles and our adherence to them are summarised below.

1. Organisational Purpose: The board is clear about the FTAO's aims and ensures that these are being delivered effectively and sustainably.

We are firmly focused on trade justice through our advocacy, knowledge co-creation and international partnership work that we carry out. We have clear strategies and plans and our decision making is consistent with our governing documentation and our legal obligations. We recognise the value of partnership working where this brings added value and improved efficiency and effectiveness to our work and longer term sustainability.

2. Leadership: Every well-run organisation is headed by an effective board that provides strategic leadership in line with its aims and values.

Our board and staff have clearly defined roles and act in the best interests of FTAO's mission. Board and staff working relationships are constructive and effective reflecting a commitment to joint working and collective responsibility. Board members are committed to giving appropriate time to fulfil their governance responsibilities. We have clear delegation arrangements and the Managing Director is accountable to the board for operational matters and performance management within the agreed corporate strategy. Our ethical approach is defined in our Code of Ethics and our Code of Conduct, reflected in our Register of Interests and the duty of the board to reach decisions based on evidence and, where necessary, external professional advice as well as the work of the expert staff team.

3. Integrity: The board acts with integrity, adopting values and creating a culture which help achieve the organisation's purposes.

We have a clear statement of values which commits us to inclusivity and equity, sustainability, responsibility and empowerment. This guides the activities of the organisation at every level. We conduct our affairs with honesty and integrity set out in our Codes of Conduct and Ethics ensuring our good reputation and the trust which can be placed in us.

4. Decision Making, Risk and Control: The board makes sure that its decision-making processes are informed, rigorous and timely and that effective delegation, control and risk-assessment, and management systems are set up and monitored.

The board acts and make decisions in a way which is consistent with our Foundation Document, Financial Regulations and Scheme of Delegation. The board receives information and advice which enables it to fulfil

our strategic oversight role and to hold staff to account for performance in achieving our purpose and outcomes. We monitor, measure and evaluate performance and publish information about our activities. We exercise and implement clear risk management principles to enable us to operate effectively.

5. Board Effectiveness: The board works as an effective team, using the appropriate balance of skills, experience, backgrounds and knowledge to make informed decisions.

The board, Managing Director and management team have the skills, knowledge and experience to exercise capable leadership and direction of the organisation. This includes seeking specialist external advice when required. We are committed to open recruitment processes, periodic assessment of skills and capability and the provision of induction, training and support to sustain organisational effectiveness.

6. Diversity: The board's approach to diversity supports its effectiveness, leadership and decision-making.

We are committed to the principles of equality and diversity in its widest sense. We seek to recruit a diverse board from a wide range of trade justice and international development backgrounds with the knowledge, experience and required skill sets to support the work of the organisation and provide the necessary constructive challenge to the Executive Team. We regularly review the skills and composition of the board to ensure we can fulfil governance responsibilities, development & training needs and to have succession planning in place for future board development.

7. Openness and Accountability: The board leads the organisation in being transparent and accountable. The organisation is open in its work, unless there is good reason for it not to be.

We work closely with partners, stakeholders and funders to ensure we do what we promise and deliver value for money. We encourage involvement in our work through stakeholder engagement and consultation events where we welcome feedback about our effectiveness as an organisation. We also take our responsibilities of confidentiality, data protection and the sensitive and secure use of personal information exceptionally seriously.

Reviewed and agreed by the FTAO Board
November 2023

FTAO

Financial Regulations

Contents

1. Introduction
2. Responsibilities
3. Financial Reports
4. Budgets
5. Investments
6. Reserves
7. Financial Risk Audit

Appendices

Appendix A Task Description: Honorary Treasurer

1. Introduction

The board of the Fair Trade Advocacy Office (FTAO) must produce and agree, and review regularly, a written procedure paper covering the financial management and accounting system which they employ. The board must ensure that this document reflects the requirements of Belgian law and best accounting practice.

This document will therefore detail the explicit procedures in relation to:

- Allocating responsibilities within FTAO
- Financial Reports
- Budgets
- Investment
- Risk evaluation

2. Responsibilities

The overall responsibility for managing the financial affairs of FTAO lies with its board.

