



Sustainability Report

2022/2023

AgroFair
RIGHT FROM THE PRODUCER

Dear reader,

This year marks the ninth time we have presented our sustainability report. Every year has its peculiarities, of course, but last year was a very remarkable one for us and our producers, as it was for everyone. We were rocked by the outbreak of a major armed conflict on our continent. This unthinkable event came at a time where so many of us were enthusiastically working daily to achieve progress and improve business and conditions. While not on the same level as those living in the war zone, we also suffered the consequences of this war, as did our suppliers.

The war caused a sharp rise in oil and gas prices. Given that our industry is highly dependent on gas-produced raw materials, particularly nitrogen fertiliser, and relies on transport that uses petroleum-derived fuels, notably fuel oil for ships as well as diesel for trucks and irrigation pumps, the cost of a box of bananas rose rapidly. It is a trade custom to work with fixed annual prices, both for buying and selling. Those prices had been fixed in contracts for another year just prior to this situation. That put the whole banana sector in a very difficult predicament. Therefore, our producers' and our own focus this year couldn't revolve around sustainability; rather, it was primarily centered on survival and getting through the year. Unfortunately, some of our producers did not manage to do this. They had to contend with already low prices and could not manage to reduce their costs even further or cut back on their resistance capital. In Ecuador, we saw several small farmers leave or stop maintaining their banana plantations. In Nicaragua, a major supplier of ours shut down permanently. Other producers saw their productivity and quality decline because there was not enough money to buy



increasingly expensive fertilisers and plant protection products. Thus, as we stepped into the new year of 2023, we faced unprecedented price hikes. While these provided the producers with some relief, they also led to elevated retail prices for consumers in Europe.

The events were followed by tropical storm 'Yaku', which caused unusually heavy and prolonged rainfall in Ecuador and Peru that flooded many banana plantations. This, combined with the lagging fertilisation in 2022, stressed the fruit and showed above-average quality defects on arrival in Europe. Particularly, though not exclusively, organic bananas bore the brunt of this impact: fertilisation is very expensive and protection of bananas against spoilage during transport was practically impossible due to the prohibition of chemical-synthetic agents. This dealt another blow to the sector. It is now clear that La Niña will be followed by an El Niño phenomenon this year, which is expected to be accompanied by floods again.

What is clear from all these events is that sustainable development is more necessary than ever. Reducing dependence on fossil fuels and products based on them, such as plastics, and making banana production resilient to the effects of climate change must be high on the agenda. Producers and plantation workers face a substantial threat of losing their livelihoods and jobs if they are continually exposed to such high risks. Containing this situation and ensuring good working and living conditions that allow for a decent living should be the goal of our joint efforts.

Despite the considerable challenges, there is also reason for hope and a positive outlook: AgroFair made good progress with its plastics processing plant in Peru. It is now running satisfactorily, and the recollection of plastic and production of corner boards will be expanded this year. A very nice and successful project, one that we rightfully take pride in: instead of plastic ending up by the roadside and in heaps, waste becomes valuable raw material for new products.

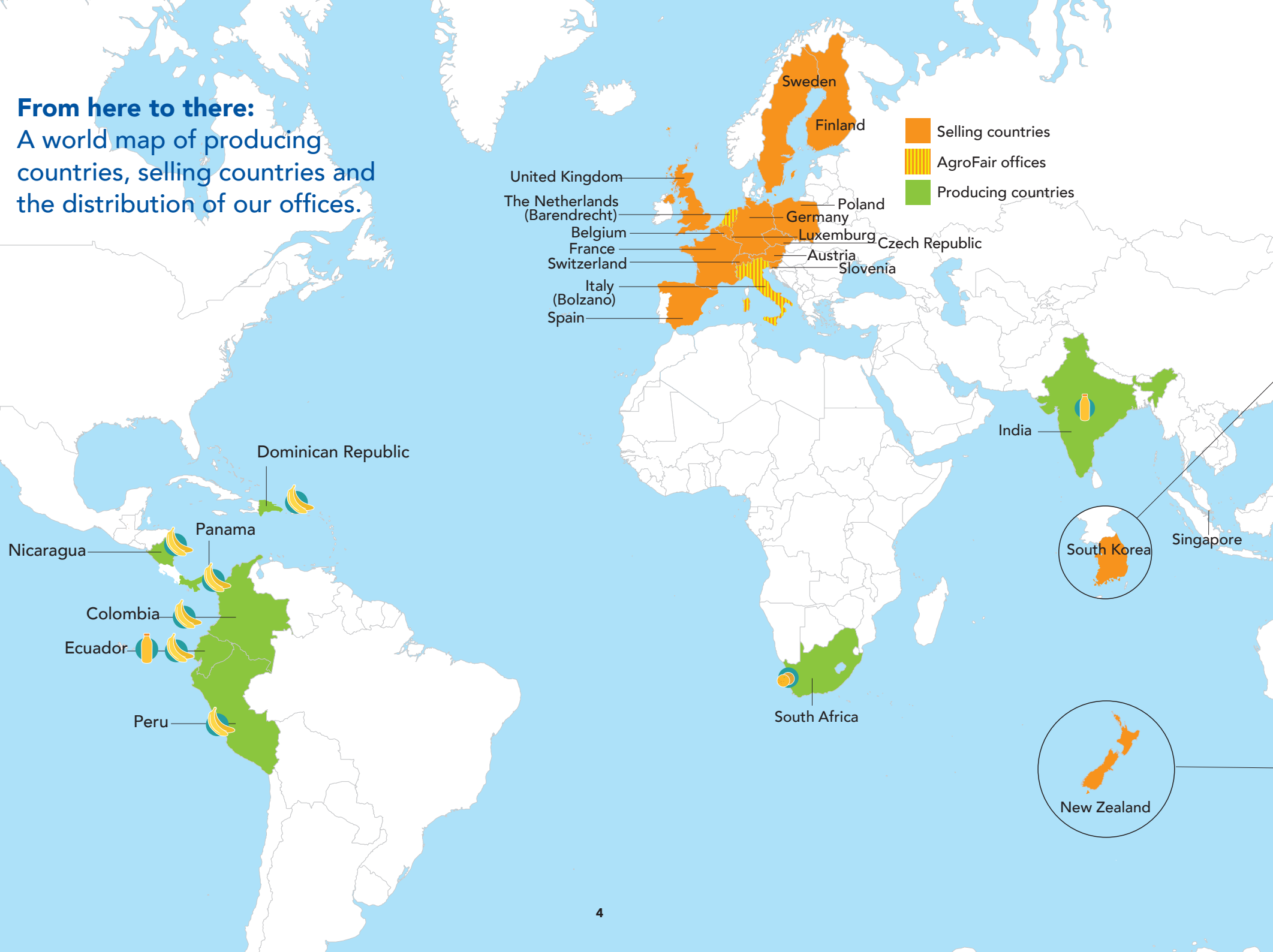
Therefore, we want to continue on that path, with initiatives to help our smallholder farmers switch from diesel-powered irrigation pumps to electric ones powered by solar panels. We hope to report on that next year.

Meanwhile, I will leave you in the hands of our sustainability team, which has once again selected a host of interesting information and data this year, to bring you up to speed on what is happening at AgroFair.

Kind regards,
Hans-Willem van der Waal, CEO

From here to there:

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



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Sustainability and environmental justice

Over 13 years ago, in 2009, the concept of 'planetary boundaries' was introduced, in an influential article in the scientific journal 'Nature'. It proposed nine groups of human activities that have an impact on our planet's environment. Specific thresholds were calculated for each of these groups. Beyond these thresholds, potential impacts could pose major risks to both people and the planet.

In June of this year, the concept was updated. One drawback of the concept was its omission of the universal right to water, health and wellbeing, food, energy, and a healthy environment. The updated concept introduced 'environmental justice'. There is great variation in the type of environmental impact of human activities and the extent to which it affects different countries and communities. Frequently, it is observed that that vulnerable groups contribute the least to climate change, loss of biodiversity, and the depletion of soil and water resources. However, the reality is that precisely for these vulnerable groups of

people in poorer regions or cities around the world, two, three, four up to as many as five or even six of these eight thresholds have already been crossed, and many sustainable development goals are slipping beyond attainable reach.

These changes undermine the stability of systems that matter for the lives and well-being of people, for future generations, as well as for other species. Usually, these changes are triggered by unsustainable extraction and consumption of natural resources. The authors propose some safe Earth System Limits for climate, biosphere (nature and biodiversity), fresh water, nutrients, and air pollution. The details for establishing these safe boundaries are quite technical. But the idea is clear in the figure.

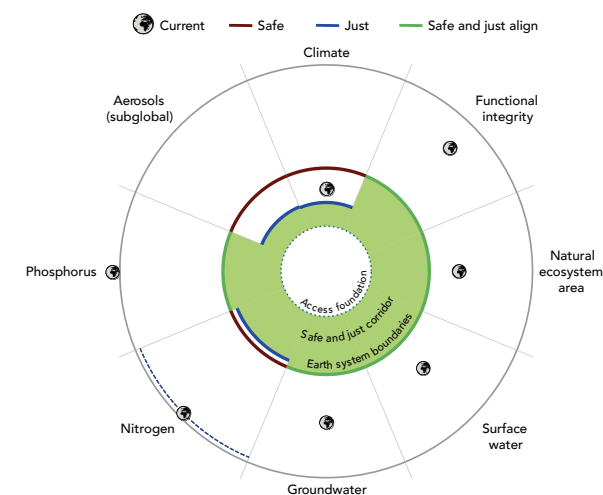
When these boundaries are crossed, widespread severe impacts can ensue: loss of life, livelihood or income; displacement (forced migration); loss of food security; loss of access to sufficient drinking water; chronic illness or malnutrition. In the worst case, the effects can be irreversible, and it is imperative to prevent such outcomes. With wise management,

restoration and more sustainable changes, negative impacts can be mitigated to stay within the safe thresholds of resilience.

The strength of the concept of safe planetary boundaries, including environmental justice, lies in connecting environment, equality, and justice. What does this have to do with banana sectors, and the regions where they are located? How can we keep (or recover) water sources, biodiversity, and soil health? How can we reduce pollution and emissions, and increase the resilience of banana plantations? Can we set targets, and contribute to a transformation of a more sustainable and just banana sector and trade, bit by bit? How can we ensure livelihood security in the banana sector, for men and women, as well as for future generations?

But hey, wasn't and isn't this what Fairtrade is all about?

This matter calls for additional deliberation.



Our core values

At AgroFair, we have defined core values that guide us in our activities.



MISSION

AgroFair is a market leader in fair and sustainable tropical fruit and fruit-related food products. We do this in an inclusive way, with a special emphasis on small producers who apply fair, responsible, social, environmental, and economic standards. Moreover, they actively engage in the company's governance and hold a stake in our capital. While plantation workers are not stakeholders, and cannot set standards themselves, we remain committed to ensuring their well-being as well.



VISION

We provide consumers with various kinds of tropical fruit that are produced fairly and in an ecological and sustainable manner. We strive to be at the forefront by combining innovations in a sustainable and inclusive production and logistic process with marketing concepts. We are an inspiration for the industry. We offer our producers and their employees better livelihoods by bringing production in harmony with the surrounding ecosystems.

Business principles

For us as a company, it is important to define what behaviour and culture we want to promote: those are the core values of AgroFair. We do this by defining our business principles and by offering practical guidance on how to run our business practices.

Entrepreneurship

We conduct our business together with our producers, who are co-shareholders. We aim to offer solutions to our customers that generate added value both for them and for us. We act promptly to identify and develop opportunities. We ensure prompt responses to both customers' and producers' inquiries. We innovate and come up with appealing new products and services. We're not afraid to explore new ideas and are willing to take calculated risks. We strive to keep our operational performance on a high level and improve it constantly.

People, planet, profit, prophecy

We understand that our impact is not limited to our bottom line, but it involves many different dimensions. For this reason, we aim to evaluate our performance in different areas to ensure that we create a positive impact.

These areas are:



People & Society

We have objectively determined that the rights and interests of producers and employees are conclusively guaranteed.



Planet & Ecology

Our goal is to be a leader in ecologically sound production by looking at our own carbon footprint and aiming for the highest possible

standards of ecological responsibility among our producers.



Profit & Economy

We aim to achieve sustainable profitability for ourselves and our suppliers.



Prophecy

We actively contribute to the sustainability debate in our industry.

Integrity

- Honesty and reliability are our top priorities.
- We do not give or receive gifts (money, presents, entertainment) with the purpose or appearance of obligating the recipient to do something in return.
- We give our suppliers an account of the financial results of the parties.
- We treat AgroFair's property and interests responsibly.

Quality

- We are all conscious of hygiene and food safety when handling our products.
- We strive to continuously reduce food safety risks and maximize transparency and integrity.

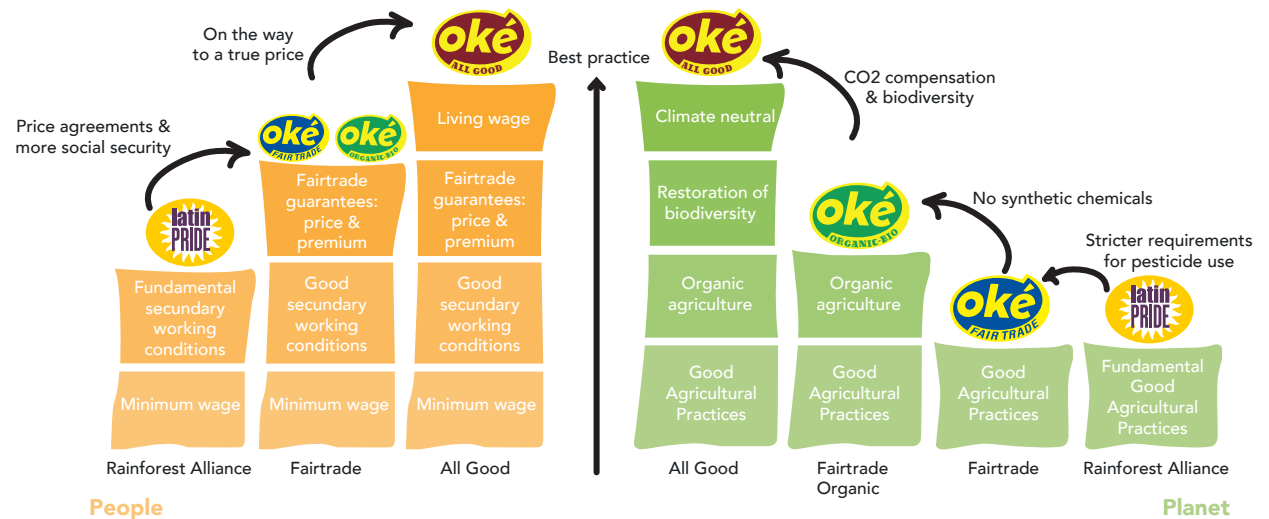
Our main brands

We are very proud of our fruit brands: Latin Pride, Oké, Oké Organic, and Oké All Good. In addition, we specialize in adapting to our clients' needs. In other words, we collaborate with our producers to meet any specifications our clients desire.

Certifications

We believe that our products ought to adhere to high standards of sustainable production. Therefore, we rely on suppliers who have one or more certifications. Certifications such as GlobalGAP, Fairtrade, and Rainforest Alliance adhere to social and environmental standards. These certifications ensure that suppliers operate in accordance with proper working conditions, fair wages, environmentally friendly processes, and many other relevant elements.

On the way to the most sustainable banana



GLOBALG.A.P.

BIO SUISSE
ORGANIC



Our Latin Pride brand is Rainforest Alliance certified. It is the solid base of our brand



The Oké brands represent our strong commitment to our planet and its people, and to fair trade prices. Both brands have been granted the Fairtrade 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 bananas.

Corporate governance

According to Dutch law, AgroFair Benelux B.V. is a private company with limited responsibility. Our activities consist of trade in sustainable tropical fruit where production complies with high social and environmental standards. In addition, our operations are primarily based in the Netherlands (our headquarters location), however, we also carry out activities through subsidiaries in several other countries where our fruit is produced. For more information on our legal structure, please check our Annual Report. .

