



SUSTAINABILITY REPORT 2020

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

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

TOP BANANA: A WORD OF WELCOME BY OUR CEO



Moving the banana industry forward, towards fair working, fair trading relations and more sustainability. That has been our mission for 25 years.

When we started in late 1996, not many people shared our confidence that the company would be viable. It was difficult to obtain banana import licences. The early Fairtrade producers lacked nothing in enthusiasm, but had little experience in quality management and trade requirements. Very few people saw a future for the business. But through patience and unrelenting diligence and belief in the mission by the management of the time, the company was able to hold its ground and to grow and prosper even in the face of storms, floods and strong competition. We look back on a year with record sales, despite the Covid-19 pandemic which made life and work difficult in many areas and toward which a great part of our energy had to be channelled.

The positive results were partly due to the greatly reduced shipping costs as a result of lower oil prices. We were able to share the benefits with our producers through a voluntary bonus premium of \$0.05 per box of bananas sold from April 2020 onwards. Modest as that may seem, AgroFair sells about 8 million boxes of bananas each year, so as you will read elsewhere in this report, the bonus adds up to a considerable sum. On top of that, producers that are members of the Cooperative of AgroFair Producers CPAF also share in these profits as shareholders. In 2020, four new producers were admitted as CPAF members.

AgroFair continues to work on making the banana industry more sustainable. In this regard, as in many, global climate change is a major threat. Countering climate change while remaining economically viable is devilishly difficult. Currently, neither the use of artificial

fertiliser in conventional banana production nor maritime transport, which is indispensable for the international banana trade, can be achieved without the use of fossil fuel. And although bananas themselves are not the greatest contributors to overall carbon dioxide emissions per kilogram, we would like to realise a carbon-neutral banana. We have taken a tentative step towards that goal by developing a carbon-neutral banana with our New Zealand partner. All unavoidable emissions are offset by a reforestation project in Peru.

The goal we have set ourselves is to reach a significant reduction of CO₂ emissions over the next five years and to adapt production to climate change wherever possible. As a part of this process, we will also take a hard look at water consumption. Clean water is precious and must be used as efficiently as can be achieved. In this respect the production of organic bananas, which relies heavily on irrigation, faces major challenges.

In the face of all this, we would never forget about our people. They have been a core focus point for AgroFair from the word go. Our efforts to reach out to our partners in order to obtain a living wage for the workers and their families are undiminished.

In this sustainability report we put words, numbers and images to our actions of the past year and our aspirations for the years to come. It is our sincere hope that our report will inspire you to join us in working for sustainable change, in the banana industry or elsewhere.

Hans-Willem van der Waal

INTRODUCTION



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

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

FRUIT FOR THOUGHT

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

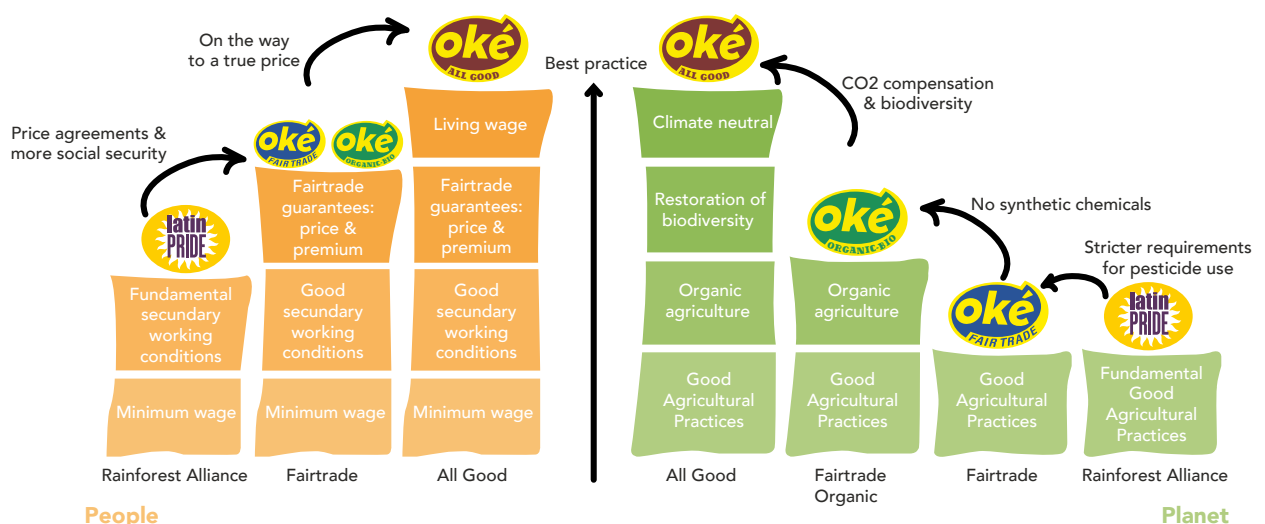
conditions locally and to play a part in a global effort to protect our planet. In return they get a stake in the governance and share capital of our company. If that sounds ambitious, how about this: we are looking to bring balance & harmony. Balancing production with the surrounding ecosystems, leading to a better livelihood for producers, their employees and families, bringing harmony all around. We dare to dream. Why wouldn't we?

And it works: our chains bear fruit! We provide the consumer with wonderful tropical fruits that are produced fairly and in an ecological and sustainable manner. We focus on the healthiest of fruits, combined with a healthy sense of business. Being green does not mean being stale! We are always looking to combine innovations in logistics and sustainable and inclusive production processes with fresh marketing concepts, bringing our personal shot of vitamins to inspire the entire industry.

THE FRUIT OF OUR LABOUR: OUR BRANDS

We are very proud of our brands of fruit: Latin Pride, Oké, Oké Organic and Oké All Good.

ON THE WAY TO THE MOST SUSTAINABLE BANANA





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



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



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

SHARE, SHARE, SHARE

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

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

MEET OUR SHAREHOLDERS:

• COOPERATIVE OF PRODUCERS OF AGROFAIR: CPAF

After one year of supplying products to AgroFair or alternatively after one complete season of supply, all Fairtrade certified producer organisations may apply for membership of the CPAF. The Cooperative works at

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

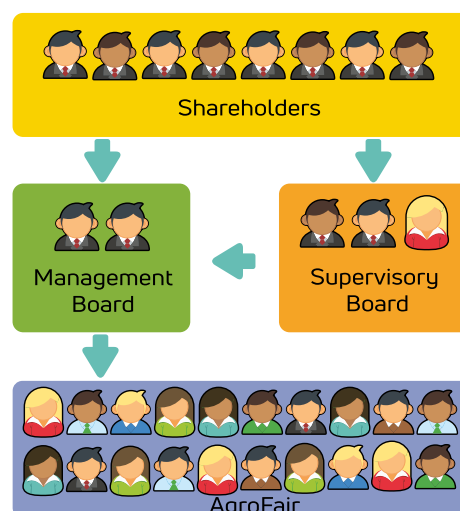
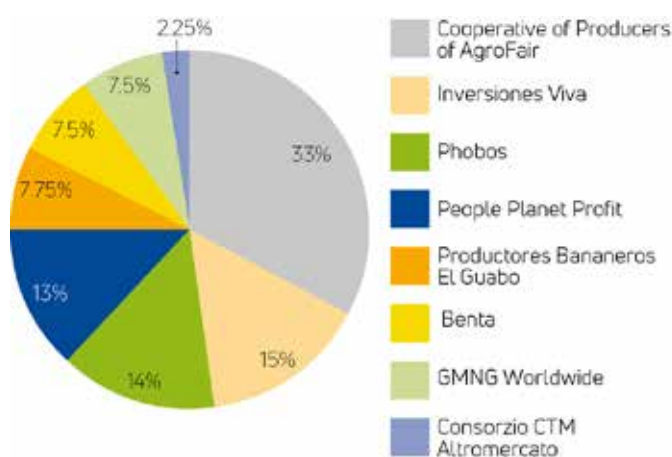
• EL GUABO

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

• ETHICAL INVESTORS

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

THE CURRENT DISTRIBUTION OF SHARES



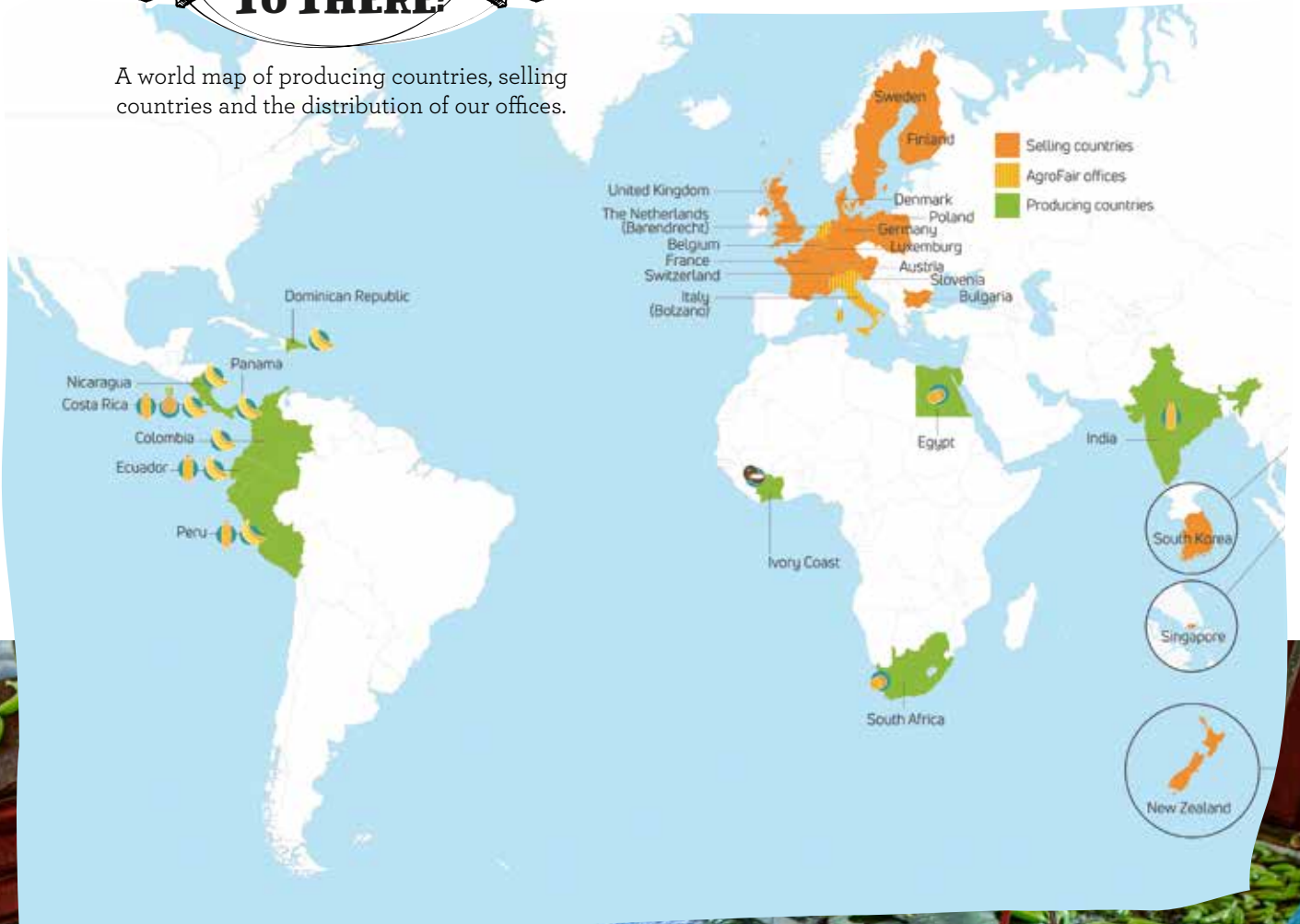
THE SUPPLY CHAIN



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



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



OUR SUSTAINABILITY STRATEGY

F AIR TRADE

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

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

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

GOING GREEN

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

our suppliers stick to the standards of the SIFAV system, keeping AgroFair's sustainable sourcing policy at as close to 100% as possible. We have been right around that number for some years now. It is our commitment to go as green as we can and keep this figure up.

KEEPING AN EYE OUT

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

FIVE P'S IN A POD

Strategy time: the approach of our policy is that we will not write out again what has been written out elsewhere. Our policy provides guidance on how we conform to existing principles and standards, how we evaluate performance, identify risks and deal with new and unexpected situations.

The bottom line is that we conduct all our business in line with our business principles: the 5 P's of the 2030 Agenda for Sustainable Development.



SUSTAINABILITY POLICY & STRUCTURE

WHAT'S EATING US: CHALLENGES IN THE AGRICULTURAL SECTOR

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

INTENSIVE FARMING

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

HUMAN LABOUR

Despite the intensification, agriculture is still for a large part dependent on human labour. Although these human hands are of vital importance, agricultural labour is still highly undervalued and hence underpaid in all parts of the world, but especially so in tropical regions. This

has led to the work being done increasingly by migrant workers from other countries in the region – with all the social issues related to mass migration.

GLOBAL LOGISTICS

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

PULLING TOGETHER

The issues above represent a worldwide challenge to which we cannot make a difference by operating on our own. We believe it is essential that all parties in the chain work together towards solutions. All businesses must share responsibility and we encourage or even oblige our partners in the chain to do the same. It is not enough to

BUSINESS PRINCIPLES



just put words to paper. A sustainability policy can only be really effective when it forms a part of our daily routine. We want this mindset to be deeply embedded in our corporate DNA.