In exercising this responsibility the board are required to reflect the requirements of the law and of the organisation's constitution.

In exercising this responsibility, the board have delegated certain tasks as follows:

To the Honorary Treasurer, specific responsibilities as set out in the task description attached in Appendix A.

To the Managing Director, specific responsibilities as set out in the job description.

3. Financial Reports

3.1 The board require the Managing Director to receive and consider, at a quarterly meeting with the finance officer, a Statement of Financial Activities (SOFA) which sets out for each of the organisation's cost centres (and for the organisation overall):

- The budget allocated for that period.
- The actual income and expenditure in that period
- The variance, if any resulting.

3.2. The board will receive at each of its quarterly meetings a summary Finance Report which will indicate any problems and issues, and provide an overview of the organisation's financial status.

4. Budgets

4.1. The task of agreeing and monitoring all income and expenditure budgets lies with the board.

4.2. The annual budget must be presented to the board meeting in November each year.

4.3. It is the responsibility of the Managing Director in consultation with the finance officer to administer the affairs of the organisation within the overall and cost centre budgets set ultimately by the board. This responsibility will be supervised on behalf of the board by the Honorary Treasurer, who shall report to the board as detailed in 2. The power to vary or increase budget allocations once these have been set lies with the board unless there is an explicit delegation.

5. Investment

5.1 FTAO may from time-to-time chose to invest surplus funds if appropriate.

5.2 Responsibility for sanctioning and approving investments lies with the board, which will be advised by outside advisers on all medium and long-term investments.

The Investment Policy of the board in broad terms is:

5.2.1 To strike a balance between a good return on investment, capital growth and security.

To release investment income.

To review investments at least annually.

To consider ethical factors insofar as they relate to the vision and purpose of the FTAO.

To ensure that an appropriate level of accessible funding is maintained.

6. Reserves

The term "reserves" can have a number of different meanings but for the purpose of this document means the net worth of the FTAO.

The reserves policy of the board, in broad terms is:

6.1 That at any one time the financial statements will hold both RESTRICTED FUNDS and UNRESTRICTED FUNDS.

A RESTRICTED FUND is a fund where the donor has specified what the funding will be used for, that is for a specific purpose. The funding cannot be used for anything else other than what it was originally intended by the donor, unless their express permission is received to use the funding in another way.

An UNRESTRICTED FUND refers to funds that are expendable at the discretion of the board in furtherance of the objects of the FTAO.

6.2. It is the policy of FTAO to allocate a proportion of its UNRESTRICTED FUNDS as DESIGNATED FUNDS.

6.3 The policy of the board is to build a DESIGNATED FUND as a contingency reserve equivalent to three months normal revenue expenditure plus potential staff redundancy costs in cash, but to review this

policy annually in light of the annual risk audit referred to in section 7. and such advice as may be tendered from time to time by the Treasurer and/or financial advisor.

6.4. Any balance after designating funds to manage the financial risk of the FTAO will be held as the OTHER PURPOSES FUND and will be used at the discretion of the board in realising the strategic objectives and future development of the organisation.

7 Financial Risk Audit

7.1 FTAO will conduct a financial risk audit annually which will seek to clarify the level of known financial liability carried by the organisation so that other policy and operational actions can be instituted.

These may involve revising the FTAO's policies on reserves and adjusting internal control procedures.

7.2 The financial risk audit will require a detailed examination of the financial liabilities in relation to:

Property and leases

Staff and redundancy costs

Contract relationships

Insurable risks, including public liability, employer's liability, product liability, professional indemnity, business interruption, property contents, building and Trustee/Director liability.
Fraud.

7.3 Responsibility for conducting the annual financial risk audit lies with the Managing Director assisted by the Finance Officer. A report detailing the findings will be presented to the board in November each year.

Reviewed and agreed by the FTAO Board
November 2023

APPENDIX A:

**TASK DESCRIPTION
HONORARY TREASURER**

Purpose: Provide advice, assistance and information to the board on their financial stewardship responsibilities. Act as the leading interface between the board and executive team on financial matters.

