



# SUSTAINABILITY REPORT 2018

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**'WE DO FRUIT. ACTUALLY WE DO A LOT MORE THAN FRUIT.  
WE TRY TO DO GOOD THROUGH FRUIT'**

# FRONT MATTER: A WORD BY AGROFAIR'S CEO,

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Welcome to this year's Sustainability Report! As you will see, it is dedicated mainly to the Sustainable Development Goals. These SDG's are targets drawn up by the United Nations (UN) to ensure that by 2030 the world is free from hunger and poverty and that the earth is healed and safeguarded from the dangers that threaten it. Lofty goals indeed, for solutions that are urgently needed! We at AgroFair support this endeavor wholeheartedly.

**S**eventeen concrete and measurable targets have been selected and every single UN member state has committed itself to push for these results. SDG's also call directly on companies. We are asked to play our part as much as possible by coming up with creative answers to problems like poverty and hunger, by creating jobs, by thinking up solutions for clean energy that is accessible to everyone and by everything else that us players in the field can come up with.

## **SDG'S: SO US!**

Fairtrade being our spearhead, AgroFair fully supports the SDG's. The goals as set by the UN come natural to us. From day one, we have existed to contribute to greater equality and justice, decent jobs and a fair income for all and to equality between men and women, all this while reducing damage to the environment as best we can.

Over the past year we have analyzed all SDG's and tried to map out how these goals translate to Fairtrade activities in each of the countries where we operate. Our own company goals being what they are you might have expected us to be well on our way, but somewhat to our surprise, there turned out to be quite a lot left to be done! It was a very instructive exercise, and we're not done with it yet.

## **WHAT DO YOU THINK?**

As our client or partner, we are now asking you to think along with us about how we can all contribute to the SDG's. We want to know which of the goals

are considered most important to those we work with. Besides that: we want to measure what difference our efforts are actually making; over the next few years we will be crunching some numbers, working towards a better quantification of our impact. We have already made a start on this.

As ever, many AgroFair staffers from all corners of the world have put their best efforts into making this report a valuable read. Our special thanks goes out to them!

On behalf of all of us: we hope that you will feel inspired.

Hans-Willem van der Waal

# INTRODUCTION



With the publication of 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 2018, and on the steps forward that we are taking on the subject of sustainability.

**W**e 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, we need healthy proceeds. If we need proceeds, we need to get the fruit to where it makes money. 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.

The data in this report are data over the year 2018 unless otherwise stated. You may wonder why you are receiving a second report labelled 2018: we have come to consider that the report is more appropriately named by reporting year rather than by publication year. Won't happen again, and the content is absolutely up to date!

## 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 small producers and plantation workers. We join these companies in a contract: they are introduced to fair, responsible and social

environmental and economic standards, allowing them to boost labour and living conditions locally and to participate in a global effort to protect our planet. In return they participate 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? If you'll excuse the pun: our chains bear fruit! We provide the consumer with wonderful tropical fruits that are produced fairly and in an ecological and sustainable manner. A focus on the healthiest of fruits, combined with a healthy sense of business. Being green does not mean being dull! 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 two brands of fruit: **Oké** and **Oké-organic**. Our Oké brands are actually more than okay, they represent our strong commitment to the planet and its people and to fair trade prices. As a proof of that, both brands have been crowned with the Max Havelaar Quality Label, certifying that the production of these fruits complies with the highest social and environmental standards. On top of that, our Eko-organic line of produce is also certified organic.



Let us provide you with some more detailed information of our company's structure. The apple's core, so to speak...

**SHARE, SHARE, SHARE**

AgroFair is a private company with limited responsibility according to Dutch Law. Our producers are 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**