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

DO ONTO OTHERS... OUR BUSINESS PRINCIPLES

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

AGRICULTURAL LABOUR IS STILL HIGHLY UNDERVALUED AND HENCE UNDERPAID IN ALL PARTS OF THE WORLD.



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

THE THREE P'S: PEOPLE, PLANET, PROFIT

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

SDG'S



PEOPLE



FOCUS POINTS:

PEOPLE & SOCIETY

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

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

- Workers rights, health, safety and well-being the right for everyone...
- Decent wages and acces to basic services the right for all....
- Protecting vulnerable and minority groups an active policy towards...

SDG'S



PLANET



FOCUS POINTS:

PLANET & ECOLOGY

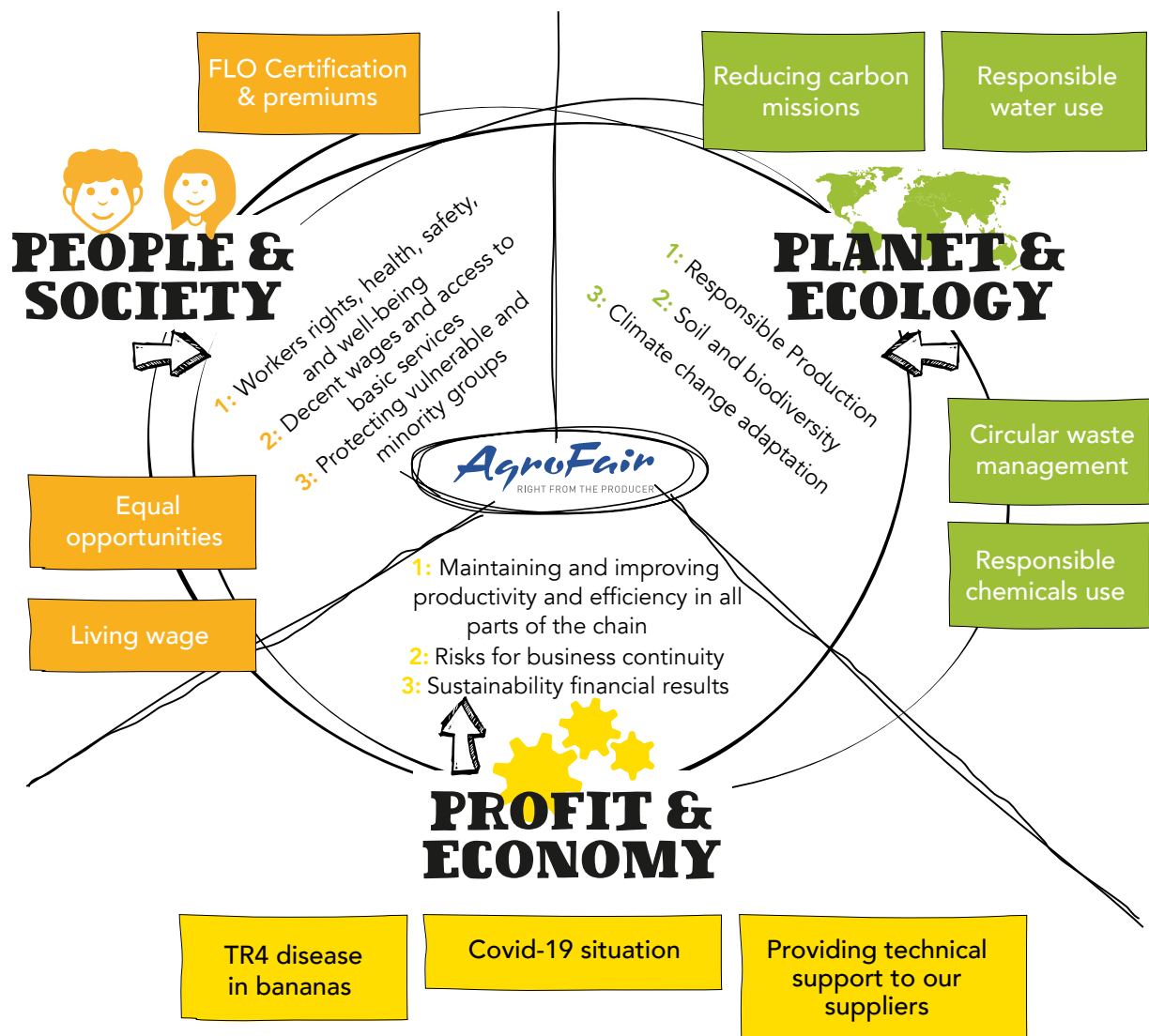
Care for people goes hand in hand with care for our planet: the sole source of everything we need in daily life. In the producing countries we strive to ensure that our products are manufactured under the highest possible standards of ecological responsibility. It is important for us to reduce pesticide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

- Responsible production: Production should be carried out in a responsible manner, using resources as efficiently as possible, so that as little waste as possible is produced.
- Soil and Biodiversity: Protecting and improving soil life has a high priority
- Climate change adaptation: Banana producers suffer from climate change, Adapting production to changing conditions and mitigating the effects of climate change are important spearheads.



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

PRINCIPLES & GOALS





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

That in itself is an interesting challenge. AgroFair's stakeholders are scattered all across the globe and active in a wide range of fields: retailers that sell our fruit, company shareholders, small producers and plantation workers, employees and other stakeholders such as certifiers and NGO's. We all work together to bring nature's little miracles to your table: a colourful, wholesome and nutritious range of tropical fruit that is produced in a fair and ecologically sustainable manner.

We prefer to do this in an inclusive way, by taking a real interest in the quirks and challenges of each other's businesses, tying many ties across the continents and learning a lot from each other in the process. Having always been driven by a strong social and ecological commitment and owing to the specific character of what we do, we put a special emphasis on small fruit producers and plantation workers who apply fair and responsible social, environmental and economic standards, while participating in the governance and shared capital of our company.

MEET THE PLAYERS

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

RETAILERS

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

SHAREHOLDERS

Sound financial results are of course vital for our survival in this business. Without them, our vision could not be achieved. Commercial success and a solid financial performance helps us to inspire the industry to follow our example. Shareholders that join us in our focus on profitability and responsibility enable us to achieve our goals and vision. Our annual Shareholders' Meeting is

a great moment to kindle their involvement, offering feedback on planned strategies, discussing innovative philosophies and providing insight into day-to-day projects, strengthening our mutual financial and personal connection over the years.

EMPLOYEES

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

SMALL PRODUCERS AND PLANTATION WORKERS

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

OTHER STAKEHOLDERS (CERTIFIERS, NGO'S)

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

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

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

- **Desk and field research** like conferences, exhibitor fairs, research reports and sustainability reports. We also commission our own research.
- **Face-to-face conversations:** we make it a point to meet and exchange ideas with our producers and our customers several times a year.
- **Sustainability conferences** Sustainability conference had become a video conference last year because we could not travel due to covid-19. These meetings are crucial to AgroFair's sustainability strategy and to our choice of themes and projects.
- **Shareholders meetings** where shareholders express their view on sustainability themes.

Nicaragua Banana Corporation (NBC), Nicaragua:

"For us it is the first year that we are working together and we are very pleased with the treatment we receive: we remark clear instructions, transparent communication, a direct line to talk to, and above all, honesty. Last Monday we participated in the Seminair that you organize every year. For us, being an on a long existing relationship ex-Chiquita farm ex-banana conglomerate farm it was amazing / almost unbelievable to see how AgroFair deals with all kinds of problems but also with solutions. A real feeling of all of us being involved in an open discussion analyzing supermarkets trends, problems we experience but also working on solutions together. We have worked with many giant banana companies (cite: Chiquita, Fyffes, Citronex and others) also feeling us anonymous and uncomfortable) but as far as we know, none of those companies ever sits together with all its' producers like you do; for us this was a real eye opener. This is one of the aspects we appreciate most of you, we have the feeling that we are working together, and the human touch is never far away."



THE 11 MOST IMPORTANT SDGS ACCORDING OUR STAKEHOLDERS

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

1. No Poverty (SDG 1)
2. Zero Hunger (SDG 2)
3. Good health and well-being (SDG 3)
4. Quality Education (SDG 4)
5. Gender Equality (SDG 5)
6. Clean water and sanitation (SDG 6)
7. Decent work and economic growth (SDG 8)
8. Responsible consumption and production (SDG 12)
9. Climate Action (SDG 13)
10. Life Below Water (SDG 14)
11. Life Below Land (SDG 15)



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



THE 3P'S OF THE SUSTAINABLE DEVELOPMENT GOALS

One way to measure progress is to focus on the “3 P’s” that shape the SDGs: People, Planet, Profit. The “3 P’s” highlight how the SDGs are an intertwined framework instead of a group of siloed goals. Progress on one P must balance and support progress on another. Refocusing on the “3 P’s” feels particularly relevant this year given their clear and intentional alignment with the goals. Let’s take a look.



PEOPLE

SDG

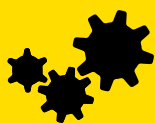


| | WORKERS RIGHTS, HEALTH, SAFETY AND WELL-BEING | DECENT WAGES AND ACCES TO BASIC SERVICES | PROTECTING VULNERABLE AND MINORITY GROUPS |
|--|--|---|---|
| | | 1.4: Equal rights to ownership, basic services, technology, and economic resources | |
| | 3.9: Reduce illnesses and deaths from hazardous chemicals and pollution | | |
| | | 4.1: Free primary and secondary education 4.4: Increase the number of people with relevant skills for financial success | |
| | 5.2 End all violence and exploitation of women and girls | | 5.1 End discrimination against women and girls |
| | | 6.1: Safe and affordable drinking water 6.2: End open defecation and provide access to sanitation and hygiene | |
| | 8.7: End modern slavery, trafficking, and child labour 8.8: Protect labour rights and promote safe working environments | 8.4: Improve resource efficiency in consumption and production. 8.5: Full employment and decent work with equal pay 8.7: End modern slavery, trafficking, and child labour 8.10: Universal access to banking, insurance and financial services | |



PLANET

| SDG | RESPONSIBLE PRODUCTION | SOIL AND BIODIVERSITY | CLIMATE CHANGE ADAPTATION |
|-----|---|---|---|
| | 6.3: Improve water quality, wastewater treatment and safe reuse | | |
| | 12.2: Sustainable management and use of natural resources 12.3: Halve global per capita food waste 12.4: Responsible management of chemicals and waste 12.5: Substantially reduce waste generation | | |
| | | | 13.1: Strengthen resilience and adaptive capacity to climate-related disasters |
| | | 14.5: Conserve coastal and marine areas | |
| | | 15.1: Conserve and restore terrestrial and freshwater ecosystems 15.2: End deforestation and restore degraded forests 15.4: Ensure conservation of mountain ecosystems | |

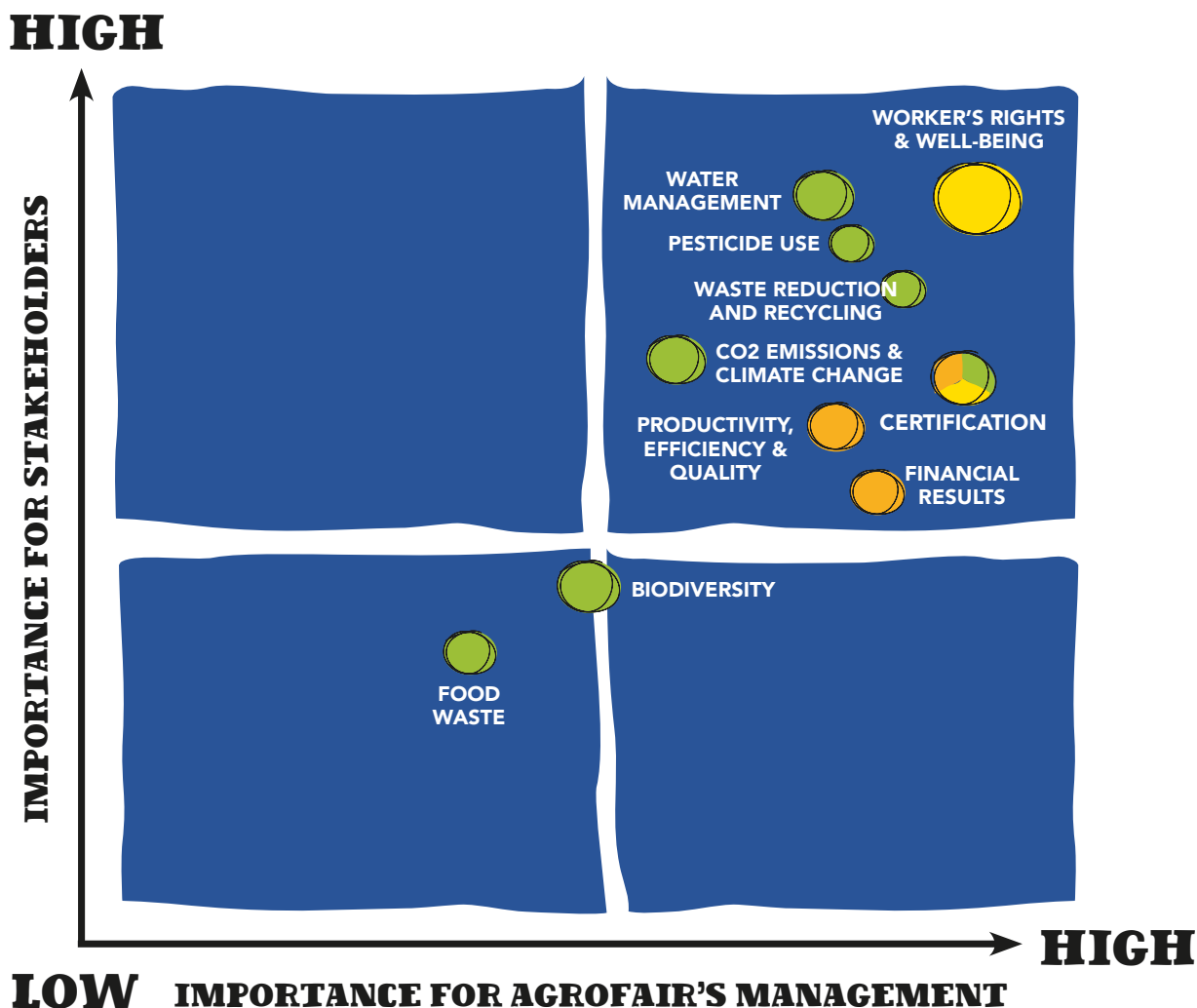


PROFIT

| SDG | MAINTAINING AND IMPROVING PRODUCTIVITY AND EFFICIENCY | RISKS FOR BUSINESS CONTINUITY | SUSTAINABLE ORGANIZATION & FINANCIAL RESULTS |
|-----|---|---|--|
| | | 1.5: Build resilience to environmental, economic, and social disasters | |
| | 2.3: Double the productivity and incomes of small-scale food producers 2.4: Sustainable food production and resilient agricultural practices | | |
| | | | 5.5 Ensure full participation in leadership and decision-making |



