

ethical consumer

Annual Review

July 2016



Ethical Consumer Research Association Limited

Welcome

to our Annual Report for 2015/16

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1 Financial Performance

Although Ethical Consumer showed a small loss (£2,569) in the 2015/16 financial year, it is generally in very good shape. The loss itself is less than 1% of total turnover, which (at £552,609) rose by 10% - across most key income streams - in the year under review.

Subscriptions have continued to grow and monthly web visits are now at an all time high of around 120,000 per month. Part of this we think will be linked to the recruitment of a new Website Editorial Assistant in September who is now focussed full-time on this area of our output. The Lush Prize, a key element now in our 'consultancy' work, also generated extra work with a special 'breakthrough' award in 2015.

Our capital position remains strong with share capital now standing at £392,051. We attracted £44,871 of new investment and repaid £19,747 to investors who requested repayment in the year under review. Capital has helped us to install a new digital phone system and to permit the development of a virtual London office where two of our staff now work.

Net assets rose from £187,641 to £218,094 and cash at bank remains strong at £261,028. We opened a Unity Trust Bank account to add to our existing Co-operative Bank and Triodos Bank accounts. This was designed to spread the risks relating to the government's Deposit Guarantee Scheme.

2 Financial Years to March 31 2015 & March 31 2016

Profit and loss accounts

	Year to 31 March 2015	Year to 31 March 2016
Turnover	506,091	556,720
Cost Of Sales	(55,446)	(55,499)
Gross Profit	450,645	501,221
Distribution Costs	(10,448)	(12,065)
Administrative Expenses	(458,705)	(480,829)
Operating Profit/loss	(18,508)	(8,327)
Interest Receivable	40,145	1,175
Interest Payable	(12,123)	(12,071)
Tax On Profit On Ordinary Activities	0	0
Profit/loss For The Year	9,514	(2,569)

Balance sheet

	as at 31 March 2015	as at 31 March 2016
<i>Fixed assets</i>		
Tangible assets	41,161	38,208
Investments	10,080	15,080
Subtotal	51,241	53,288
<i>Current assets</i>		
Stock	522	500
Debtors	76,537	60,023
Cash at bank and in hand	216,022	261,028
Subtotal	293,081	322,551
Creditors (falling due less than 1 yr)	(156,681)	(157,745)
Net current assets/(liabilities)	136,400	164,806
Net assets/(liabilities)	187,641	218,094
Share capital	359,029	392,051
Accumulated reserves	(171,388)	(173,957)

3 Interest rate for shareholders and future spending

Interest rates

As mentioned in previous newsletters, it is the Board's goal to offer investors stability by holding rates steady over the medium term and to maintain share capital at roughly similar or higher levels. It is therefore Ethical Consumer's intention to maintain the current interest rate of 3.25% for the foreseeable future.

Spending plans - publishing

As mentioned in last year's newsletter, we are planning to spend more capital on a substantial rebuild of our online consumer offerings with particular attention to mobile and tablet users. In 2016 we plan to hold some focus groups to explore some of the options for development with customers in some detail.

The clear consumer demand for specific product guide information (from our website statistics) guided us in the development of a new research plan: researching fewer high-demand guides (around 130), but update them more regularly. We also plan to recruit an additional researcher in order to help us meet the new targets that this plan demands.

Spending plans - Journal of Consumer Ethics

After some years of deliberation, we now feel the time is right for a new academic journal looking at ethical consumer issues. The Journal of Consumer Ethics will be an open access, digital-only, inter-disciplinary academic journal for research into ethical consumer behaviours, institutions, interventions and campaigns. The first issue is planned for March 2017 and we hope that it will break even, and begin to pay back investment within 3 years. It will be based at the ethicalconsumer.org website. More information will appear in our magazine as this exciting new project develops.

4 Research Highlights

Rainforest Foundation Palm Oil Ranking

In March 2016 the Rainforest Foundation launched a new palm oil guide featuring research conducted by Ethical Consumer. It was advertised with posters on the London Underground (see above). The guide rates and ranks over 100 companies based on their use of palm oil and palm derivatives, and covers a number of products from chocolate to shampoo. This research was an update to the Rainforest Foundation's 2014 palm oil guide.