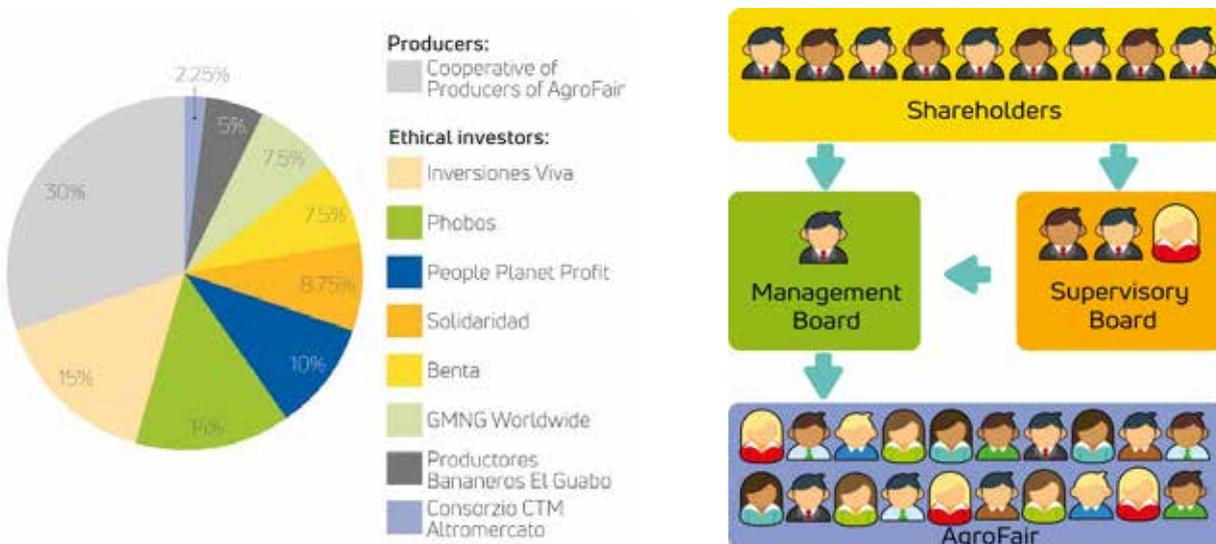
Our direct shareholder El Guabo is an Ecuadorean association of small banana producers. El Guabo bananas are produced in an environmentally, socially and economically sustainable manner under Fairtrade conditions.

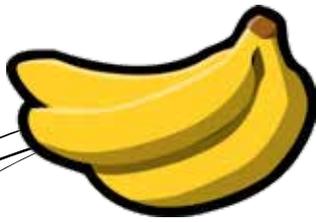
**• ETHICAL INVESTORS**

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.

**WE JOIN THESE COMPANIES IN A CONTRACT: THEY ARE INTRODUCED TO FAIR, RESPONSIBLE AND SOCIAL ENVIRONMENTAL AND ECONOMIC STANDARDS, ALLOWING THEM TO BOOST LABOUR AND LIVING CONDITIONS LOCALLY AND TO PARTICIPATE IN A GLOBAL EFFORT TO PROTECT OUR PLANET. IN RETURN THEY PARTICIPATE IN THE GOVERNANCE AND SHARE CAPITAL OF OUR COMPANY.**