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



RESULTS OF THE MATERIALITY MATRIX

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

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

To us, this is very good news. On both these subjects, a difference in priorities is exactly what we would expect to find. It can be easily explained by the fact that, whereas the training and development of our own employees is of course vital to us, it is not something that keeps our stakeholders awake at night, whereas food waste is something that at AgroFair Headquarters is relatively easy to control, when compared to the efforts that, for instance, a supermarket has to put into this topic.

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

At AgroFair, we do not set our priorities lightly. It is, consequently, our expectation and our sincere hope that the results of this matrix are an accurate representation of reality, showing that we are on the right track and setting the right priorities. Of course that does not mean that we do not welcome your feedback or criticism. We do! Please feel free to submit any ideas or additions that you may have to: sustainability@agrofair.nl.

ADDRESSING MATERIAL TOPICS

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

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

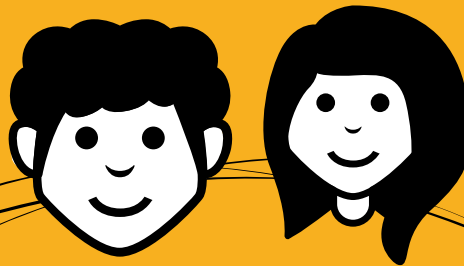
A major part of the impact regarding these themes takes place further back in the supply chain; the amount of waste generated at our headquarters, for example, is

tiny compared to that of our combined producers! Not surprising, we focus the bulk of our efforts higher up in the chain, with our direct suppliers of products and services.

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



SDG'S



PEOPLE & SOCIETY

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



1. Social certifications and initiatives **21**
2. Fairtrade Premium **21**
3. Workers right, health, safety and well-being **22**
4. Protecting vulnerable groups **22**
5. Living wage **23**
6. Equal opportunities **24**
7. Fairtrade premium stories **25**

FOCUS POINTS:

- Workers rights, health, safety and well-being the right for everyone...
- Decent wages and acces to basic services the right for all....
- Protecting vulnerable and minority groups an active policy towards...

People have been the driving force behind Agrofair from the start. Importing the world's first Fair Trade banana was the aim when our company was first founded, and sourcing Fair Trade (or equally certified) bananas is still our core business.

From that starting point, we have felt the need to take things further. Living and working conditions of the men and women who produce these fruits have always been on top of our mind. We have incorporated our founding principles regarding People & Society in our Sustainability Policies, as you can read elsewhere in this report.

Following from these principles, and with regard to all goods we trade, we have objectively determined that the rights and interests of producers and employees are guaranteed in the producing countries. Adopting the relevant provisions of the ILO (International Labour Organization) conventions serves to guarantee the international labour standards.

When addressing social issues, the greatest challenges by far lie at the beginning of our supply chain, on and around the plantations, the villages and the regions where our fruit is grown. We focus most of our efforts on these producers and service providers, being very concerned about the rights, health and well-being of the people who work hard every day to grow and pack our fruit.



SOCIAL CERTIFICATIONS AND INITIATIVES

Workers' rights and well-being are embedded in standards such as Fairtrade and Rainforest Alliance. We buy only from companies that have one of these certifications.

Over 65 % of our fruit is sourced from suppliers with Fairtrade certification and another 35% with Rainforest Alliance, Organic and/or Demeter certification.

Standards help us assure that that workers in our supply chain enjoy acceptable labour standards and decent wages. Fairtrade and Rainforest Alliance ensure compliance with the conventions of the International Labour Organisation.



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



The Rainforest Alliance Sustainable Agriculture Standard contains four principles: Effective planning and management system, Biodiversity conservation, Natural resource conservation and Improved livelihoods and human wellbeing. All principles contain Critical & Continuous improvement criteria.



The organic standard is based on the international principles of natural agriculture. Crop rotation and improvement of soil fertility with compost and manure are important principles. Synthetic chemicals are not allowed.



Demeter is a special line of organic agriculture, which is inspired by the antroposofical principles of Rudolf Steiner. Circular and mixed agriculture and the use of special preparations are characteristic of this way of organic agriculture.

FAIRTRADE PREMIUM

The Fairtrade Premium may appear modest but it can turn the lives of individual people around! This is how it works: for each box of Fairtrade bananas sold, \$1 of premium is donated by AgroFair. With this money, a number of wonderfully effective small-scale projects are started. Some of these bring about dramatic changes for the better – as the testimonies confirm! All projects improve the living conditions of farmers and workers each year.

Altogether, more than 6000 families throughout the world have benefitted from this business model through our supply chain! In 2020 we paid \$ 3,5 million Fairtrade Premium. In the chapter 'Profit & Economy' (on the next page) we present the figures on amount of Fairtrade premium paid in the past years.

**MORE THAN 6000 FAMILIES
THROUGHOUT THE WORLD HAVE
BENEFITTED FROM THIS BUSINESS
MODEL THROUGH OUR SUPPLY CHAIN!**



FAIRTRADE PREMIUM BY COUNTRY

| Fairtrade Premium by Country | 2020 | 2019 | 2018 | 2017 | 2016 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| (USD 000) | | | | | |
| Peru | 1.358 | 1.413 | 1.557 | 1.540 | 1.396 |
| Ecuador | 1.240 | 1.447 | 1.344 | 1.442 | 1.459 |
| Panama | 508 | 598 | 595 | 612 | 567 |
| Dominican Republic | 259 | 131 | 152 | 180 | 94 |
| Nicaragua | 171 | 172 | 88 | 0 | 0 |
| Other | 21 | 135 | 205 | 276 | 284 |
| | 3.557 | 3.898 | 3.941 | 4.050 | 3.800 |

WORKERS RIGHTS, HEALTH, SAFETY AND WELL-BEING

This theme is very central to Fairtrade, of which AgroFair is the pioneer. Facilitating responsible handling of crop protection agents by providing (and training in the use of) personal protective equipment, securing machinery and equipment and creating a socially safe working environment, also for women and minorities, are important points. Child labour and forced labour are prohibited, while protecting 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 dangers of pesticides.

DECENT WAGES AND ACCESS TO BASIC SERVICES

Another aspect closely linked to the Fair Trade concept is the payment of a decent wage and the provision of access to basic services, such as education and health care. Working towards a living wage is a key element. The Fairtrade premium is designed to meet such needs and is important, especially in countries where the government does not provide these services.

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.





LIVING WAGE

In several European countries with a colonial past, such as the Netherlands, there are discussions about the history of slavery. Many believe that apologies should be made by the respective governments, or that compensation ought to be paid.

At the same time, we are beginning to wonder whether we are addressing present-time abuses sufficiently. The payment of a living wage is an expression of this.

Many of our producer countries have set minimum wages but these are often far too low, especially in agriculture, to provide a decent living. Bananas are a very price-sensitive product and markets are fiercely competitive, even between producing countries.

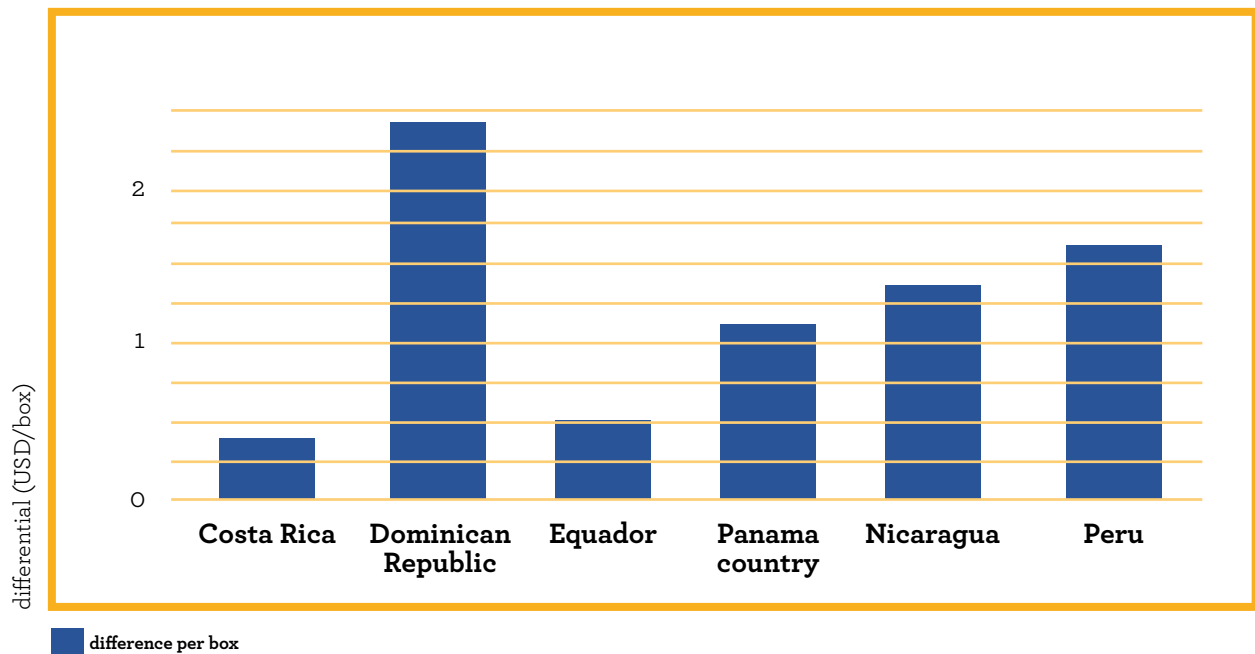
We feel it would be advisory for these countries to bring their minimum wages up to the subsistence level.

Unfortunately, this only happens in very few places.

Responding to this, the Fairtrade and Rainforest Alliance hallmarks have included control points in their standards to work towards a living wage. With Fairtrade, part of the premium of \$1 per box can be used to raise wages to a living wage. It is not a simple issue, because it makes the product more expensive, bringing the risk for a producer to price himself out of the market by doing the right thing.

What is needed is a long-term commitment from customers to maintain wage increases once they have been implemented, and thus to provide the (small) producer with a secure livelihood. In the accompanying table we show what the minimum wages, average wages and living wages look like in our production countries. We also show what it would cost extra per box of bananas to pay the living wage.