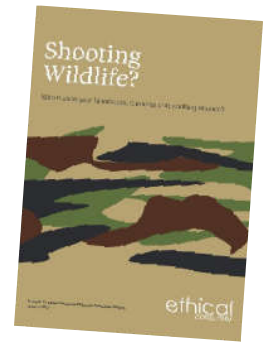
Fashion Revolution Transparency Index

In April 2016 Ethical Consumer partnered with Fashion Revolution to publish the first edition of the Fashion Transparency Index. The index rates 40 of the biggest global fashion brands and companies, according to the level of transparency in their supply chain.



Shooting wildlife – who makes your binoculars, cameras and spotting scopes?

In February 2016, we published a report looking at how consumer optical instruments manufacturers were also, in many cases, sponsors of the shooting industry and shooting events. The report is beginning to create powerful new debates within wildlife groups around the UK.



5 Publishing Highlights

Website development

We are still working towards a major redevelopment of our website in 2017, but have put together a redesigned homepage in the interim.



Magazine

This year we asked for readers to vote on which products to research for our special food issue. In May we released a guide to veggie burgers and sausages, rice and cooking oil.



New web editorial assistant

In September 2015 Georgina Rawes began working at Ethical Consumer in our first full-time web-only publishing role. Georgina has played an important part in helping to increase our monthly web visits to 120,000 and in maintaining our growth in paying subscribers too.



6 Research Highlights

Our Tax Campaigning continues to make impacts

We have been delighted at the way the Fair Tax Mark has continued to grow at pace over the last year. The Co-operative group was amongst the new signings in the second year, while all the companies who signed up in the first year have re-signed.



Amazon also announced during the year that it had started to book retail sales through its UK branch from May 1st 2015, ending the practice which saw them route sales directly through a Luxembourg subsidiary. We are maintaining our boycott campaign until the impact of their promises on actual tax paid become clearer.

Customer Union for Ethical Banking established

Our plans to use a crowd-funding appeal to float off the Save Our bank campaign as a separate Customer Union for Ethical Banking raised twice as much as we needed to get going. We think that the idea of having a democratic customer unions campaigning for ethics inside our favourite companies may prove to be an idea which could well work elsewhere. Along with the Fair Tax Mark, this is the second new co-operative/mutual society which now operates from the Ethical Consumer offices in Manchester.



Carbon Divestment to be our New Campaign for 2016

In July 2016 we plan to begin campaigning around the idea of 'personal carbon divestment' using our buyers guide to ethical banks and investments to highlight which companies are still backing fossil fuel businesses.



Lush Prize – special breakthrough award

The 2015 Lush Prize Awards made a special 'Black Box award' which recognised the first group of scientists to fully map a 'human toxicity pathway'. The pathway they mapped was for allergic reactions in the skin, and we also heard about the alternative tests which have been developed to test for this outcome.



It is called the 'Black Box Prize' because traditional product safety testing, relying on animal tests, explains little about whether and how chemicals cause adverse health effects: it treats the issue as a 'black box'. It is hoped that the prize heralds a new era of superior, human cell-based research.



Annual Conference, London

Our 2015 conference in London was the biggest yet, with around 180 people attending. It was entitled "Mainstreaming Ethical Consumption: challenges, opportunities and risks" and we brought together leaders in their field to help develop thinking on how we need to evolve to meet the demands of the mainstream. Speakers included representatives from Lush, Fairphone, the Fairtrade Foundation and conference sponsors Triodos Bank.

Follow your heart. Use your head

Triodos Bank



7 Ethical Consumer Annual General Meeting 2016

We are planning an experiment in 2016 whereby we will separate our AGM from our annual conference, and hold it in Manchester instead of London

Our 2016 AGM will be a smaller affair, happening the week before the conference, on a Saturday, & offering opportunities for informal discussions between investors and staff.