Main duties and responsibilities:

1. Ensure, in close co-operation with the Managing Director that an appropriate financial policy framework is in place to guide financial decision-making.
2. Develop a close understanding of the key assumptions involved in the business/development plan and the annual budget proposals made by the Managing Director. Provide advice to the Managing Director and to the board generally on finance matters.
3. Advise the board on major financial issues which arise, and which are outside the agreed boundaries of management authority.
4. If considered necessary the external auditor will at least once a year be given the opportunity to meet with the Honorary Treasurer independently from the Managing Director and Finance Officer.
5. Provide support and advice to the Managing Director and to finance staff.
6. Present the audited financial statements at the organisation's annual general meeting.

**Translation of statutes: Stichting Fair Trade Advocacy Office
(by AVB Vertalingen)**

STICHTING FTAO

This third day of December two thousand and ten before me, *Meester* Peter Klaas Jan van den Broecke, civil-law notary in Culemborg, the Netherlands, appeared:

Ms **Margaretha Alida Gerarda Maria Kocken**, residing at Kerkewegje 1, 6305 BC Schin op

Geul, the Netherlands, born in Enschede, the Netherlands, on the twenty-eighth day of January nineteen hundred and fifty-one, identified based on her passport numbered NW1BSD0B14, issued in Valkenburg aan de Geul, the Netherlands, and valid until the ninth day of July two thousand and twelve, unmarried and not registered as a partner; for these presents acting as attorney-in-fact with full powers - according to the Commercial Register - to represent **Stichting European Fair Trade Association**, a civil-law foundation, having its registered office in Maastricht, the Netherlands, having its principal place of business at Kerkewegje 1, 6305 BC Schin op Geul, listed in the Commercial Register under number 41077980, and as such duly authorised to represent the foundation, hereinafter also to be referred to as "**EFTA**";

INTRODUCTION

The person appearing first declared as follows. The "Fair Trade Advocacy Office", hereinafter to be referred to as "FTAO", has its registered office in Brussels, Belgium. FTAO is a joint initiative of:

1. Stichting European Fair Trade Association, a civil-law foundation, having its registered office in Maastricht, the Netherlands, having its principal place of business at Kerkewegje 1, 6305 BC Schin op Geul, listed in the Commercial Register under number 41077980, hereinafter also to be referred to as "EFTA";
2. World Fair Trade Organization Europe ASBL, a legal entity established under Belgian law, having its registered office in Brussels, having its principal place of business at Handelskaai 9, 1000 Brussels, listed in the Belgian Commercial Register under number 888374005, hereinafter also to be referred to as "WFTO-E";
3. Fairtrade Labelling Organizations International e.V. (eintragener [sic] Verein), a legal entity established under German law, having its registered office in Bonn, Germany, having its principal place of business at Bonner Talweg 177, 53129 Bonn, listed in the German Commercial Register under number VR7795, hereinafter also to be referred to as "FLO".

FTAO strives for fair trade with the object of acquiring a larger share in international trade. EFTA, WFTO-E and FLO have thereby agreed to incorporate this partnership in a civil-law foundation formed under the laws of the Netherlands.

The person appearing declared that she was forming a civil-law foundation [*stichting*] and for such foundation adopted the following

ARTICLES Article 1 - Name and registered office

1. The name of the foundation is: **Stichting Fair Trade Advocacy Office** (FTAO).
2. The foundation has its registered office in the Municipality of Schin op Geul.
3. The said organisations EFTA, WFTO-E and FLO are each considered a founder of FTAO.

Article 2 - Objects

1. The objects of the foundation are to advocate fair trade for the purpose of achieving a larger share in international trade, and to perform all such acts as may be related or conducive to the foregoing.
2. The foundation serves the general interest.
3. The foundation does not operate for gain.
4. The foundation tries to realise its objects, *inter alia*, by advocating the foundation's objects, preparing policy analyses, organising events, publishing articles, cooperating with key fair trade partners, and managing projects advocating the foundation's objects, all to support the foundation's objects. **Article 3 - Capital**

1. The capital designated for realisation of the foundation's objects shall be formed by:
 - a. gifts and donations;
 - b. subsidies;
 - c. amounts acquired by testamentary disposition or specific legacies;
 - d. amounts acquired from activities performed by the foundation;
 - e. amounts otherwise acquired.
2. The foundation may not distribute any amounts to founders or directors. This includes the direct or indirect allocation of any benefit at the foundation's expense, on account of goods or services supplied to the foundation.
3. Any costs incurred by directors in the performance of their duties may be reimbursed by the foundation.

