



SUSTAINABILITY REPORT 2019

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**‘SOCIALLY RESPONSIBLE BUSINESS’ IS NOT JUST FANCY WORDING
TO US; IT IS THE CORE OF OUR CORPORATE IDENTITY’**

This report has been prepared in accordance with the GRI Standards: Core option

TOP BANANA: A WORD OF WELCOME BY OUR CEO;



Once again the AgroFair-team has done us proud by putting together an excellent sustainability report. Evidently, a main theme of this year's report must be the Corona-pandemic and the consequences brought about by the Covid scare.

Taking a historic perspective: epidemics are not unique to our times; they have been around since long before the pre-industrial era. In Late Antiquity, we know of the Antonine Pest (caused by a Variola virus) as recorded from the year 165 AD by the illustrious physician Galenus (129-200). At the time, the spread of the virus was boosted by the movements of Roman army units. The Plague of Cyprian, named after the bishop of Carthage (200-258), wreaked havoc from 251 until 266 AD and was caused by an Ebola-variant. Even in comparison with the current Corona-pandemic, these were by no means minor outbreaks: five million people lost their lives owing to the Antonine Pest.

Some historians attributed the outbreaks of ancient times to climate change, almost suggesting a forewarning to modern Western society, concealed in the fate of the great Roman civilisation that we, in many respects, consider to be our cultural forebears.

Pandemics of the past give us little to help us counter the concerns and challenges that we are facing today. Our present understanding of microbiology is miles apart from the teachings of Galenus. We now know so much more about the principal ecological systems and biospheric cycles. Our understanding of what could be done or what should be done is so much clearer. Yet real change remains impeded by a lack of courage and perseverance, or possibly by an insufficient willingness to make sacrifices. Maybe something

of the magnitude of the present Corona crisis can kindle that sense of urgency.

At AgroFair, we try our utmost to do our part. In the past year we continued on several important projects. We are working on plastic and water reduction and setting up an experimental agroforestry project. With modern data analytics we strive to analyse and reduce losses owing to fruit decay.

A big change for us as office dwellers: we now travel less, work from home more, connect through the use of modern means of communication, paying closer attention to one another as we go. As a multinational company in a nutshell, this does have its positive effects: our virtual teams consists of members based in Peru, Ecuador, Panama and the Netherlands and thanks to video-conferencing we now have stimulating and fruitful weekly meetings. As far as I am concerned we will keep it that way and refrain from flying unless we absolutely have to.

For now, I hope you enjoy reading this report, and wish you all the best.

Hans-Willem van der Waal

INTRODUCTION



With this annual sustainability report we would like to update you on the progress that AgroFair Benelux BV has made since the previous report of October 2019, and on the steps forward that we are taking on the subject of sustainability.

Remember us? We do fruit. Actually we do a lot more than fruit: we try to do good through fruit. And we do this together with a number of associated companies. Essentially, we work at chains, because to produce wonderful fruit and just let it sit there is not a very satisfying business model. If we are going to make a change for the better, we need healthy proceeds. If we need proceeds, we need to get the fruit to where it makes a profit. So we need chains. By necessity, that is our primary point of interest: the development and management of sustainable trade chains of tropical fruits. Main links in this chain are the import of the fruit from the producing countries and the marketing and sales of these products to the retailers at our end of the world.

FRUIT FOR THOUGHT

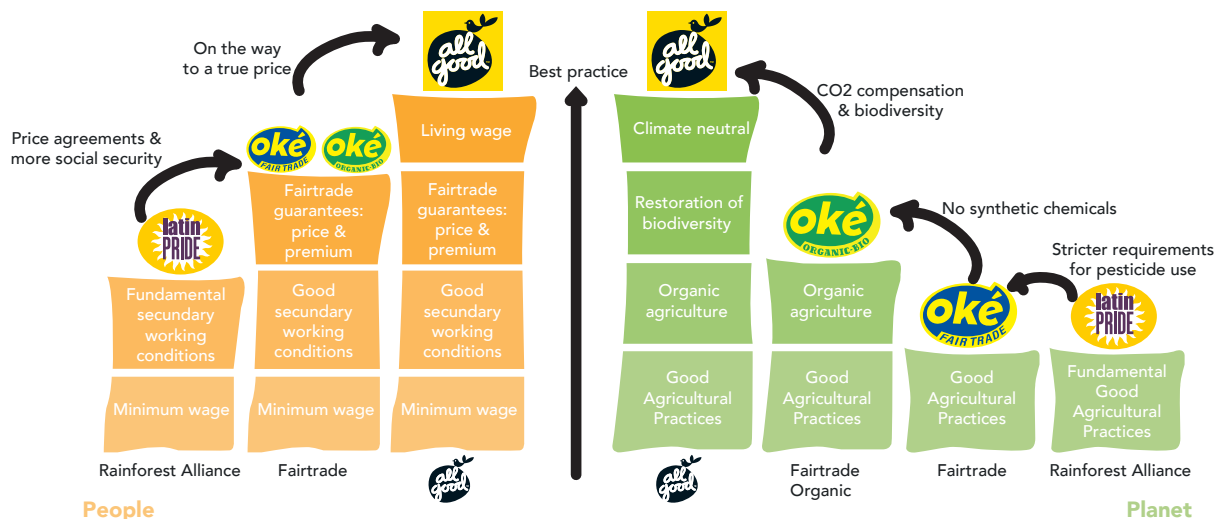
Once upon a time, we started out as pioneers in the fair-trade industry. Today, from our headquarters in Barendrecht (the Netherlands), we are proud market leaders in fair and sustainable tropical fruit and fruit-related products. Our dedication to do business in an inclusive way sets us apart: we put special emphasis on smallscale producers and on plantation workers. We join these companies in a

contract: introducing them to fair, responsible and social environmental and economic standards. This helps them to boost labour and living conditions locally and to play a part in a global effort to protect our planet. In return they get a stake in the governance and share capital of our company. If that sounds ambitious, how about this: we are looking to bring balance & harmony. Balancing production with the surrounding ecosystems, leading to a better livelihood for producers, their employees and families, bringing harmony all around. We dare to dream. Why wouldn't we? And it works: our chains bear fruit! We provide the consumer with wonderful tropical fruits that are produced fairly and in an ecological and sustainable manner. We focus on the healthiest of fruits, combined with a healthy sense of business. Being green does not mean being stale! We are always looking to combine innovations in logistics and sustainable and inclusive production processes with fresh marketing concepts, bringing our personal shot of vitamins to inspire the entire industry.

THE FRUIT OF OUR LABOUR: OUR BRANDS

We are very proud of our brands of fruit:

ON THE WAY TO THE MOST SUSTAINABLE BANANA





Our Latin Pride brand is RainForest Alliance certified; the solid base of our brand pyramid.



The Oké brands represents our strong commitment to our planet, its people and to fair trade prices. Both brands have been crowned with the Fairtrade Quality Label, certifying that the production of these fruits complies with the highest social and environmental standards. On top of that, our green Oké brand is also certified organic.



On top is our All Good brand, the first true price banana

SHARE, SHARE, SHARE

AgroFair is a private company with limited responsibility according to Dutch Law. Our producers are legal participants in the company. We believe that joint ownership contributes to our goal of empowering producers and creating cooperation throughout the fruit chain. Our shareholders join us in this vision. Our shares are divided between the Cooperative of Producers of AgroFair (CPAF) and a number of ethical investors.

Producers not only partake in the benefits of the company, they also have a say in the company's policy at the General Assembly of Shareholders. Regular meetings between AgroFair and the producers, bringing numerous operational and strategic issues to the table, are a matter of course.

MEET OUR SHAREHOLDERS:

• COOPERATIVE OF PRODUCERS OF AGROFAIR: CPAF

After one year of supplying products to AgroFair or alternatively after one complete season of supply, all Fairtrade certified producer organisations may apply for membership of the CPAF. The Cooperative works at sharing knowledge and expertise among its members and represents

them at AgroFair's Assembly of Shareholders. Voting power in the Cooperative has a dual base. It is calculated by the average fruit value per producer plus a vote according to the 'one man one vote' principle. This approach aims to ensure democracy and to protect producers who supply smaller volumes. Dividend distribution within the Cooperative is based on the value of the fruit delivered to AgroFair.

• EL GUABO

Our direct shareholder El Guabo is an Ecuadorean association of small banana producers. El Guabo bananas are produced in an environmentally, socially and economically sustainable manner under Fairtrade conditions.

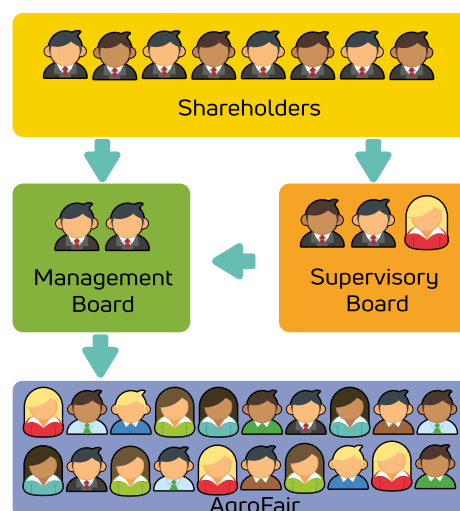
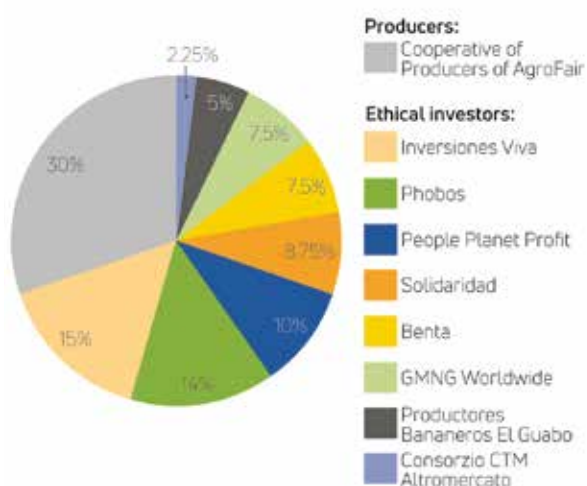
• ETHICAL INVESTORS

These shareholders promote a sustainable development model in Latin America and aim to support long-term objectives that benefit society as a whole. Among them is our founder Solidaridad.

FROM HERE TO THERE:

On the next page you can find a map of producing countries and the distribution of our offices.

THE CURRENT DISTRIBUTION OF SHARES





BANANA ON TOUR: THE SUPPLY CHAIN



The banana farmer delivers the produce to the nearest packing station – in some cases via an intermediate collection point. After harvesting is complete the fruit is selected, labelled and packaged at the packing station. During the packaging process, most production sites apply box code labelling for tracking purposes.



During maritime transport, bananas are stored in large refrigerated containers.



Upon arrival in Rotterdam Harbour, the bananas continue by road to our warehouse in Barendrecht where the yellow gold (that is actually still green at this point) is unloaded and inspected by our Quality Control Team to make sure they are top bananas: meeting with our Quality and Health & Safety requirements.



Next step is a little banana wellness break: time-out for ripening. Through the use of climate control and natural gasses, this can be done to the retailers' exact specifications.



The last leg of the supply chain is the trip to retailers and finally to our end-user: the consumer. All in all it's a long haul, but the glorious fruit is definitely worth it!