Date: Saturday 24th September
Time: 12.00 -16.00
Venue: Friends' Meeting House
6 Mount Street, Manchester M2 5NS



12.00 -13.00 Meet Ethical Consumer with buffet lunch
13.00 -13.30 Introduction to AGMs / role of investors / multi-stakeholder co-op
13.30 -14.00 What has Ethical Consumer been up to over the past year?
Highlighting: LushPrize, FairTaxMark, Optics, Badgers etc
14.00 -15.00 Formal AGM
15.00 -16.00 Refreshments – investors tell us what you think of Ethical Consumer?
Ask us questions / make suggestions

Investors may also attend via our conference line - participant code: 922057
Call freephone: 0800 254 0230 or for overseas callers: + 44 (0)203 559 0230

Do please let us know if you'd like to attend by RSVP-ing to:
heather@ethicalconsumer.org or by phoning the office on: 0161 226 2929.

8 Board of Directors

The Directors at 31st March 2016 were:

5 worker directors (staff elected)

- Rob Harrison
- Jane Turner
- Tim Hunt
- Leonie Nimmo
- Heather Webb

2 non-exec directors (board appointments)

- Shaun Fensom
- Sam Kimmins

2 investor member directors (member elected)

- Ruth Rosselson
- Dan Welch

Luke Upchurch, one of our non-executive directors, left during the year as a move from Consumers International to Article 19 meant that the role was no longer practical for him. We thank Luke for the work and additional advice he gave us during the year.

The board was interested in finding a director who would be able to help Ethical Consumer develop the consultancy side of the business – which is becoming increasingly important to us financially. Sam Kimmins, who once worked for Ethical Consumer on the Green Building Digest and who has remained in touch with members ever since, was approached and invited to join.

For the past six years Sam has worked as Principal Sustainability Advisor at Johnathan Porrit's consultancy organisation Forum for the Future. His clients have included ABNAmro, BT, China Navigation, JSainsbury, Maersk, NZ Sustainable Business Council, UCL, and the Welsh Assembly Government.

While at Forum, Sam spearheaded the Sustainable Shipping Initiative, which recently won the Guardian Sustainable Business Award for innovative consultancy.

Previously, Sam spent 10 years developing and embedding sustainable design strategies while running (Building Research Establishment) BREEAM teams for major built environment projects at WSP and Beyond Green. Clients included Bovis Lend Lease, B&Q and Savilles,.



Sam holds an MSc in Pollution and Environmental Control from the University of Manchester and a BSc in Natural Environmental Science from Sheffield University.

9 Standing and Participating in Elections

Any of our investor members who have held shares for twelve months may stand for election to the Board of Directors. Investor members may nominate candidates for the board (members may nominate themselves or another person). If there are more candidates than vacancies, a postal or email ballot will be held.

The term of office for directors is two years and a fee of £150 per meeting attended is currently payable in lieu of expenses. Particular skills sought by ECRA's current board include accountancy and grant fundraising, but simply an informed outside view will be valuable too.

Full details are available in the Society's rules which are available to download on the Ethical Consumer website at:

www.ethicalconsumer.org/aboutus/membersarea/uniquestructure

Duties of a Director

- Attending Board meetings, which are currently held quarterly in Manchester
- Additional work or discussions carried out between board meetings (normally by email)
- Attending General Meetings

We contacted investors by email in April this year to see if anyone was interested in standing in 2016, but received no replies. If you are interested in standing next year, a useful first step would be to attend our 2016 AGM in Manchester on September 24th (see section 7 above).

Otherwise, for more information, do please contact: heather@ethicalconsumer.org or phone Rob or Simon in the Manchester office on 0161 226 2929.

10 Annual Conference - Friday September 30th 2016

Collaborating for change: How consumers, business, campaigners and governments can work together to advance ethical markets

Join Ethical Consumer and a host of campaigners as we discuss some of the big issues in the markets for ethical goods and services and ask how we can work strategically with multiple stakeholders to achieve real social and environmental change.