**THE CURRENT DISTRIBUTION OF SHARES**





# BANANA ON TOUR: THE SUPPLY CHAIN



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



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



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



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



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



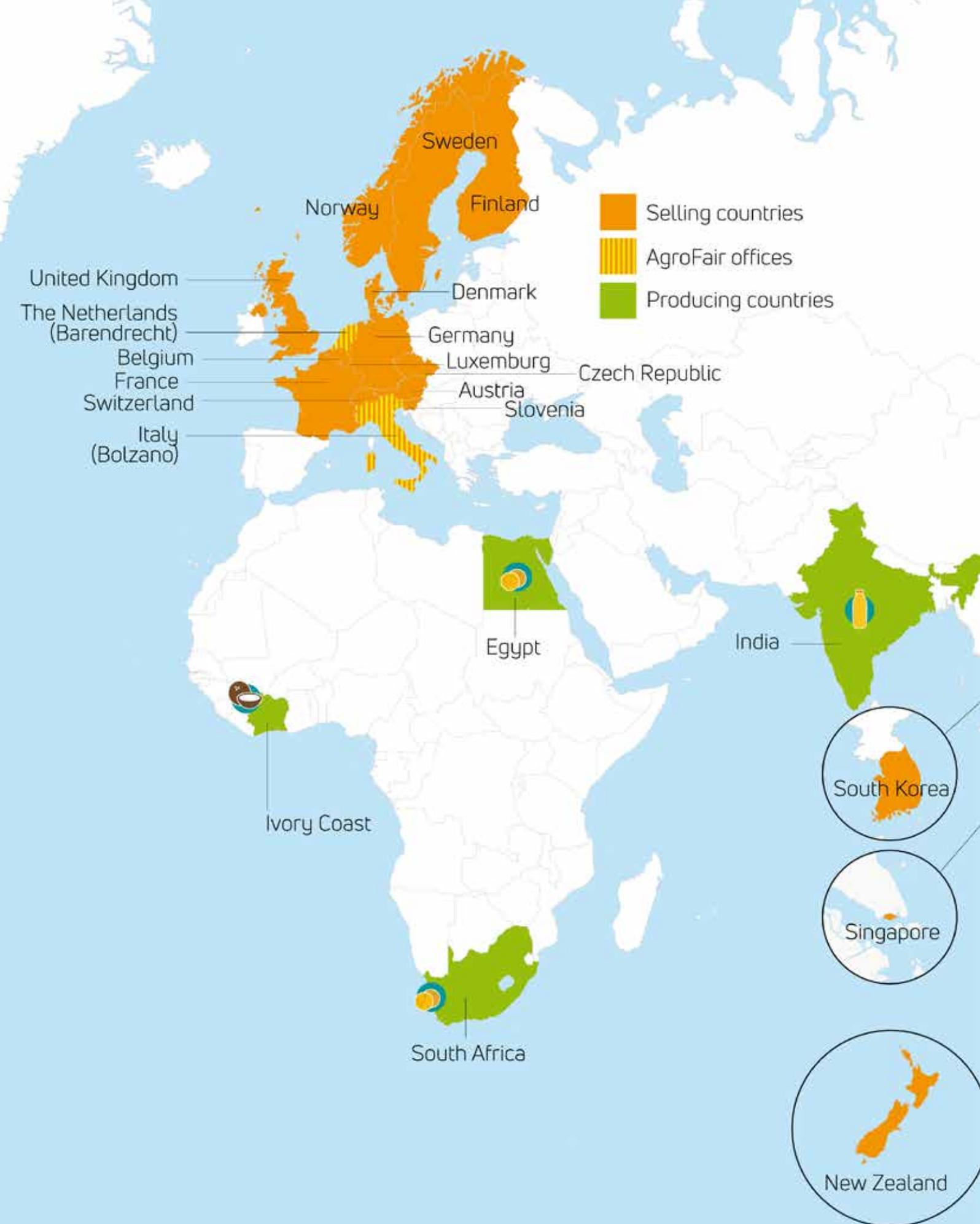
**DISCOVER MORE ABOUT OUR SUPPLY CHAIN**  
**[WWW.AGROFAIR.NL/SUPPLY-CHAIN](http://WWW.AGROFAIR.NL/SUPPLY-CHAIN)**



**FROM HERE  
TO THERE:**

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





# BUSINESS PRINCIPLES

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



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



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

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



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

## INTEGRITY FIRST!

 Honesty and reliability are our top priority.



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



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



 We treat the property and interests of AgroFair responsibly.

# SUSTAINABILITY POLICY AND APPROACH

## POLICY

The agricultural chain, more specifically tropical fruits, are our business. Our sector faces a number of specific challenges. We zoom in on three issues:

### INTENSIVE FARMING

Scaling up and intensifying agricultural growth is a great concern. It has led to more yields per hectare but bigger is not always better. It comes at a great cost: depletion of natural resources (like soil and water). In this business model, more chemicals are used in order to fight pests which come along with intensive monoculture farming.

### HUMAN HANDS

Despite intensification, agriculture still depends for a large part on human labour. No tilling the land without farmers! Of course you would think that these workers, being of vital importance, would be valued and rewarded accordingly... but sadly this is not the case. Agricultural labour is very much undervalued and underpaid in all parts of the world but especially so in tropical regions. So in come the migrant workers from neighbouring countries, doing more and more work on the land – bringing with them all social issues related to mass migration.

### GLOBAL LOGISTICS

You have heard it before: the world has become a global village. By boat, plane or road, tons of goods are crisscrossing across the globe every day. Among many other things, businesses require production input, raw materials and packaging materials. These products are not necessarily sourced or produced near the location they are used. And there you go: more transport! The effect of global logistics are a significant cause of emissions around the world.