Our shareholders

As a socially responsible enterprise, a selected group of shareholders accompany us in our strategy. We empower our producers by implementing a joint ownership structure where Fairtrade-certified producers may apply to join the Cooperative of Producers of AgroFair (CPAF) after one complete season of supply. In addition to the CPAF, our shareholders include other ethical investors.

Cooperative of producers of AgroFair: CPAF

The largest shareholder of AgroFair is the CPAF. This means that our producers are owners at the same time. The CPAF is internally organized based on a dual base vote power where both the average fruit value per producer and the "One man one vote" principle are taken into account.

In a similar manner, the dividend distribution within the CPAF is based on the value of the fruit delivered to AgroFair. Considering the diversity among the producers, CPAF's structure, particularly in terms of

voting power, aims to ensure democracy and provide protection for smaller producers.

ASOGUABO (El Guabo)

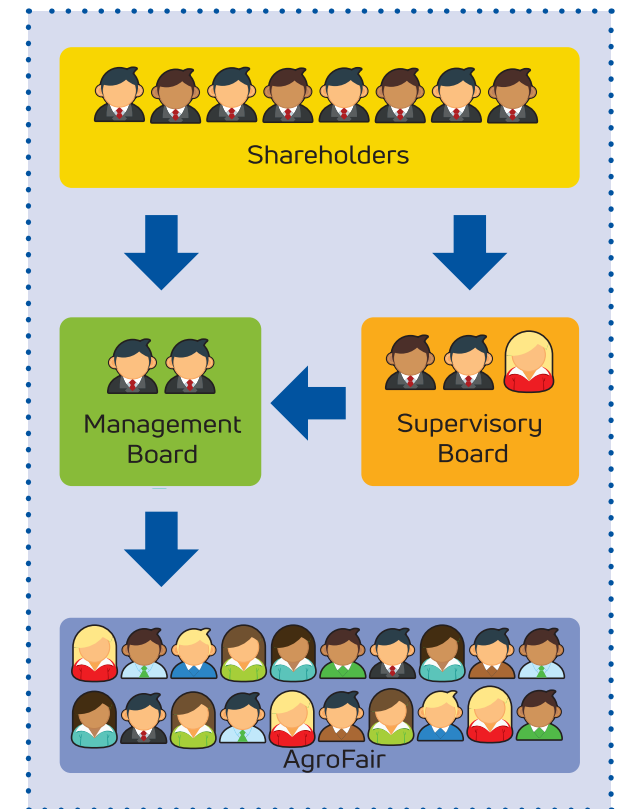
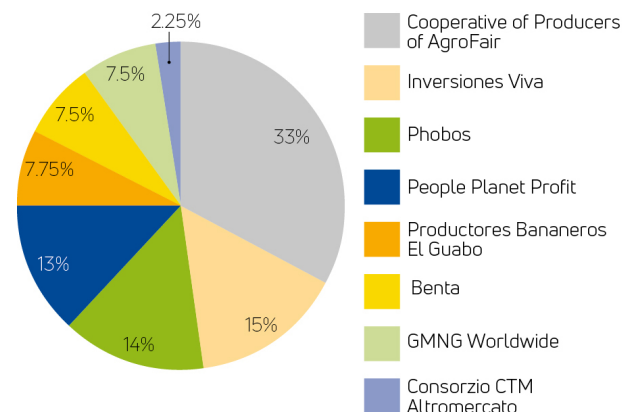
An Ecuadorean association of small Banana Producers is the second largest shareholder. As an environmentally, socially, and economically sustainable association, El Guabo has been a pioneer in the Fairtrade Banana world.

Ethical investors

The rest of our shareholders believe in long-term support objectives and the promotion of sustainable development models in Latin America, which aligns with our business model.

Legal structure

AgroFair has a two-tier corporate governance structure. In this kind of structure, the executive management is vested in the Management Board and the Supervision board. Members of both boards are appointed by the General Assembly of Shareholders. For more information, please check our Annual Report.





Management Board

Hans-Willem van der Waal

Hans-Willem has served as the CEO of AgroFair since 2009. Prior to being instated as CEO, he held the position of Manager in Sourcing & Quality. As a leader, he ensures that AgroFair continues to find solutions to issues, including reducing biodiversity loss, minimising pesticide use, lowering carbon emissions, and reducing water use, while at the same time improving wages and working conditions (living wage), in collaboration with partners and stakeholders.

Rikkert van Rhee

Rikkert van Rhee has been with AgroFair for 21 years, holding various positions. In 2017, he became the CFO. Rikkert is a strong believer in the AgroFair way of doing business. He stated: "For me, running a business is more than figures and finances, as it is also a means to achieve what one believes in."

Supervisory Board

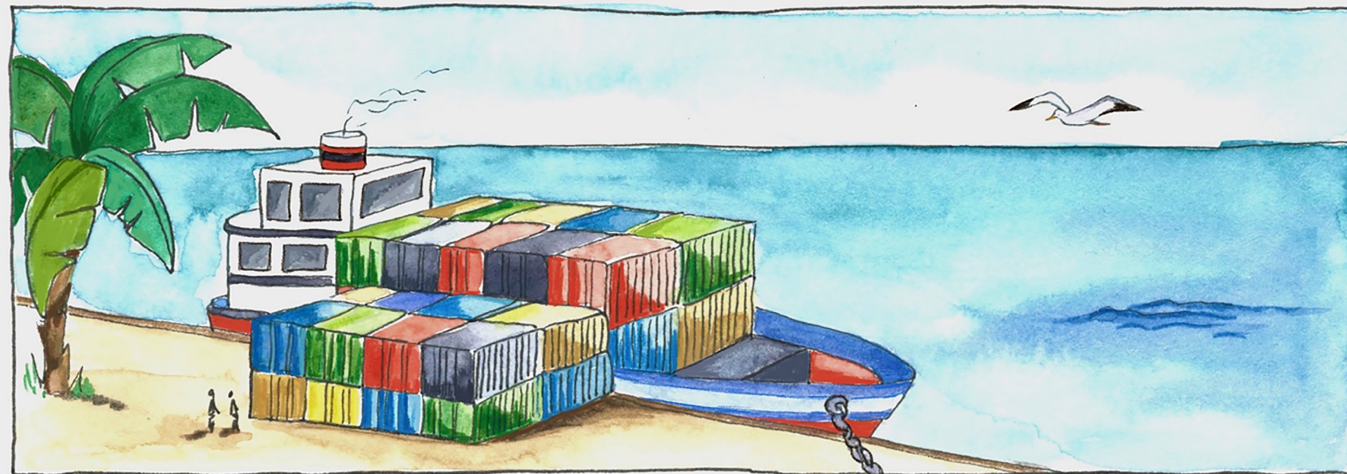
Kris van Ransbeek

Kris van Ransbeek is currently the Chairman of the Supervisory Board. With his background in retail and other large fruit importers, he is committed to contributing to the successful development of AgroFair with insights and experience obtained in diverse global food and retail businesses.

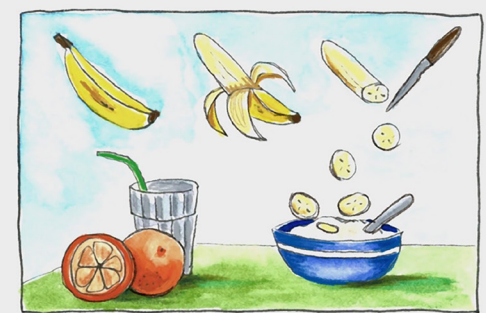
Yoriely Villalobos Mora

Yoriely has been involved with AgroFair for more than 15 years. Through Asoproagroin, Agronorte, and Probio, she has represented small producers within AgroFair. As a woman and part of a rural farming family, she has faced significant challenges, however she has also witnessed the satisfaction that comes with achieving progress and the impact this generates in communities.

Our supply chain



For more information:
www.agrofair.nl/supply-chain





AgroFair South

Back in 2009, we recognized the need for a localized approach to address unique production contexts in different countries in Latin America. With this in mind, AgroFair South was established to provide direct support and assistance to suppliers, empowering them to enhance their business capacities and competitiveness. With a steadfast dedication to delivering optimal fruit to international markets, AgroFair South has expanded its presence across six different Latin American countries. Today, it employs 25 skilled individuals working in administration, logistics, and, most importantly, quality management.

One of the key strengths of AgroFair South is its extensive network of connections. When it comes to engaging with a new supplier from a previously untapped country, the team can swiftly integrate new members into their ranks. This seamless integration

enables them to efficiently monitor product quality from the very beginning of the partnership, providing much-needed support to suppliers from day one. This adaptability and receptiveness to new opportunities emphasises their commitment to promoting sustainable and ethical practices across all locations.

Alongside the critical task of maintaining constant quality control inspections for both established and prospective suppliers, the team actively ensures compliance with meticulous product specifications. Furthermore, they collaborate closely with suppliers to strengthen their internal quality controls, fostering an environment of continuous improvement and adherence to best practices. AgroFair South serves as a vital link between the production side of the business and the Dutch team, keeping them updated on all developments, innovations, and challenges

faced in Latin America. Additionally, the team is at the forefront of coordinating experiments, seeking innovative ways to enhance production, reduce environmental impact, and improve overall efficiency.

Tulipán Naranja

Tulipán Naranja was created to address the fragmented production context in Peru, where small producers work in cooperatives. It represents AgroFair locally and ensures quality control for suppliers. Additionally, it manages export administration, sources fruit from smaller cooperatives, optimises production logistics, distributes specific packing materials, and supports sustainable practices. Tulipán Naranja is also a shareholder of ECOBAN, the plastic recycling company which started operations in 2022.



Nicanor Cabrera González, Quality Manager

In Latin America, our team is headed by Nicanor Cabrera, from Panama, who holds the title of General Quality Manager. Many years ago, drawing inspiration from the renowned banana scientist M. Soto, Nicanor delved into the world of Musaceae for over two decades while employed by a prominent multinational fruit company. Now, he brings his wealth of knowledge and expertise to AgroFair, drawn by the company's philosophy and vision, and his desire to support small and medium banana growers.

His day begins at 5 a.m., as he diligently verifies market quality results and coordinates with the sourcing and quality team in the Netherlands. Nicanor manages the technical quality teams of more than ten people in various producing countries and offers direct support and essential guidance to our suppliers.

Outside of work, Nicanor cherishes family time and engaging in recreational activities. His ultimate goal is to leave behind a legacy, by creating a precision agriculture method exclusively for small and medium producers, rooted in sustainability.

Linett del Carmen Duque Cedeño, Certification Manager

Since joining AgroFair in 2012, Linett, a resilient Panamanian, has been an invaluable asset to the team. Her extensive experience working in a small producer's cooperative and large fruit transnationals in Panama makes her the ideal person for the Certification, Sustainability, and Traceability Department.

Linett ensures potential suppliers meet the strict documentation requirements for export operations, diverse certifications, and integrated production. With our current suppliers, she provides valuable guidance on compliance, new potential certifications, and upcoming audits. Thanks to her constant support, she has managed to gain the trust of our suppliers. Additionally, she maintains essential records, including active and suspended producers, permitted organic products, and packing materials which ensures transparency in our supply chain.

Outside of work, Linett actively engages with her community and local universities, sharing her knowledge and inspiring others. She devotes a significant amount of time to her hobbies, such as reading a variety of books. Linett's contributions have been instrumental in AgroFair's success as a socially responsible and sustainable enterprise, setting industry standards.



Together, Linett and Nicanor form the formidable backbone of our operations in Latin America, constituting the two main pillars that uphold our commitments to sustainability and high quality.



Our stakeholders

We are not alone in our journey. On the contrary, we work with numerous stakeholders all over the world who engage in a wide range of activities, like selling our fruit (our clients), providing us with fruit (our suppliers), transporting our fruit (logistic providers), or completing everyday tasks (our employees). We cannot forget about our alliances and partnerships with different NGOs, other fruit companies, scientists, industry organisations, and more. Finally, our shareholders remain relevant to our operations and future as a social enterprise.

Our clients

Without our clients, our fruit would not make it to the final consumer. Therefore we are in constant communication with them, not only to discuss quality and logistical concerns, but also to explore new marketing concepts and innovations aimed at sustainability. They are our clients, and we need to keep them content. We work together to remain at the forefront of our industry, a feat achievable only through effective communication and cooperation. This approach allows us to understand the market's development and how we can best adapt to it.

Our suppliers

As key players in the supply chain, our suppliers work intensively year-round to provide the world with fruit. Our relationship with them is straightforward and for extended periods. We trust that they will provide us with sustainably produced fruit, and in return, we support them in any way we can, both commercially and financially. Our AgroFair South team, especially, pays them regular visits. Furthermore, our suppliers are part of the Cooperative of Producers

of AgroFair (CPAF). Once a year, all members come together, an event we as AgroFair cannot miss. This is supplemented by our communication through emails, calls, WhatsApp groups, and online conferences.

Shareholders

Annually, our Shareholders' Meeting convenes to discuss our situation. The main topics involve our commercial success and solid financial performance, but we also take time to gather their valuable feedback. Their perspective for AgroFair's future cannot be overstated, which is why we contemplate their input when talking about our company's strategy, innovative projects and techniques, and partnerships for development. Only with their support can AgroFair continue to be an industry leader with a positive sustainable impact around the globe.

Employees

At AgroFair, our employees make it possible to achieve our mission and work towards our vision. In return, we uphold our employees' morale by establishing a positive work culture. The result of our efforts is evident in the exceptionally low staff turnover, which has enabled us to create strong bonds internally, as well as strong networks with our partners externally. Our team comprises a diverse range of individuals based not only in the Netherlands but also across more than five countries in Latin America. Our AgroFair South team consists of technicians, quality inspectors, and more. (See AgroFair South section).

Logistics service providers

Coordinating the transportation of bananas from the fields to our clients is an intricate process. Given the perishable nature of bananas, time is a crucial factor,

and we heavily depend on Sea Freight Companies. Their role involves collecting containers at the producing country's ports and efficiently delivering them to the ports closest to our clients. These logistics service providers play a vital role among various stakeholders involved in ensuring the quality and timely delivery of our fresh fruits to the market.

Other stakeholders (certifiers, NGOs)

Years of experience have shown that our industry is complex and full of unexpected, interlinked challenges. To stay on top of the game, we engage

with other stakeholders such as certification entities, research institutions, governments, NGOs, and more. It is our privilege to be an active member of the World Banana Forum. In this multistakeholder platform of the banana industry, various working groups and task forces address the sector's global challenges, ranging from environmental impact and social issues to the distribution of value throughout the supply chain. Initiatives have been developed on themes such as Fusarium TR4, gender equality and the carbon footprint of banana cultivation.

AgroFair’s employees

	Female	Male	Others	Total
Number of employees	14	24	0	38
Number of permanent employees	14	24	0	38
Number of full-time employees	6 (22%)	21 (78%)	0	27
Number of part-time employees	5 (45%)	6 (55%)	0	11





Sustainability policy

Sustainability for AgroFair is not just trading fresh fruit with a sustainability certification. AgroFair was founded to introduce the Fairtrade banana, standard known for its social sustainability. Our ambition is to go beyond that and make the production and trade of fresh fruit increasingly sustainable, both socially and ecologically. To accomplish this goal, we have outlined three focus areas corresponding to each of the three Ps of People, Planet and Profit. These three focal points guide our efforts and those of our suppliers.

Suppliers can draw inspiration from them, especially when selecting Fairtrade premium projects. The focus areas are connected to specific targets of the Sustainable Development Goals (SDG). Our objective is to make our focus areas increasingly Specific, Measurable, Acceptable, Realistic, and Time-bound (SMART).

People & Society Our focus areas under People & Society are:

Safe and healthy work environment

This theme is very central to Fairtrade, where AgroFair is the pioneer. Responsible handling of crop protection agents by providing and using personal protective equipment, securing machinery and equipment, and creating a socially safe working environment, including for women and minorities, are important focal points. Child labour and forced labour are prohibited, and protection of workers' rights through good contracts, collective bargaining agreements, freedom of association and the provision of accident insurance

and pension schemes are key issues. Communities surrounding plantations must also be protected against the risks of pesticides.