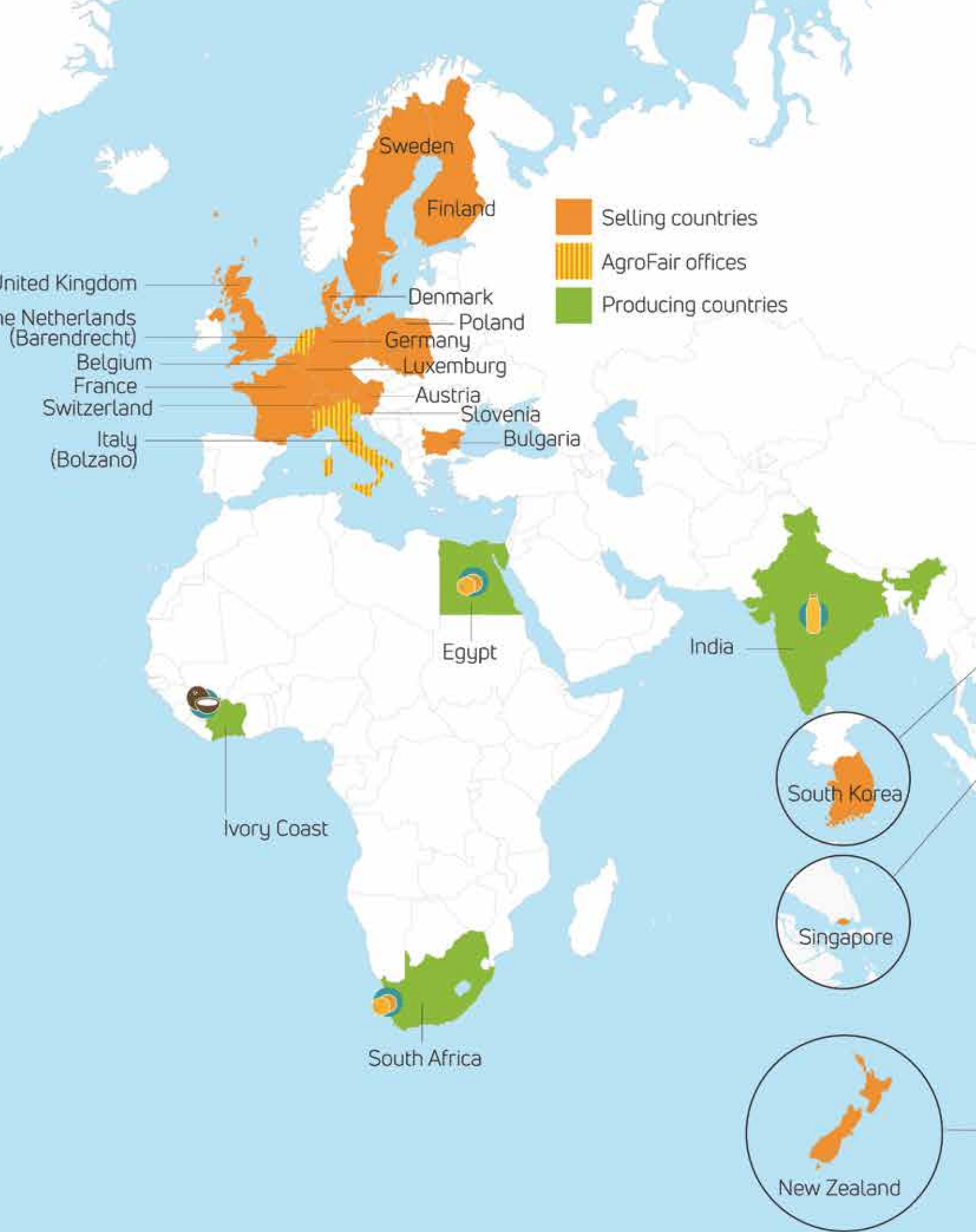


DISCOVER MORE ABOUT OUR SUPPLY CHAIN
WWW.AGROFAIR.NL/SUPPLY-CHAIN



A world map of producing countries, selling countries and the distribution of our offices.





OUR SUSTAINABILITY STRATEGY

F AIR TRADE

AgroFair is a socially responsible enterprise. We were founded in 1996 by the Dutch NGO Solidaridad, for the sole purpose of launching the Fairtrade banana on the market.

Since then, our business has expanded considerably. 'Socially responsible business' is not just fancy wording to us; it is the core of our corporate identity. Our producers and suppliers, mostly cooperative organisations of banana farmers in Latin America, own a large chunk (42%) of the company shares. Our suppliers have a real say and stake in the company. What's more, as shareholder they have the right to appoint one member on the supervisory board.

The production of bananas has not always exactly been squeaky clean where human rights and the environment are concerned. This was the reason that Solidaridad initiated the Fairtrade standard for bananas in the first place. Our social responsibility policy is firmly linked to our belief in and commitment to the Fairtrade certified banana.

GOING GREEN

Over the years, our trade has branched out into organic bananas, Rainforest Alliance certified bananas and the Demeter banana. We have become members of the Sustainability Initiative for Fruits and Vegetables (SIFAV), which recognizes all these certifications as sustainable (social and/or environmental). We are also part of GlobalGAP which is the leading food safety certification. In the practice of our sourcing policy, we require that all our suppliers stick to the standards of the SIFAV system, keeping AgroFair's sustainable sourcing

policy at as close to 100% as possible. We have been right around that number for some years now. It is our commitment to go as green as we can and keep this figure up. Since its foundation in 2009, AgroFair is also active member of the World Banana Forum (WBF), a multi-stakeholder platform of the banana industry, with a permanent secretariat at the headquarters of the FAO in Rome.

KEEPING AN EYE OUT

Even if it were possible for all products we trade now or in the future to be covered with social and environmental certification at the same time, certification is never the end goal. To us, sustainability goes way beyond certification. Our socially responsible business policy is seeped throughout the business, serving as a code and a guideline to constantly assess our supply chain risks and improve the social and environmental impact that we have on our suppliers, their communities and the environment. Closer to home, we apply the same principles of care & benefit to our own organisation in Latin America and Europe.

FIVE P'S IN A POD

Strategy time: the approach of our policy is that we will not write out again what has been written out elsewhere. Our policy provides guidance on how we conform to existing principles and standards, how we evaluate performance, identify risks and deal with new and unexpected situations. The bottom line is that we conduct all our business in line with our business principles: the 5 P's of the 2030 Agenda for Sustainable Development.



SUSTAINABILITY POLICY & STRUCTURE

WHAT'S EATING US: CHALLENGES IN THE AGRICULTURAL SECTOR

We operate in the agricultural chain, more specifically in tropical fruit. Our sector gears us towards a number of specific challenges.

INTENSIVE FARMING

Intensive farming is a great concern. By scaling up and intensifying agricultural growth, yields per hectare have increased. On the down side this has led to the depletion of natural resources (such as soil and water) and an increased use of chemicals in order to fight the pests that come along with intensive monoculture farming.

HUMAN LABOUR

Despite the intensification, agriculture is still for a large part dependent on human labour. Although these human hands are of vital importance, agricultural labour is still highly undervalued and hence underpaid in all parts of the world, but especially so in tropical regions. This has led to the work being done increasingly by migrant workers from other countries in the region – with all the social issues related to mass migration.

GLOBAL LOGISTICS

The world having turned into a global village, goods are being transported around the globe every day. Production input, raw material and packaging materials are among the products that are often sourced and produced far from the location where they are used. The effects of global logistics are a significant cause of emissions around the world.

PULLING TOGETHER

The issues above represent a worldwide challenge to which we cannot make a difference by operating on our own. We believe it is essential that all parties in the chain work together towards solutions.

All businesses must share responsibility and we encourage or even oblige our partners in the chain to do the same. It is not enough to just put words to paper. A sustainability policy can only be really effective when it forms a part of our daily routine. We want this mindset to be deeply embedded in our corporate DNA.

To some extent, all issues above are addressed in global certification standards such as FLO Fairtrade and EU organic. To AgroFair, these certifications are of great value as a starting point. They serve as a baseline to which we and our partners should adhere. But we want to do more. Standards are not enough to counter all the challenges coming at us, so where reality demands it, we go an extra mile and may compel our partners to stand with us. We call this 'active sustainability'.

DO ONTO OTHERS... OUR BUSINESS PRINCIPLES

If we want to lead by example, it is vital to define what behaviour and culture we want to promote as a company: the core values of AgroFair. We set these values by de-fining our business principles and offering practical guidance on how to conduct our business. These principles are not exhaustive but indicative: pointing our noses in the same direction.

**A SUSTAINABILITY POLICY CAN ONLY BE REALLY EFFECTIVE
WHEN IT FORMS A PART OF OUR DAILY ROUTINE.**

BUSINESS PRINCIPLES



We conduct our business together with our producers, who are co-shareholders.



We aim to offer solutions to our customers that generate added value for them and for us.



We act promptly to identify and develop opportunities. Customers and producers receive quick answers to their questions from us.



We innovate and come up with appealing new products and services for our customers in order to satisfy consumer needs. We do not fear trying something new and are willing to take calculated risks.



We strive to keep our operational performance at a high level and improve on it constantly.

INTEGRITY FIRST!



Honesty and reliability are our top priority.



We do not give or receive gifts (money, presents, entertainment) with the purpose or apparent purpose to oblige the recipient to provide something in return.



We are accountable towards our suppliers regarding the financial results from the sale of their products.



We treat the property and interests of AgroFair responsibly.

'A SUSTAINABILITY POLICY CAN ONLY BE REALLY EFFECTIVE WHEN IT FORMS A PART OF OUR DAILY ROUTINE



THE THREE P'S: PEOPLE, PLANET, PROFIT

Our sustainable business philosophy revolves around "the 3P's": **People & Society, Planet & Ecology, and Profit & Economy.** These three aspects should be in balance with one another to guarantee a sound and sustainable business for the long term.

SDG'S



PEOPLE ➡ FOCUS POINTS:

PEOPLE & SOCIETY

People have been a strong focus point for AgroFair from the very beginning. As a pioneer in Fair Trade bananas – followed by other fruits – living and working conditions of the people who produce these fruits have been on top of our mind right from the start. In the producing countries, in respect to all goods we trade, we have objectively determined that the rights and interests of producers and employees are guaranteed. Adopting the relevant provisions of the ILO (International Labour Organization) conventions serves to guarantee the international labour standards.

The three P's also apply at headquarters: our employees are the company and together we will determine the success of AgroFair. There is no place for discrimination and harassment within our workplace. We strive for diversity in our workforce and promote the personal development of our employees, including training and coaching. We monitor the balance between work and private life. Achievements are properly rewarded.

- Workers rights, health and well-being:
 - The right for everyone to a safe and healthy work environment, free from suppression or discrimination.
 - The right for all personnel to earn a decent living wage within the span of a normal working week which enables them to provide for their family the basic needs including food, water, housing, education, healthcare, transport, clothing and participation in local social and cultural life.
 - Special attention to workers on small farms
 - An active policy towards vulnerable and minority groups like women, handicapped persons and ethnic minorities.
- Training, development and remuneration of AgroFair staff
- Animal welfare

SDG'S



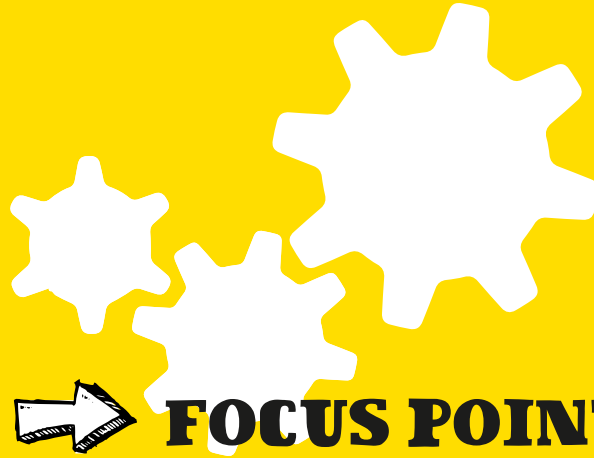
PLANET FOCUS POINTS:

PLANET & ECOLOGY

Care for people goes hand in hand with care for our planet: the sole source of everything we need in daily life. In the producing countries we strive to ensure that our products are manufactured under the highest possible standards of ecological responsibility. It is important for us to reduce pesticide and fertilizer use and to minimise water and energy waste. Our goal is to be a leader in ecologically sound production. At home we strive to minimise the carbon footprint of our company.