LIVING WAGE DIFFERENTIAL PER BOX



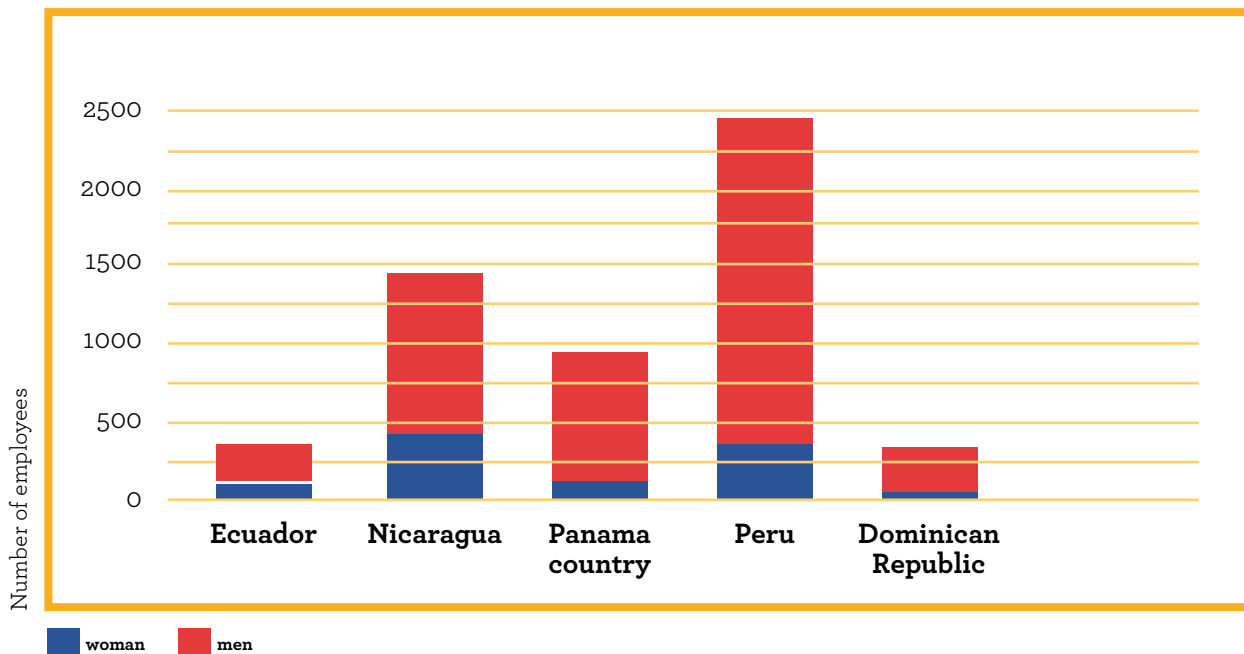


EQUAL OPPORTUNITIES

At AgroFair, we attach great importance to offering equal opportunities to people of different genders, origins, with and without disabilities. At headquarters, we are a too small a group to set measurable targets. Opportunities lie with our producers, who often have many more employees, and are aware of the importance

of fair and equal opportunities. In the coming year, we will be working with them to develop an equal opportunities policy and to measure the state of affairs and future development. This year, we already have compiled data regarding the number of men and women working in the various organisations. We show an aggregated overview of this.

NUMBER OF MEN AND WOMEN WORKING IN THE VARIOUS ORGANIZATIONS



FAIRTRADE PREMIUM

Impact Investing may have an impersonal ring to it, but the incentive brings about fundamental positive change for members of our producing teams, be it on a large or a small scale. The stories below are from our Fairtrade Producers in Ecuador, Peru, Panama and Nicaragua. A small selection out of many wonderful contributions:

THE COST OF KEEPING SAFE

To many banana producers, Covid is as costly as it is deadly. The pandemic threw major obstacles in the way of production. Fairtrade Premiums were put to use for investments into protective measures, necessary to shield workers against the risk of infection. Extra financial injections had to be made to counter problems with the supply of packaging materials and the loss of labour as a result of curfews and travel restrictions, both circumstances sometimes leading to costly quality claims. In order to protect the workers and their families and to allow production to continue as best as possible in challenging conditions, producers have reported investing in the following items:

- disposable face masks & gloves
- clear goggles for eye protection
- disinfection tunnels for personnel and disinfection arches for vehicles
- disinfection gates for personnel at headquarters
- Food & grocery parcels for the elderly and vulnerable
- Food support for medical personnel
- Medical healthcare: coaching on Covid-related lifestyle changes and nutrition

Primarily, this financial support is about extending a hand to our friends and colleagues that find themselves in a difficult situation. In terms of this Sustainability Report, these initiatives coincide with our sustainability policy on health priorities, such as SDG number 3 (Good health & wellbeing) and 4 (Quality of education).

ONLY SO MUCH OPEN AIR

The *Valle del Chira* cooperative in Peru used part of their premium for improvement of the facility buildings. They now boast a sparkling new sanitary building where there wasn't a decent bathroom before and a proper food court for schoolchildren and adults to enjoy their lunches. Instead of taking their meals in the open air in all weathers like they used to (and remember these are the wet tropics!) both children and grownups now enjoy the protection of a roofed lunch area, making their days, and

particularly their breaks, altogether more pleasant, dry, and hygienic. What is the SDG number for a dry meal?

HOUSING: CASAS FOR EVERYONE!

The *Coquimba* cooperative of Nicaragua continues their housing project. With the aid of the Fairtrade Premium, several new homes are constructed each year to replace old homes that have become unfit for family occupation. Every year, a number of families profit; they receive a decent place to live with all basic provisions such as a bathroom and a kitchen.

If we must put a number on something as essential as having a roof over your head: this is concordant with SDG number 1 of our sustainability policy - to end poverty in all its forms everywhere.

SCHOOL WORKS

No school without pens and pencils! *Coquimba* in Nicaragua sets aside part of their Premium to buy their children school supplies. Panama's *Cooperativa de Servicios Múltiples Bananera del Atlántico* - or *Coobana* in short - takes this a step further, using the Fairtrade Premium to provide scholarships to the workers' children. A great initiative that brings a continued education within reach for many youngsters. The Fairtrade Premium gives these children a vital leg-up to get ahead in life: to attend school or college, to obtain qualifications and to enjoy professional careers, eventually advancing their communities as a whole.

Straight A's from the viewpoint of our sustainability policy goal numbered SDG 4: Quality of Education.

CLIMATE ACTION: LEARNING BY DOING

The Dutch proverb 'as the Old sing, so the Young will twitter' takes on new meaning with regard to environmental care. To teach children to cherish the planet that they will inherit is imperative. Supported by the Fairtrade Premium, some of our producers develop programs to teach the young. This year the *Bananeros* of *Ceproban* in Perú set up a plastic waste hunt with several

of their employees and children, teaching them not to throw away plastics and other items that are harmful to nature. First steps in environmental conservation! Out of a strong belief in the positive effects on the children's health and development of being in contact with nature, *Ceproban* also runs programs that introduce children to the life cycle of plants, seeding and plant care, fitting in seamlessly with our sustainability policy SDG 13 on climate action: integrating climate change measures.

GETTING FROM A TO B: INFRASTRUCTURE

The *Asoguabo* collective of El Guabo, Ecuador, is a farmer-run cooperative that represents 350 small-scale banana farmers. They invested the premium in a variety of projects to improve and renew their infrastructure. The project included paving the roads and making improvements in the fields as well as in and around the packing stations, where new basins were installed and irrigation canals were reconstructed. A large overhaul, making getting around so much easier.

The infrastructural makeover tallies with our sustainability policy SDG number 8 which focusses on decent work and economic growth for all, promoting development-oriented policies that support productive activities.



SCHOOL WORKS



INFRASTRUCTURE



CLIMATE ACTION



HOUSING



PROTECTIVE COVID MEASURES



PROTECTIVE COVID MEASURES



PLANET & ECOLOGY

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



FOCUS POINTS:

- **Responsible production:** Production should be carried out in a responsible manner, using resources as efficiently as possible, so that as little waste as possible is produced.
- **Soil and Biodiversity:** Protecting and improving soil life has a high priority
- **Climate change adaptation:** Banana producers suffer from climate change, Adapting production to changing conditions and mitigating the effects of climate change are important spearheads.

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2. Nitrogen use **28**
3. Water management **29**
4. CO₂ emissions **30**
5. Energy use **30**
6. Sustainable initiatives **30**
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8. Plastic use **32**
9. Healthy soils **37**
10. Foodwaste **38**

The obligation is ours to inhabit our green globe wisely and take care not to deplete her resources if we want to guarantee livelihood for future generations (which we do!). For us at AgroFair, care for our planet is just as self-evident as is care for the people who inhabit it. But there is no denying it: we are part of a business which impacts the environment. Technically, Agrofair is an import and sales company. It is the nature of things that most of the environmental impact lies early on in the supply chain with our producers and service providers. Our company principles with regard to Planet & Ecology form an integral part of our Sustainability Policy (published elsewhere in this report). In this chapter, we have identified some of the most important environmental impacts of our trade like use of water, nitrogen, plastics and pesticides and we take a look at their environmental effects.



PESTICIDE AND FERTILIZER USE

For all their happy appearance, bananas are sensitive creatures. In many regions, banana production is not possible at all without the help of chemicals, both to protect the fruit and to supply the nutrients that are required for the high productivity and quality of commercial bananas.

About 50% of our volume is certified organic, with minimized chemical input. But organic banana farming is only possible in dry regions such as Peru, the Dominican Republic and Ecuador. Elsewhere, our non-organic fruit is produced under sustainable labels such as Rainforest Alliance or Fairtrade, with strict requirements on pesticide use.

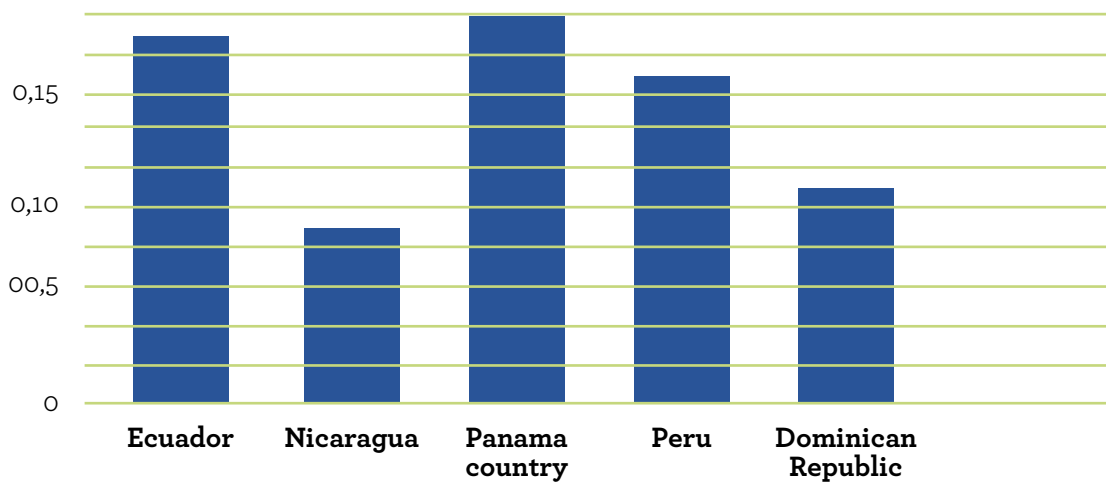


NITROGEN USE

Nitrogen is a very important element for fertilising banana fields and many other crops. The need to feed a growing world population causes a high global nitrogen demand, and this is taking its toll on our planet. During production of fertilisers, inactive nitrogen from the air is changed into active forms; plants use this active form to grow. Unfortunately, a large part of the active nitrogen gets washed away by rain and irrigation and spreads to all the corners of the earth,. It causes negative environmental effects like eutrophication, which is leaking of nitrogen into the groundwater and into rivers and lakes where it can cause excessive growth of algae.

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

NET NITROGEN USE PER BOX PER COUNTRY



Power use per box (Wh)

Nitrogen box

We calculated nitrogen use per box of bananas in our countries of origin. For reasons of efficiency, we collected data from one representative farm per country. Levels of nitrogen use differ greatly between the farms and cooperatives in the different countries that we work with. The amount of nitrogen used is influenced by factors like irrigation, rainfall and soil type. In the coming year we intend to take a closer look at these factors.



DRIP, DRIP, DRIP: WATER MANAGEMENT

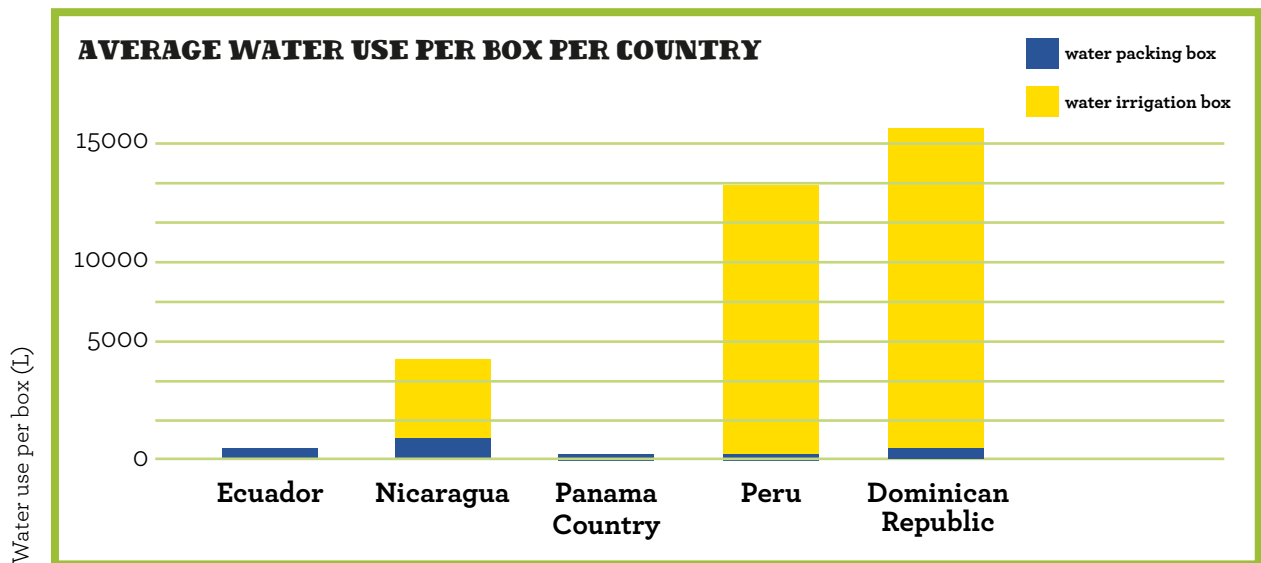
Banana farming requires enormous quantities of water. If there's not enough water to go around, as is the case in some of our countries of origin, this can be a problem.