Fair wages/income - access to basic services

Another aspect closely linked to the Fairtrade concept are fair wages and the provision of access to basic services, such as education and health care. Working towards a 'living wage' and 'living income' that covers basic needs is a key element. Achieving acceptable prices and a certain level of efficiency go hand in hand. In addition, the Fairtrade premium is meant to meet such needs and is important, especially in countries where the government does not provide these services sufficiently.

Protecting vulnerable groups

Vulnerable groups in the working environment must be protected. This applies in particular to women and girls, as well as the disabled and ethnic minorities.

Planet & Ecology Our focus areas under Planet & Ecology are:

Soil and biodiversity

Protecting and improving soil life has a high priority. Healthy soil is essential to the development of healthy roots, nutrient uptake of banana plants, and bunch weight. With healthy soils, the use of pesticides and fertilisers can be reduced. Banana plants will be stronger and more resistant to pests, diseases, and stress. Healthy soil is also capable of absorbing more CO₂ and storing it in the ground in a stable manner. Many plantations are located near the sea. Residues

from pesticides and fertilizers must be prevented from disturbing the ecology of vulnerable coastal areas. Biodiversity on and around plantations must be strengthened. Water catchment areas are essential and must be protected. Natural biotopes must be protected, especially in vulnerable mountain terrain.

Climate change adaptation

Banana producers suffer from climate change. Extreme events such as droughts, floods, and hurricanes are becoming more frequent and severe. Changes in temperature and humidity can change habitats and pave the way for the migration or development of pests and diseases. Adapting production to changing conditions and mitigating the effects of climate change are important spearheads.

Banana production and trade also have an impact on climate change. Reduction of CO₂ emissions in the chain is an important goal. To achieve this, we must begin by assessing the carbon footprint. This year, we initiated this process in collaboration with a selection of producers from Peru, Ecuador, Panama, and Nicaragua.

Profit & Economy Our focus areas under Profit & Economy are:

Maintaining and improving productivity and efficiency

Increasing the productivity of the plantations of small farmers is important. This allows them to continue to earn a viable income and take part in international trade chains. By adopting this approach, large retail companies can help combat poverty and contribute to

Sustainable Development Goals that are important for producers, workers, and their communities.

Responsible production

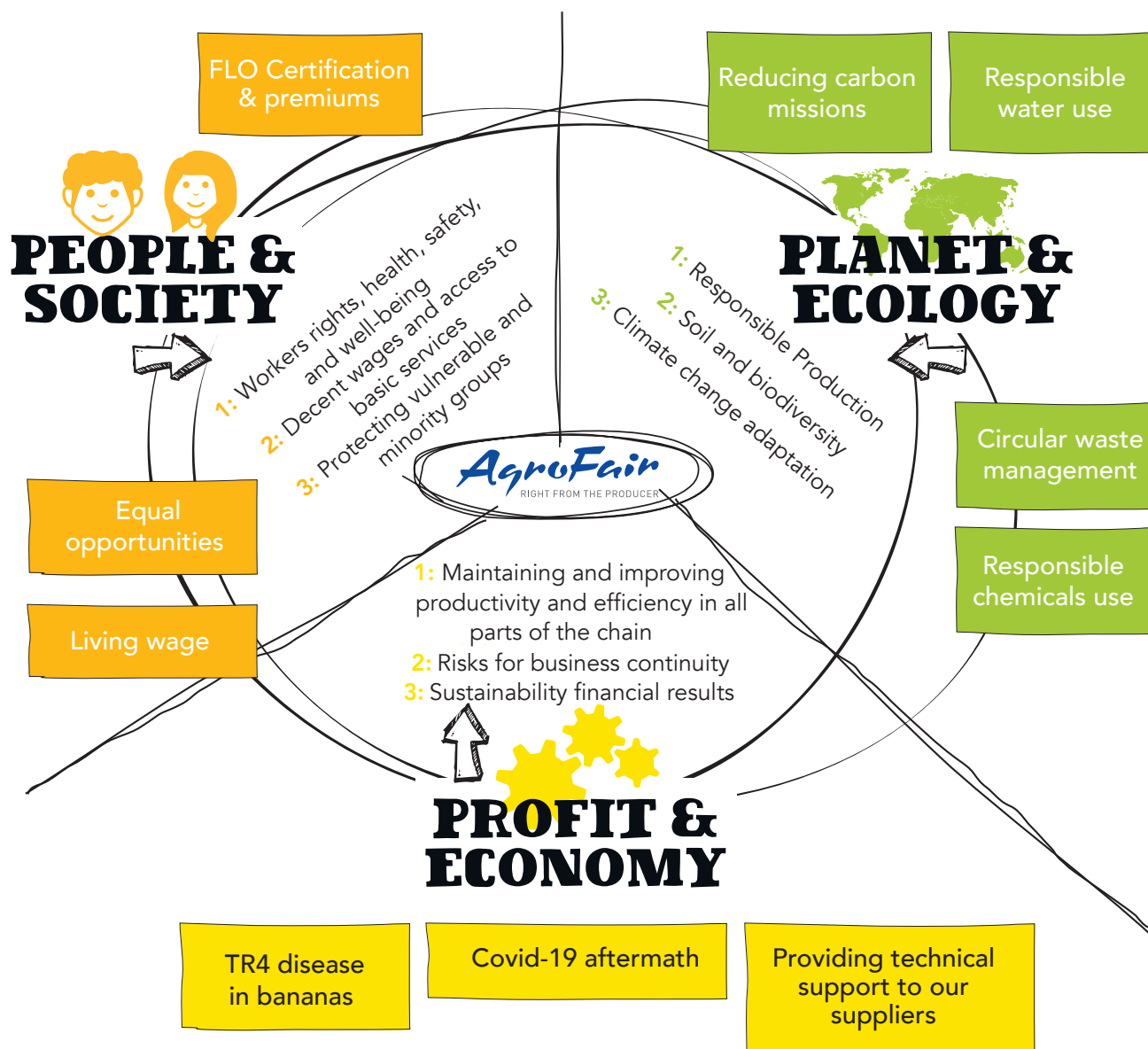
Production should be carried out in a responsible manner, using resources as efficiently as possible, in order to produce as little waste as possible. Waste, such as plastic, must be properly disposed of, and should preferably be recycled. The release of pesticide residues into the environment must be prevented as much as possible. Food waste must be reduced. Risks for supply chain continuity

Climate change and the prevalence of diseases and pests such as Sigatoka and Fusarium TR4, can represent considerable risks for both producers and AgroFair. Changing trade patterns, such as the stagnating growth of Fairtrade and organic banana market segments, also pose a risk. Targeted actions can help to make these risks manageable.

Sustainable organisation & financial results

To achieve their social, environmental, and economic goals, organisations need to be effective and efficient. Good governance, and sensible and efficient economic management serve as prerequisites for a sustainable existence. In cooperatives, good governance and supervision, increasing transparency, and reducing corruption are of great importance. Where applicable, we pay national taxes due correctly and on time, thus contributing to the development of our communities.

Principles & goals



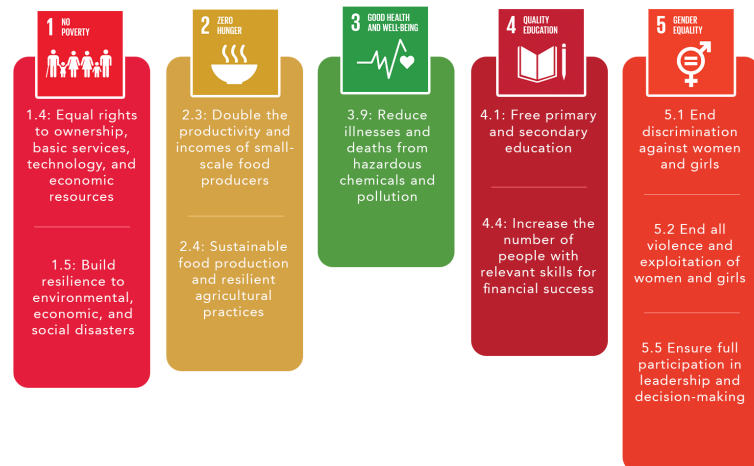
Sustainable Development Goals

The 2030 Agenda for Sustainable Development, adopted by the United Nations in 2015, presents the Sustainable Development Goals (SDGs) as a collective blueprint for achieving peace, prosperity, and environmental sustainability for all people and the planet. Comprising 17 interconnected goals, the SDGs call upon individuals, businesses, and governments worldwide to take decisive action to eradicate poverty, safeguard the environment, and ensure universal well-being by 2030.

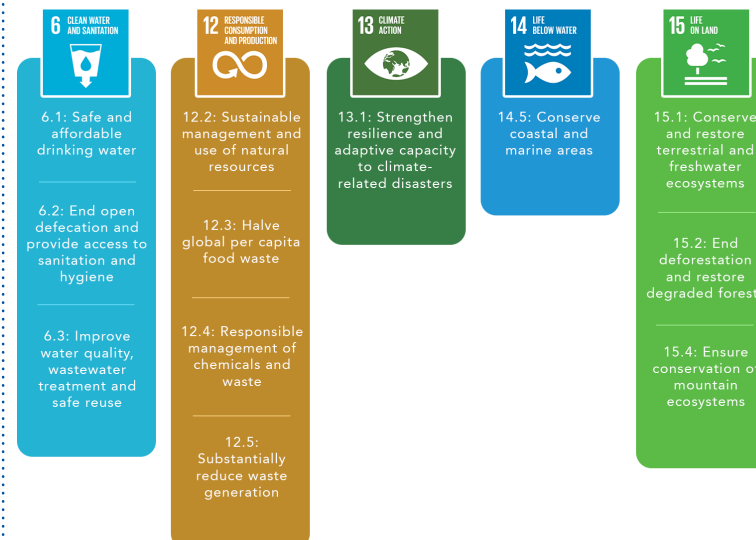
AgroFair heeds this global call and has actively explored ways to integrate the SDGs into its operations. Recognizing that our status as a smaller player might limit the scope of our impact across all 17 goals and 169 targets, we engaged in an internal dialogue to identify areas where we could make a more meaningful and targeted difference. To clarify, we still believe that other SDGs and their targets are highly relevant, but we decided to acknowledge our limitations and make strategic actions to maximise our impact.

Drawing inspiration from our existing sustainability policy, we then grouped the SDGs per focus area. Afterwards, we chose the targets that we would prioritise. By concentrating our resources and efforts on these chosen SDGs, we believe we can generate a more substantial and positive impact within our sphere of influence.

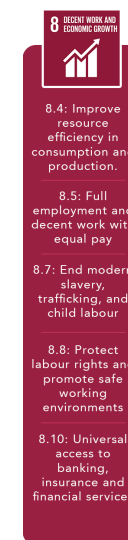
People & Society



Planet & Ecology



Profit & Economy

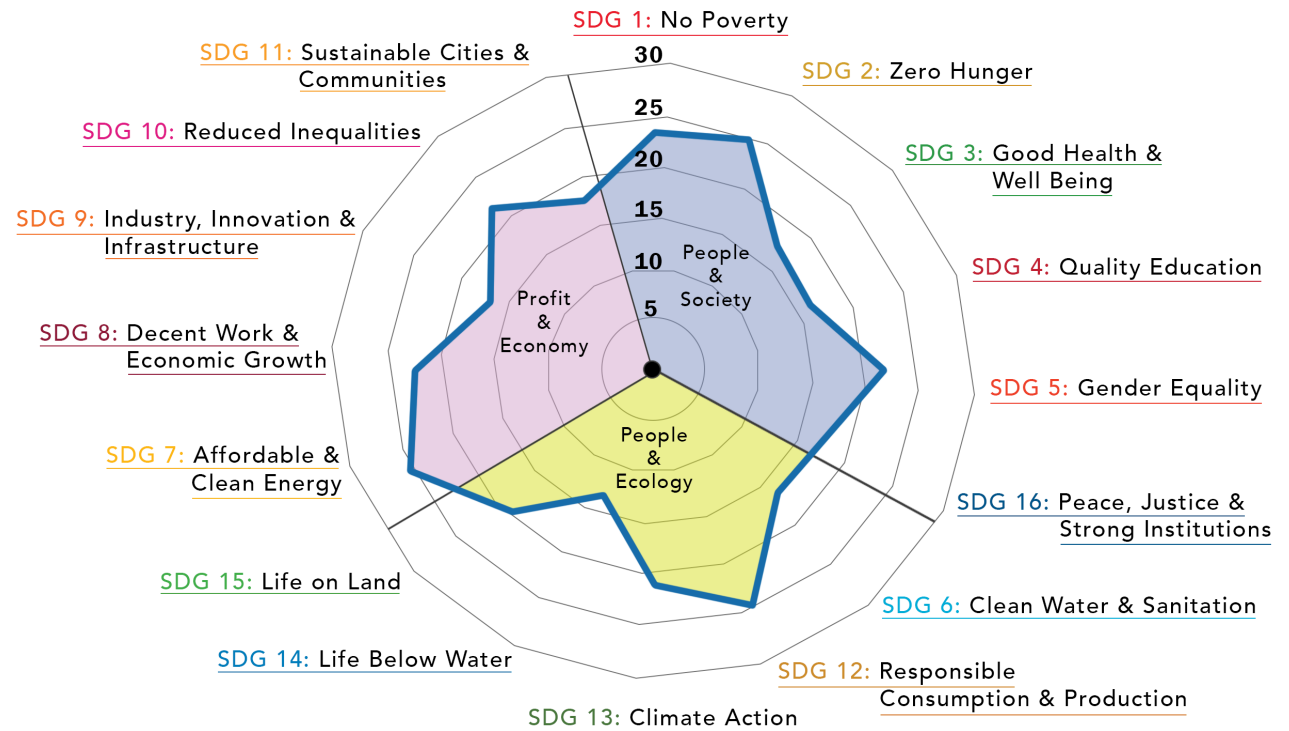


Our producers' priorities

To understand the concerns of our producers, we rolled out an online questionnaire designed to map their priorities regarding the SDGs. The questionnaire was divided into four segments. The first segment included some general information about the producers, such as name and country of origin. The rest of the segments corresponded with the three focus areas of AgroFair.

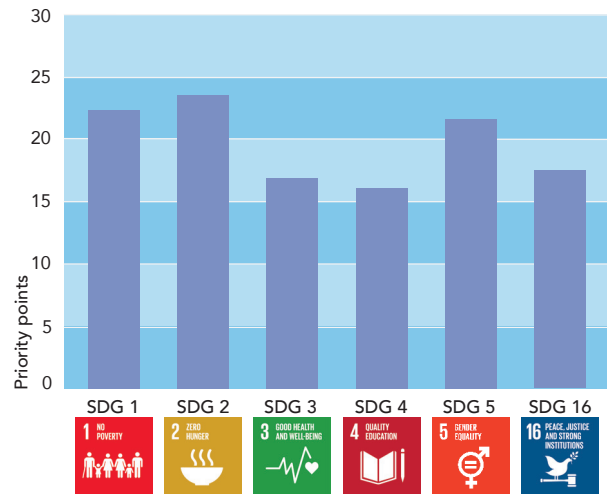
Four statements were prepared per SDG, which described the SDG as an action. Four statements of different SDGs were used per question, ensuring that the SDGs were from the same dimension, but that the statements were not the same combination of SDGs. For example, question 1 included a statement related to SDG 1, SDG 4, SDG 5, and SDG 16. The questionnaire contained 16 questions. In other words, the questionnaire contained 16 lists of statements the producers were required to rank from 1 to 4 according to their importance (highest to lowest). Each SDG was only used four times in different questions. The highest ranking position was accorded 10 priority points, the second was accorded 6 points, while the third was accorded 3 points, and the last, only one. Finally, we added up the priority points per SDG to obtain a final score. The questionnaire was answered by representatives of both plantations and small producer organisations.