Article 4 - Board: composition, appointment, dismissal

1. The Board shall be comprised of a minimum of three (3) and a maximum of seven (7) private individuals, provided that:
 - a. at least one director shall act as representative of EFTA;
 - b. at least one director shall act as representative of FLO;

- c. at least one director shall act as representative of WFTO-E;
- d. other directors, of whom one director shall act independently of any organisation affiliated with the foundation.

The Board shall determine the number of directors within the said limits. An incomplete Board shall retain its powers.

2. The directors shall be appointed by the Board, provided that:
 - the director as referred to in paragraph 1 under a shall be appointed on the binding nomination of EFTA;
 - the director as referred to in paragraph 1 under b shall be appointed on the binding nomination of FLO;
 - the director as referred to in paragraph 1 under c shall be appointed on the binding nomination of WFTO-E;
 - the director/s as referred to in paragraph 1 under d shall be appointed by the

Board, in which appointment it may be determined whether the director shall act as a representative of an organisation affiliated with the foundation's objects. Any person who does not have free control of his assets cannot be appointed director. Furthermore, any director of a foundation dismissed by the court cannot be appointed director of the foundation within a period of five years from such dismissal. Any vacancies shall be filled as soon as possible, but in any event within three months of occurrence.

3. The Board shall appoint, from its number, a chair, a secretary, and a treasurer, or in lieu of the latter two, a secretary-cum-treasurer.

In the event of the prolonged absence or inability to act on the part of an officer as referred to in the foregoing sentence, the Board may designate a director temporarily to perform the duties of such officer. The person thus designated shall hold the title of deputy chair, deputy secretary, deputy treasurer, or deputy secretary-cum-treasurer, as the case may be. The Board shall promptly report any such designation to the Commercial Register.

4. a. The directors shall be appointed for a maximum term of three years. These
directors shall resign in accordance with a schedule to be drawn up by the Board. A director resigning according to schedule shall be eligible for reappointment.
 - b. A director appointed to an interim vacancy shall take the place in the schedule of the person to whose vacancy he was appointed.

5. A director shall cease to hold his position:
 - a. upon his death;
 - b. in the event of his bankruptcy, if the statutory debt restructuring scheme is declared applicable to him, or if he files for a moratorium on payment of debts;

- c. in the event that he is placed under guardianship or if an administrator is appointed over all his assets;
 - d. as a result of his voluntary resignation;
 - e. as a result of his dismissal by the court;
 - f. as a result of lapse of the term for which he was appointed;
 - g. as a result of his dismissal by the joint other directors, at least two thirds of the directors being present or represented;
 - h. as a result of termination of his employment agreement with the organisation represented by him/her on the Board.
6. No more than fifty percent of the number of directors may have a family connection with another director. A family connection shall be understood to mean a blood relationship or relationship by marriage up to the fourth degree, as well as the capacity of a spouse, registered partner or other life partner.

Article 5 - Board: duties and powers

1. Save limitations according to these Articles, the Board shall be responsible for management of the foundation.
Each director shall be under an obligation vis-à-vis the foundation properly to perform the duties assigned to him.
2. The Board shall keep such accounting records, and retain the related books, records, and other data carriers, in respect of the foundation's financial situation and everything relating to the foundation's activities, in accordance with the requirements ensuing from such activities, in such a manner that the foundation's rights and obligations can at all times be known.
3. The Board may resolve to enter into agreements to acquire, transfer or encumber property subject to public registration, and to enter into agreements in which the foundation binds itself as surety or joint and several debtor, warrants performance by a third party, or provides security for a debt of a third party.
4. The Board may resolve to complete transactions in respect of which there is a conflict of interest between the foundation and one or more directors.
5. The Board may appoint a general executive for the day-to-day management. The duties, powers and responsibilities shall be set forth in writing. The Board shall ensure that any such appointment and the associated powers be entered in the Commercial Register.