Water use differs greatly between different countries of origins and even within countries. Choice of irrigation system, efficiency of the packing process and annual precipitation are all factors that count. To make these differences visible we calculated the amount of water used for irrigation and in the packing process for different countries of origin.

Once again, for reasons of efficiency, we collected data from one representative farm per country. The differences turned out to be huge! The largest users of water are Dominican Republic and Peru, countries that don't get a lot of rain. Countries with a lot of rainfall, such as Costa Rica and Panama, only need to irrigate in dry spells.

Waterwise, we see many opportunities for improvement. Replacing flood (or gravity-)irrigation by the much more water-efficient drip (or sprinkler-) irrigation would contribute a lot. We can also help people with the correct use of ground water pressure sensors (tensiometers). These help to determine the right time and the proper amount of water needed for irrigation.

Irrigation systems are a more complex matter; these cannot be changed overnight. In fact, this can only be properly done once in 30 years as it requires a full farm renovation. Remember we are working with live plants here! So in the years until the whole farm is turned upside-down, we make sure that existing systems are well maintained and improved where possible.



PLASTIC: TO USE OR NOT TO USE

Wouldn't it be great if we could ban the use of plastic in banana production altogether? Plastic is used during all stages of the process and unfortunately, no good alternative has yet been found. Until we find one, we contribute to responsible re-use where we can.

The numbers are not great. For each container of exported bananas, 40kg of plastic waste are generated. Plastic is needed to protect the maturing fruit bunch against insects; each baby bunch is covered with a polyethylene bag, creating a microclimate that is also favorable for growth. After harvesting, most of our producers collect the used

plastic and make sure it is recycled. Our producers in Peru took things an exciting step further and invested in their own mobile recycling unit that turns plastic bags into cornerboards used for creating pallets.

SDG'S



SUSTAINABLE INITIATIVES (SDG 17)

To us, certification is a great starting point. But there is a lot more ground to cover! We are active members of the World Banana forum, among many other things we take part in a team aimed at measuring and reducing CO₂ emission.



CLIMATE CHANGE ADAPTATION

(SDG 6, 12, 13,14,15)

Banana producers suffer from climate change. Droughts and floods are becoming more frequent. Adapting production to changing conditions and mitigating the effects of climate change are important spearheads. We try to reduce CO₂ emissions in the production chain.



RESPONSIBLE PRODUCTION

(SDG 6, 12, 13,14,15)

Production should be carried out in a responsible manner, using resources as efficiently as possible, producing as little waste as possible. Waste, such as plastic, must be properly processed and preferably recycled. The release of pesticide residues into the environment must be prevented as much as possible. Wastage of food must be reduced.



WATTS UP? (SDG 13)

One of the elements that make up a carbon footprint is energy use. We stimulate the use of green energy wherever possible. Once again, our producer Varcli in Costa Rica sets a great example: they generate almost all the energy they need from solar panels.

To make energy use visible we calculated the amount of watts used per box of bananas, for our different countries of origin.

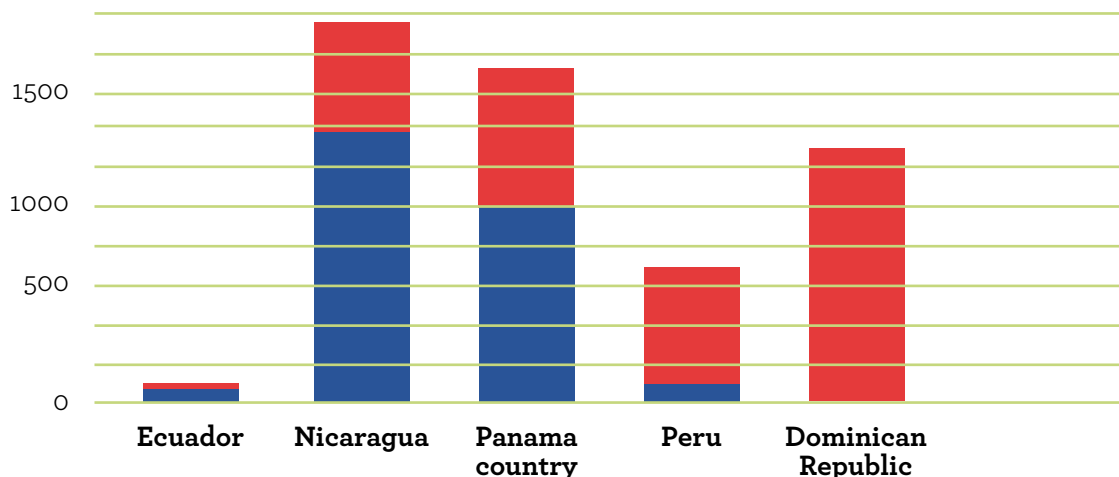


SOIL AND BIODIVERSITY

(SDG 6, 12, 13,14,15)

Protecting and improving soil life has a high priority. Healthy soils can reduce the use of pesticides and fertilisers, make the crop more resistant and able to absorb more CO₂. Many plantations are located close to the sea. Residues 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 landscapes.

AVERAGE POWER USE PER BOX PER COUNTRY



Power use per box (Wh)

specific power box specific fossil box

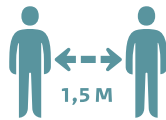
BACK HOME: SUSTAINABLE OFFICE

Even though we focus many of our efforts on our supply chain, we make our office operations more sustainable each year:

- We cycle! We compensate all CO₂ emissions caused by staff travel (both on the road and by air) and by lorry transport in the EU. In 2020, we compensated 221 tonnes of CO₂ through Gold Standard projects by Climate Neutral Group. This is a big difference from previous years because many air trips could not take place due to covid-9.
- Our offices are modest and so is the amount of waste that we produce – but we recycle every last little bit.
- Last year, we installed a ventilation system in AgroFair's offices. The smart Lossnay ventilation units operate with an efficient heat recovery system. Polluted indoor air is extracted while fresh air is vented into the room. Energy savings are up to 70 % and the indoor climate is much more healthy and pleasant. In the light of the Corona pandemic, the new system may help to limit the transmission of respiratory infections.
- Our cleaners use ecological detergents only.
- Our daily team lunches are organic and FairTrade whenever possible. Of course our coffee and tea are Fairtrade too! We encourage our staff to make healthy choices and make it easier by providing healthy alternatives on the lunch table.



Washing hands



Distancing



Testing



Fresh air





RECYCLING BANANA PLASTIC: BUNCH BAGS TO CORNER BOARDS

Bunch grow better. Huge amounts of plastic are concerned and the bunch bag as we know it can only be used once. After harvest the bag becomes waste, or sometimes raw material that can be recycled and made into another product.

Recycling is coming up in some countries (like Costa Rica) but in most cases plastic waste simply goes out with the garbage, ending up in landfills, getting buried, burned or dumped by the roadside. Sooner or later a lot of this plastic ends up in the sea, becoming part of the gigantic 'plastic soup' mass in the ocean and eventually making its way into our diet.

A plan for action may be distilled from the 'three-R's method' that we know from the circular economy theory: **Reduce, Reuse, Recycle**.

REDUCE:

Reducing the use of bunch bags sounds great. Sadly, without the protective bag, the growing bunches are attractive to insects that feed on the peel and leave behind small scars and scratches, sometimes referred to as 'the kiss of nature' and indeed, they are the best sign that no insecticides were applied.

But supermarkets want 'cosmetic quality', expecting nothing but picture perfect bananas. The price for this uniform flawlessness is the use of bunch bags. In non-organic banana production: bunch bags drenched in insecticides. Are consumers even aware of this?

Bunch bags are used for export bananas only, not for bananas sold on local markets. Scars do not affect the fruit at all, the bananas you buy on local markets in Asia, Africa or Latin America are delicious. And who eats the peel anyway... do you?

As long as the supermarkets do not educate consumers that there is nothing wrong with a banana with some spots on the peel, reducing the use of plastic bunch bags is out of the question. Zero tolerance rules for cosmetic deficiencies.

RE-USE:

As things stand, reuse is no option in the export banana business. The banana bunch bags are very thin and tear easily. Cleaning them is undoable. So what about the third option?

RECYCLE

Banana production goes massive amounts of plastic. In Peru's relatively modest banana sector an estimated twenty million plastic bunch bags are used each year, some 450 tonnes of plastic altogether. Placed in a row, this stretches to 30.000 kilometres!

When spread out together, the bags would create a plastic sheet of almost 7 square kilometres.

Surprisingly, recycling thin foil bags is far more difficult than recycling heavier plastic products. Plastic foil has the worst recycling score on the planet; almost no plastic bags are recycled. They are often contaminated, difficult to clean and hard to handle and collect because they are so light. A single plastic chair of 3 kilos weighs as much as 1000 lunch bags or 150 bunch bags. That is why a lot of plastic bags end up as microplastics in the environment and why several countries (notably, in the 'underdeveloped' African countries) are now banning the use of plastic shopping bags. Recycling plastics of homogeneous composition and as near as possible to the point of origin helps. Luckily, in the case of banana plastic, this can be organized.

CORNER BOARDS

Affordable technology is now available for local recycling of banana plastic into cornerboards. Cornerboards are used to keep the banana boxes on a pallet in place, and the industry uses a lot of them. The math: a pallet stacks 54 boxes. A reefer container transports 20 pallets, making 80 cornerboards required per container.

Cornerboards are made with the use of an agglomerator which shreds plastic bags and shapes the material into pellets. A complete extruder line then melts the plastic granules into cornerboards with a capacity of 40 boards per hour. The machinery to do this can be bought in China at an affordable price. And that is exactly what Agrofair is doing!

PLASTIC PRODUCTION

With support from the Dutch enterprise RVO, CACTUS Supermarkets from Luxembourg and the NGO Solidaridad in Peru, two complete production lines have now been shipped to the Dominican Republic and two more to Peru. For Peru, two additional recycling lines are planned. Technical assistance is provided by 'Plastic Fantastic', a company linked to the Dutch Technical University of Applied Sciences in Enschede that specialises in plastic recycling.

The recycling plant in Peru is run by a new company: 'Grupo ECOBAN'. Shareholders are banana producer associations AVACH and APOQ; cooperatives APPBOSA and Río y Valle, sector organisation 'Clúster Banano del Perú' and the 'Tulipán Naranja' company, Agrofair's subsidiary in Peru. The recycling plant is being constructed as we speak, starting up with two production lines; extendable to six lines in the future.

ADDING UP

The numbers are promising. Two recycling lines will allow a considerable amount of banana plastic to be recycled. With four lines, plastic waste from external organisations can be processed. Cornerboards made from recycled plastic can be sold at competitive prices, making a modest profit possible. When reinvested, the production capacity of the plant could be extended to six lines, allowing the plastic waste of the entire local banana sector to be recycled. This would produce up to 960.000 cornerboards a month, enough to export 12.000 banana containers per year with cornerboards made from recycled plastic.

This equals the entire current volume. The amount of plastic used on each hectare is exactly enough to produce the number of cornerboards needed to export the bananas that it yields. Perfect!

Together with our partners, we are exploring new terrain, fusing 'green' thinking with plastic production. We are learning as we go, and meeting many challenges to overcome. We are excited about the future. Join us and follow the progress of the project on the website of Agrofair, Facebook and LinkedIn.





AGUA! WATER MANAGEMENT IN THE DOMINICAN REPUBLIC

Good news: organic and FairTrade bananas are on the rise! When you look at the graphs, they are the most dynamic segment of the banana market. Over the past decade, sales of Fairtrade and organic bananas quintupled from 5 million to 25 million boxes.

These bananas come with great qualifications. They are more healthy and more sustainable. No pesticides means a better choice for consumers and workers alike. Right?

Well.. it's complicated. There is one aspect in the production of organic bananas that needs urgent attention. Water.

Organic bananas can only be grown commercially in dry regions: the North of Peru, South of Ecuador, Northeast of Colombia and the North-western Dominican Republic.

The reason for this is Black Sigatoka, a widespread fungal disease of the banana leaves that affects banana plantations all over the humid tropics. Sigatoka can only be controlled with aerial spraying of fungicides, making wet regions a no-go for organic production. This has major implications for water use.

Wet tropics carry that name for a reason: apart from a few brief spells in the dry season, they seldom need irrigation. But (as you may have guessed) this is an entirely different story in the dry tropics, where irrigation is needed almost year-round. And this produces a very high water footprint.

As early as 2013, AgroFair participated in water footprint assessments in Peru. The Dominican Republic followed in 2017. The assessments confirmed that regional water footprints were very

high and not sustainable in the long run.