The 'radar chart' or 'spider web' above shows the average score per SDG. As you can see, SDG 2: Zero Hunger had the highest average score with an average of 24 points in the People & Society dimension. In Planet & Ecology, SDG 12: Responsible Consumption and Production obtained the highest average score,

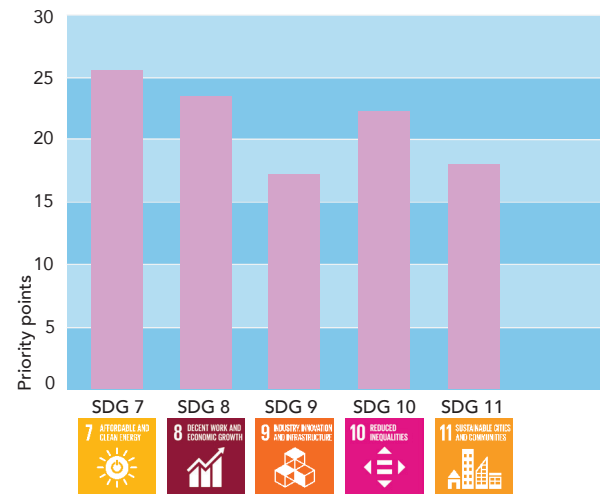


25 points. In the last dimension Profit & Economy, we discovered that the priority of the producers lies in SDG 7: Affordable and Clean Energy, with an average score of 25 points. Although we only mentioned the highest-scoring SDGs, it does not mean that other SDGs were not addressed by producers.

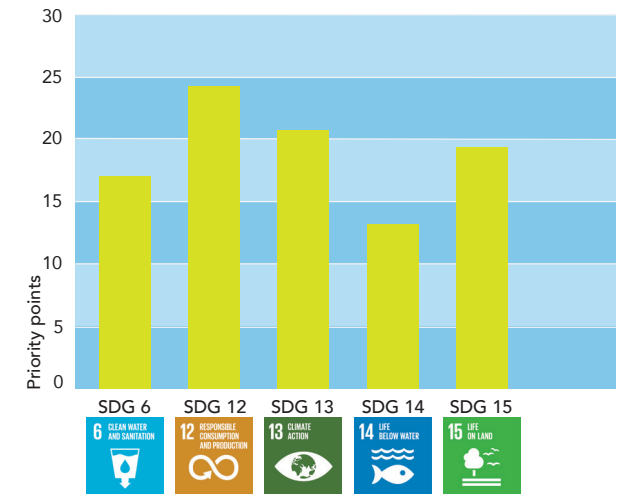
People & Society



Profit & Economy



Planet & Ecology





Sustainability trends in the European food retail sector

As part of our materiality analysis this year, we took an additional look at what themes matter to our clients when it comes to sustainability. Our clients encompass a diverse group, primarily composed of supermarkets in several European countries, in Korea, and in New Zealand. For the sake of comparability, we have limited the scope of this project to European supermarkets, both clients and current non-clients. Originally, we were very focused on fair trade: it is no coincidence that we are the pioneer of the Fairtrade banana. However, the world is ever-changing.

Sustainability is a broad concept with many aspects. Therefore, we wanted to better understand which topics particularly concern our clients and whether any discernible trends have emerged in recent years. This would allow us to make better plans that address current issues. Naturally, it is possible to answer this question by conducting a survey among supermarket

representatives, buyers, and sustainability officers. Experience shows that survey response rates are low, and the quality of responses varies. For this reason, we chose to use supermarkets' published sustainability information. This can be found in annual reports and sustainability reports. We collected reports from 2015 until 2022 from 48 supermarkets, where available. If they were not written in English, they were automatically translated. Through this approach, we had access to 317 annual reports. We analysed these with a machine learning technique called Structural Topic Modelling (STM). Documents consist of words. STM forms a topic from a number of words that often occur together (co-occurrence), and analyses how the documents are composed in terms of the topics. The number of topics is up to the analyst. We chose 30 topics. We omitted the financial and commercial topics, leaving us with 12 topics. The adjacent table shows the average percentage of words on the top-ten sustainability topics in reports in 2022. The graph on the following page shows which

words comprise the 12 most important sustainability topics. The value indicates the probability that this word belongs to this topic. Together, they describe the topic. We chose the title of the topic ourselves, based on the words that describe the topic. The accompanying graphs show how the different topics are composed, based on the 10 words with the highest probabilities, averaged across all documents and all years.

Proportion	Topic
4.2%	GHG emissions
4.0%	Employees & diversity
4.0%	GRI reporting
3.6%	Climate change & biodiversity
3.3%	Plastic & waste
3.2%	Sustainable products
2.9%	Energy efficiency
2.4%	Local embedding
2.0%	Healthy products
1.8%	Supplier social compliance

Most topics are fairly easy to describe using the characteristic words:

- 1. Supplier social compliance:** enforcing human rights in supply chains is of great importance. Companies pay attention to working conditions, safety, and the environment using standards and principles.
- 2. Energy efficiency:** reducing the electricity Consumption of shops, warehouses, and other buildings is a priority here, as is increasing the efficiency of logistics and greening distribution.

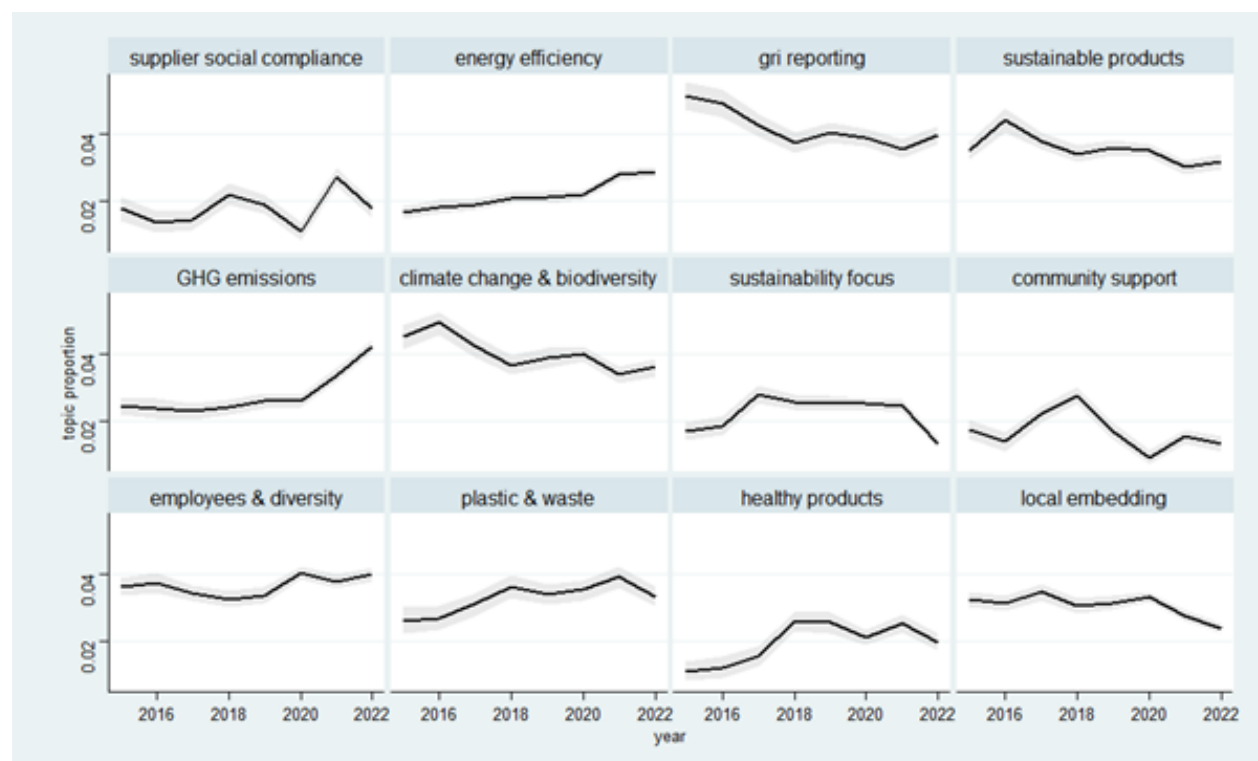
3. **GRI reporting:** everything about the management approach and the content index.
4. **Sustainable products:** focus on standards for organic production, animal welfare (especially in the meat and poultry sectors), and Fairtrade as well as fresh products and coffee.
5. **GHG emissions** are the equivalent of climate change & biodiversity, but here the emphasis is more on quantification. Reduction, including indirect emissions, based on targets and using data to calculate footprints.
6. **Climate change & biodiversity** complement this by focusing on the impact of climate change on food production and biodiversity.
7. **Sustainability focus:** discussions about the focus on sustainability and the strategic importance
8. **Community support:** information about the support of local communities, youth and children, food banks, and charity.
9. **Employees & diversity focuses** on employees and their training, as well as safety, gender relations, management (style), and working hours.
10. **Plastic & waste encompasses** the concepts related to packaging and the resulting waste. Recycling and quantifying waste and switching to paper or reusable material is important here.
11. **Healthy products:** supermarkets' responsibility for the health of their customers. Reducing bad fats,

such as from palm oil, and sugars, and certifying and own-labelling healthy products are the focus here.

12. **Local embedding** is a somewhat less easily defined concept, but focuses on local production and the role of supermarkets within the local community.

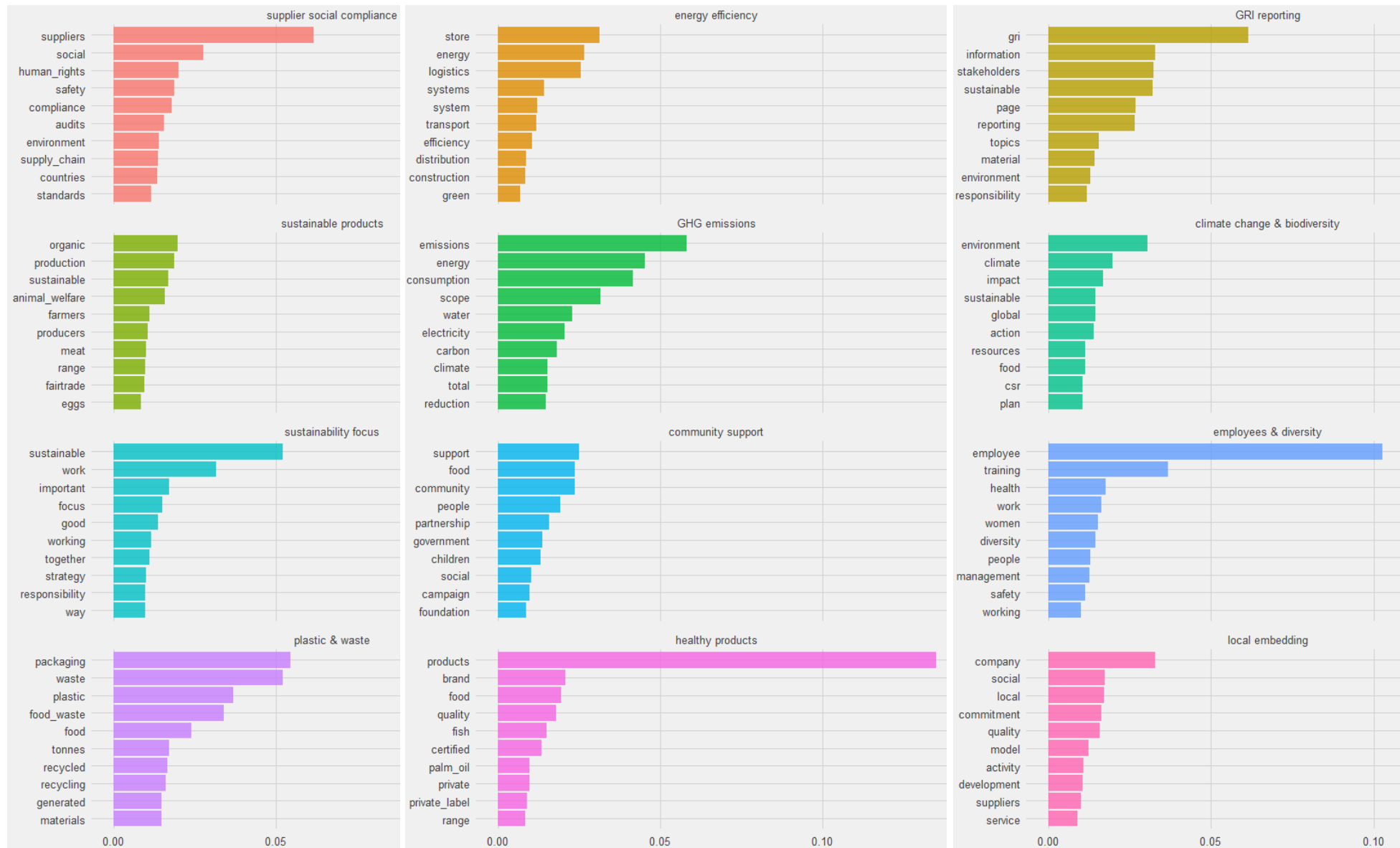
The graphs show how attention to the topics varies within the documents, and thus in relative terms. Attention to a topic may decrease in relative terms as attention to other topics increases in relative terms.

However, it doesn't provide insight into any changes in the substantive importance supermarkets assign to the topic or the level of their efforts. Nevertheless, it is interesting to see what the important themes are, and because it was measured over a large number of documents, it does provide a representative picture of sustainability themes in the European food retail sector. We plan to publish a more comprehensive report separately at a later stage.



Highest word probabilities for each topic

Different words are associated with different topics







Materiality analysis

In the last few pages, we have talked about the priorities of our producers and our clients, two of our major stakeholders. Now, it is time to think about what their priorities mean for us. The materiality analysis helps us determine the role that AgroFair can play in the creation and preservation of positive impact, and the reduction and prevention of negative impact. When we use the word 'impact', it relates to economic, social, and environmental value for stakeholders and society as a whole. Rather than solely concentrating on our capabilities, it's also about recognizing factors that might have a positive or negative impact on AgroFair presently or in the future. In essence, we aim to adopt a reverse reflective standpoint to identify either an opportunity or a risk to our capacity to create desired economic, social, and environmental value. This can

be perceived as a dual analysis to understand how we can impact our context, as well as vice versa. The materiality analysis should help AgroFair sharpen its business strategy, and set sustainability priorities that matter most to key stakeholders.

Together, AgroFair's clients and producers hold the title of "Most important stakeholders". As an importer and distributor, AgroFair occupies a crucial position, serving as the binding entity between the two. As for our (potential) clients, the wide analysis of their annual reports and sustainability reports has allowed us to try to identify their most relevant issues. As for the producers, we asked them to send a presentation on what they consider their most important themes, as they do not publish annual reports or sustainability reports.

We provided our suppliers' with a template they could use to draw up their presentations. It was divided into three sections that corresponded with our three focus areas and the SDGs grouping used for the questionnaire. We also added the theme of governance and alliances as a last section. For each section, we asked if producers could indicate (1) where their main concerns lay; (2) what their specific objectives were; and (3) whether they had also launched initiatives or projects in each of these dimensions. In the end, we received responses from 10 producer organisations, which we think are fairly representative of our suppliers. We used this information to get a score, again concerning 18 key themes.

Using our sustainability framework as a base, we grouped the main topics of our suppliers and clients into the three focus areas: People & Society, Planet & Ecology, and Prosperity & Economy. Once more, our focus areas are interconnected with the Sustainable Development Goals (SDGs) as well.

In relation to the focus area of People & Society, nearly all our suppliers, be they cooperatives or companies, prioritise health and education as their foremost concerns. Health is directly related to caring for one's immediate family, which is central to our suppliers. As for education, it is mainly about the future generation. Everyone wants a better future for the children which can be achieved by obtaining proper education, including further technical education or higher education. It is seen as the pathway to overcome poverty. Training and capacity building for cooperative members or company workers also score high across multiple topics. Here we can see an overlap with the

priorities of our clients. They hold employee diversity in high regard among their sustainability priorities. It involves training and building capacity. We can see that our clients' sustainability topics are broader than those of our suppliers, but this is most likely due to their larger operations in general.