Article 6 - Board: representation

1. The Board shall represent the foundation.
2. Furthermore, the power to represent the foundation shall vest in two directors acting jointly, at least one of whom must be the chair, the secretary or the treasurer, or the director who, according to an entry in the Commercial Register, deputises for one of those positions.
3. The power of the Board and the directors to represent the foundation as described in the two foregoing paragraphs of this article shall exist even in the event of a conflict of interest between the foundation and one or more directors.

4. The Board may resolve to grant a once-only or a permanent power of attorney to one or more directors and/or others, both jointly and each individually, to represent the foundation within the limits of such power of attorney.

Article 7 - Board: convocation, decision-making in and outside meetings

1. The chair as well as at least two of the other directors jointly shall be authorised to convene a meeting of the Board.
2. a. Notices convening meetings of the Board shall be sent by the persons referred to in the foregoing paragraph, or by the secretary on their behalf, in writing, with due observance of a term of at least seven days, not counting the day of the convocation and that of the meeting, stating the day, time of commencement, and venue of the meeting, as well as the items to be discussed (agenda). The items communicated to the Board in writing by one or more directors at least fourteen days prior to the day of the meeting shall be placed on the agenda.
b. A director who has communicated an address for such purpose to the foundation may be called to the meetings of the Board by means of a legible and reproducible notice sent to such address electronically.
3. The meetings of the Board shall be held in the location to be determined by the person convening the meeting or causing the meeting to be convened, without prejudice to the following. The Board may, either in regulations or in a resolution to that end, determine the location or locations where the Board meetings may be held.
4. In the event of acting in violation of any of the provisions of the two foregoing paragraphs, the Board may nevertheless adopt valid resolutions, provided that the directors not participating in the meeting have declared in writing, prior to the time of the meeting, that they did not object to the adoption of resolutions. A written declaration shall be understood to include a legible and reproducible notice sent electronically to the address designated for such purpose by the Board and communicated to all directors.
5. A director may grant another director written power of attorney to represent him at the meeting. A power of attorney recorded electronically shall be deemed to constitute a written power of attorney. Any director may represent only one other director at the meeting.
6. The Board may determine that directors can exercise their rights to attend meetings using an electronic means of communication. If the Board so resolves, the following requirements shall apply:
 - a director participating in the meeting in this way must be identifiable by the electronic means of communication;
 - such director must be able directly to take cognisance of, and participate in, the deliberations at the meeting;
 - such director must be able to exercise the voting right.

The Board may set further conditions for the use of the electronic means of communication. If the Board has exercised this power, the conditions set shall be communicated in the notice convening the meeting.

A director participating in a meeting using an electronic means of communication shall be deemed to be present at the meeting.

7. Each director shall have one vote in the meetings of the Board.

To the extent that these Articles do not require a larger majority, the resolutions shall be adopted by the Board by an absolute majority of the votes cast.

If the votes end in a tie, the vote of the chair shall be decisive.

If in a vote on the appointment of persons there are more than two persons to choose from, and none of them have obtained an absolute majority, a revote shall be taken between the two persons who had obtained the largest number of votes, if necessary after an interim vote on persons who had obtained an equal number of votes.

8. If the adoption of a resolution is subject to the requirement that a certain number of directors are present or represented, and such number were not present or represented at the meeting, after such meeting a new meeting may be convened. During the new meeting the same resolution may be adopted irrespective of the number of directors present or represented, by at least the majority of votes required for such resolution. In the event of acting in violation of this requirement, the Board may nevertheless adopt valid resolutions, provided that all directors are present or represented at the meeting, and provided by the majority of votes required for such resolution.

9. The Board may adopt resolutions outside meetings as well, provided that all directors cast their votes in writing.

In such event a resolution shall be deemed to have been adopted if the required majority of directors have declared to be in favour of the motion.