- Use and discharge of resources and materials
 - Keeping the impact of operations on the environment (like input, waste and discharge) as low as possible and actively seek ways to reduce this impact further.
 - Aiming for a responsible and efficient use of water throughout the supply chain.
 - Using renewable sources of energy wherever possible, and making efficient use of traditional sources when needed.
- Soil and biodiversity
- CO₂ emissions and climate change

SDG'S



PROFIT FOCUS POINTS:

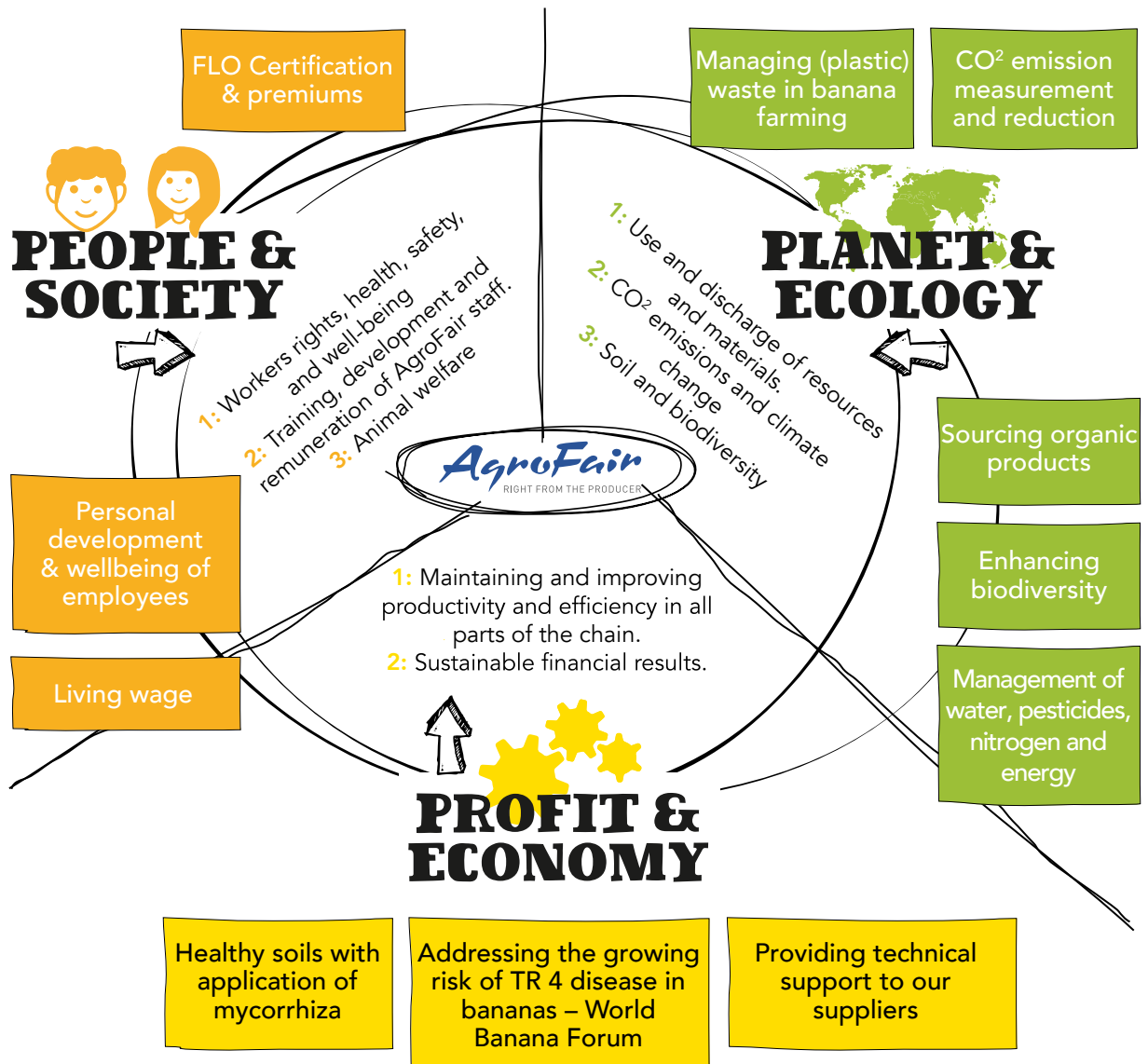
PROFIT & ECONOMY

Fair and square: to stay in business and continue our good work for the long term we need a sound financial result, making sure that we guarantee continuous efficiency and quality. We aim to achieve that goal through sustainable profitability.

- Maintaining and improving productivity and efficiency in all parts of the chain.
- Sensible use of resources to ensure their availability in the long term
- Identify and fight threats for the continuity of the business
- Keep processes 'lean' and time-efficient
- Sustainable financial results

The sustainability circle below maps out the structure of our sustainability policy, listing our focus themes with related projects and efforts.

PRINCIPLES & GOALS





We know that we are not in it alone. We form part of a chain; one link among many. The other links in the chain are our stakeholders. For the chain to work, it is essential to be aware of where the other links stand.

That in itself is an interesting challenge. AgroFair's stakeholders are scattered all across the globe and active in a wide range of fields: retailers that sell our fruit, company shareholders, small producers and plantation workers, employees and other stakeholders such as certifiers and NGO's. We all work together to bring nature's little miracles to your table: a colourful, wholesome and nutritious range of tropical fruit that is produced in a fair and ecologically sustainable manner. We prefer to do this in an inclusive way, by taking a real interest in the quirks and challenges of each other's businesses, tying many ties across the continents and learning a lot from each other in the process. Having always been driven by a strong social and ecological commitment and owing to the specific character of what we do, we put a special emphasis on small fruit producers and plantation workers who apply fair and responsible social, environmental and economic standards, while participating in the governance and shared capital of our company.

MEET THE PLAYERS

In such a diverse field of business, there are many different lines of communication. To give you an idea, here is a list of the main players: the stakeholders within our banana supply chain:

RETAILERS

Retailers: the people that sell our products to fill the nation's fruit bowls. They are a vital link in our supply chain. We work closely with them and assist wherever we can. It is important to us that they - our customers! - view us as a trusted partner. If necessary we provide each other with constructive criticism. With a clever mix of marketing concepts and innovations in sustainable and inclusive production and logistic processes we aim to keep our retailers at the forefront. We aim to be an inspiration for the industry and we reflect on our collaboration and our performance. We make it a point to visit all our retailers at least once a year.

SHAREHOLDERS

Sound financial results are of course vital for our survival in this business. Without them, our vision could not be achieved. Commercial success and a solid financial performance helps us to inspire the industry to follow our example. Shareholders that

join us in our focus on profitability and responsibility enable us to achieve our goals and vision. Our annual Shareholders' Meeting is a great moment to kindle their involvement, offering feedback on planned strategies, discussing innovative philosophies and providing insight into day-to-day projects, strengthening our mutual financial and personal connection over the years.

EMPLOYEES

Central to us and crucial in achieving our mission is of course the quality of our home team. At AgroFair, we boast an exceedingly low employee turnover. The continuity of our employee base is important to our customers. Pleasant and prolonged business relationships validate us as a dependable partner and help us in realising our mission. Regular across-the-board staff consultations are instrumental to the building a solid team. We believe that by bringing the best people together we can build the organization of our dreams.

SMALL PRODUCERS AND PLANTATION WORKERS

Our farmers and plantation workers are very important to us. We have built direct and long-term relationships with the farming co-operations. This helps to establish a stable vending point for the farmers. Thanks to email, telephone, Skype and WhatsApp, we are able to communicate directly and almost daily. We make regular trips to our sourcing countries and speak directly to the management of the co-operations. They inform us of their priorities and let us know where improvements can be made. A high point of the year is the annual CPAF (Cooperativa de Productores de AgroFair) meeting where all the farmers come together and where of course we attend in person.

OTHER STAKEHOLDERS (CERTIFIERS, NGO'S)

Many others play a part in the intricate knitwork of our business, like fruit companies, politics and government, scientists, certifiers such as Fairtrade organisations and industrial organisations. All influence AgroFair either directly or indirectly. Increasingly, we are engaging in active talks with these parties, as we are interested to hear their opinions and involve them in our mission.

The context surrounding the Fairtrade and organic fruit business is the reason for our existence. To improve our understanding and interpretation of this context, we like to play an active role in different stages of the fruit business. Through the use of a tool called the Materiality Matrix stakeholders are asked to give their input on relevant themes and attribute a measure of importance to these themes, and AgroFair does the same on her part.

The input for the materiality matrix is established in various ways:

- **Desk and field research** like conferences, exhibitor fairs, research reports and sustainability reports. We also commission our own research.
- **Face-to-face conversations:** we make it a point to meet and exchange ideas with our producers and our customers several times a year.

- **Sustainability conferences** like the sustainability meeting held in Costa Rica last year. The conference was attended by members of staff occupied with sustainability projects from both sides of the ocean. These meetings are crucial to AgroFair's sustainability strategy and to our choice of themes and projects.

- **Shareholders meetings** where shareholders express their view on sustainability themes.

SDG'S

Last year, our marketing mission was to focus on the Sustainability Development Goals with our joint producers of the CPAF and our customers on the Fruit Logistica exhibition in Berlin.

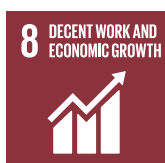
This year we invited our AgroFair South team to discuss the SDG themes and to complete a questionnaire regarding the SDG's impact for the producers.