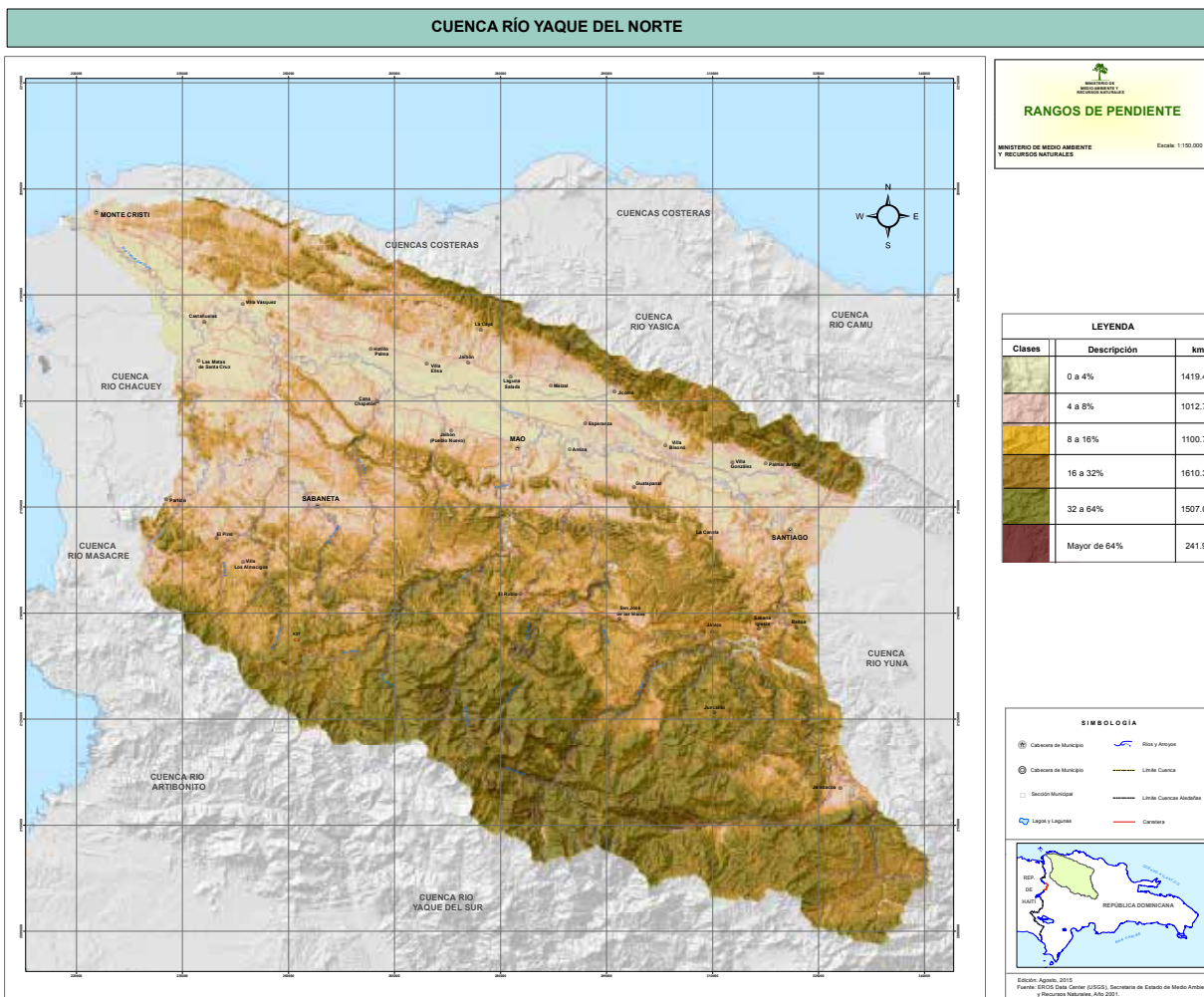
We have since come up with a dual policy of tackling water management: water-reducing irrigation methods on the banana farms themselves and improved management of water resources in the *catchment areas*, the geographical area where water is sourced.

In many places, including Peru and the Dominican Republic, deforestation and climate change are causing deterioration of catchment areas. Last year, together with the World Wildlife Fund Germany (WWF), German supermarket chain EDEKA and other importers, AgroFair has boarded onto a water management program. Investments are made to get local banana producers involved in improved management of the Yaque River catchment area in the Dominican Republic. The producers are enrolled in a training programme, introducing them to the standards of the Alliance for Water Stewardship (AWS, <https://a4ws.org/>).

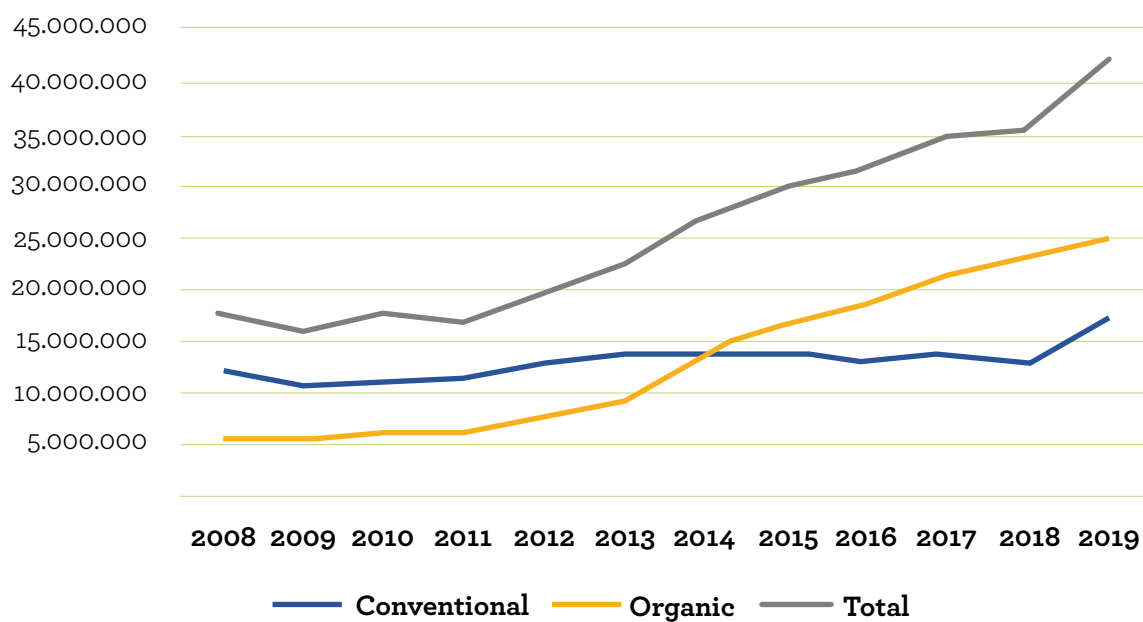
Instead of focussing on individual farms or organisation, the AWS certification zooms in on the catchment area itself. It tries to promote collaboration between all parties and organisations that are dependent on the same water source. This should lead to a shared and improved knowledge about their joint water resource and eventually to the formulation, commitment and implementation of a sustainable management plan at landscape level.

After several steps and stages, the final goal of group certification is to establish a sustainable governance system of the entire catchment area, with improved practices and better rules and regulations on land and water use. And that is very good news indeed for sustainable organic bananas!





FAIRTRADE BANANAS BOXES SOLD 2008-2019



Source: Fairtrade International, 2021



DROP BY DROP: WATER MANAGEMENT

Bananas grow best in a humid tropical climate. At the large-scale plantations in which they are grown commercially, the banana plants are very susceptible to a leaf fungus. To combat this fungus, intensive chemical control is required. In organic cultivation, this is not allowed. Therefore, they are best grown in dry climates with low rainfall. This way, they are affected by the leaf fungus as little as possible. Bananas are a thirsty fruit. To grow, they need a lot of moisture, so artificial watering or irrigation is necessary. This holds true even more for organic bananas; their water footprint is higher than that of non-organic bananas.

Together with our farmers, we make an effort to use water as efficiently as possible. For starters, we had water footprints calculated in Peru in 2013 and in the Dominican Republic in 2017.

In Peru, irrigation canals have been lined with concrete to stop excess water leakage and we have started on a test project to recycle wash water and make irrigation more efficient.

In the Dominican Republic, we are participating in a project this year together with the World Wildlife Fund and supermarket chain EDEKA, aiming to improve the efficient use of irrigation water. Part of the project are training sessions for producers, schooling them to meet the Alliance for Water Stewardship standard (To learn more about this Standard please see www.a4ws.org).

Drop by drop, we are moving towards a wiser use of water.





HEALTHY SOILS

Soils are fundamental to life on earth. They are the foundation of food production. Literally.

We do not see what lies beneath our feet, so we tend to overlook it. A quiet presence, soils have not received the attention they deserve for a long time. Thankfully, the International Year of the Soils in 2015 changed all that. The spotlight was aimed downward, and the importance of healthy soils can now no longer be ignored.

As essential as they are, soils receive a lot of ill-treatment. Inadequate practices run rife. They lead to soil erosion, loss of organic matter and natural fertility, heavy contamination by pesticides and nitrogen, compaction and loss of water infiltration capacity, salinization - these are destructive processes that need to be reverted urgently. Soil degradation is a silent killer. And it is becoming a serious threat to global food security.

AN UNDERGROUND UNIVERSE

Over the past decades, the understanding of soils has grown. Far from being a silent presence underfoot, we now know soil to be a living organism. A bustling universe under our feet. Beyond the structure, chemical composition and nutrients, there is a whole world to be discovered. We have grown very interested in the (micro)organisms and biodiversity in the soil.

Digging deeper into the mysterious world under the surface of the earth is like opening Pandora's box; early research results in the matter of soil biodiversity are bewildering and fascinating.

We see beneficial bacteria and fungi interacting with the plant root system, colonizing the plant and helping it to absorb nutrients. In ways we do not yet fully understand, they strengthen the plant's natural defence systems against pests and diseases. Deep down in the soil, minute goodies do battle with harmful organisms, keeping them under control and sometimes literally gobbling them up. A microscopic war zone that we would do well to understand and use to the planet's advantage.

DEFENCE LINE

According to the FAO, soils function as more than the keeper of healthy microorganisms. They are also the earth's largest water filter and storage tank. They contain more carbon than all above-ground vegetation combined. In short: the soils of the earth play an essential role in the conservation of water resources and the countering of climate change.

Since the outbreak of the TR4 disease, which is caused by a fungus in the soil, the attention for healthy soils in the banana industry has increased. Evidence is growing that healthy soils that are rich in

biodiversity can form a potential defence line, helping to beat the devastating TR4 fungus.

BANANA FORESTS

Soil degradation processes can be a worry in the banana industry, especially in conventional monoculture plantations that rely on heavy use of pesticides and fertilizers. Pondering ways to counter this deterioration of the earth's natural defences, Agrofair zoomed into the idea of agroforestry. The natural habitat of the banana plant is the forest. And natural forests don't need fertilizers and resist pests and diseases.

What if we managed to simulate this habitat in an efficient way in commercial banana production? Would it be possible to grow organic bananas in agroforestry systems, even in the wet tropics, where disease pressure is high? Small-scale banana agroforestry systems exist already, with proven benefits for general biodiversity and soil biodiversity, increased storage of carbon, increased water retention and suppression of pests and diseases. The big challenge is to make banana agroforestry systems productive and profitable enough to be competitive under current market conditions. Agrofair is currently talking to several potential partners to make this a reality.

Whether this turns out to be a feasible scenario, time will tell. Short-term results are not expected; it takes years before a balanced agroforestry system reaches a mature stage and its benefits become manifest. But that has never stopped us before. Rich banana forests? Watch this space





DON'T WASTE YOUR FOOD!

Waste of food is an important sustainability issue. Mom was right! The food that we eat is too valuable to be wasted. A lot of energy has gone into putting it on your table. A lot of people go without.

On production scale, the same holds true. If food is used more efficiently, fewer raw materials and resources are squandered. If less food is thrown away or discarded, the ecological footprint of its production and transport will be smaller.

ON THE FARM

In our experience, food waste and food loss in the banana industry are relatively low. On a typical banana farm, at least 92% of the bananas are exported. Fruit that is damaged or otherwise not suitable for export is not thrown away. Most of it is sold on the local markets or processed into banana puree. AgroFair has large quantities of surplus bananas processed into banana puree in Ecuador. As any parent can tell you, pureed bananas serve as an excellent ingredient for baby food and desserts. Stems and peels that remain after the production process are made into compost and returned to the land.

OVER THE SEAS

Transport by ship has its own loss components. In modern times, the loss in this phase is very small. To protect our shipments, we sometimes use controlled atmosphere containers, with lower oxygen and higher carbon dioxide atmospheres. This keeps the bananas from early ripening or even rotting. With the help of artificial intelligence, we have designed a model to use this technology in a targeted way, depending on the transport time and climate parameters. In this way, we can reduce food loss and damage for the producer.

BRINGING IT HOME

It is rare that a container has to be written off completely. In concordance with the rest of the trade, some 2.5% of our shipments are rejected on quality grounds, but that does not mean the entire shipment is lost. Usually the freight gets sorted so that the good bananas can still be consumed. In the end, we estimate that no more than 0.1% of our bananas are lost in our chain from ship to warehouse. Scores that we are proud of! And we are sure that Mom would be, too.