Regarding the focus area Planet & Ecology, the importance of better waste management is shared by many of our suppliers. This is a direct overlap with our clients who highly value plastic and waste management. Suppliers also widely share the importance of reforesting river courses, especially to ensure access to water in the future. This can be linked to the topic "Climate Change & Biodiversity", as perceived by our clients. After that, the picture becomes a bit more nuanced. Renewable energy and especially solar panels on packing stations or houses are being considered by many supplier organisations (or already exist). These topics relate to GHG emissions and energy efficiency, as perceived by our clients. Promoting healthy soil is considered especially important by producers of organic bananas; whereas healthy drinking water comes out on top with larger organisations. Just a few organisations mentioned their concern about Fusarium Tropical Race 4. This is less than what might be expected given the huge risk of this devastating disease.

When it comes to the Profit & Economy area, there is concern about rising production costs and lagging prices. The fact that the pursuit of productivity and quality is the foundation for sustainable development is also acknowledged. Maintaining employment is considered especially important in large organisations and companies. For our clients, sustainability topics

in the Profit & Economy area concern "sustainability" incorporated into their general strategy and having an assortment of sustainable products.

Finally, our suppliers also consider alliances and cooperation, among themselves but also with government agencies and NGOs, of great importance to help achieve social, environmental, and economic goals.

As said before, we are the connecting entity between our suppliers and our clients. In reality, we are required to prioritise the topics of interest of our clients, due to our reliance on them to market our fruit. If we lost our clients because our sustainability approach was not in line with theirs, our company and our suppliers would suffer devastating consequences. That being said, we try to translate our clients' sustainability priorities into projects/initiatives that are beneficial to our suppliers as well.



Materiality topic results

People & Society

OUR SUPPLIERS

Social Goals:

1. Health
2. Education
4. Training
5. Gender equality
6. Poverty inequality
8. Family violence

OUR (POTENTIAL) CLIENTS

- Supplier social compliance
- Community support
- Healthy products
- Employees & diversity
- Local embedding

Planet & Ecology

OUR SUPPLIERS

Environmental Goals:

4. Governance incidence alliances
7. Productivity quality
8. Production cost low prices
9. Employment
9. Alternatives processing

OUR (POTENTIAL) CLIENTS

- Plastic & waste
- Energy efficiency
- GHG emissions
- Climate change & biodiversity

Profit & Economy

OUR SUPPLIERS

Economic Goals:

3. Waste management
4. Reforestation natural resources
6. Solar panels
7. Water
7. Soil health
8. Climate change
9. Pests & diseases
9. Tropical Race 4

OUR (POTENTIAL) CLIENTS

- GRI reporting
- Sustainable products
- Sustainability focus

A sample of 10 producer organisations or companies (suppliers) sent a presentation on their main concerns, statements and concrete projects or initiatives in each of the three focus areas; also related to the SDG. We then selected a series of development items frequently mentioned (for example Health, Climate change ...), and counted how many organisations mentioned this as one of the

items important to them. Then we applied a ranking. Mentioned by 10 organisations (all): ranking is 1. Mentioned by 9 organisations: ranking is 2. Mentioned by 8 organisations: ranking is 3. Etc. When only 2 organisations mentioned an item, ranking is 9. The ranking thus reflects the relative importance of the items for the 10 organisations or companies.



People & Society

We have put People & Society at the heart of our operations since the very beginning. After all, we were the first ones to bring Fairtrade bananas to the market. Throughout the years, we have adapted to new developments in the industry, trying to reach higher social standards in our operations. Continuing to work towards enhancing working conditions is of utmost importance to us. To guarantee international labour standards, we adopted the relevant provisions of the International Labour Organization (ILO) conventions. We have objectively determined that the rights and interests of producers and employees are to be guaranteed in the producing countries for all goods we trade.

The primary hurdles in addressing social issues arise at the start of our supply chain – in plantations, villages, and regions where our fruit is cultivated. Our main efforts revolve around enhancing the lives of these hardworking producers and service providers, prioritising their rights, health, and well-being. Nonetheless, we recognise that raising awareness among end consumers is also essential.

Living income at ASOGUABO

Last year, we welcomed a new client, CRISP: an online supermarket in the Netherlands. They had a clear objective: actively reducing the 'living income gap' among suppliers without harming the environment. The 'living income gap' denotes the disparity between the current income and the necessary actual living income. The living income pertains to households having the ability to afford a decent standard of living, which includes access to food, water, housing,

education, healthcare, transport, clothing, and other essential needs, including provisions for unforeseen circumstances. They chose to only source Fairtrade bananas from ASOGUABO in Ecuador. In addition, they decided to pay an extra 0.59 dollar cents per box to close the living income gap and an extra 0.30 dollar cents to offset CO₂. Although CRISP's volumes are low, this exemplifies their resolute commitment to social responsibility and sustainability. We commend their attitude towards realising a world where all bananas are sustainable.



Rio y Valle is a young cooperative established in 2018. It is located in Piura, Peru. At the moment, Rio y Valle has 381 members. Last year, they celebrated their fourth anniversary by organising several recreational activities. One of them was a football tournament for their workers, members, and business partners, in order to enhance social relationships. The highlight of the event, however, was the Banana Bunches race. Participants had to run about 75 meters carrying a banana bunch (25 kg). The fastest participants received a prize for their performance.



The III Banana Fairtrade Forum

Sharing responsibility in establishing living wages and climate resilience. Last April, AgroFair participated in the III Fairtrade Banana Forum which was organised by the Latin American and Caribbean Network of Fairtrade Small Producers and Workers (CLAC). The event was held in Punta Cana, Dominican Republic. It united producers, buyers, importers, NGOs, international experts, and the most relevant actors in the value chain of bananas and the Fairtrade industry in Latin America and the Caribbean.

The idea was to share experiences and challenges, and to promote dialogue by addressing topics such as biodiversity in banana production, sustainable banana programs, water and carbon footprints, sustainable production systems, environmental impacts, and the situation of the banana market.

Banana producers and workers face challenges such as low sale prices, climate change, new diseases such as Fusarium Tropical Race 4, the COVID-19 pandemic, the rising costs of inputs, packaging material and sea freight, as well as the growing social and environmental demands of the market. Consequently, banana sector organisations in Latin America and the Caribbean have come together to promote shared responsibility in response to this situation.

“Our concern is that market aspirations do not always go hand in hand with shared responsibility, better prices, and inclusive dialogue about the future, which can result in the exclusion of the most vulnerable

producers and workers, because we all aspire to live better lives. Therefore, the challenges require joint action over time, firm commitments, and a united chain,” said Marike de Peña (Chairwoman of CLAC’s board of directors).

Our colleague Linett Duque was pleased to represent us in the discussion panel entitled: “Contributions and expectations towards shared responsibility”, a round table that she shared with other industry members. She highlighted some of the problems faced by producers and some of the initiatives AgroFair is working on.



AgroFair Academy: Page 33

Plastic Waste: Page 40

Prevention Strategy: Page 51

AgroFair at the banana symposium in Angers, France

The International Society for Horticultural Sciences (ISHS) is a global networking organisation comprising some 70,000 scientists and researchers. Every four years, the ISHS hosts an International Horticulture Congress (IHC), where dozens of symposia take place, attracting several thousand attendees. Banana researchers often take the opportunity to participate, also organising a banana symposium every four years within the IHC. In August 2022, the IHC was held in Angers, France. Hans Willem van der Waal and Luud Clercx of AgroFair were present.

The central theme of the three-day banana symposium was 'Celebrating Organic Banana Production'. About 75 banana researchers and other people with an interest in the field from all over the world attended the symposium. The contributions were very diverse, and were grouped into several thematic sessions: (1) current challenges in relation to organic bananas, (2) organic nutrition, (3) pesticide-free pest and disease control, (4) marketing and certifications.

Hans Willem was a keynote speaker alongside Caroline Dawson of CIRAD, giving a general overview of production, markets, sustainability issues and current and future trends in organic bananas. Hans Willem also gave a talk on 'machine learning' in relation to predicting crown rot. AgroFair has a large database of quality control on arrival (25,000 data points), which of course includes cases of crown rot. These data points were cross-referenced with weather data and other significant factors to crown rot, including transportation type and whether containers

had controlled atmosphere (CA) or not. Using the statistical data as input, a model was created to predict the occurrence of crown rot prior to shipment. Subsequently, an informed decision can be made in advance regarding the utilisation of a controlled atmosphere (CA) container. CA containers are much more expensive than normal refrigerated containers. This can result in less food waste, lower transport costs, and higher income for the producer.

Luud gave a 3-minute speed presentation on the plastic recycling project in Peru ECOBAN, and a presentation on the digital mapping project, also in Peru, as a possible tool for joint risk analysis and implementation of biosecurity measures with a territorial approach against *Fusarium TR4*.

Concluding the event, Hans Willem and Luc de Lapeyre Bellaire (CIRAD) led a workshop discussing the results of a survey among several dozen producers, on what they saw as priorities for banana research for organic bananas; and in what way relevant research results can best be made available to producers.

Attending these types of symposia is important to AgroFair, as it allows us to stay up-to-date and active in the networks of banana researchers. This ensures we stay well-versed in the latest innovations and insights. Banana research and innovation is important for the whole sector. 'Business as usual' is not an option to face its huge challenges. That is why AgroFair was one of the symposium's sponsors.

It's worth noting that certain studies hold more practical relevance than others. But in any case, the challenge remains in translating the results of relevant banana research into innovations that make sense to the AgroFair's producers.



For those who are interested, all presentations are available for download at:

<https://musanet.org/celebrating-banana-organic-production/>.

Additionally, a book comprising all the articles has been compiled, which can be ordered at:

<https://www.ishs.org/ishs-book/1367>.



Remaining a frontrunner in our industry requires constant innovation, scientific research, multiple partnerships, and passionate people. However, it would be pointless to invest all that effort if it never reached the producers, the actual people working in the fields. Sharing our knowledge might seem like a logical and simple step in the process; however, it comes with many challenges.

The first challenge involves the location of the producers. Our producers are based in five different countries in Central and South America, at a considerable distance from each other. In only a few cases, they are concentrated in a single region within a country. Furthermore, we are based in Europe. Providing in-person training would imply high travelling expenses. The second challenge pertains to the substantial number of producers and plantation workers, totalling over 4,000 people.

The AgroFair Academy makes use of an online platform (TalentLMS), where access is just a few clicks away, on smartphones, tablets, or computers. Within this platform, our team of professionals can create courses about relevant topics. Our CEO Hans-Willem co-wrote a scientific article with L. de Lapeyre de Bellaire (CIRAD) about the lack of research on organic bananas, presented in a workshop at the Banana Symposium in Angers, August last year. After analysing various scientific literature databases, they realised that only a fraction of the general banana literature is devoted to organic banana production, with fertilisation and pest control being dominant themes. The research involved a complementary survey

among organic banana producers in various countries, regarding priority research themes. As a result, organic integrity was found to be the most important theme that needed more attention.

Taking this into account, the AgroFair Academy made a start with the course on 'Integrity of Organic Certification' which consists of a series of lessons on issues that are important for achieving and maintaining the organic certification. Since last year, European regulations for organic production have been tightened, especially with regard to the requirements for the internal control system for group certification. This has given producer organisations an even greater responsibility to monitor the integrity of their organic certification, and an even greater responsibility towards their members first and foremost, but also towards the importers, clients (supermarkets) and final consumers. The course ends with a test, and if the score is sufficient, the participant receives a Certificate. This will be implemented as a three-phase project. In the first phase, we run a pilot with Administrative and Directive members and Technicians of our trusted producers in Peru. Phase two will extend the group to field technicians and sector delegates within the producer organisations. The third phase will aim to include as many producers as possible to create 'critical mass' and culture.

The AgroFair Academy requires some basic skills to register, log in, and follow the course on a computer or smartphone. We believe that administrative workers and directive board members will encounter few problems. More importantly, they will provide crucial feedback to adapt the course for the local context. Later on, they will also be able to lend a hand to

others who might be struggling a bit more. At the moment, we are still in phase one. We hope to move on to phase two before 2024.

The AgroFair Academy holds significant potential to expand the industry's collective knowledge. Although getting the producers to register will be challenging, they will remain in the system where they can be reached again with new courses.



People & Society projects – some examples

CAIPSA - NICARAGUA

CAIPSA is a remarkable family-owned business with a workforce of over 600 dedicated employees, of which 183 are women. Despite facing challenging times marked by high production costs and low selling prices, CAIPSA remains resolute in its mission to combat poverty and inequality within its community. One of the core ways CAIPSA contributes to its community's well-being is by providing stable, long-term employment opportunities. During the trying times of the pandemic, CAIPSA demonstrated its commitment to its workforce by providing food stamps worth \$100 to each of its workers. This gesture alleviated the hardships faced by employees during the crisis, demonstrating CAIPSA's dedication to the well-being of its staff.



COOBANA - PANAMA

COOBANA, a Panama-based cooperative, is dedicated to harnessing the transformative power of education. They significantly emphasise on achieving SDG 4: Quality Education, making it a cornerstone of their sustainability strategy. To further this cause, COOBANA has allocated a substantial sum of \$65,000 for educational initiatives. Thanks to this generous contribution, approximately 350 children have received essential school supplies, ensuring they can attend school fully equipped and prepared. The investment has not only eased the financial burden on families, but has also increased underprivileged children's access to education. Moreover, COOBANA has utilised this fund to enhance educational programs for younger generations, making learning experiences more enriching and impactful.



MARPLANTIS - ECUADOR

As one of our largest suppliers of bananas, Marplantis stands out for its commitment to fostering social development within its community. Recognising the importance of holistic well-being, they have implemented several impactful projects aimed at improving the lives of their community members. One of the standout pillars of Marplantis is its focus on health services. They have organised specialised medical campaigns, with a particular emphasis on odontology and ophthalmology. By providing access to essential dental and eye care services, Marplantis is ensuring that members of the community can maintain their health and well-being. In addition to the medical campaigns, Marplantis also addresses health issues through deworming campaigns. These efforts are crucial in promoting better health and preventing parasitic infections.







Planet & Ecology

We started our sustainability report by discussing the “planetary boundaries” and how transgressing these boundaries could pose major risks to both people and the planet. Sadly, many boundaries have already been transgressed, and the most vulnerable groups are paying the price. As a social enterprise, we must actively care for the planet and understand our impact. It is important that we take this into account in our operations.

AgroFair is a trader, which means we import and sell fresh fruit. Technically, our environmental impact is rather small because we do not deal with production. Nevertheless, we, as a social enterprise,

feel responsible for the environmental impact along the supply chain. We might be a single player in the chain, but we believe in an integrated sustainability approach. Hence, Planet & Ecology is a relevant part of our sustainability policy.

In the next section, we will highlight relevant topics and joint initiatives in collaboration with our suppliers and clients. These include our carbon-neutral bananas, ECOBAN (Plastic recycling plant in Peru), the upcoming “Niño”, our carbon footprint trial, and some projects by our suppliers.

Carbon neutral bananas

The All Good banana builds on the concept of the organic Fairtrade banana. Fairtrade offers a guaranteed price and additional premium to

producers so they can make a living. All Good goes beyond that, by guaranteeing a living income. This provides a higher income for banana producers, allowing them to improve their well-being. No harmful chemical pesticides are used in the production of organic bananas, which is better for the environment. On top of that, the All Good banana also offsets greenhouse gas (GHG) emissions along the chain, from production to transportation, by buying carbon credits. Thus, compensating for the GHG emissions, the All Good banana is sold as climate neutral. The All Good banana is grown in Ecuador in combination with other crops and the natural environment. In this way, the All Good banana contributes to the conservation and restoration of local biodiversity.

In order to have a science-based approach, we used a tool developed for AgroFair by the CE Delft consulting firm, in order to calculate the footprint of the maritime transport of our All Good bananas. For the cultivation stage and transport to the port, estimations from literature studies were first used. But now, we have access to the carbon footprint evaluation tool for the banana sector, developed by the World Banana Forum and FAO, released last year. This tool is based on principles of the International Standardisation Organisation ISO and the International Panel on Climate Change (IPCC), and its results are auditable. A supermarket in New Zealand wanted verifiable results, and the transparency of this tool facilitates this. Compensation for the GHG emissions of the whole chain can now be based on real data, and the carbon neutrality of the All Good banana will be more trustworthy.