THE 7 MOST IMPORTANT SDGS ACCORDING TO STAKEHOLDERS

We asked our stakeholders to select the main issues we need to work on from the 17 Sustainable Development Goals as set by the United Nations and to specify those themes they wanted to know more about. This resulted in the following main points of interest:

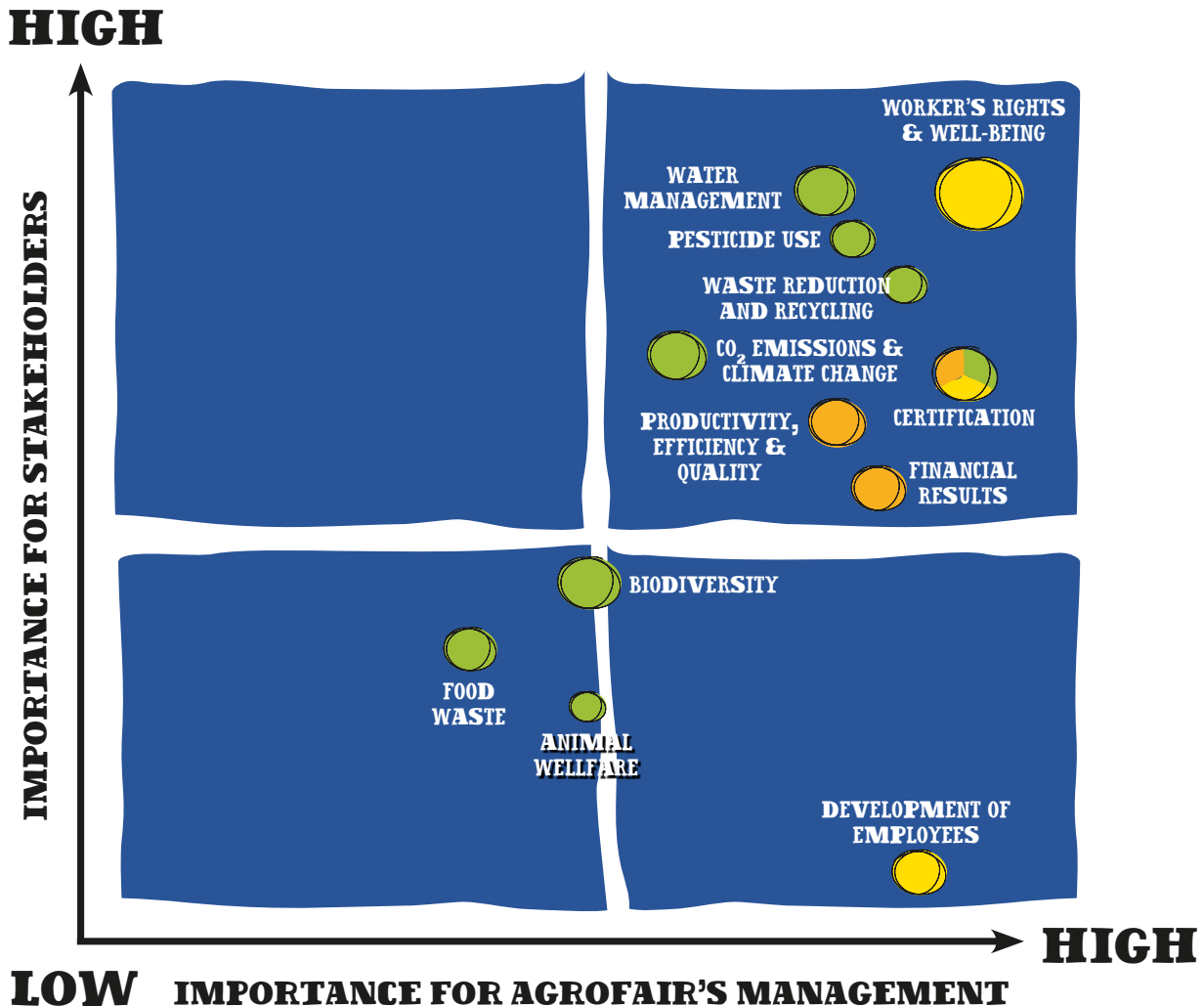
1. Quality education (SDG 4)
2. Climate action (SDG 13)
3. No poverty (SDG 1)
4. Clean water and sanitation (SDG 6)
5. Good health and well-being (SDG 3)
6. Decent work and economic growth (SDG 8)
7. Responsible consumption and production (SDG 12)



The input we receive from our stakeholders helps us understand what issues they feel are important and increases our understanding of our impact. We weigh our stakeholders' interest against our interests in relation to each issue.



Having put a face on the colourful mix that are our stakeholders, you may appreciate the importance of sounding out the degree to which we see eye to eye on different topics of the trade.



RESULTS OF THE MATERIALITY MATRIX

The materiality matrix as shown on this page makes the importance of the various topics for both AgroFair and her stakeholders visible.

Fortunately - and amazingly, if you think about it - the results show that on most issues we are all on the same page. Themes that show a notable difference are: development of employees and food waste.

To us, this is very good news. On both these subjects, a difference in priorities is exactly what we would expect to find. It can be easily explained by the fact that, whereas the training and development of our own employees is of course vital to us, it is not something that keeps our stakeholders awake

at night, whereas food waste is something that at AgroFair Headquarters is relatively easy to control, when compared to the efforts that, for instance, a supermarket has to put into this topic.

All in all, we consider the Materiality Matrix a valuable addition to our business palette, yielding useful and practical information that we will gladly make use of in the years to come. Having said that, of course even a useful tool like the Matrix is not infallible nor is it all-encompassing, as it relies heavily on information provided by the parties themselves.

At AgroFair, we do not set our priorities lightly. It is, consequently, our expectation and our sincere hope that the results of this matrix are an accurate representation of reality, showing that we are on the



right track and setting the right priorities. Of course that does not mean that we do not welcome your feedback or criticism. We do! Please feel free to submit any ideas or additions that you may have to: sustainability@agrofair.nl.

ADDRESSING MATERIAL TOPICS

From the matrix, we can extract the following themes as top priority:

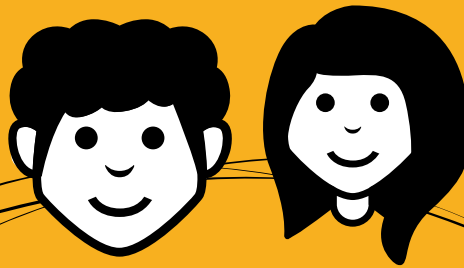
1. Worker's rights and well-being.
2. Water management
3. Pesticide use
4. Waste reduction and recycling
5. CO₂ emissions and climate change
6. Certifications
7. Maintaining productivity, efficiency and quality
8. Sound financial results

A major part of the impact regarding these themes takes place further back in the supply chain; the amount of waste generated at our headquarters, for example, is tiny compared to that of our combined producers! Not surprising, we focus the bulk of our efforts higher up in the chain, with our direct suppliers of products and services.

This also means that there are limitations to what we can do. In our own house, we can take measures and make improvements. With other parties in the chain, we can influence, inform, gather information to measure impact, persuade and sometimes urge – but we cannot force. As a small company, the influence and resources we have are limited, but we strive to use them in the best way possible. In the following chapters, we will report on how we address each material topic.



SDG'S



PEOPLE & SOCIETY

‘PEOPLE HAVE BEEN THE DRIVING FORCE
BEHIND AGROFAIR FROM THE WORD GO’



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3. Living Wage **25**
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7. Fairtrade premium stories **27**

FOCUS POINTS:

- Workers rights, health and well-being:
 - The right for everyone to a safe and healthy work environment, with no suppression or discrimination.
 - The right for all personnel to earn decent wages within the span of a normal working week, enabling them to provide the basic needs for their family. This includes food, water, housing, education, healthcare, transport, clothing and participation in local social and cultural life.
 - Workers on small farms
 - An active policy towards vulnerable and minority groups; e.g. women, handicapped people and ethnic minorities.
 - Living conditions
- Training, development and remuneration of AgroFair staff
- Animal welfare

Introducing the world's first Fairtrade banana and so safeguarding a fair deal for the producer was the aim when our company was first founded. Sourcing Fairtrade (or equally certified) bananas is still our core business. From that healthy starting point we have always felt the need to take things further. We are very concerned about the rights, health and well-being of the people who work hard every day to grow and pack our fruit. Where social issues are concerned, the greatest challenges by far lie early on in the supply chain: on and around the plantations, villages and regions where our fruit is grown. This is why we focus most of our efforts on our producers and service providers. Social standard certifications, our Fairtrade Premium and the Living Wage concept are among the instruments we gladly make use of to better the lives of the people at the root of our business: our colleagues and co-workers.



SOCIAL CERTIFICATIONS AND INITIATIVES

Workers' rights and well-being are embedded in standards such as Fairtrade and Rainforest Alliance. Standards help us make sure that workers in our supply chain enjoy acceptable labour conditions and decent wages. We take a very firm stand on this issue: we buy only from companies that

have one of these certifications. Over 65% of our fruit is sourced from suppliers with Fairtrade certification and another 35% with Rainforest Alliance and/or Demeter certification. Fairtrade and Rainforest Alliance ensure that the conventions of the International Labour Organisation¹ ILO are complied with.



The Fairtrade standard is based on four principles: Social Development (Management of the Fairtrade premium),

Labour Conditions, Environmental Development, and Sustainable Trade. It contains Core and Development criteria. The difference with the RFA standard is that there is a minimum price, Fairtrade premium, obligation to have permanent contracts for permanent work and stronger checks on compliance.



The Rainforest Alliance Sustainable Agriculture Standard contains four principles: Effective planning and management

system, Biodiversity conservation, Natural resource conservation and Improved livelihoods and human wellbeing. All principles contain Critical & Continuous improvement criteria.

FAIRTRADE PREMIUM

The AgroFair Fairtrade Premium is mentioned in several project testimonies in this report. This is how it works: for each box of Fairtrade bananas sold, \$1 of premium is paid by AgroFair. With this money, a number of wonderfully effective small-scale projects are started. Some of these bring about dramatic changes for the better – as the testimonies confirm! – and all of them improve the living conditions of farmers and workers each year.

Altogether, over 6000 families throughout the world benefit from this business model through our

supply chain. In 2019 we were happy to pay out \$ 3,8 million in Fairtrade Premium. In the chapter 'Profit & Economy' we present the figures on Fairtrade premium paid in the past years.

Since 2014 we have been Covenant Members of the Platform for Sustainable Trade in Fresh Produce. Big name, big targets: the Covenant Members are on a mission to be ringleaders: all have ambitiously pledged to buy nothing less than 100% sustainable products by the year 2020. AgroFair already achieved this goal in 2016!

AGROFAIR SOURCES 100% SUSTAINABLE PRODUCE SINCE 2016

SDG'S



As we are also trading organic and Fairtrade fruit purees and juices, we joined the Covenant for Sustainable Ingredients. Why is this important? Because a lot of fruit does not end up in one piece on your fruit bowl. Massive amounts of fruit are used as ingredients for juices, smoothies, purees and countless other foods and beverages. The covenant goal is to achieve 100% sustainable sourcing by 2030. We already achieved 96% in 2018 and maintained this percentage in 2019.

LIVING WAGE

There's more to life than work. At least we feel there should be. Introducing the concept of Living Wage: a 'living wage' means an income that not just sustains the basic needs of workers and their families, such as food, housing or clothing. It should also enable people to participate in society and insure against unforeseen shocks."²

Even if the concept is not new, the living wage is attracting an increasing amount of attention among consumers and retailers (for the aficionado: a living wage is a part of Full Cost Accounting, also known as the True Price Concept).

As easy as the idea is to understand, in working practice the numbers prove fluid and difficult to estimate. They vary depending on how the needs are defined, on family composition and on regional variables, to name but a few components. Most countries we operate in have legal minimum wages, but these are usually lower than living wages. Minimum wages are often misused as a means of competition between countries, to attract labour intensive industries like agriculture. A variant of living wages is living income, which applies to farmers and self-employed people not enjoying a salary.

AgroFair participates in various initiatives to understand more about living wages and to raise the income of worker families to the living wage level. As pioneers of Fairtrade, of course we apply the Fairtrade minimum price, which enables producers to pay decent wages to their workers. With Fairtrade, we are involved in a project to calculate living wages in various countries and to gradually raise the Fairtrade prices to this level. With the World Banana Forum, we are involved in living wage projects in Central American countries, notably Nicaragua, using the established Anker methodology. Unfortunately, the methodology is very laborious and time consuming. We are looking for good proxies from public sources, such as from

SDG'S



the International Labour Organisation, that can help us to calculate decent wage levels in a fast and objective way.