A written declaration shall be understood to include a legible and reproducible notice sent electronically to the address designated for such purpose by the Board and communicated to all directors

Any resolution adopted outside a meeting shall be communicated during the following meeting, which communication shall be entered in the minutes of such meeting. The votes cast in writing shall be attached to such minutes. **Article 8 - Chair of the meetings, minutes**

1. The chair, or his deputy, shall chair the meetings of the Board; in his absence the meeting shall appoint a chair from its number.
2. The chair of the meeting shall determine the voting procedure at the meetings.

If, however, one or more directors so require prior to the vote, votes on the appointment of persons shall be taken in writing and votes on business matters by roll call.

3. The decision on the result of a vote as expressed by the chair at the meeting shall be decisive. The same provision shall apply to the contents of a resolution adopted. to the extent a vote was taken on a motion not set forth in writing.

If the correctness of the chair's decision is challenged immediately after it has been expressed, a new vote shall be taken if the majority of the meeting or, if the original vote was not taken by roll call or in writing, any director so requires. Such new vote shall supersede the legal consequences of the original vote.

4. The secretary or the person designated for such purpose by the chair shall keep minutes of the proceedings at the meetings of the Board, unless the Board instructs that a notarial record be drawn up.

After adoption, the minutes shall be signed by the chair and the secretary.

Article 9 - Financial year; accounting

1. The foundation's financial year coincides with the calendar year.
2. On the last day of the financial year the Board shall close the foundation's books, based on which it shall draw up a balance sheet and a statement of income and expenditure for the preceding financial year as soon as possible, but in any event within six months of the end of the financial year.

The treasurer shall send such documents to all directors prior to the end of the term referred to in the foregoing sentence.

These documents shall be adopted by the Board and, in evidence thereof, signed by at least the chair and the treasurer, at a meeting to be held within seven months of the end of the financial year.

3. Before adopting the balance sheet and the statement of income and expenditure, the Board may have the documents audited by an auditor within the meaning of Article 2:393 (1) of the Netherlands Civil Code [*Burgerlijk Wetboek*] to be appointed by it.

Such expert shall report his findings to the Board and issue an opinion in that respect.

4. At a meeting to be held prior to the end of the financial year the Board shall adopt a budget for the income and expenditure for the following financial year.

The budget shall be drawn up by the treasurer and sent to all directors not later than in the penultimate month of the financial year preceding the financial year to which the budget relates.

5. The Board shall adopt a policy plan and update it periodically. The policy plan shall give an insight into the activities to be performed by the foundation, the way in which funds will be raised, and the administration and application of the foundation's capital.

Article 10 - Regulations

1. The Board may adopt one or more sets of regulations including all such provisions as may be required, at the Board's discretion. Regulations shall be set forth in writing, stating the day on which they will take effect, which day may not be prior to the day of adoption of the resolution. The Board may amend or revoke any such regulations. A resolution to amend or revoke the regulations may be adopted only

by a majority of at least two thirds of the votes cast in a meeting at which at least three fourths of the directors are present or represented.

2. Any provisions set forth in regulations that are contrary to the law or these Articles shall be non-binding.

Article 11 - Amendment of the Articles 1.

The Board may amend the Articles.

2. A resolution to amend the Articles may be adopted only by a majority of at least two thirds of the votes cast in a meeting at which at least three fourths of the directors are present or represented.
3. The notice convening the meeting in which a motion to amend the Articles is to be submitted shall at all times state such fact. In such event the term for convening the meeting shall be at least two weeks. Furthermore, a copy of the motion, setting forth the proposed amendment *verbatim*, shall be attached to the notice convening the meeting.
4. In the event of acting in violation of any requirement of the foregoing paragraph, the Board may nevertheless adopt a valid resolution to amend the Articles, provided that all directors are present or represented at the meeting, and provided by the majority of votes required according to paragraph 2 of this article.
5. An amendment of the Articles shall take effect at the time determined by the Board, but not until a notarial deed of amendment has been drawn up.

Directors authorised to represent the foundation shall also be authorised to have such instrument executed.