Carbon footprint assessments in Ecuador, Peru, Panama, and Nicaragua

Since 2016, the World Banana Forum / FAO (partly with co-financing from AgroFair) has been developing its own tool for measuring carbon footprints in the banana sector. An online user-friendly tool was launched last year, where data on energy consumption, fossil fuel use, nitrogen fertilisation, cooling system maintenance, waste management, and more, can be entered. This tool then calculates CO₂ emissions, and it can generate tables and graphs. This year, we started an evaluation of the carbon footprints of banana plantations, involving the following countries: Peru (3 organic producers), Panama (1 conventional producer), Nicaragua (1 conventional producer), and Ecuador (3 producers within a single association).

This marks our first time using this tool, in different contexts and countries, but this is still a trial run. Nonetheless, we are happy to share some results from 7 out of 8 participants. We hope to be able to include more cases next year.

In Ecuador, we decided to calculate the footprint for three different types of production: an organic agroforestry plantation, a conventional monoculture plantation, and an organic monoculture plantation. The cases in Peru, Panama and Nicaragua include private companies, associations and cooperatives, small and larger producers, organic bananas and conventional bananas, and dry and humid climate conditions. To a large extent, all cases are

representative of the diversity among AgroFair suppliers. To be able to compare these cases, we calculated the carbon footprint per box of 18.4 kg per country. The results can be expressed in carbon footprint per hectare as well.

The X-axis displays the country and type of production, while the Y-axis indicates the scale of CO₂ equivalent measured in kilograms per box. Our results only include the direct emissions of Scope 1 and the indirect emissions of Scope 2 for the year of 2022. See the table below for the result.

Although we are currently not reporting on Scope 3, we are fully aware that indirect emissions are relevant. In the near future, we plan to start reporting on Scope 3 as well, but at the moment, we are constrained by the amount of available data. The scope of our results encompasses production up until the point where the container is ready at the port of departure.

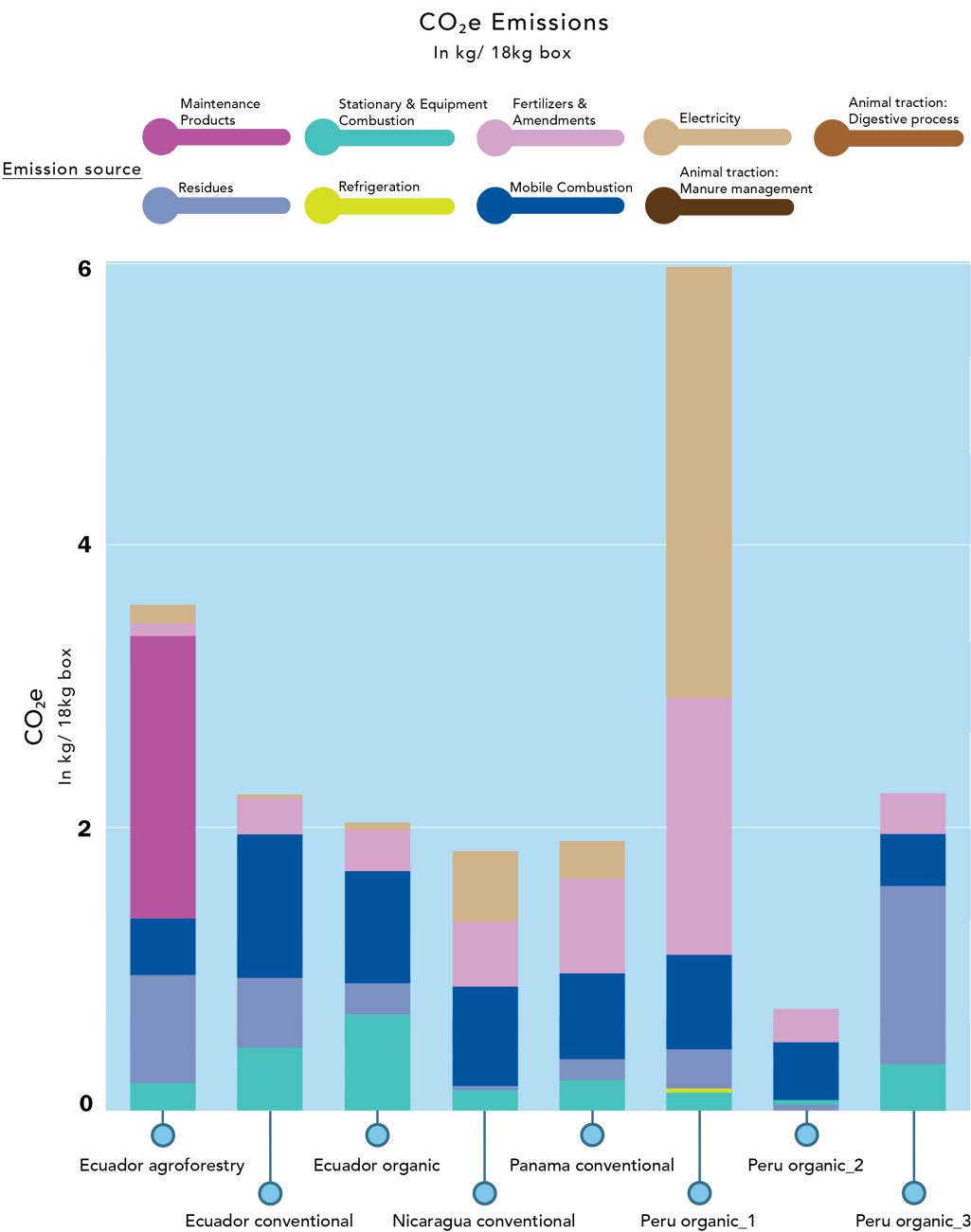
In our case, it is important to emphasize that carbon footprints cannot be compared as easily due to the diversity of producers and the chosen boundaries and scope. In the case of small producer organisations in Peru and Ecuador, a sample was taken, and not all factors were taken into account. Accordingly, we should avoid jumping to the conclusion that one type of production is better for the environment (and especially the climate) than others. The circumstances around banana production are complex. In one case, a producer might need to use a water pump for the packing station while another might be using gravity. These slight variations have a high impact on the final carbon footprint. Other differences might be the distance between the plantation and the port, or the availability of renewable energy. A key variable to take into consideration is the return per hectare measured

in boxes of bananas. If a farm has a high return, its total CO₂ equivalent emissions are distributed among more units. Consequently, the carbon footprint per box is lower. It is often the case that conventional production has higher yields per hectare than organic production.

One of the key features of the tool is the attention to detail. We have included some general graphs about the results, but the tool provides an extensive report. In addition, it is possible to search for the specific origin of emissions within the tool's portal. This way, producers can take impactful action to reduce their emissions. The World Banana Forum tool also allows us to display the cost of the inputs that cause carbon emissions. This allows producers to reduce their carbon footprint while saving on their production costs, in order to make balanced trade-offs. For producers who have already participated in this exercise, it is a lot easier to participate again next year, as they now know what data to keep in an orderly manner. With the data at hand, the tool can determine the carbon footprint quickly. The plan is to use the tool to evaluate the carbon footprint among the rest of AgroFair's suppliers. This will allow producers to show that the climate is important to them, and distinguish themselves in the market.

Whether this will pay off in the short term is another matter. However, it is possible that New Zealand's example, which markets 'All Good' climate-neutral bananas from Ecuador, offsetting its carbon footprint by buying carbon credits, will be emulated. This in turn funds a reforestation project. The Banana Cluster of Peru is currently developing a joint project with the Earth Innovation Institute to market a climate-neutral banana from Peru, also buying carbon credits. In the

future, they want to implement conservation projects in the upper reaches of the Chira and Piura rivers, the main water sources for the banana sector in Piura, and generate carbon credits from them. Transparency about the carbon footprint is also a prerequisite here.



Climate change, El Niño

Meteorological services are predicting a Niño phenomenon for the second half of 2023. A Niño phenomenon occurs every two to seven years. It is caused by the weakening of the trade winds that continuously blow from east to west across the Pacific Ocean. This allows warm ocean water to flow eastwards, towards the coast of Peru and Ecuador. Greater evaporation of seawater then occurs, resulting in much more precipitation than normal. In the worst case, this can lead to river flooding. In northern Peru and southern Ecuador, small and medium banana farmers are expected to suffer the effects. Weather specialists think it will be a fairly powerful Niño event.

A Niño phenomenon affects the climate at a global scale because of the air current shifts. In East Africa and Central Asia, there may be more precipitation, but in Central America, Australia, and parts of Asia, like Indonesia, droughts may occur. In many parts of the world, higher-than-ever temperatures were already recorded at the beginning of this summer. The atmospheric temperature rise caused by El Niño comes on top of rising temperatures due to climate change, and records are predicted to be broken again by 2024. Heat waves, hurricanes, and wildfires will be more frequent and intense.

Changes in temperature, precipitation, and humidity also affect the presence of pests and diseases. Fungal diseases such as Sigatoka, for example, benefit from moist environments. Climate models elaborated by the University of Exeter, UK show that the risk of Sigatoka infections will increase in banana countries such as Ecuador, Colombia, Costa Rica, and the Dominican Republic, and may decrease in Guatemala and Honduras, where the climate becomes dryer.

Not much can be done to prevent extremes like hurricanes and floods. However, good drainage systems can be of great benefit - even in arid regions like Peru. Good reactivation protocols for post-flooded areas where banana plantations are affected are also vital. Following the floods triggered by storm 'Yaku' in March, the AgroFair South team dedicated efforts to address this issue. However, increasingly, new insights are emerging on how to enhance the resilience of agriculture, including banana plantations, to climate change, pests, and diseases. A significant portion of this effort revolves around keeping soils healthy or making them healthier, increasing biodiversity, and breaking away from monoculture to some extent. Ground covers, hedges, windbreaks, and trees in the plantation, among other factors, enrich soils with beneficial microorganisms such as *Trichoderma*. It has been shown that soil rich in microorganisms can even slow down the advance of *Fusarium TR4*.





Recycling banana plastic with ECOBAN, in Peru

In February 2022, the ECOBAN plastic recycling plant was officially inaugurated. It was a start-up year where we learned to use the machines and found the right rhythm.

Some figures: in 2022, 66 thousand kilos of plastic were collected, some 2.8 million used bunch bags. A total of 267 thousand corner boards were made, including 175 thousand short ones of 25 cm and 91 thousand long ones, of 2 metres. During the initial 6 months of 2023, the count has already reached 47 thousand kilos, over 2 million used bags and 185 thousand corner boards, of which 121 thousand are short and 64 thousand are long. If ECOBAN continues at this pace, there is a chance that the total for the entirety of 2023 could double that of 2022. These are impressive figures, but if ECOBAN succeeds, the coverage would still only be about 35% of all plastic in the agricultural sector of the region. That would leave 65% of plastic ending up in landfills, or worse, burnt or abandoned.

ECOBAN's ambition is to collect all plastic and make the whole sector plastic-free. The banana sector in the Piura Department is spread over three zones: the Chira Valley (furthest point +/- 40 km away from ECOBAN), Medio Piura (some 80 km away), and Morropón (130 km away from ECOBAN).

In addition, the sector is also highly fragmented. There are about 9 thousand small producers with banana fields between 0.5 and 1.0 ha, organised in two dozen

associations and cooperatives.

Each cooperative has tens of small packing stations, many of which are mobile packing stations, resembling little more than a bin on wheels. On days when banana boxes are packed, several hundred boxes are processed at each packing station. Small trucks then take these to the logistics centre where the pallets are built up. So unlike large plantations, the process of packing and building pallets is done separately. Ideally, the plastic also ends up at the logistics centre, but this still happens too infrequently. Packing stations use high-pressure sprayers to clean the banana bunches. Usually, bunch bags are pushed up, but still get soaking wet. Consequently, they are hesitant to mix the piles of wet bags with the boxes, fearing that the boxes might also become wet. The solution seems quite simple: first, take off the bag, then hose down the bunch. This does not happen automatically, however. Dozens of harvesting teams would have to be instructed to change their routine.

So for ECOBAN, there is a big logistical challenge. Collecting more plastic should make its mission more attainable, but it is also necessary to improve ECOBAN's profitability and competitiveness. The corner boards are a cheap product (S/ 2.20 - about 56 Eurocents), and ECOBAN must therefore rely on strong sales. The projections show that this is possible. The surrounding context is favourable. The uncontrolled use of plastic and the massive pollution of soil, water, and seas by macro- and microplastics has evoked increasing revulsion at international levels. We can also not overlook that the continuous extraction of oil to make virgin plastic also contributes to climate change.

Negotiations on a globally binding treaty to end unsustainable practices in plastic production and processing are underway, promoted by the United Nations Environmental Program (UNEP). Firstly, it is almost certain that such an agreement will look at the entire life cycle of plastic, and not just the waste phase. Secondly, the principle of Extended Producer Responsibility (EPR) will be brought up for the entire life cycle, including the end phase of plastic products. An agreement should be in place by the end of 2024. A similar project already exists in France's agricultural sector. An initiative called ADI VALOR has managed to bring more than 300 thousand farmers, 1,300 distribution centres and 360 industries that use plastic or make products packaged in plastic (such as seeds, fertilisers, and pesticides). Together, they are collecting and recycling around 85% of all plastic used in the agricultural sector. The 360 industries finance the initiative by paying an "eco-contribution" to cover the logistics, administration, and education that make this possible.

Could a similar approach also be adopted in the banana sector, not just in Peru, but everywhere? Bunch bags made of bioplastic - perhaps another alternative?

Another project launched by AgroFair regarding plastic is a trial with biodegradable bunch bags. Fortunately, we are not the only organisation pursuing innovations to reduce the risk of contamination by plastic. Several years ago, for instance, the certification organisation Demeter conducted a trial of bunch bags made of recycled paper in Ecuador, the Dominican Republic and Peru; and there are also known trials of paper bunch bags in Colombia. This initiative was not

a very big success. The paper bags were expensive, they tore easily (especially after getting wet because of sprinkler irrigation), and they were uncomfortable to use. Because they were so rigid, a lot of damage to quality was incurred due to friction with the bananas (especially in the Dominican Republic), which made the fruit no longer suitable for export. In addition, its environmental benefits were questionable. Manufacturing paper (and also recycled paper) has a very high water footprint.

Last year, AgroFair teamed up with the Saxion University for Applied Sciences from Enschede, the Netherlands, two students from the University of Piura in Peru, and three producers from the APPBOSA banana cooperative in Peru, in order to set up a trial of bunch bags made of bioplastic, manufactured in India. Although these bags also tore quickly, no loss of fruit quality was incurred. They were also easily compostable (at temperatures ranging between 50°C - 70°C). Especially if they were first cut into small pieces, they decayed in only 2 to 3 weeks. At ECOBAN's recycling factory, the students/researchers also tried to make some corner boards from bioplastic, but this did not go as well. Limited by the few bioplastic bags available, they could not keep the trials running. One clear drawback was that the bags are seven times heavier than normal plastic bags, and very expensive: USD 1 each, compared to 6 cents for normal plastic bunch bags. This year, a second trial is being set up with bioplastic bags that are much lighter and much cheaper (but still more expensive than ordinary plastic bags). The use of these bags is also questionable. Although they are less harmful than standard bunch bags, because they are compostable, they still require 'virgin plastic', a starch derived from maize, as one

of the main ingredients. With so much world hunger, we questioned whether it's appropriate to divert land and water from food production to manufacture raw materials for bioplastics. But there are hopeful developments in this respect: bioplastics are already being made from residual organic waste streams. In that case, the situation might be different.

A second trial is about to begin in Peru with the same producers, with a biodegradable bag that is much lighter, cheaper and stronger. Next year we will report on its results!