EQUAL OPPORTUNITIES

AgroFair is an untiring promotor of equal opportunities for all people in the community. We work hard at creating equal chances for women, for ethnic minorities and people with a disability.

Ladies first: in the workforce of our producers, women are heavily outnumbered: 4 out of 5 employees are men. Women that work at the fruit plantations are mostly employed in the packing warehouses or in administrative jobs. There are of course many good reasons why this could be a conscious choice for women; work in the field is usually tough – for instance, harvest workers carry 25kg banana bunches across the plantation. Also, women may make a choice not to work when they are raising children. This is of course fine as long as this is the result of a women's free choice. Where it isn't, we encourage our producers to remove practical or cultural obstacles so that women can participate fully and equally in the fruit business. Our producer APPBOSA, for example, organizes regular gender trainings for members, wives of partners and workers, opening their eyes to obstacles they may not have been aware of.

In the World Banana Forum we make an active contribution to the Gender Equity agenda, for instance through Gender Equity meetings.

If life is generally tough for plantation workers, in some of our supplying countries life for people with a disability can be especially difficult. While there is lot of room for improvement on this subject, 65% of our producer base employs one or more persons with a disability in their staff. We actively encourage our producers to let this number grow.

ANIMAL WELFARE

Although we focus heavily on the people that form our production chain, there are many animals that contribute to the fruit growing operations, and our involvement with fair treatment extends to them, too.

Donkeys are a common working animal in the countries we source from. Because none of the common certification schemes deals with animal welfare, we formulated our own policy.

² Jane Parker et al., "The Living Wage: Concepts, Contexts and Future Concerns," *Labour & Industry: a journal of the social and economic relations of work* 26, no. 1 (2016): 1, <http://dx.doi.org/10.1080/10301763.2016.1154671>.

AGROFAIR EMPLOYEES

As much as we might like to think so, none of the issues mentioned above are exclusive to faraway countries. (Well maybe the donkeys.) Although there is a lot of good work to be done further up in our supply chain, we must also keep our own house clean. In this respect, the employees at AgroFair's headquarters are not forgotten, as we consider them the most valuable resource in our daily operations.



We want our team members to be as well-equipped for their tasks as they can possibly be, in the whizz of an ever-changing world. A personalised training program is made for each employee each year. And we want to keep them running, don't we? Employee health means a lot to us. Regular health check-ups are offered to all. A health coach visits our office regularly, offering advice on diet, exercise and lifestyle.



INTRODUCTION FAIRTRADE PREMIUM STORIES:

Agriculture isn't easy. Price swings, climate change, and limited access to credit create pressure on producers, who often struggle to stretch the earnings from one harvest to the next. The Fairtrade Premium and earnings from the Fairtrade Minimum Price can help counter such challenges.

On top of a Fairtrade Minimum Price for the bananas, the Fairtrade approach includes a Fairtrade Premium – an additional sum of money that farmers and workers invest in projects they choose. Like providing scholarships to local children, helping children in need with language and physical therapy, housing improvements and making healthcare more readily available to farmers, workers, and their families. Also investments of the Fairtrade Premium often target needed in training and infrastructure. Below you can see three examples from our producers.

FAIRTRADE PREMIUM PROJECT: HOME IMPROVEMENT: SHINE A LIGHT IN EVERY HOUSE!

ORGANISATION

Coquimba – Nicaragua

PURPOSE

To improve homes through the following projects: security, habitability, maintenance and innovation.

BENEFICIARIES

The direct beneficiaries of this housing project were 170 workers (50 women and 120 men) and

their families. Each employee received an amount of \$ 292.20 by 20/100. The total cost of the investment in the project was \$ 49,675.14

PROJECT

Each worker, according to their needs, made a list of materials. With the amount received from the prize plus savings or loans they managed to secure their homes in the following ways:

INSTALLATION OF SOLAR PANEL FOR A FAMILY THAT HAS BEEN WITHOUT ELECTRICITY FOR 40 YEARS.



➡ TESTIMONIAL ⬅

Osmar Alberto Dolmos Morales:

My mother tells me that she has lived for 40 years in the house where I was born. Today I am 29 years old and I live together with my family in our home. We did not know electric power since we live in a region where there is no access to this resource. I have been working at Coquimba for two years and have been a direct beneficiary of the projects that have been carried out. As a worker we stated our needs and we were assigned a grant. We contributed our own money to complete our benefit and thus we were able to install a solar panel. Thanks to Fairtrade today my family and I can have electricity in our house and my son and the other children can watch television from home. They are so happy, thank God for Fairtrade and Coquimba.

FAIRTRADE PREMIUM PROJECT: GENDER EQUITY: RESPECT BETWEEN MEN AND WOMEN IN MACHO SOCIETY

ORGANISATION

APPBOSA - Peru

PURPOSE

The gender equity project's motto is: "Men and women strengthened with love and free from violence". It consists of training and raising awareness through talks, workshops, marches, information sheets, videos for women, partners, workers, partner wives and the community in general on issues of gender equity related to the prevention of domestic violence.

BENEFICIARIES

Training for approximately 80 participants per educational institution, sharing basic information on equity and equal opportunities. Also working with the students on techniques that allow

them to discover and structure their social skills for the development of healthy relationships. Different dynamics were explored between the participants, seeking to promote a coexistence free of violence and an efficient communication. The participants developed strategies that allow students to implement attitudes of cooperation and mutual respect between men and women that will resonate in different contexts of their daily life.

PROJECT

Working with fourth and fifth grade classes of all the Educational Institutions. The main objective is to promote a culture of equity, without stereotypes, seeking to stop gender violence.



➡ TESTIMONIAL ⬅

Sully Ramos Socola:

" I found [the training] very interesting because it concerns our generation, of course both men and women. The organizer emphasises that many of the characteristics assigned to men and women are customary in the social cultural context, but these can be transformed into a culture of gender equality. We have the same rights and we now know the concept of equality and gender. "



FAIRTRADE PREMIUM PROJECT: TRANSPORTATION & QUALITY: REDUCE COSTS OF TRANSPORT AND IMPROVE QUALITY

ORGANISATION

APAGA - Peru

PURPOSE

Reduce costs of transport and improve quality.

BENEFICIARIES

This project benefited 38 partners and 9 partners from the El Algarrobal, El Truz, Sebastopol, Pacanguilla and Pacanga sectors and approximately 40 workers in the months of peak production.

PROJECT

In the past, APAGA had to transport its export fruit to a Packing Center in Sullana, 8 hours away by truck. But in 2019 a Packing Center was built, which is very necessary for economic sustainability as it meant a reduction in fruit transport costs, improvement in quality of the fruit and compliance with new commercial proposals for export.

**THIS PROJECT
USED \$ 8.951,17 OF
THE FAIRTRADE
PREMIUM.**



➡ TESTIMONIAL ⬅

Hernández Hernández Alindor:

"We are an Association of 45 organic banana producers, located in different sectors of the Province of Chepén, La Libertad Region. Taking into account the increase in fruit production, APAGA approves the work plan to build a platform to collect and palletise the banana boxes, thanks to the resources of the Fairtrade Premium that has been generated in the export business. So far, an area of 3000 m² has been fenced off with wire and wood, a 80 m² roofed platform has been built to palletise and supply two containers per day, which serves to improve the quality of the product and benefits the farmer and the client. It reduces transportation costs, reduces risks when moving the fruit from Chepén to Sullana and creates jobs for the families of partners and workers. In addition it creates a socio-economic impact, as we can now provide packing services to the community in general, companies or organized producers, since Chepén is a very important agricultural area.

I announce this project as President of the Board of Directors of the APAGA Association, explaining the benefits thanks to our FAIRTRADE certificate ".



PLANET & ECOLOGY

‘OUR PLANET: THE ONLY RESOURCE WE HAVE, ON WHICH WE RELY FOR OUR EXISTENCE’



FOCUS POINTS:

- Use and discharge of resources and materials
 - Keeping the impact of operations on the environment as low as possible and actively seek ways to reduce it further. Keep input, waste and discharge in check.
 - Use water responsibly and efficiently throughout the supply chain.
 - Using renewable sources of energy wherever possible, and making efficient use of traditional sources when needed.
- Soil and biodiversity
- CO₂ emissions and climate change

This gives us the obligation to use its resources wisely and to take good care not to deplete them, in order to guarantee livelihoods for future generations. For us at AgroFair, care for our planet is just as self-evident as care for the people who grow our fruit. There is no denying though, that this banana business of ours does have an impact on the environment.

AgroFair is essentially an import and sales company. The environmental impact is not divided evenly across our supply chain: most of it takes place early on in the chain, with our producers and service providers. That makes sense. Growing bananas is not like running an office. In order to understand where we can take better care of our planet, we have identified and measured the most important environmental impacts. They are pesticide/fertiliser use, nitrogen use, water management, plastic use, CO₂ emissions and energy use.

PESTICIDE AND FERTILISER USE

In many regions, banana production is not possible without the help of chemicals to protect the fruit and to supply sufficient nutrients for high productivity and quality. Organic farming prohibits synthetic-chemical inputs. However, organic banana farming is only possible in dry regions such as Peru, the Dominican Republic and Ecuador. We go organic wherever we can: approximately 50% of our volume is certified organic.

Our non-organic fruit is produced under sustainable standards such as Rainforest Alliance or Fairtrade, with strict requirements on pesticide use.

1. Pesticide and fertiliser use **31**
2. Nitrogen use **32**
3. Water management **33**
4. Plastic use **34**
5. CO₂ emissions **37**
6. Energy use **37**
7. Sustainable initiatives **38**
8. Sustainable office **38**
9. Yellow Pallet – banana building blocks! **38**



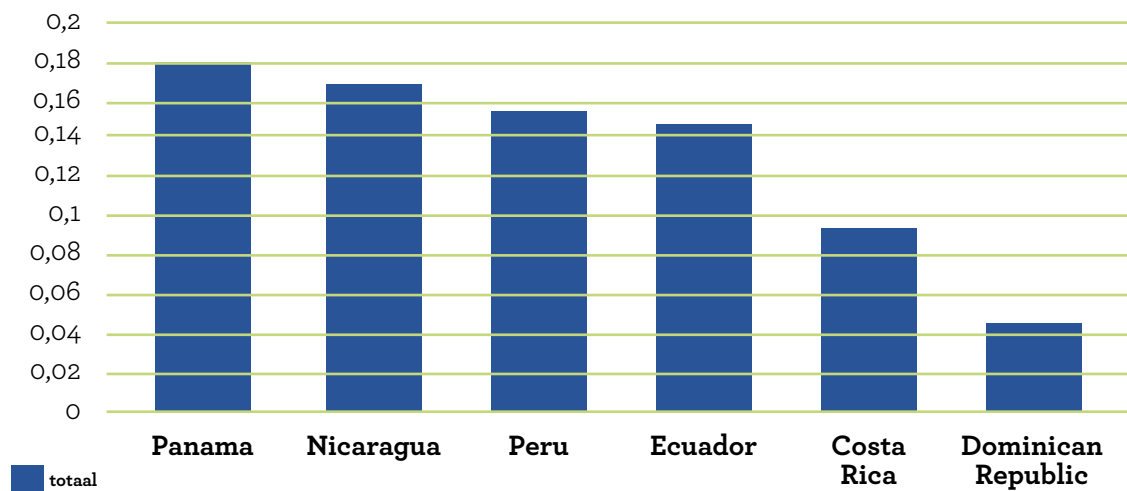
NITROGEN USE

Nitrogen is a very important element in fertilisation of banana plants – as it is in many other crops. For the production of fertilisers, inactive nitrogen from the air is changed into active forms; plants use these active forms to grow. The world population is growing and the number of mouths to feed is increasing. As a result of that, so is global demand for nitrogen. This is taking a toll on our planet. A large

part of the active nitrogen moves from the agricultural fields into all folds and corners of the earth, washed away by rain and irrigation. There, it causes negative environmental effects such as eutrophication (leaking of nitrogen into the groundwater and from there into waterways where it can cause excessive growth of algae, consuming the available oxygen and killing fish).