Venue: Amnesty Human Rights Action Centre,
25 New Inn Yard, EC2A 3EA London. (Fully accessible)
Date: Friday, 30 September 2016
Time: from 09:45 to 18:00

Vegan / vege buffet inc in the ticket price

Event highlights:

- **Rob Harrison**, founder and co-editor of Ethical Consumer, on the current growth in ethical markets
- **John Hilary**, Executive Director of War on Want, on the Boycotts, Divestments and Sanctions movement
- **Marilyn Croser**, Director of Core (Corporate Responsibility Coalition), on holding companies to account.
- Debate on “**Brexit - where next for Ethical Consumerism in the UK?**”
- Plus the **Fair Tax Mark, Fashion Revolution, Modern Slavery Act, Conflict Minerals** and more to be confirmed.



More information will be appearing on our website at:
www.ethicalconsumer.org/conference2016

11 Legacy Giving - become an *Underground Activist*

As the campaigning side of our work doesn't generate revenue, we rely on working in partnership with others, with occasional grant support. This limits the development of consumer campaigns and our ability to take-on corporate power in the way we wish to.



Enrich the grassroots!

We recognise that to create, launch and sustain truly effective campaigns programme we need dedicated resources. We are therefore looking to build a long-term fighting fund through legacy giving.

Please consider contributing to Ethical Consumer's campaigning fund by remembering us in your will. This can be done when you write a new will, or by making a simple amendment (codicil) to an existing will.

You can download our Legacy Giving Guide at www.ethicalconsumer.org/legacy or you can order one by phone on 0161 226 2929.

12 Tax on interest accrued on your shareholding

When ECRA converted to an Industrial and Provident Society in October 2008, we were no longer permitted by law to deduct tax from interest accrued in shares or loanstock accounts.

We are however required to send Revenue and Customs a list of all the names and addresses of members/loanstock holders who have earned interest of at least £250 on their holdings in the preceding period.

13 Forms for Increasing, Reducing or Converting your Investment

If you are already a member and would like to invest further money in ECRA, please fill in Form A on page 8. Shares attract interest at 3.25%.

If you are a shareholder and you would like to reclaim some or all of your investment, please fill in Form B below.

If you wish to become a new investor you will need to fill in the new member application form at Form C below. Shares attract interest at (currently) 3.25% and have additional member benefits.

Code of Practice

ECRA, unlike banks and building societies, is not subject to prudential supervision by the Financial Conduct Authority. Ethical Consumer abides by a code of practice which requires it to provide a statement to its shareholders on the nature of their investment and any change affecting it.

The position you occupy as a shareholder of ECRA is no different from that of a shareholder in any other corporate body in the sense that, if ECRA fails, you may not have all, or any of your investment returned to you.

Your liability, however, does not extend beyond your own investment. Your investment is withdrawable without penalty.

If you have any questions regarding the code, please address them to:
The Secretary, ECRA, Unit 21, 41 Old Birley St, Manchester M15 5RF

Please contact Ethical Consumer for more information where required on 0161 226 2929.

**Thank you for investing in Ethical Consumer Research Association Limited.
It is support from our members that enables us to challenge corporate power.**

Form A: Share Account Investment Form

Members of Ethical Consumer Research Association Ltd are advised that investments can be made by cheque or bank transfer to 089000 70923146. Please use your name as a reference.

I wish to invest a further £

Amount in words

I wish to pay by:

- cheque (enclosed)
- bank transfer

Title: Mr Mrs Miss Ms Other (please delete)

Name(s)

Address

.....

.....

.....

Signature **Date**

Please sign and return this form to:
Ethical Consumer Research Association Ltd, Unit 21, 41 Old Birley Street,
Manchester M15 5RF.

Please contact Ethical Consumer for more information where required on
0161 226 2929.

Form B: Share Account Withdrawal Form

I wish to withdraw/be repaid £

Amount in words

Title: Mr Mrs Miss Ms Other (please delete)

Name(s)

Address

.....

.....

.....