The Board may grant one or more directors and/or others, both jointly and each individually, power of attorney to have the deed of amendment executed.

Unless stated otherwise, a power of attorney granted shall include the power to instruct the civil-law notary.

6. The directors shall file an authenticated copy of the amendment and a full continuous text of the amended Articles at the offices of the Commercial Register.

Article 12 - Merger; demerger; conversion

The provisions of paragraphs 2, 3 and 4 of the foregoing article shall, to the extent possible, apply *mutatis mutandis* to a resolution of the Board to merge or demerge within the meaning of Title 7 of Book 2 of the Netherlands Civil Code, and a resolution of the Board to convert the foundation into another legal form in accordance with Article 2:18 of the Netherlands Civil Code, without prejudice to the requirements set by law.

Article 13 - Dissolution and liquidation 1.

The Board may dissolve the foundation.

The provisions of article 11, paragraphs 2, 3 and 4 shall apply *mutatis mutandis* to a resolution to dissolve the foundation.

2. In its resolution to dissolve the foundation the Board may determine the appropriation of a positive balance, if any. Such appropriation shall be in accordance with the objects of the foundation to the extent possible.

If and to the extent that the Board has not determined the appropriation of the balance in its resolution to dissolve the foundation, the power to do so shall vest in the liquidators listed below, with due observance of the provision of the foregoing sentence.

3. The directors shall be responsible for liquidation, unless in the resolution to dissolve the foundation one or more of them and/or one or more others were appointed liquidator.

If the directors are the liquidators, they may, in a resolution adopted by a majority of at least two thirds of their number, at all times delegate the responsibility for further liquidation to one or more of them, or one or more others in their place and/or in addition to them.

4. The liquidators shall arrange entry of the dissolution in the Commercial Register.
5. If it becomes apparent to the liquidators that the foundation's liabilities are likely to exceed the assets, they shall file for bankruptcy, unless all known creditors agree in writing to continuation of the liquidation outside bankruptcy.
6. After dissolution, the foundation shall continue to exist as long as necessary for liquidation of its assets.

During liquidation the provisions of these Articles shall remain in effect to the extent possible.

In any documents and announcements issued by the foundation, the words "in the process of liquidation" shall be added to its name.

7. The foundation shall cease to exist at such time as there are no further assets known to it or to the liquidators. The liquidators shall report the discontinuation of the foundation to the Commercial Register.
8. After completion of the liquidation, the books and records and other data carriers of the dissolved foundation shall be kept in the custody of the person designated in the resolution to dissolve the foundation or, in the absence thereof, by the liquidators. Such person shall report his designation for entry in the Commercial Register.

Final declaration

Finally, the following was declared on behalf the founders:

1. The number of directors has been set at three (3).

Appointed as directors, to the positions stated behind their names, are:

- a. Ms Margaretha Alida Gerarda Maria Kocken, residing at Kerkewegje 1, 6305 BC Schin op Geul, born in Enschede on the twenty-eighth day of January nineteen hundred and fifty-one, representing the said EFTA, as chair;
- b. Ms Louise Wilhelmina Maria Luttkholt, residing at Arminiusstrasse 8, 53118 Bonn, born in Eibergen, the Netherlands, on the first day of November nineteen hundred and sixty-nine, representing the said FLO, as treasurer;
- c. Ms Sophie Valérie Léon Tack, residing at Stroobantsstraat 10, 3040 Huldenberg, Belgium, born in Kortrijk [sic], Belgium, on the twenty-seventh

day of September nineteen hundred and seventy-three, representing the said WFTO-E, as secretary.

The Board membership is hereby accepted by the person appearing, Ms M.A.G.M. Kocken.

Acceptance of the Board membership by the persons referred to under 1.b and 1.c shall be evidenced by entry as such in the Commercial Register.

2. The foundation's first financial year shall end on the thirty-first day of December two thousand and eleven.
3. The foundation's address reads: Kerkewegje 1, 6305 BC Schin op Geul.

FINAL CLAUSES

The person appearing is known to me, notary. The identity of the person appearing was established by me, notary, based on the document referred to above and designed for such purpose.