WE SEE QUITE A LOT OF DIFFERENCE IN NITROGEN USE BETWEEN DIFFERENT COUNTRIES OF ORIGIN. THESE DIFFERENCES ARE CAUSED BY FACTORS LIKE IRRIGATION, RAINFALL AND SOIL TYPE.

NITROGEN USE 2019 (KG/CARTON)





WATER MANAGEMENT

Banana farming requires large quantities of water. This great demand for water can be in conflict with the limited availability of water. Water use differs greatly between different countries of origins and even within countries. Choice of irrigation system, efficiency of the packing process, and annual precipitation are all factors that count. To make these differences visible we calculated the amount of water used for irrigation and in the packing process for different countries of origin.

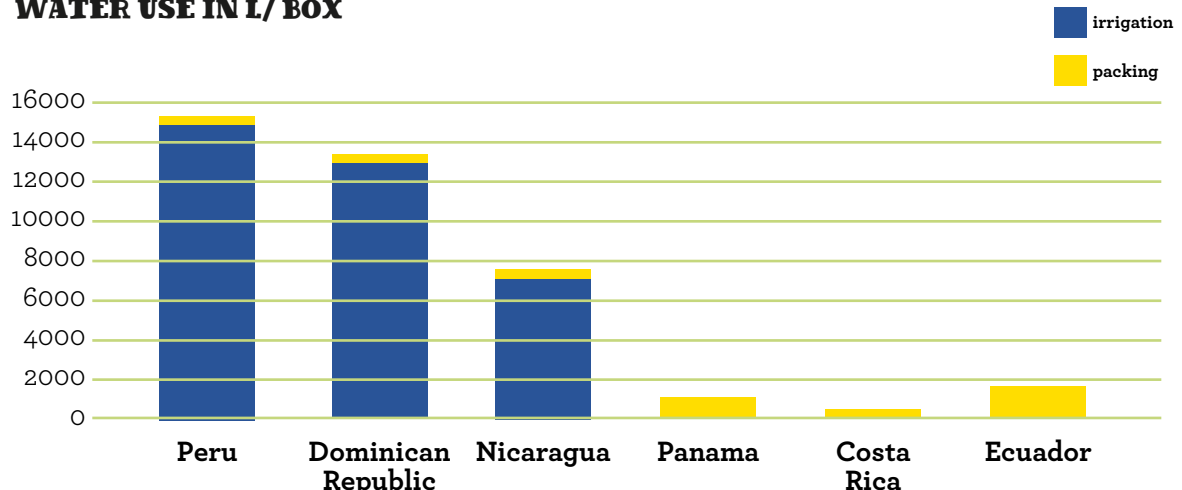
For every country, we collected data from at least one representative farm. The differences between the countries are striking. The largest users of water by far are Dominican Republic and Peru, because of their high need for irrigation. Wet countries like Costa Rica and Panama only irrigate in dry seasons.

From these data we see clear opportunities for action such as replacing flood or gravity irrigation by drip or sprinkler irrigation. The correct use of ground water pressure sensors (tensiometers) can help determine the right time for irrigation and limit irrigation to the amounts needed.

Irrigation systems cannot be changed overnight – in fact, it can only be properly done during a farm renovation. In the meantime we make sure that existing systems are well maintained and improved.

In the packing process, water is also needed for washing in order to guarantee good quality fruit. With a more efficient packing process, less water is needed per carton. Our producer VARCLI in Costa Rica has proven that with the right approach it is possible to pack with hardly any water at all.

WATER USE IN L/ BOX



**PLASTIC: TO USE OR NOT TO USE**

Wouldn't it be great if we could just ban the use of plastic in banana production? Plastic is used at all stages – and unfortunately no good alternative has yet been found. For want of a better system, we contribute to responsible re-use where we can.

During growth of bananas, 40kg of plastic waste is generated per container of exported bananas. The main use of plastic is to protect

the growing fruit bunch against insects by placing a polyethene bag around it. This also creates a microclimate that is favourable for growth. Most of our producers collect the plastic and make sure it is recycled. Our producers in Peru will invest in their own recycling plant that turns plastic bags into corner boards used for pallets. Read more about this promising initiative elsewhere in this chapter.



FROM BUNCH BAGS TO CORNER BOARDS

In Peru's banana sector (+/- 10,000 hectares), an estimated 20 million plastic bags are used annually for this purpose, some 450 tonnes of plastic altogether. An awful lot of this plastic waste used to be disposed of in landfills, incinerated or even worse, dumped on plantations or by the roadside. Thankfully, this is now gradually changing for the better.

With technical assistance from Plastic Fantastic and guidance from AgroFair, producer BANANICA has set up its first recycling factory in Peru, magically transforming used bunch bags into corner boards by the end of January 2020. (For those of you who do not dwell in the enchanting world of palletizing: corner boards are pallet edge protectors and we use a LOT of them – 80 per container!). The first load of recycled corner boards was greeted with a cheer at AgroFair last May. Much in the spirit of the initiative, the corner boards are green, revealing the colour of the bags they are made of.

In the course of 2019, AgroFair kicked off a project to upscale the recycling capacity. Teaming up with the Dutch governmental agency for enterprise development RVO, Luxembourg supermarket chain CACTUS, Solidaridad Peru together with Plastic Fantastic, the WASTE Foundation, and the producer organisations AVACH, APOQ, CEPIBO and APPBOSA, we are working to set up a large recycling factory. The municipality of Sullana has promised an industrial site of at least 5,000 m² to set up this factory, making us a happy bunch!



... And then came the Corona virus, which struck particularly hard in Peru. Apart from all the other miserable effects, the epidemic has delayed the implementation of the plastic recycling project for months. In July conditions were in place to pick up where we left off. We now hope that the first recycled corner boards from Peru will roll off the assembly lines in the spring of 2021. Once the factory is running at full capacity there will be enough capacity to recycle not only the plastic from our own producers, but from the whole banana sector in Peru. Running two shifts, 960.000 corner boards per year can then be produced, enough for 12.000 containers of bananas – which is the current export volume. Quick math: the amount of used plastic per hectare is about enough to make the number of corner boards needed to export the bananas from that same hectare. It pleases us immensely to say that this makes a piece of circular economy a reality.

So why stop when you are moving along so nicely: two smaller recycling facilities will be set up in the Dominican Republic. The machines have been ordered and are expected to sail in at the main seaport of the Dominican Republic this October. Barring Corona or other disasters (fingers crossed...), the first recycled corner boards will be leaving the factory before the end of the year.

Like greedy cooks in the kitchen, we are now scouring around for more recyclable ingredients! We will be looking into other plastics, like plastic bottles, for raw material. If that works, the municipality of Sullana could initiate waste separation and the resulting corner boards could be sold on to other export sectors in northern Peru. There is definitely a market for this product: approximately 200 companies are active in the production and export of delicate products such as mango, grapes, avocado, blueberries, limes and sweet potato. We see a lot of opportunity here for other products as well: recycled plastic can be put to excellent use in planks, poles for fences and other building materials.

And so it seems we do not just do fruit.. we do plastics as well! And even though this concept takes a bit of getting used to for an ecologically oriented company; this product is actually really, really green! More info: www.agrofair.nl/portfolio-items/plastic-waste-from-bunch-bags-to-corner-boards





CO₂ EMISSIONS

Scientists estimate that the global food system is responsible for roughly a third of greenhouse gas emissions. This includes fertiliser manufacture, production and packaging. In spite of the large volumes grown and traded globally, bananas are not the most polluting food product per kilogram. Nevertheless, the contribution of bananas to global emissions cannot be ignored.

The consultancy firm CE Delft in the Netherlands developed a tool for AgroFair to calculate the carbon footprint of our bananas, taking into account the whole production chain. According to this tool, the carbon emissions per kilogram of bananas, measured from farm to port of destination, varies between 766-831g/ kg. That is not more than apples grown and stored locally and much less than meat or dairy! That said, we believe it is worthwhile to make bananas completely climate neutral by compensating emissions with Gold Standard compensation schemes.

We used data from at least one representative farm per country. We stimulate the use of green energy wherever possible: almost 100% of electric power used is from a renewable source (hydroelectric or solar). Our producer VARCLI in Costa Rica is a star example: they generate almost all the energy they need from solar panels.

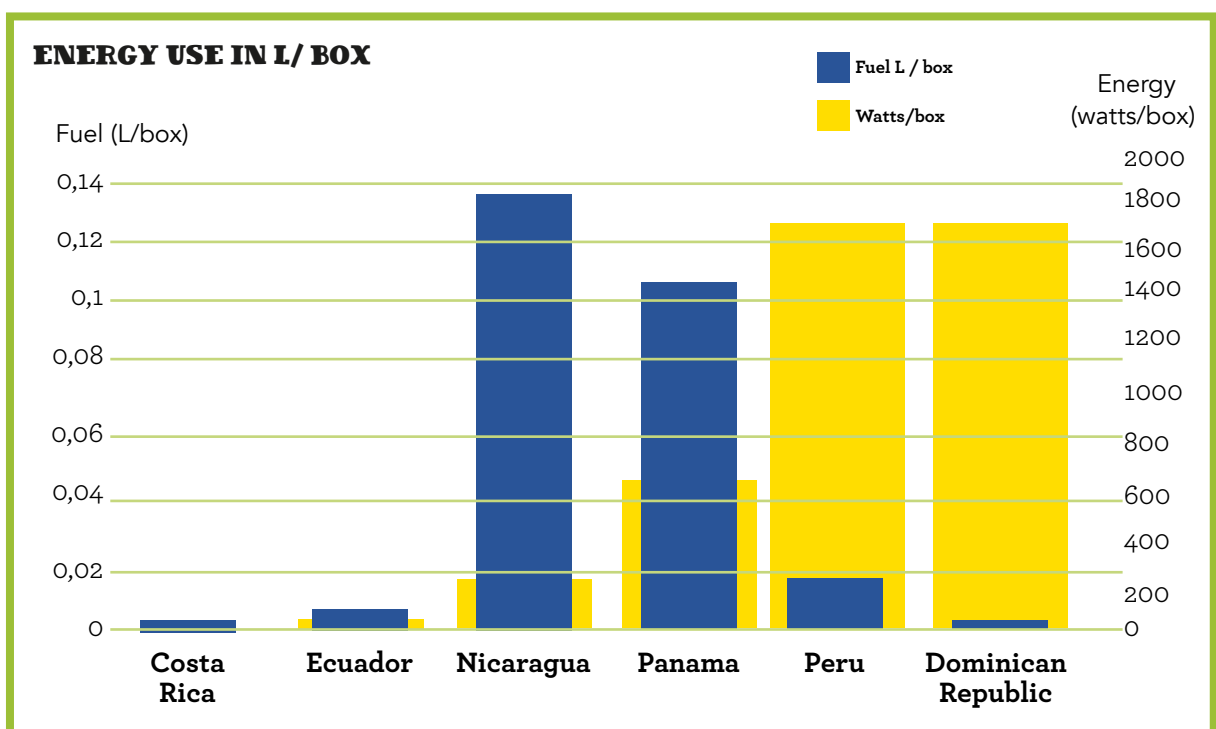
BUT WAIT.. THERE'S MORE!