Planet & Ecology projects – some examples

FRUECODOM - DOMINICAN REPUBLIC

Our supplier FRUECODOM has proactively embraced eco-friendly practices by transitioning away from fossil fuels. They have replaced traditional fuel-based irrigation pumps with electric ones, significantly reducing their carbon footprint. Moreover, they harnessed the power of the Dominican sun by installing solar panels on their production plant, enabling them to operate solely on clean and renewable energy. FRUECODOM's commitment to distancing itself from fossil fuels demonstrates its proactive approach to combat climate change.



BANAMA - DOMINICAN REPUBLIC

BANAMA has made protecting and conserving wild ecosystems a cornerstone of its internal policies. To safeguard the area's delicate ecological balance, the organisation has taken a firm stance by explicitly prohibiting activities such as hunting and logging. Moreover, BANAMA has adopted a proactive strategy, planting trees in the vicinity of the Yaque River. Understanding the crucial role of education in any effective environmental plan, BANAMA has made providing training to both the local community and its workers a priority. Through these educational initiatives, participants gain valuable insights into nature protection, fostering a sense of responsibility and stewardship for their environment.



ASOGUABO - ECUADOR

ASOGUABO, the association of small banana producers in Ecuador, is deeply committed to sustainability. Their ongoing initiatives include a fully operational Bio Ferments facility, supporting their producers, and promoting soil health. By applying bio ferments, the soil's microorganism population thrives, resulting in a healthier soil that enhances fertiliser availability for banana plants. These bio ferments also prove effective in pest management, further contributing to ASOGUABO's sustainable agricultural practices.



Trial biodegradable bunchbags
December 2022 - APPBOSA





Economic Sustainability

There is no other way to put it: 2022 was a hard year for us and our producers. The ongoing armed conflict in Europe has led to a spike in oil and gas prices, which our industry is highly vulnerable to. Our dependency on fertilisers creates a weak point in our chain. Fertilisers require natural gas to be produced. Fertiliser prices are directly linked to natural gas prices. Rising natural gas prices burdened producers who could no longer afford the minimal fertiliser inputs for their plots. As a result, their production decreases, leaving even less capital to buy fertilisers, creating a negative feedback loop.

Before reaching our clients, bananas travel a considerable distance across land and sea. Therefore, our industry relies on the usage of vast amounts of oil. Just like with natural gas, the cost of transportation is directly linked to oil prices. Also worth mentioning are the costs of other production materials, think of boxes, stickers, bags, pallets, etc. The prices of these items also rose considerably. Furthermore, our contracts typically have a duration of one year. Despite the advantages of stable prices, it meant that we were stuck with low prices and high costs for a while.

Sadly, this combination hindered our ability to address sustainability in our usual manner. It did not mean we had to lower our standards; however, our focus shifted to the survival of our producers and ourselves. The charts provide a snapshot of AgroFair's financial situation. For more information, please check our annual report.

Profit & Economy

Our company was established with a clear mission: bringing Fairtrade bananas to the market. After 25 years of history, we have gone through a lot. We learned that to stay in the market, sound financial results are a necessity; otherwise, we would have gone out of business. Without long-term profitability, we could not rightfully label ourselves as a sustainable company. We do business, but we do it differently. Whereas many companies only work towards higher profits regardless of negative effects, we aim to achieve a reasonable profit without compromising the environment and the well-being of our people.

Economic Value Retained	2022	2021
	€1.000	€1.000
Revenues	83.265	90.202
Operating Costs	-78.356	-80.723
Employee Wages and Benefits	-2.210	-2.536
Payments to Providers of Capital	-631	-1.283
Payments to Government	-2.981	-5.485
Total	-913	175

Operating Costs	2022	2021
	€1.000	€1.000
Purchase of Products	50.644	56.194
Fairtrade Premium	2.366	2.648
Sea Freight	20.504	16.494
Fairtrade Licenses	95	103
Other services such as Logistic Handling, Documents, Insurance	3.843	4.352
Other Operating Expenses	872	897
Financial Expenses	32	35
Total	78.356	80.723

Employee Wages & Benefits	2022	2021
	€1.000	€1.000
Total Payroll	1.591	1.848
Social Security Contributions	273	252
Pension Contributions	314	321
Other Employee Support	32	115
Total	2.210	2.536

Payments to Providers of Capital	2022	2021
	€1.000	€1.000
Interest of Dept	61	32
Dividend	570	1.251
Total	631	1.283

Revenues	2022	2021
	€1.000	€1.000
Net Sales	83.087	90.028
Other Interest	0	0
Income Property Rental	178	174
Total	83.265	90.202

Fair Tax mark

Here we go again, setting the pace! We were awarded the Fair Tax Mark, becoming the first multinational headquartered in the Netherlands to secure accreditation to the gold standard of responsible tax conduct.

But what is the Fair Tax Mark? It is an accreditation that demonstrates compliance with the global gold standard of responsible tax conduct. It recognizes businesses that pay the right amount of corporation tax at the right time and in the right place. Accredited businesses include listed PLCs, co-operatives, social enterprises, and large private businesses.

“AgroFair has paid corporation tax at a commendable rate of 24% of their profit over the last five years. They have also gone above and beyond what is required by providing enhanced public country-by-country reporting, beneficial ownership disclosure, and rock solid commitments against tax haven abuse and aggressive tax planning.” (Fair Tax News)

It is not in our nature to avoid taking responsibility for our actions. Therefore, we do not use tax avoidance constructions. We pay our taxes because we believe it is our contribution to public services, and we like to be open about it. Achieving such accreditation does come with a touch of irony. Since when do companies have to prove that they pay what is due when it is due? Isn't it a lawful requirement for companies to pay taxes? Dear reader, we leave it to you to think about that. However, we felt that our financial integrity should be brought to light. By obtaining the Fair Tax Mark, we feel reassured that our operations meet a higher degree of fairness and that our commitments to the countries where we operate are upheld. As we

said before, we do business, but we do it differently. “We have been the frontrunner to make the international banana business fairer and more sustainable. We believe that paying the fair amount of taxes in the countries where the profits are made, is indispensable if a company, like ours, is seriously committed to the Sustainable Development Goals. The Fair Tax Mark recognizes this important aspect of the fairness of our company for the first time.”

-Hans Willem van der Waal, CEO, AgroFair

Payments to Government by Country	2022	2021
	€1.000	€1.000
Import Duties Germany	751	2.265
Import Duties Netherlands	1.518	1.924
Import Duties Sweden	537	563
Import Duties Belgium	289	325
Import Duties Other Countries	0	0
Dividend Tax Netherlands	21	49
Corporation Tax Netherlands	-135	317
Corporation Tax Other Countries	0	42
Total	2.981	5.485

Fair Tax[®] accredited



For more information about Fair Tax Accreditation, visit:
<https://fairtaxmark.net/>



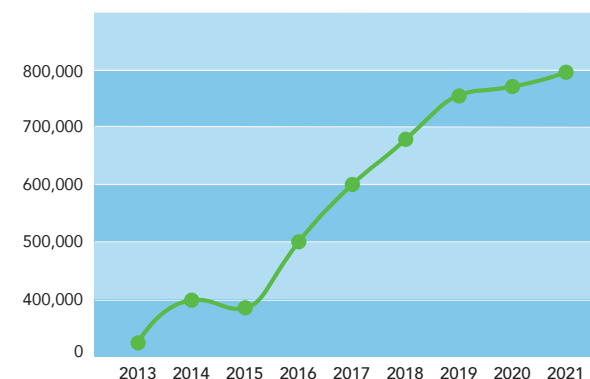
Organic & Organic-Fairtrade Banana trends

Over the past 5 years, we have internally experienced a decrease in the demand for organic Fairtrade bananas, yet we see the demand for regular organic is increasing. What are the primary factors contributing to this? Is it just a matter of price, or does it have to do with decreasing consumer consciousness? Or is it just supermarkets making decisions on behalf of the consumer? Let us embark on a short journey to uncover the reasons behind it.

Both organic bananas and organic Fairtrade bananas have experienced significant growth in the banana market, even replacing regular/conventional bananas. The increasing demand for healthier food options, ethical sourcing, and sustainable agriculture practices has contributed to the expansion of these segments. In addition, market growth for both categories has been further propelled by environmentally conscious consumers seeking products that align with their values. On the one hand, organic bananas have become more accessible in mainstream grocery stores and supermarkets. Their availability has expanded due to the promotion of organic farming practices, and increased production. Maybe even lower prices at supermarkets? On the other hand, organic Fairtrade bananas may have had a more limited distribution compared to organic bananas. Obtaining the Fairtrade certification involves meeting specific criteria related to fair wages, labour rights, and environmental standards, which can represent logistical challenges for some producers, making their production more challenging. Organic bananas and organic Fairtrade bananas might cater to different consumers with

different preferences. Organic bananas primarily attract health-conscious consumers who prioritise pesticide-free produce and environmental sustainability. While organic Fairtrade bananas cater to consumers who, in addition to environmental sustainability, value fair prices, better working conditions, and social responsibility. Of course, we also need to talk about the price issue. Given the current situation of high inflation in Europe (10%), we could ask ourselves if consumers are willing to pay a much higher price for organic Fairtrade bananas, or if they feel sufficiently satisfied with just organic bananas. Consumer awareness plays an important role in the market for organic and organic Fairtrade bananas. It is clear that there has been a significant increase in consumer awareness regarding the benefits of organic agriculture and Fair Trade practices. Consequently, it has positively influenced the demand for both categories, leading to their continued growth. But even so, sales of organic bananas are growing at a faster pace, replacing the volume of the organic Fairtrade bananas.

Organic Banana EU27+UK estimated Annual Supply in tonnes, source: CIRAD



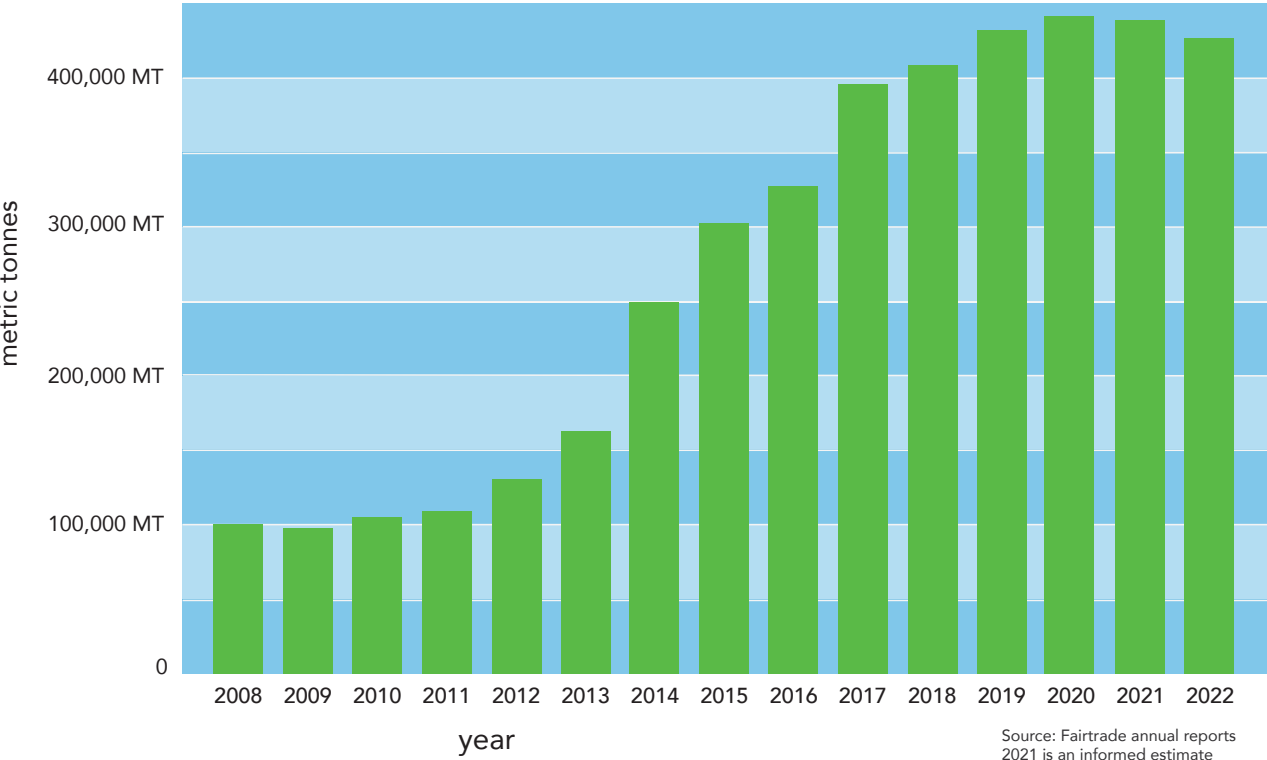
The adjacent chart shows the evolution of organic Fairtrade banana sales. Notably, the sales volume exhibited growth, but since 2020 its growth seems to be stabilising. Internally, we see an overall decrease in the amount of Fairtrade premium paid in the last 5 years. During the pandemic, this was mostly due to the commercial stakeholders who were very cautious with their supply and stocks, facing unprecedented and unpredictable governmental lockdown measures.

Fairtrade Premium by Country	2022	2021
USD(000)		
Peru	1.149	1.286
Ecuador	916	1.273
Panama	254	441
Dominican Republic	40	13
Nicaragua	121	119
Other	28	25
Total	2.508	3.157

While organic bananas attract health-conscious consumers, organic Fairtrade bananas appeal to those seeking ethical and sustainable agricultural practices. We expected that organic banana sales volumes would continue growing; however, the duration of this growth remains uncertain. Organic banana production is only possible under specific agro-climatic conditions that prevent pest and disease pressure. This only happens in dry areas with less than 600 mm of rainfall per year, which should have a water source for permanent irrigation. In addition, it should not be too far away from a port with regular services from shipping lines. There are not many areas that carry these characteristics. It is therefore possible

that supply growth has reached its physical limits. The major supply of export bananas comes from the humid tropics, where the Sigatoka disease is a major obstacle for organic production, since it can only be controlled by spraying fungicides.

Organic-Fairtrade Banana sales evolution





The stability of the Fairtrade Minimum Price

Fairtrade is widely recognised for its emphasis on social aspects throughout the supply chain, such as gender equality, workers' rights, and safe working conditions. In this section, we would like to draw your attention to the Fairtrade Minimum Price.

What is the Fairtrade Minimum Price?

According to Fairtrade International, the Fairtrade Minimum Price is the minimum price that farmers' organisations/producers are paid when selling their products through Fairtrade. It aims to cover the average costs of sustainable production of their crops, and acts as a safety net when market prices drop. Producers can get the market price when it is higher than the minimum price, and can always negotiate for more. In the case of bananas, it differs depending on the country of production, or port of departure, and they are re-examined every year.

The Push - Prevention Effect

After so many years of working with Fairtrade bananas, we have learned a thing or two about the impact of the Fairtrade Minimum Price. Considering the drastic changes in production costs last year, we believed it was an opportune time to draw attention to this matter. One of the strongest points of the Fairtrade Minimum Price is its stability. It provides producers with a higher price for a long-term period. By securing a higher price for a longer time, they can make long-term plans and investments. Without it, their ability to adopt a long-term perspective is highly diminished due to the unpredictability and high risk the future presents. Short-term thinking ('will we eat tomorrow?')

is typically one of the characteristics of the 'culture of poverty'.

Another aspect of the Fairtrade Minimum Price is its protection against lower prices in the markets. Producers with a Fairtrade certification are only dealing with production related cost pressures. In contrast, producers lacking Fairtrade certification face both production cost related pressures and the impact of market prices. The Fairtrade Minimum Price provides producers with extra security. In addition, one could argue that the Fairtrade premium serves as a financial boost, as investing in sustainability can lead to a more profitable business.

We say this because the Fairtrade Minimum Price helped many producers survive the high production costs of the past year. Without the Fairtrade Minimum Price, many more would have been forced to cease their operations. They need to be able to rely on a stable price that allows them to survive adverse situations.