WHEREOF THIS INSTRUMENT was drawn up in a single original in Culemborg on the date first before written.

After the substance of this instrument had been stated and explained to the person appearing, the latter declared to have taken cognisance of the contents of this instrument and not to require it to be read out in full. Subsequently, after having been read out in part, this instrument was signed by the person appearing and by me, notary, at fourteen hours and fifteen minutes.

By-laws

Article 1

Membership & membership obligations (*linked to "Introduction" of statutes*)

General conditions

The European Fair Trade Association (EFTA), Fairtrade International (FI/FLO) and the World Fair Trade Organization-Europe (WFTO-E) founded together the new legally-independent foundation "Stichting Fair Trade Advocacy Office" in 2011. They are the original Founding Members.

Since then, EFTA decided to withdraw its direct involvement in the FTAO. WFTO-Global (who could not join for financial reasons as founding members in 2011) in the meantime decided to become actively involved in the FTAO governance and meet the obligations linked to membership as of January 2015.

The obligations linked to membership are:

- 1) To commit to support financially the office for a consecutive period of three years, renewable at the end of each period.
- 2) To commit to contribute to the governance of the FTAO, as described in the statutes and by-laws. In particular, to nominate one or two members (see article 4) to the Board of Directors
- 3) To comply with the FTAO code of ethics and conduct

Following the initial three year membership period, full members may decide to stop their involvement and support for the Fair Trade Advocacy Office. In such case, they may resign, with a one-year prior notice to be sent by registered mail to the FTAO. During the period of notice the payment of the agreed membership fee shall apply.

Article 2

FTAO finances (*linked to Article 3 (Capital) of statutes*)

FTAO is financed by fees paid by its Founding Members as well as funds from other sources, such as grants and project-related income. The FTAO may accept funding for its work from any source given prior approval by the Board.

Article 3

Fees by members (*linked to Article 3 (Capital) of statutes*)

Membership fees should be sufficient to cover the minimum costs to run the office and employ the FTAO Director. These core cost shall be specified and identified in an annual budget to be approved by the Board. WFTO-Global and WFTO-E to be regarded as one body for this purpose and agree between them their contribution)

Article 4

Board members (*linked to Article 4 (Board: composition, appointment, dismissal) of statutes*)

The Board will be made up of at least five (5) and at most nine (9) natural persons

1. Independent Chairperson of the Board
2. Two persons representing Fairtrade International
3. One person representing WFTO-Europe
4. One person representing WFTO-Global
5. Up to four independent persons (co-opted at the discretion of the Board to bring in additional skills)

If/when one of the Board members appointed by FI, WFTO-Europe or WFTO-Global wishes to resign as a Board member, each organisation will have the right to immediately replace him/her by a new Board member, selected at its sole discretion. The decision on who to appoint is exclusively a decision of each organisation.

The independent members of the Board referred to under article 1.4 (d) of the FTAO's statutes are not to represent their respective networks or organisations, but to advise the FTAO on how to better achieve its mission to support Fair Trade and trade justice. The Board as a whole has a responsibility to find suitable persons for these positions. They may - or may not - work for WFTO and FI or any of its members.

The process to appoint a new Chair and independent Board members will be led by the Board, with the support of the Executive Director.

Article 5
Board duties and powers (*linked to Article 5 (Board duties and powers)*)

The Board may establish advisory groups on specific issues. Such groups shall have written terms of composition, reference and reporting and contain at least one Board director.

The Board may also appoint "special advisors" on specific areas (e.g. special advisor on financial management).

Article 6
Decision-making quorum (*linked to Article 7 (Board: convocation, decision-making in and outside of meetings) of statutes*)

The necessary quorum for the Board to take binding decisions is four (4) Board members (including the Chair, who is also a Board member).

Article 6
Reserves (*linked to Article 9 Financial year, accounting) of statutes*)

The Board will ensure that a sufficient amount of unrestricted reserves is kept on a permanent basis. These unrestricted reserves should be sufficient to meet three months core running costs and all legal obligations towards the foundation's employees in case the foundation is required to wind up and cease activities.

* * *