Understanding, monitoring and guarding factors in our own supply chain that have an impact on the environment is one way to protect the earth. To give as much love as we can to our mother planet, we are also involved in a number of initiatives that promote sustainable trade and sustainable living:



ENERGY USE

Part of the carbon footprint originates from energy use. To make energy use visible we calculated the amount used for different countries of origin. Data included are both electricity in watts and the amount of (diesel) fuel used to generate power in off-grid locations.





SUSTAINABLE INITIATIVES

Certification lies at the root of our company. This is a great start, but we believe sustainability should go further.

- We are active members of the World Banana forum, among other things involved in a project aimed at measuring and reducing CO₂ emissions.
- In 2014 we became covenant members of the Dutch IDH platform for sustainable trade in fresh produce. Covenant members have pledged to purchase 100% sustainable products by 2020. By the standard of IDH, we had already achieved this goal in 2016!
- In 2017 we also joined the IDH covenant for sustainable ingredients, aimed at sourcing 100% sustainable fruit juices by 2030. By 2018, we had already reached a score of 96% and we maintained this percentage in 2019.

SUSTAINABLE OFFICE

Most of our efforts are focused on our supply chain, but we also work at making our office operations more sustainable each year:

- We compensate all CO₂ emissions caused by staff travel (both by road and by air) and by truck transport in the EU. In 2019, we compensated 645 tonnes of CO₂ through Gold Standard projects by the Climate Neutral Group.
- In our modest offices, the amount of waste is sparse – but whatever there is, we separate diligently.
- Our cleaners use ecological detergents only.
- For our daily team lunches, we buy organic and FairTrade products whenever possible. Of course, our coffee and tea is Fairtrade too! We encourage our staff to make healthy choices and make it easier by providing healthy alternatives on the lunch table.

'CERTIFICATION LIES AT THE ROOT OF OUR COMPANY. THIS IS A GREAT START, BUT WE BELIEVE SUSTAINABILITY SHOULD GO FURTHER'

YELLOW PALLET - BANANA BUILDING BLOCKS!

The past year saw the completion of a remarkable initiative in Costa Rica: the construction of a pilot plant for pallets with blocks made of pressed banana fibre: Yellow Pallet (<http://yellow-pallet.com/>). As it happened, last September the annual seminar of AgroFair's technical team took place not far away from Siquirres in Costa Rica where the factory is located. So we went there to have a look.

Adjacent to the factory is a plantation of the Balbisiana banana variety, sporting a very dense crop of banana plants, up to 10 thousand plants per hectare. This variety has a particularly robust plant, resistant to many banana diseases and pests. Instead of the fruit, from this banana plant it is the stem that is harvested, before the banana bunch develops. These stems are then processed into fibres in the factory. Add to the fibres a mixture of various synthetic resins and glue, press under high temperature and presto! A proper beam appears. When sawn into blocks, these are strong enough for the construction of pallets. This puts a whole new perspective on fruit as a building block! At the moment, about 30 percent of the Yellow Pallet is made of banana fibre. The planks are presently still made of wood, but in the future

it will be possible to produce them from banana fibre as well. The power of fruit never ceases to amaze us.

Test results so far are great: compared to traditional wooden blocks, banana fibre blocks give the pallets greater strength and are less likely to come loose (you may appreciate the hair-raising trials we performed with a forklift in our warehouse!). The yield is terrific: a Balbisiana banana plantation can provide 4 to 6 times the weight of material per hectare that a production forest of Melina or Pine wood can. This saves serious amounts of land and water; leaving wood from production forests available for use in other, more sustainable purposes than pallets. Compared to all-wood pallets, yellow pallets show a 30% reduction in CO₂ emissions. These promising pallets are but a hair's width away from flawlessness, there are still some minor problems to be solved to perfect the pallet. In the coming year Yellow Pallet will attempt to expand her Balbisiana producer base and the factory will be expanded considerably.



AgroFair was proud as a peacock to be the first company in Europe to import bananas stowed on Yellow Pallets. The first of our AgroFair producers who beat the competition and started to buy Yellow Pallets on a regular basis is VARCLI Pinares in Costa Rica. Hopefully, after expansion of the plant, Yellow Pallets will become both available and affordable so there is nothing to stop our producers in neighboring Panama and Nicaragua to go bananas as well! More info: www.agrofair.nl/portfolio-items/yellow-pallet-pallets-with-blocks-made-of-pressed-banana-fibre





PROFIT & ECONOMY

‘OUR WORK IS NOT JUST
AIMED AT TODAY, BUT ALSO
AT THE FUTURE’



1. Economic Sustainability **40**
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3. Fusarium Wilt Tropical Race 4 **42**
4. The impact of Covid-19 on banana farms **44**

FOCUS POINTS:

- Maintaining and improving productivity and efficiency in all parts of the chain.
 - Sensible use of resources to ensure their availability in the long term
 - Identify and fight threats for the continuity of the business
 - Keep processes ‘lean’ and time-efficient
- Sustainable financial results

We intend to be around for the long term and inspire other companies along the way. That being the case, a sound financial result and commercial success is essential for the long-term existence of our company.

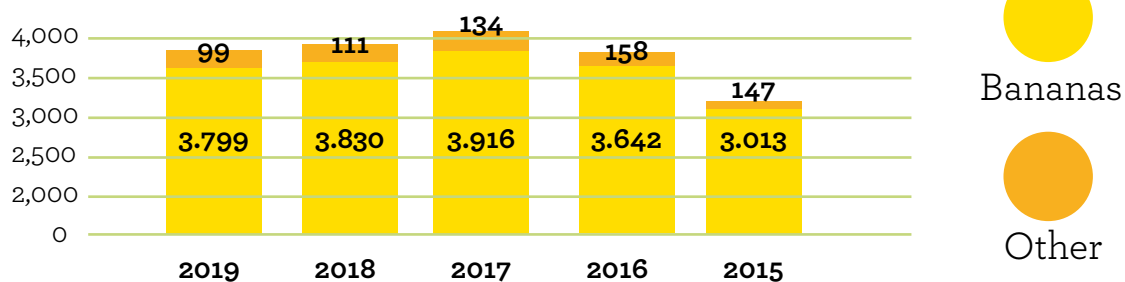
ECONOMIC SUSTAINABILITY

The core objective of a firm is to create economic value for its owners. Whether this is the only objective of the firm is the object of scientific debate. To us, it is not. To remain sustainable, we strive to optimise our operations, such as sales and purchasing, transport and production. Often, cost reductions also lead to reduction of emissions. Think of less packaging, less fertilizer, less energy consumption, meaning less harm to the environment. So we go for less. Except in our standards of human and ecological sustainability. The minimum Fairtrade prices cover the costs of sustainable production. The Fairtrade premium helps to build social infrastructure and services and helps producers invest in facilities that are indispensable.

The net result that we generate is fully taxed in the Netherlands. That is our contribution to public services. We pay what we are due without making use of tax avoidance constructions. We also pay significant amounts of import duties in various European countries.

The tables in this section give an overview of payments to the providers of production factors such as capital and labour and of payments to the government.

FAIRTRADE PREMIUM (USD 000)



PAYMENTS TO GOVERNMENT BY COUNTRY

	2019	2018
	€ 1.000	€ 1.000
IMPORT DUTIES NETHERLANDS	2.008	2.536
IMPORT DUTIES GERMANY	1.615	2.716
IMPORT DUTIES BELGIUM	443	185
IMPORT DUTIES OTHER	155	189
DIVIDEND TAX NETHERLANDS	47	28
CORPORATION TAX NETHERLANDS	288	567
TOTAL	4.556	6.221

OPERATING COSTS

	2019	2018
	€ 1.000	€ 1.000
PURCHASE OF PRODUCTS	54.304	55.653
FAIRTRADE PREMIUM	3.509	3.313
SEA FREIGHT	14.473	14.757
FAIRTRADE LICENSES	131	323
OTHER SERVICES SUCH AS LOGISTICS, HANDLING, DOCUMENTS, INSURANCE	3.885	4.177
OTHER OPERATING EXPENSES	910	957
FINANCIAL EXPENSES	36	38
TOTAL	77.248	79.218

ECONOMIC VALUE RETAINED

	2019	2018
	€ 1.000	€ 1.000
REVENUES	85.558	89.734
OPERATING COSTS	-77.248	-79.218
EMPLOYEE WAGES AND BENEFITS	-2.571	-2.305
PAYMENTS TO PROVIDERS OF CAPITAL	-1.028	-629
PAYMENT TO GOVERNMENT	-4.556	-6.221
TOTAL	155	1.361

CHALLENGES IN OUR SUPPLY CHAIN

In order to stay afloat, we are constantly on the lookout to identify threats to our chain of commerce. These threats can present themselves in the form of a crop disease or environmental circumstances that need to be addressed. Many of the dangers to our agricultural chain are global issues; therefore we think it wise to work in partnership with other stakeholders to be as effective as possible.

A challenge we are currently facing is the Fusarium Tropical Race 4 disease (TR4). The fatal soil borne banana disease has been spreading across the world for some decades now and has sadly, if not unexpectedly, hit the South American continent this year in Colombia. We had anticipated this arrival and started taking action years ago. As from now we are speeding up our action plans. Read further to find out the details.

FUSARIUM WILT TROPICAL RACE 4 - A WAKE-UP CALL FOR THE BANANA FOOD SYSTEM

TRANSCONTINENTAL LEAP

When in November 2013 the fungal disease Fusarium wilt Tropical Race 4 (TR4) made the transcontinental leap to Mozambique, the banana industry woke up. TR4 could no longer be written off as 'far away' or 'Asian'. No longer as a threat contained to Taiwan, Malaysia, Indonesia, China or the Philippines. In the years after 2013 the disease proved unstoppable. Reality hit when the disease was officially confirmed in La Guajira, Colombia in August 2019, on at least 4 plantations at a considerable distance from one another.

Latin America and the Caribbean are the main exporters to the United States and Europe; as much as 80% of global exports come from this continent. Looking at previous developments in Asia, it is to be expected that the disease will keep spreading in the coming years, not only throughout Colombia, but also across other banana producing countries in Latin America.

STAPLE FOOD

The spread of the disease is a multi-faced disaster. Bananas are not just an export product, looking all sunny and yellow in the lunchboxes of kids in the West. In many countries the banana or plantain is a key commodity for local markets and absolutely vital for food security. Worldwide, only 15% of banana production is exported; 85% is for local consumption. Approximately 400 million people depend on bananas and plantains for their livelihoods or as their staple food.

The main banana industry is betting on the development of a TR4 resistant Cavendish banana, but the results of this effort are highly uncertain. Even if they succeed, then what? Re-planting banana plantations costs between US\$ 10,000 and US\$ 20,000 per hectare. Not exactly feasible for small producers. And if large parts of the industry do switch to the new Cavendish, we will soon again have vast areas covered with a single variety again, making the trade extremely vulnerable to the next disease, perhaps Fusarium Tropical Race 5.

MANNING THE BOUNDARIES

To keep TR4 at bay, preventive measures like 'come clean, go clean' and strict biosecurity regulations are the motto on the plantations for the moment. Infection is warded off through education, training and visitor control at the farmgate. An array of measures is being taken: footbaths, disinfection of vehicles, no entry with own footwear or boots on the plantation, clean and certified plant material, fences around the entire plantation... For large commercial enterprises, these measures are extremely costly. For thousands of small banana producers, taking these measures is just impossibly complicated and expensive. To achieve economies of scale, a territorial approach seems the obvious way, with the participation of the public sector and local authorities. But this requires organisation in sometimes complicated local platforms, leadership and bottom-up pressure, leaving the fort far from safe for the moment.