PROFIT & ECONOMY

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



1. Economic Sustainability **40**
2. AgroFair pays voluntary Covid-19 compensation premium to its banana producers **43**
3. The impact of Covid-19 on banana farms **44**
4. Fusarium Wilt Tropical Race 4 **45**

FOCUS POINTS:

- Maintaining and improving productivity and efficiency in all parts of the chain.
- Reducing risks for business continuity sustainable financial results
- Sensible use of resources to ensure their availability in the long term

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

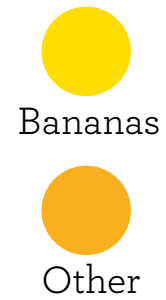
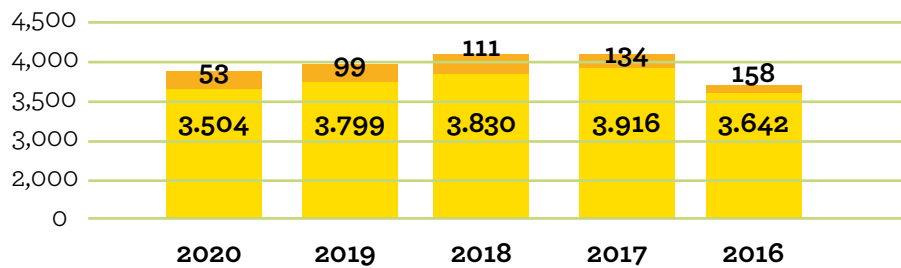
ECONOMIC SUSTAINABILITY

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

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

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

FAIRTRADE PREMIUM (USD 000)



FAIRTRADE PREMIUM BY COUNTRY (USD 000)

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|--------------------|--------------|--------------|--------------|--------------|--------------|
| PERU | 1.358 | 1.413 | 1.557 | 1.540 | 1.396 |
| ECUADOR | 1.240 | 1.447 | 1.344 | 1.442 | 1.459 |
| PANAMA | 508 | 598 | 595 | 612 | 567 |
| DOMINICAN REPUBLIC | 259 | 131 | 152 | 180 | 94 |
| NICARAGUA | 171 | 172 | 88 | 0 | 0 |
| OTHER | 21 | 137 | 205 | 276 | 284 |
| TOTAL | 3.557 | 3.898 | 3.941 | 4.050 | 3.800 |

OPERATING COSTS

| | 2020 | 2019 |
|--|---------------|---------------|
| | € 1.000 | € 1.000 |
| PURCHASE OF PRODUCTS | 60.323 | 54.304 |
| FAIRTRADE PREMIUM | 3.137 | 3.509 |
| SEA FREIGHT | 16.357 | 14.473 |
| FAIRTRADE LICENSES | 102 | 131 |
| OTHER SERVICES SUCH AS LOGISTICS, HANDLING, DOCUMENTS, INSURANCE | 4.142 | 3.885 |
| OTHER OPERATING EXPENSES | 782 | 910 |
| FINANCIAL EXPENSES | 38 | 36 |
| TOTAL | 84.881 | 77.248 |

ECONOMIC VALUE RETAINED

| | 2020 | 2019 |
|----------------------------------|--------------|--------------|
| | € 1.000 | € 1.000 |
| REVENUES | 93.966 | 85.558 |
| OPERATING COSTS | -84.881 | -77.248 |
| EMPLOYEE WAGES AND BENEFITS | -2.507 | -2.571 |
| PAYMENTS TO PROVIDERS OF CAPITAL | -628 | -1075 |
| PAYMENT TO GOVERNMENT | 0 | 0 |
| TOTAL | 5.950 | 4.664 |

| REVENUES | | |
|------------------------|---------------|---------------|
| | 2020 | 2019 |
| | € 1.000 | € 1.000 |
| NET SALES | 93.782 | 85.375 |
| OTHER INTEREST | 7 | 6 |
| INCOME PROPERTY RENTAL | 177 | 177 |
| TOTAL | 93.966 | 85.558 |

| EMPLOYEE WAGES AND BENEFITS | | |
|------------------------------------|--------------|--------------|
| | 2020 | 2019 |
| | € 1.000 | € 1.000 |
| TOTAL PAYROLL | 1.815 | 1.813 |
| SOCIAL SECURITY CONTRIBUTIONS | 258 | 285 |
| PENSION CONTRIBUTIONS | 322 | 320 |
| OTHER EMPLOYEE SUPPORT | 122 | 153 |
| TOTAL | 2.507 | 2.571 |

| PAYMENTS TO PROVIDERS OF CAPITAL | | |
|---|------------|--------------|
| | 2020 | 2019 |
| | € 1.000 | € 1.000 |
| INTEREST OF DEPT | 42 | 75 |
| DIVIDEND | 586 | 1.000 |
| TOTAL | 628 | 1.075 |





AGROFAIR PAYS VOLUNTARY COVID-19 COMPEN- SATION PREMIUM TO ITS BANANA PRODUCERS

THE PRICE OF SAFETY

When Covid struck, the entire world went scrambling for protective measures. Face masks, gloves and disinfectants were stocked and companies across the world pulled out all the stops to keep their operations going under circumstances that were unlike anything anyone had experienced before. Plastic dividers, one-way routing, online meetings and 1,5 meter regulations sprang up and became the new standard for safe workplaces. Transport and commuting became difficult or impossible, and nobody knew what the economic implications would be. Like everybody else, our partners on the plantations suffered in many ways, receiving both personal and financial blows. Costly biosecurity measures, lack of personnel caused by infection or travel restrictions, curfews and quarantines and an increasing shortage of supplies made life very difficult. This led AgroFair to think of ways to lend extra support.

Against the backdrop of such apocalyptic times, it is almost ironic that we had a successful financial year. A number of factors contributed to this. First and foremost: our suppliers managed, against the odds, to keep the fruit coming in. Quantity and quality were never compromised, which is an enormous achievement. The food sector as a whole, being of primary necessity, was exempt from isolations measures and shipping costs were historically low under the influence of lower oil prices. Fruit sales at home were up.

SHARING THE SUCCESS

Being co-owners of the company meant that the producers would eventually share in the good business results. But AgroFair felt the need to take a step further and lend more immediate help, hoping to set an example for other businesses to follow.

AgroFair has decided to pay \$ 0.05 per box of bananas as a voluntary contribution to our producers for unexpected costs they have incurred due to the Covid-19 pandemic. This is a good way to show solidarity with our producers by sharing across the value chain.

The decision was made to donate \$ 0.05 per box of bananas as a voluntary contribution to our producers. A modest-seeming amount, until the number of boxes sold is taken into account: AgroFair sells about 8 million boxes of bananas a year, adding up to a substantial sum.

"Of course, this is a gesture that cannot compensate all the costs, not to speak of difficult situations and sometimes sorrowful events that have happened," acknowledges company CEO mr Hans-Willem Van der Waal, "but thanks to the continued efforts of our producers to supply we have been able to satisfy the demand of our customers. In many European countries, the sales of food products in retail shops have increased and bananas are no exception. This is a good way to show solidarity with our producers by sharing across the value chain."

Mr Van der Waal adds: "We are happy that we can offer an additional payment to our producers. They have had a difficult time and significantly higher costs. On our side, costs were down. Shipping costs came out lower than predicted, because of the strong fall in oil prices since March 2020. Instead of pocketing this advantage, we have decided to share it. The producers have gone to great lengths to guarantee constant supplies, allowing us to serve our customers. At a time when many companies are just beginning to talk about living wages, we decided to do what is in our power. We hope that other companies will follow suit."

Although the voluntary additional payment may not cover all Covid-related costs producers have, the press applauded the initiative, saying that in a commodity business where margins are very thin, it is still a gesture that counts.



COVID-19 AND BANANA PRODUCTION - UPDATE

We have lived with Covid-19 for more than 18 months and the pandemic and its effects are far from being resolved. When the first cases were detected, the world went into suspension mode. Both people and processes were forced to a temporary standstill as authorities were frantically searching for ways to counter the spread of the virus. The food supply sector, being of primary necessity for life, health and survival, remained exempt of the confinements of isolation measures imposed to stop the pandemic. Many obstacles were thrown in the way of the production process: among them a sudden lack of personnel due to contagion, reduced mobility owing to quarantines and curfews, as well as an abrupt and extreme shortage of supplies. From the beginning, the threat has been so much more than a virus. An entire way of life was under siege.

Among sometimes great personal trauma, a healthy workforce had to be secured to continue the operation, implying the need for hefty investments in biosecurity measures. Companies and producers had to swiftly define new strategies to reduce infection rates and counteract the effects of the pandemic. Infrastructure had to be adapted, protective equipment was purchased and products for disinfection and cleaning had to be made available. New and strict security protocols were devised and imposed. To continue to produce, pack and market this fruit without contagion has been a daily challenge. To continue to maintain constant supplies - on time and with our customary high quality standards – under these difficult and unprecedented circumstances has put an enormous strain on everybody involved. We couldn't be more proud of the efforts of so many of our people.

Against the backdrop of covid, the banana sector is home to several particularly vulnerable populations like migrants, women, indigenous people, the elderly and entire families who, due to socio-economic conditions, could constitute a population that faces a higher risk of COVID-19 transmission. Factors that contribute to this include poverty, inequality, low levels of education and lack of access to public services such as clean drinking water and medical services. This panorama made the task of prevention even more difficult.

Today, in spite of all the efforts, infection rates on banana farms are still significant. Absence and isolation of infected workers still pose very acute problems. Skilled workers in critical positions are missing, like trained packers, selectors, weeders and others. That said, the situation is more under control than it was last year. Much is being invested in prevention training. Awareness has become a main priority of the companies and producers and to guarantee the safety and health of members and workers is the number one goal.

The staff is on their toes and compared to 12 months ago, levels of contagion have dropped considerably. All producers have been complying with strict protocols and biosecurity measures to secure safe workday conditions and many have implemented prevention programs, making use of lab samples to rule out positive cases.

Several farms and producer organisations have implemented social benefit programmes for employees that test positive for COVID and are hospitalized or quarantined, helping them and their families through an emergency support fund. Other cooperatives such as AsoGuabo, that have their own elementary medical facility, have taken the lead in the vaccination programs and are providing their associates with vaccines.

As everywhere else in the world, countering the virus is a work in progress with many issues yet to be worked out. Lack of trust in the government, in the quality of vaccines and prevailing local prejudices keep certain numbers of workers from getting vaccinated. This makes the working population vulnerable. The situation has left many families unemployed and has caused crime rates to skyrocket in some banana producing zones, creating chaos in the packing houses. Ecuador is an example of this.

As everywhere else in the world, Covid-19 is a factor to be reckoned with. A definitive answer is not to be expected anywhere in the near future, but with the virus, like many other challenges, being part of a strong extended family like Agrofair gives us a much better fighting chance.



THE BANANA PANDEMIC HITS LATIN AMERICA: FUSARIUM WILT TROPICAL RACE 4 IN PERU

When in November 2013 the fungal disease Fusarium wilt Tropical Race 4 (TR4) made the transcontinental leap to Mozambique, the banana industry woke up with a start. TR4 could no longer be written off as 'far away' or as a threat contained to Asia. In the years after 2013 the disease proved unstoppable. Sooner or later, it would reach Latin America. Unfortunately, this moment came sooner than expected.

The realisation was devastating. In August of 2019, the presence of TR4 was first confirmed in the Department of La Guajira, northeast Colombia. 22 months later, in April 2021, the phytosanitary authorities of Peru confirmed the presence of TR4 in the north of Peru, on a small banana plot near the village of Chocán, in the northern part of the Chira Valley (Department of Piura).

Although not unexpected, the news came as a shock. Due to its fragmented industry, Peru is more vulnerable to TR4 than any other banana-producing country. In comparison with the 'big banana countries' in Latin America, such as Ecuador, Costa Rica, Guatemala and Colombia, the banana export sector in Peru is relatively small and has not always been a priority in national policies. Fortunately, and with crucial support from the 'Regional TR4 Commando' for Latin America, the government of Peru was able to respond rapidly and eradicate the banana plants on the infected plot.

SCATTERED INDUSTRY

The Peruvian situation remains delicate, especially in the Chira Valley. More than in any other banana country, the sector is extremely fragmented and very vulnerable for a variety of reasons:

Peru has as many as 9.000 small farmers with banana plots of between 0,5–1.0 hectare, sometimes even less.

Dozens of scattered producer associations and cooperatives exist – nobody knows exactly how many. The plots of the members of these different associations are not grouped in compact areas, but scattered and jumbled like a mosaic.

There are dozens and dozens of small packing stations (many of these mobile), operating perhaps once or twice a week, packing a few hundred boxes at a time that are brought to 30 or more logistic centres, where quality checks and palletizing takes place. Every planter is fully dependent on a single main irrigation scheme, consisting of several canals that originate in the Poechos reservoir.

The water is transported to the banana plantations not by sprinklers but by flood irrigation. The main channels branch off into hundreds of secondary and tertiary channels, out to the furthest confines of the Valley. What if the TR4 fungus ends up in the irrigation canals? A nightmare scenario that would spread the disease in no time.

Cutting and collection of banana bunches is done by harvesting teams, not by the producers themselves. Almost no cableways are installed. Members of the harvesting teams walk from the fields, taking the shortest route to the packing station with a banana bunch on their shoulder, crossing several plots. After delivering the bunch they walk back, or detour to another plot, making for hundreds of crossings each harvesting day.



And then there is of course that other disease, COVID-19, which is far from under control. Anti-covid measures make it much more difficult for the organisation to deliver information or set up training events on TR4 for staff, producers, workers, harvesting teams and packers.