Signature **Date**

Please sign and return this form to:
Ethical Consumer Research Association Ltd, Unit 21, 41 Old Birley Street,
Manchester M15 5RF.

Please contact Ethical Consumer for more information where required on
0161 226 2929.

Form C: New Member Application Form

Full Name(s).....

Address

.....

.....

.....

Telephone number.....

Email

I wish to apply for membership of Ethical Consumer Research Association Ltd.
I confirm that I agree to be bound by the rules of the co-operative.

I enclose a cheque, payable to Ethical Consumer, for the initial investment of

£.....

OR

I have made a bank transfer to 089000 70923146 on (date)
using my name as a reference for (amount):

£.....

Signature **Date**

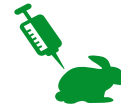
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ethical
consumer



Your very own cut-out-and-keep
"Badge of Honour"



BBC Radio 4 - Moral Maze
17th February 2016

the guardian
UK election world sport football opinion culture business lifestyle fashion environment tech travel

home > lifestyle > food health & fitness love & sex family women home & garden

Guardian sustainable business
Starbucks and Harris + Hoole share the dregs in ethical coffee rankings

UK's biggest coffee shop brands Costa, Caffè Nero and Starbucks perform poorly in new ethical scorecard ranking companies on treatment of staff and suppliers, environmental policies and tax avoidance

Tom Levitt
@tomlevitt
Tuesday 21 April 2015 09:14 BST
2,393 34



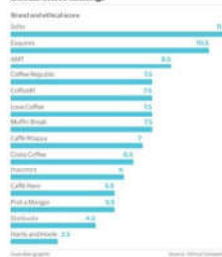
Protesters at the Vigo Street branch of Starbucks just off Regent Street, central London, occupying and protesting against Starbucks' corporate tax policies. Photograph: Andrew Dimes for the Observer/Reuters/Chris

Consumers have been urged to switch to independent coffee shops after major brands including Costa, Caffè Nero and Starbucks scored poorly in an assessment of their social and environmental impacts.

As well as being penalised for its well-publicised tax avoidance, Starbucks was criticised for trade union violations, removing paid lunch breaks, political lobbying and a lack of commitment to sourcing sustainable palm oil.

Caffè Nero was found to have little evidence of environmental or ethical sourcing, while Costa's policies were described as "weak" in the ratings scorecard produced by Ethical Consumer magazine.

Ethical coffee rankings



Top of the ranking were the SOHO Coffee company, Equinox and AMT, with SOHO the only coffee chain whose coffee, tea and hot chocolate was all Fairtrade.

Booming coffee sales

The last 15 years have seen a boom in the UK's coffee shop market, with growth of more than 10% in 2014 alone. The main beneficiaries have been the big brands - Costa, Starbucks and Caffè Nero - which together now own more than 3,000 shops.

Join Guardian Sustainable Business

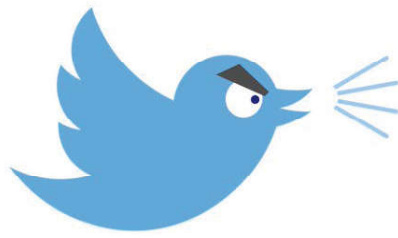
Sign up today and receive exclusive member newsletters, networking opportunities, member-only discounts and more.

[Join now](#)

However, all three have been mired in accusations of unethical financial arrangements (see footnote), Caffè Nero, owned by a company registered in the Isle of Man, and Starbucks have both been criticised for the low amount of tax they pay in the UK.

Other brands also have complicated ownership. Etazza is owned by the SSP Group, in turn half owned by the private equity firm EQT





HSBC & Barclays present the 'Fracking Awesome' **Community Steamroller Display Team**
 The 'Illusion of Democracy' national tour
 Choreography by HM Government



"You'll gasp at their definition of sustainable development"

Appearing at shale gas deposits near you!

MOVE NOW to avoid disappointment (& minor earthquakes)





Ethical Consumer Research Association Limited
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0161 226 2929

enquiries@ethicalconsumer.org