RE-THINKING THE FOOD SYSTEM

All this is reason to fundamentally question the present production model of bananas and other foods as cheap mass commodities, achieved through the large-scale use of fertilizer and pesticides. Fusarium TR4 is a soil-borne disease. We have much to learn about soils, especially about soil biodiversity. The industry is just beginning to recognise that soils represent much more than structure and chemistry; soils are living organisms, crucial for all living things on Earth – all of life begins with the soils.

There are many question to contemplate: maybe it is time to grow bananas in a different way? Seeing that the original habitat of the banana plant is the forest, maybe we should turn to biodiverse agroforestry systems, using beneficial micro-organisms and compost. And why do we depend so strongly on the Cavendish, when there are hundreds of edible banana varieties? Can the model of heavily under-priced bananas be maintained in the long run? Do we want it to? As we now see, this way of doing things makes it very difficult to take preventive measures and, more in general, to strive for a sustainable banana that is good all around: good for the people, good for biodiversity and good for the climate.

Do we really want to continue with a banana food system that puts the future of the banana itself at stake? Isn't it time to address the supermarkets in a more forceful way? Especially the price fighters, who persist in their race to the bottom. It seems high time to put pressure on the fairer prices in the organic and fair trade market segment.

We are keen to point our own producers in what we feel is the right direction. With the support of our technical team, AgroFair is committed to prevention. We want to help in the promotion of biosecurity measures at farm and territorial level. The 'TR4 add-on' of GlobalGAP that we wrote about in earlier reports is a good instrument for this. It saves us valuable time in our race against TR4. Time that could prove to be critical.

We will waste no time. Together with other actors in the sector, we will continue to ask the most fundamental questions and look for the answers. Both in theory and in the practice in which we are rooted. And we don't stop at asking. Baby steps sometimes, great leaps at others, at AgroFair we are always moving in what we know to be the right direction. Honest to goodness.

More info: www.agrofair.nl/portfolio-items/fusarium-wilt-tropical-race-4-a-wake-up-call-for-the-banana-food-system

KEEP YOUR EYES PEELED FOR BANANA NEWS IN NEXT YEAR'S SUSTAINABILITY REPORT!



THE IMPACT OF COVID-19 ON BANANA FARMS

Earlier on we mentioned TR4 as one of the biggest challenges of the present time. Little did we know that from the beginning of 2020 the entire world would be crippled by the new Corona virus. At the moment of publication of this report, Latin America and the Caribbean are among the critical areas of the Covid-19 pandemic. Since Covid has struck in their regions, our banana producers are coping with a series of difficulties. Banana production is not the best-paid sector to begin with, which has made the impact worse.

AIN'T NO SUNSHINE

Oblivious to the pandemic, bananas still grow and production initially continued in a more or less normal fashion. But coping with the demands of a stark new reality, all of the producers have experienced difficulties in keeping up. In Peru, if a single person of a packing group showed symptoms, the entire group was quarantined for 2 weeks. As for banana farms, a single infected person could cause the entire farm to be shut down. In Nicaragua the government chose to turn a blind eye to Covid-19 and in various other countries the pandemic was not taken too seriously. Left to their own devices, the people themselves took the initiative, and so have the farm managers. Our producers have taken an array of health and safety-measures to prevent the transmission of the virus on the plantations and in the packing houses. Workers must now adhere to social distancing, plastic shields have been installed between work stations, hand hygiene was stepped up, masks were provided, doctors and trained medical staff were brought in for awareness training, often financed with the Fairtrade premium.

In spite of all efforts to overcome the virus-related challenges, producers experienced material shortages, especially where raw materials, such as pulp for kraft paper, tape and plastics need to be imported. In the Dominican Republic, Haitian migrant workers face difficulties reaching their workplace, and some also tried to go back to their country to join their families and found the border closed. In all of the producing countries curfews have been imposed, limiting the available working hours because people need to make it back to their homes before the evening curfew starts. Producers and cooperatives are trying everything they can to prevent new outbreaks and to keep a more or less regular production going to safeguard the income of their workers. Generally, production processes now take longer because fewer people are working the packing stations and the workforce has diminished.

As for morale: the people are scared but well aware of the importance of prevention. The situation in the hospitals is serious. As much as we would like to end this chapter on a bright note, at this point, it is too early to tell what the future will hold.





LOOKING AHEAD

Before we take a look at what lies ahead, we like to take a minute to look back and reflect on all the work done in the past years. It makes us realise that we are in the middle of a journey. We have achieved some of the goals we set for ourselves; we have also experienced set-backs, delays and course adjustments. We have seen people take action and we have found promising partnerships.

From this point on our sustainability journey we realise that a lot remains to be done. During the writing of this report, we were once again reminded of the magnitude of factors that are relevant for our supply chain. This realisation can be a little overwhelming at times, but it also makes us acutely aware that most themes are intricately related and that small steps may have widespread and unexpected effects, keeping us extra motivated to continue work on the following issues:

LIVING WAGE

Work on a Living Wage banana marketing concept continues, in close collaboration with the HAS University of Applied Sciences in Den Bosch, the Dutch Initiative for Sustainable Trade (IDH) and the World Banana Forum.

WATER MANAGEMENT

Many small-scale producers who pack for AgroFair pack their fruit in small-scale packing stations. We will test modestly sized filter & recirculation systems to make water use more efficient for small operations while guaranteeing water quality.

HEALTHY SOILS

AgroFair will remain closely involved in the promotion of healthy soils and precision irrigation. Many sustainability dossiers come together in this subject: improvement of the water and carbon footprints, improved yields, soil defence against disease, reduction of fertilizer and pesticide use.

PLASTIC

We are excited that the first plastic recycling plant has been installed in Peru and will scale up or expand the facilities where possible. We are studying how we can reduce plastic use and replace it with biodegradable and renewable materials.

PEST CONTROL

Reduction of pesticide use remains an important topic. The pesticide footprint tool helps us to make better decisions.

TR4

We will closely follow the development of TR4 in South America. In spite of all efforts now taken in Colombia to contain the disease, we must be prepared for further progress to other countries. We support our producers in the implementation of the TR4 protocol, developed by GlobalGAP in collaboration with AgroFair, amongst others, and raise awareness among other stakeholders in the chain. We believe the financial burden for implementing preventive measures should be shared.

GHG EMISSIONS

We have started to offer full compensation of CO₂ emissions along the chain, by proposing carbon credits.

QUALITY MODELLING

We check each incoming fruit container on a large number of parameters. Over the years, this has yielded a large and valuable database. We will now explore possibilities to use these data to make predictions for the future and improve farm and packhouse operations with the goal to reduce losses in the countries of origin.



GRI INDEX

GENERAL DISCLOSURES

GRI STANDARD	DISCLOSURE NUMBER	DESCRIPTION	PAGE
GRI 102	102-1	Name of the organization	5
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GRI 102	102-3	Location of headquarters	8-9
GRI 102	102-4	Location of operations	8-9
GRI 102	102-5	Ownership and legal form	6
GRI 102	102-6	Markets served	8-9
GRI 102	102-7	Scale of the organization	5-6
		Total numbers of employees: 27 persons	
		Total numbers of operations: 1 (AgroFair Benelux BV, Barendrecht, The Netherlands)	
		Net Sales: € 85,4 million	
		Quantity of products: 100,000 tons	
GRI 102	102-8	Information on employees and other workers	
		Total number of employees by gender: 18 persons men, 9 persons women.	
		Total number of employees by employment contract (permanent and temporary): 1 person with a temporary contract, 26 persons with a permanent contract.	
		Total number of employees by employment type (full-time and part-time), by gender: 22 people work full-time (23% women, 77% men), 5 people work part-time (80 % women, 20% men)	
		Any significant variations in these numbers reported (such as seasonal variations) No fluctuations, yet significant growth.	
		An explanation of how the data have been compiled, including any assumptions made. Numbers are collated based on our own personnel files and exclude interns. Full-time is defined as Full Time Equivalent (FTE).	
GRI 102	102-9	Supply chain	7
GRI 102	102-10	Significant changes to the organization and its supply chain	Not applicable
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GRI 102	102-18	Governance structure	6
GRI 102	102-40	List of stakeholder groups	18
GRI 102	102-41	Collective bargaining agreements All employees are covered by the CAO Wholesale in Fruit and Vegetables	
GRI 102	102-42	Identifying and selecting stakeholders	18
GRI 102	102-43	Approach to stakeholder engagement	18-19
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GENERAL DISCLOSURES

GRI STANDARD	INFORMATION	DESCRIPTION	PAGE
GRI 102	102-45	<p>Entities included in the consolidated financial statements</p> <p>Group Structure as at 31 December 2018</p> <p>Company - Registered office - Proportion of issued share capital</p> <p>Consolidated subsidiaries:</p> <p>AgroFair Benelux B.V. - Barendrecht, The Netherlands - 100%</p> <p>AgroFair Innovations B.V. - Barendrecht, The Netherlands - 100%</p> <p>AgroFair Projects B.V. - Barendrecht, The Netherlands - 100%</p> <p>Hoge Snelheid 1 B.V. - Barendrecht, The Netherlands - 100%</p> <p>STAK Hoge Snelheid 2 B.V.</p> <p>Hoge Snelheid 2 B.V. - Barendrecht, The Netherlands - 81%</p> <p>Hoge Snelheid 3 B.V. - Barendrecht, The Netherlands - 100%</p> <p>Non-consolidated companies:</p> <p>Tulipan Naranja SAC - Lima, Peru - 100%</p> <p>Grupo Hualtaco S.A.C. - Lima, Peru - 50%</p> <p>CTM AgroFair Italia S.R.L. - Verona, Italy - 50%</p> <p>Participation in producers/exporters:</p> <p>Oke Guabo Cia Ltda. - El Guabo, Peru - 50%</p>	
GRI 102	102-46	Defining report content and topic Boundaries	23-31-40
GRI 102	102-47	List of material topics	20
GRI 102	102-48	Restatements of information	Not applicable
GRI 102	102-49	Changes in reporting	Not applicable
GRI 102	102-50	Reporting period	2019
GRI 102	102-51	Date of most recent report	October 2019
GRI 102	102-52	Reporting cycle	Annually
GRI 102	102-53	Contact point for questions regarding the report	28
GRI 102	102-54	<p>Claims of reporting in accordance with the GRI Standards</p> <p><i>'This report has been prepared in accordance with the GRI Standards: Core option'</i></p>	
GRI 102	102-55	GRI content index	48-49
GRI 102	102-56	External assurance	Not applicable

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GRI STANDARD	INFORMATION	DESCRIPTION	PAGE
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GRI 103	103-1	Explanation of the material topic and its Boundary	48-49
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GRI 103	103-3	Evaluation of the management approach	40-41
GRI201	201-1	Direct economic value generated and distributed	41
Environmental Topics			
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GRI 103	103-1	Explanation of the material topic and its Boundary	23
GRI 103	103-2	The management approach and its components	24-27
GRI 103	103-3	Evaluation of the management approach	24-27
GRI 414	414-2	Negative social impacts in the supply chain and actions taken	24-30



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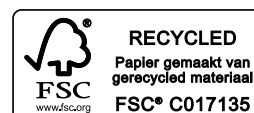
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