RE-INVENTING BIOSECURITY: GO CLEAN

Fragmentation and subsequent difficulties in management, flood irrigation, a lot of movement of people: these are disasters in the face of any pandemic.

TR4 has been around for a while and the basics of biosecurity measures against its spread are well-published by experts from Australia to Ecuador, Colombia and Costa Rica. They are summarized in the slogan 'come clean, go clean', with a large and well-run banana plantation in mind.

This situation is entirely different in Peru, with its thousands of small and scattered plots. A handful of banana farms are larger plantations owned by banana companies. They might know how to tackle basic recommendations such as 'fencing the farm', 'gating all entrances to the farm' or 'changing boots when entering the farm'. But the thousands of tiny industries don't have a hope of establishing measures like: 'install a disinfection facility for vehicles at the entry of the farm', 'install footbaths at the farm gate and between packing station and banana plantation', 'control visitors', 'disinfect and leave footwear and tools on the farm'.

Biosecurity measures must be 're-invented' in Peru, most especially the appropriate scale on which these measures should be implemented. It does not make sense, for example, to fence over 9.000 plots and to install 9.000 separate disinfection footbaths.

REGROUP, REGROUP!

It has been clear for a while that in Peru a tailor-made response was needed, focused on a territorial approach rather than a farm-oriented approach. Something more efficient, more effective and much more low-cost was needed, taking into account economies of scale.

Regrouping and digital mapping proved to be the answer. Several banana plots and packing stations were to be grouped together to be considered a single hypothetical farm. To that effect, AgroFair contacted the company Opus Insights as early as January 2020, to construe an initial digital map of 3.500 hectares, as a pilot. To everyone's exasperation this pilot project was frustrated by the severe outbreak of COVID-19 in Peru. Contact was restored in April, by which time it was too late to conduct a pilot: there

was now no time to lose for the mapping of the entire banana producing zone and its surroundings in the Chira Valley, the area between Sullana and Piura, and the province of Morropón, 65.000 hectares in all.

Today, the mapping project is no longer limited to AgroFair. Several other banana companies, organizations and associations co-invest and participate in this urgent effort that will, hopefully, strengthen collaboration among all stakeholders and contain further spread of the disease.

THE DEVIL IS IN THE DETAILS

Opus Insights is a company that uses state-of-the-art technologies to make detailed digital maps with the aid of two cameras and a small airplane flying at an altitude of 800m. By contrast, satellites used by Google Earth fly at an altitude of 680 km; on the images the elevations, height differences and many details are not discernible. High resolution images made with Opus Insights' cameras can make details of 10cm² on the ground visible, as well as contour lines. In addition, a variety of data and other images from drones, satellites or aerial photos can be merged as layers in these digital maps.

With these powerful digital maps that can be projected on screens as well as smartphones, all that is needed to make a good risk analysis to prevent the entrance of infected soil particles on banana plantations (by contaminated footwear, vehicles, or irrigation water) can be made visible. The banana plantations themselves to begin with. But also: access roads, packing stations, communities, villages, palletizing centres, contour lines, irrigation and drainage canals. With this information, an action plan can be quickly formulated to implement biosecurity measures. Once again the map will be an important tool to advance collaboration and division of tasks between different producer associations, phytosanitary authorities and local governments and to make joint public and private investment plans for essential measures like fences, footbaths, disinfection facilities and boot changing stations.

BUYING TIME

The objective of exclusion is to win as much time as possible, even in as complex a context as Peru. Biosecurity measures will slow the spread of TR4. In addition, a second important defence line is supplied by promotion of healthy soils and more biodiversity of beneficial soil micro-organisms. This may not sound like a powerful weapon, but *Fusarium* TR4 is a soil-borne pathogen, and the only way these can be reached is by other organisms in the soil. It's the subversive approach that can smoke out the enemy, so to speak.

With co-finance from France, the 'Coordinadora' of Small Producers in Latin America and the Caribbean CLAC started a Healthy Soil Project in Peru, manufacturing these beneficial microorganisms in bio-fermentation plants. But this takes time and for upscaling these processes to the whole Chira Valley additional funds must be found.

This is another process in which the digital map can prove useful: it can serve as an instrument to monitor the spread of the disease and the effectiveness of the containment strategies, combining biosecurity measures and healthy-soil strategy.

In the long term, TR4-resistant or tolerant banana varieties are the only lasting response to this disease. Until these become widely available, everything must be done to contain further spreading. The yellow pandemic is no small matter. You may end up missing your daily banana, but even just in Peru large parts of the local economy in towns and villages such as Sullana, Querecotillo, Salitral, Marcavelica are entirely dependent on the banana export sector. Worldwide, the lives, livelihood and income of thousands of small banana farmers and workers are at stake. We cannot look away.



KEEP IN TOUCH THE AGROFAIR ACADEMY

Seen from the perspective of a cold and rainy Dutch summer, life on a banana plantation may look and sound idyllic, but producing bananas is nothing like sitting under a tree and watching a bunch grow. Both the management of a grower's cooperative and the production process of organic bananas are jobs that are becoming increasingly complex. Quality requirements that are more and more stringent need to be met. New developments need to be monitored and customers demand an ever wider range of choice.

This places great demands on the capacities of our small farmer cooperatives in Ecuador, Peru and the Dominican Republic. In sometimes remote corners of the world it is next to impossible to stay on top of new developments. To help our producers meet these challenges, we have devised the AgroFair Academy. Online learning at every farmer's fingertips!

These days, almost all small farmers have access to either a smartphone or an internet café. Some farmer organizations have now installed a computer room with internet access. We decided to make use of that connection and we are proud to announce the birth of The AgroFair Academy: an online learning initiative for farmers that will be launched this autumn. The program, with course material created by AgroFair itself, will teach farmers how to be more productive, how to deal

better with pests and diseases, how to improve their organization and how to remain compliant with legislation and regulations. The lessons are offered in clear and concise training videos, recorded in our own studios in Holland.

Producers will have access to the online courses through a web platform, offering training videos, test questions and online exams, allowing individual farmers to follow courses at their own convenience. They can self-examine and receive course certificates for each passing grade.

The first course is now ready to be launched and will effectively start in mid-September and the aim is to expand the course offer quickly. We are very excited about this new initiative and can't wait for the first results!





LOOKING AHEAD

At AgroFair, we like to set ambitious targets. It gives us a sense of noses pointing in the same direction, and one of accomplishment when we can check the box.

Four years ago, we got to check the box of our first sustainability report, that we presented with pride. Within a year, we set the goal to raise the standard of our reporting to GRI level (Global Reporting Initiative, an international standard for Sustainability Reports).

The year after, we braved 17 goals in one go: the SDGs (Sustainable Development Goals, 17 goals to make the world a better place by 2030). This was followed by the resolution to focus more on quantitative and measurable data. The programme that follows from this resolution for the upcoming year is to set measurable and concrete targets for each of the focus themes that we have defined earlier, and to further develop these.

About those noses: as a company, we find ourselves in the odd position of managing a supply chain that

is technically not our own. Our partners are farmer organisations and individual farmers that participate in our business through the Cooperative of Agrofair Producers CPAF. In the coming year, we want to take time to talk to all our partners and set shared goals for the focus areas we have defined. It is very important to us that our *compadres*, associates, business companions and particularly our suppliers, share and recognise the value of sustainability and that we have their full support for the policy. In this way we are striving to harmonise our joint efforts. Next year, we hope to be able to report to you on the results of these joint discussions, and perhaps to present some freshly formed measurable objectives.

As far as we're concerned, it's full steam ahead!





GRI INDEX

GENERAL DISCLOSURES

| GRI STANDARD | DISCLOSURE NUMBER | DESCRIPTION | PAGE |
|--------------|-------------------|---|----------------------|
| GRI 102 | 102-1 | Name of the organization | 5 |
| GRI 102 | 102-2 | Activities, brands, products, and services | 5-6 |
| GRI 102 | 102-3 | Location of headquarters | 8 |
| GRI 102 | 102-4 | Location of operations | 8 |
| GRI 102 | 102-5 | Ownership and legal form | 6 |
| GRI 102 | 102-6 | Markets served | 8-9 |
| GRI 102 | 102-7 | Scale of the organization | 8 |
| | | Total numbers of employees: 27 persons | |
| | | Total numbers of operations: 1 (AgroFair Benelux BV, Barendrecht, The Netherlands) | |
| | | Net Sales: € 93,9 million | |
| | | Quantity of products: 100,000 tons | |
| GRI 102 | 102-8 | Information on employees and other workers | |
| | | Total number of employees by gender: 17 persons men, 10 persons women. | |
| | | Total number of employees by employment contract (permanent and temporary): 0 person with a temporary contract, 27 persons with a permanent contract. | |
| | | Total number of employees by employment type (full-time and part-time), by gender: 20 people work full-time (25% women, 75% men), 7 people work part-time (71 % women, 29% men) | |
| | | Any significant variations in these numbers reported (such as seasonal variations) No fluctuations, yet significant growth. | |
| | | An explanation of how the data have been compiled, including any assumptions made. Numbers are collated based on our own personnel files and exclude interns. Full-time is defined as Full Time Equivalent (FTE). | |
| GRI 102 | 102-9 | Supply chain | 7 |
| GRI 102 | 102-10 | Significant changes to the organization and its supply chain | Not applicable |
| GRI 102 | 102-11 | Precautionary Principle or approach | 4 |
| GRI 102 | 102-12 | External initiatives | 25,26,32,34,44,45,48 |
| GRI 102 | 102-13 | Membership of associations | 25,26,32,34,44,45,48 |
| GRI 102 | 102-14 | Statement from senior decision-maker | 4 |
| GRI 102 | 102-16 | Values, principles, standards, and norms of behavior | 12 |
| GRI 102 | 102-18 | Governance structure | 10 |
| GRI 102 | 102-40 | List of stakeholder groups | 14 |
| GRI 102 | 102-41 | Collective bargaining agreements All employees are covered by the CAO Wholesale in Fruit and Vegetables | |
| GRI 102 | 102-42 | Identifying and selecting stakeholders | 14 |
| GRI 102 | 102-43 | Approach to stakeholder engagement | 14-15 |
| GRI 102 | 102-44 | Key topics and concerns raised | 15-16-17 |

GENERAL DISCLOSURES

| GRI STANDARD | INFORMATION | DESCRIPTION | PAGE |
|--------------|-------------|---|----------------|
| GRI 102 | 102-45 | Entities included in the consolidated financial statements Group Structure as at 31 December 2018 Company Registered office Proportion of issued share capital Consolidated subsidiaries: AgroFair Benelux BV Barendrecht, The Netherlands 100% AgroFair Innovations BV Barendrecht, The Netherlands 100% AgroFair Projects BV Barendrecht, The Netherlands 100% Hoge Snelheid 1 BV Barendrecht, The Netherlands 100% STAK Hoge Snelheid 2 BV Hoge Snelheid 2 BV Barendrecht, The Netherlands 81% Hoge Snelheid 3 BV Barendrecht, The Netherlands 100% Tulipan Naranja SAC Lima, Peru 100% Non-consolidated companies: Grupo Hualtaco SAC Lima, Peru 50% CTM AgroFair Italia SRL Verona, Italy 50% Participation in producers/exporters: Oke Guabo Cia Ltda El Guabo, Ecuador 50% | |
| GRI 102 | 102-46 | Defining report content and topic Boundaries | 20-27-40 |
| GRI 102 | 102-47 | List of material topics | 18 |
| GRI 102 | 102-48 | Restatements of information | Not applicable |
| GRI 102 | 102-49 | Changes in reporting | Not applicable |
| GRI 102 | 102-50 | Reporting period | 2020 |
| GRI 102 | 102-51 | Date of most recent report | October 2020 |
| GRI 102 | 102-52 | Reporting cycle | Annually |
| GRI 102 | 102-53 | Contact point for questions regarding the report | 25 |
| GRI 102 | 102-54 | Claims of reporting in accordance with the GRI Standards <i>'This report has been prepared in accordance with the GRI Standards: Core option'</i> | |
| GRI 102 | 102-55 | GRI content index | 52-53 |
| GRI 102 | 102-56 | External assurance | Not applicable |

MATERIAL TOPICS

| GRI STANDARD | INFORMATION | DESCRIPTION | PAGE |
|-----------------------------|-------------|--|----------|
| Economic Topics | | | |
| GRI 103 | 103-1 | Explanation of the material topic and its Boundary | 48-49 |
| GRI 103 | 103-2 | The management approach and its components | 40-41 |
| GRI 103 | 103-3 | Evaluation of the management approach | 40,41,42 |
| GRI201 | 201-1 | Direct economic value generated and distributed | 41-42 |
| Environmental Topics | | | |
| GRI 103 | 103-1 | Explanation of the material topic and its Boundary | 27 |
| GRI 103 | 103-2 | The management approach and its components | 31-39 |
| GRI 103 | 103-3 | Evaluation of the management approach | 31-39 |
| GRI308 | 308-2 | Negative environmental impacts in the supply chain and actions taken | 32-39 |
| Social Topics | | | |
| GRI 103 | 103-1 | Explanation of the material topic and its Boundary | 20 |
| GRI 103 | 103-2 | The management approach and its components | 21-26 |
| GRI 103 | 103-3 | Evaluation of the management approach | 21-26 |
| GRI 414 | 414-2 | Negative social impacts in the supply chain and actions taken | 21-26 |



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