Last year, in an unusual move, governments and key organisations in the main banana countries joined forces to counter the practices of discount supermarkets. A strong publicity campaign and lobby was set up to halt the downward price pressure. This involved adopting the methodology of the Fairtrade Minimum Prices, seen as the best possible guarantee to protect the revenue of banana companies and producers, as well as the wages of its workers.

This prompted ALDI, which had been a driving force behind price pressures for years, to promise a more sustainable and just sourcing policy. It is too early to draw conclusions about whether this has resulted in

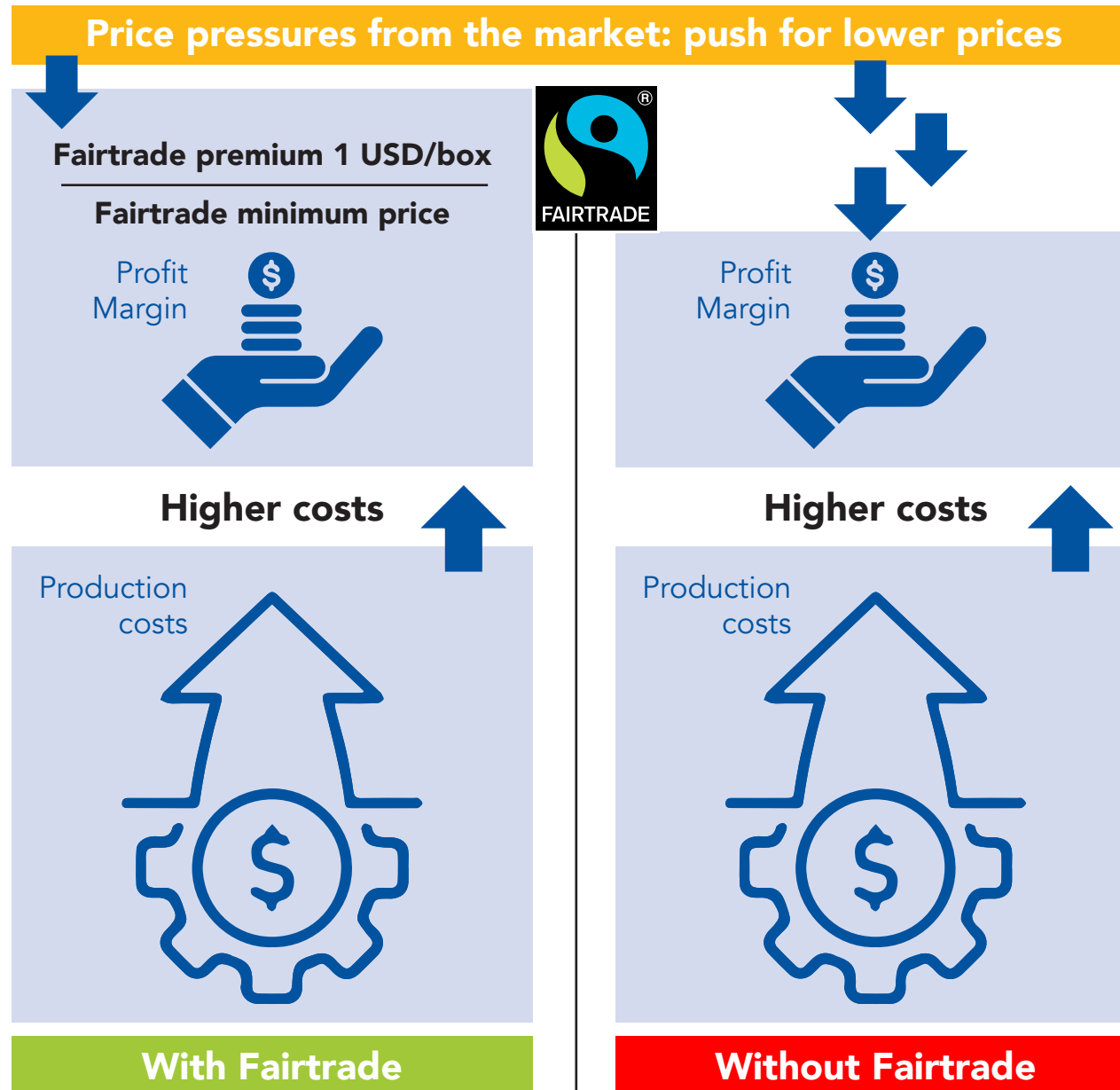
improved prices for producers. Perhaps a permanent campaign is needed. However, the endorsement of Fairtrade Minimum Prices by major players in the sector, as a means of protecting the industry, speaks to the concept's strength.

Apart from the Fairtrade Minimum Price and the Fairtrade premium of 1 USD per box, Fairtrade standards are also important from another perspective. For small farmers, group certification is available, and in this case, the standards include requirements on organisational aspects, such as democratic elections, transparency, and accountability of directive boards. While cooperatives and producers' associations face various challenges and fluctuations, these organisations have proved to be instrumental to collective action and to the empowerment of small farmers and the improvement of their livelihoods. In the case of plantations employing hired labour, adherence to Fairtrade standards meant admission of trade unions and the possibility of collective bargaining agreements – apart from the Fairtrade premium, which should exclusively benefit the workers.

Challenge

Upholding a minimum price comes with some challenges. For example, what if the Fairtrade volume suddenly reduces? Will buyers still be willing to pay the Fairtrade Minimum Price (without Fairtrade premium)? It is important to keep this in mind while talking about Fairtrade.

Producers situation:





Fusarium Tropical Race 4

It has been over two years since the presence of Fusarium Tropical Race 4 (TR4) was officially confirmed by Peruvian phytosanitary authority SENASA on a plot near the village of Chocán, in April 2021. Since then, the soil fungus has been on the rise, especially in the Chira Valley. While SENASA officially confirmed 82 cases of TR4 in July 2022, the number had risen to 207 by mid-June 2023. Until recently, all confirmed cases were localised in the Miguel Checa irrigation block of the Chira - Piura irrigation scheme which derives from the Poechos dam. Its primary, secondary, and fine network of smaller canals irrigates 73 thousand hectares in the Chira Valley.

Covering 17,300 ha, the Miguel Checa irrigation block is the largest of the 7 irrigation blocks within this irrigation scheme. Many cooperatives and associations of small farmers are located exactly in this area. To the north, this irrigation block is bordered by the desert, to the south by the Chira River. The only connections to the southern bank are two bridges to the town of Sullana. For some time, the river has acted as a natural barrier against the spread of TR4. However, two cases of TR4 infection have now also been identified

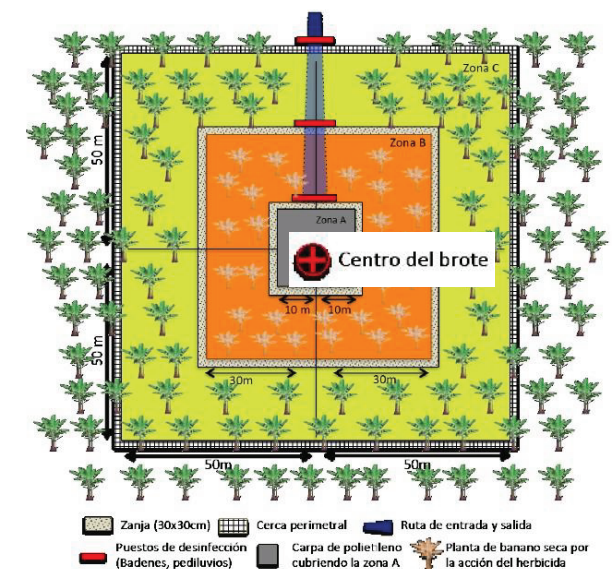


south of the river. In March, there were floods caused by the Chira River, as a result of tropical storm 'Yaku'. This possibly contributed to the spread of the soil fungus. With the onset of 'El Niño', more heavy rainfall, and perhaps flooding, is expected. This could even further accelerate the spread of TR4.

In response to the presence of the soil fungus and considering the highly fragmented sector, AgroFair and other partners launched the mapping project in 2021, which used high-definition aerial photography to map the banana zones in three different areas. The platform with digital maps is available online since mid-2022. This should have contributed to joint risk analysis and biosecurity measure implementation based on a territorial approach. Unfortunately, in practice, this tool has seen limited utilisation so far.

The sector is just experiencing a gradual recovery after a very difficult year marked by rising costs and declining yields. As a result, investing in biosecurity measures and extra operational costs to maintain them proves to be very difficult, especially in cooperatives and associations with fragmented membership. Once infected plants are detected by SENASA, taking effective quarantine measures is a huge dilemma. The phytosanitary umbrella organisation OIRSA recommends the destruction of all plants in an area of 40 x 40 metres in the perimeter of an infected plant. However, for small producers with an average of no more than 0.5 - 1.0 ha, this would mean the end. Therefore, SENASA only destroys acreages of 4 x 4 metres, totally inadequate from a phytosanitary point of view.

Eradication protocol proposed by OIRSA in perspective.



Several organisations have started working on soil improvement, through the application of beneficial microorganisms. There is growing evidence that biodiversity-rich soils can inhibit the spread of TR4 to some extent. This may buy producers time until the only real solution is in sight: introducing varieties that are tolerant or resistant to TR4.

Peru is not alone. International collaborations have been established, involving Peru's institutions, INIA and SENASA. The ALER4TA project in Colombia, Ecuador, and Peru has been working on TR4 prevention and management by using artificial intelligence and drones. This is a joint project with CIAT-Bioversity. There is also a research project on strengthening prevention and management co-funded by FONTAGRO, in 9 Spanish-speaking countries in Central and South America and the Caribbean:

- 1. Standardisation of diagnostic methods.**
- 2. Evaluation of biosecurity and soil management practices with emphasis on biological control.**
- 3. Evaluation of new varieties for their resistance to *Fusarium* TR4.**
- 4. Transfer of generated knowledge and technologies to farmers.**

The Regional Government of Piura has initiated a public investment project aimed at raising awareness and strengthening prevention measures. Regional cooperation is of utmost importance, especially with Colombia (rapidly becoming the Latin American TR4 expertise centre) and Ecuador (the neighbouring country of Peru and the world's largest banana exporter).

The solution to the threat of TR4: resistant varieties, and *adiós* monoculture

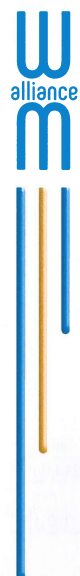
In collaboration with the French agricultural research institute CIRAD, Peru's agricultural research institute INIA will start field trials of resistant varieties in 2023. These varieties have previously been tested in Australia, in soil infected with TR4, so they are known to be resistant.

In Peru, they will undergo further testing over two production cycles for other traits, such as bunch weight, number of hands, plant height and circumference, grade and length of the banana fingers, yields, interval between harvests, susceptibility to other diseases, whether they pack well, and so on. These bananas have already undergone taste tests. They are not Cavendish bananas and may be very tasty, but taste just a touch different. This is part of a wider investigation by CIRAD into post-harvest qualities of these varieties, aimed at consumers and the market.

The resistant varieties that will be tested are CIRAD 924, CIRAD 931, CIRAD 938; RUBY and Lothar 4. But planting resistant varieties is not enough. CIRAD scientists are very firm in their belief that these resistant varieties must be grown differently. The renewal of plantations should be used as an opportunity to stop putting bananas in old-fashioned monocultures, with intensive use of external inputs. Instead of relying on pesticides and fertilisers that have adverse effects on the climate and the environment, and are increasingly economically unsustainable as well, an alternative approach should be considered.

According to CIRAD, the path forward should be 'agroecological intensification'. That is, prioritising maximum space for biodiversity in and above the soil in order to regulate pests and diseases, preserve soil fertility, and enhance resilience to climate change. It does take several years before results are known. If there are varieties that are attractive replacements for Cavendish (for the market as well), the next challenge will be the financing of the transition to a resistant variety. Renovating 1 ha of banana plantations costs thousands of dollars. Discussions regarding this dimension of the 'banana transition' are still in the early stages. And how can bananas be grown agroecologically in specific contexts? Increasingly, more knowledge is being acquired about agroforestry systems in banana cultivation, cover crops, beneficial soil microorganisms, and suitable habitats for natural enemies of pests. But this also requires quite a lot of experimentation, as well as producer and worker training. This is a culture change that cannot be achieved overnight.

AgroFair is in talks with CIRAD and, during a recent joint visit to Guadeloupe (a French 'banana' island in the Caribbean), offered cooperation to take testing further in Peru. Concrete agreements are not yet in place.



Variété de banane

Rédacteur de la fiche :
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Cirad 924

Caractères agronomiques

PLANT	Cycle 1	Cycle 2
Hauteur	330 cm	438 cm
Circonférence	60 cm	76 cm
Robustesse	18	17
Nbre de feuilles vivantes à la floraison	14	11
Nbre de cycles par an	2	

RÉGIME À L'IFJ*	Cycle 1	Cycle 2
Nbre de mains	9	11
Nbre de doigts total	149	282
Poids	27 kg	39 kg

* IFJ : Intervalle Floraison Jaurissement sur pied

MALADIES

MRN	Résistance partielle
TR4	Résistante

FRUIT À L'IFJ (main 3)	Cycle 1	Cycle 2
Longueur	200 mm	200 mm
Grade	37 mm	37 mm
Poids	140 g	140 g

Qualité fonctionnelle

AU HANGAR

Epistillage	Facile
Dépattage	Facile
Emballage	Facile

QUALITE COMMERCIALE

Aspect de la peau	Ne tigre pas
Frisure à 13°C	Absence
Meurtrissure	Moyennement sensible
Eclatement	Moyennement sensible
Brunissement	Sensible

Parcelle d'évaluation Avocatier 3
Station de Neufchâteau - Cirad Guadeloupe

Qualité sensorielle

QUALITE SENSORIELLE

Appréciation globale (/5)	3.5
Appréciation goût (/5)	3.5
Appréciation texture (/5)	3.6
Saveur	Acidulée
Texture	Fondante
Intensité aromatique	Moyenne
Arômes	banane

Nbre de jours après mûrisage conservée à 20°C

1	2	3	4	5	6	7	8	9	10	11	12	13

■ Durée de vie de commercialisation
■ Durée de vie de consommation
■ Optimum de consommation



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GRI standaard

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organizational details	Page 9
	2-2a Entities included in the organization's sustainability reporting	Page 9
	2-2b Entities included in the organization's sustainability reporting	Page 9
	2-3 Reporting period, frequency and contact point	Page 54
	2-6a Activities, value chain and other business relationships	Page 7
	2-6b Activities, value chain and other business relationships	Page 8 & 11
	2-6c Activities, value chain and other business relationships	Page 14 & 15
	2-7 Employees	Page 15
	2-9 Governance structure and composition	Page 9
	2-10 Nomination and selection of the highest governance body	AR Page 10
	2-11 Chair of the highest governance body	Page 9
	2-15 Conflicts of interest	AR Page 11
	2-18 Evaluation of the performance of the highest governance body	AR page 16
	2-22 Statement on sustainable development strategy	Page 17
	2-23 Policy commitments	Page 17
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 26, 27 & 28
	3-2 List of material topics	Page 17, 26, 27 & 28

GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 44
	201-2 Financial implications and other risks and opportunities due to climate change	Page 44
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	AR page 11
GRI 207: Tax 2019	207-1 Approach to tax	Page 45
	207-2 Tax governance, control, and risk management	Page 45
	207-4 Country-by-country reporting	Page 45
GRI 304: Biodiversity 2016	304-2a Significant impacts of activities, products and services on biodiversity	Page 36, 37, 38
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 36, 37, 38
	305-2 Energy indirect (Scope 2) GHG emissions	Page 36, 37, 38
	305-3 Other indirect (Scope 3) GHG emissions	Page 36, 37, 38
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Page 8
GRI 405: Diversity and Equal Opportunity 2016	405-1a Diversity of governance bodies and employees	AR page 11
	405-1b Diversity of governance bodies and employees	Page 14 & 15

*AR : Annual Report

AgroFair Benelux B.V. has reported the information cited in this GRI Index for the period 2022-2023 with reference to the GRI Standards.

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