## STRATEGY PEOPLE, PLANET, PROFIT

**WE HAVE DEVELOPED OUR OWN SUSTAINABLE BUSINESS PHILOSOPHY.** It revolves around “the 3P’s”: **People & Society**, **Planet & Ecology**, and **Profit & Economy**. We try to keep these three sets of aspects in balance with one another in order to guarantee a sound and sustainable business for the long term. On the next three pages we show our focus points of the three P’s.

All these issues occur on a worldwide scale, so we cannot make a difference by operating on our own. We think it is essential that all parties in the chain work together towards solutions. All businesses must take responsibility. Why wait until the others are ready to act? If we want results, we should encourage or even oblige our partners in the chain to do the same.

It is not enough to just put words to paper. We believe that sustainability policies can only be really effective when they are part of a daily routine. Speaking for ourselves: we aim for a mindset that is deeply embedded in our corporate DNA.

### ACTIVE SUSTAINABILITY

To some extent, all these issues 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 for us and our partners. But why stick to the baseline? We want to do more. Standards do not cover all the challenges coming our way, so where reality demands it, we go the extra mile or convince our partners to collaborate with us to do so. We call this ‘active sustainability’.

### DO ONTO OTHERS... OUR BUSINESS PRINCIPLES

If we want to lead example (and we do!) it is important to be clear on what behaviour and culture we want to promote: these are AgroFair’s core values. These define our business principles and offer practical guidance on how to conduct our business. They are not exhaustive but indicative: pointing our noses in the same direction.



## SDG'S



# PEOPLE FOCUS POINTS:

## PEOPLE & SOCIETY

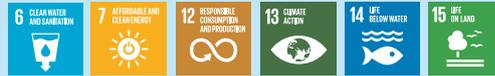
From the very onset, AgroFair has been deadly serious about bringing a sustainable product to market. Ever since we pioneered with the Fairtrade banana – rapidly followed by other fruits – the living and working conditions of the people who produce the fruit have been on the top of our mind.

And it works: it has been objectively determined that the rights and interests of farmers and employees in our producing countries are guaranteed. The standards are not set by ourselves; international standards are adopted to guarantee that the provisions of the International Labour Organization (ILO) conventions are met.

The three P's apply back home as well as overseas. We take our People seriously! We feel our employees are the embodiment of the company and together we will determine the success of AgroFair. We strive for diversity in our work force and there is no place for discrimination and harassment. We promote the personal development of our employees, including training and coaching. The balance between work and private life is continuously monitored and we make sure that achievements are properly rewarded.

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

## SDG'S

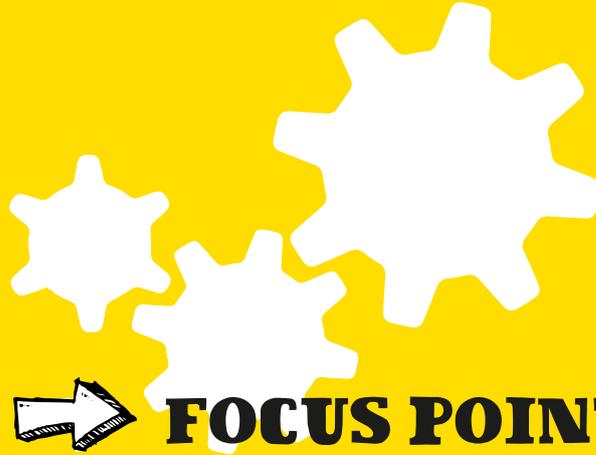


# PLANET FOCUS POINTS:

## PLANET & ECOLOGY

Care for people goes hand in hand with care for our planet: it is the sole source of everything we need in daily life. In the producing countries we do our very best to make sure that our products are manufactured under the highest possible standards of ecological responsibility. We are very serious about cutting down on the use of pesticides and fertilizer and we try to minimise water and energy waste. Our goal is to be a leader in ecologically sound production. Back home we strive to minimise the carbon footprint of our company.

- Use and discharge of resources and materials
  - Keeping the impact of operations on the environment as low as possible and actively seek ways to reduce it further. Keep input, waste and discharge in check.
  - Use water responsibly and efficiently throughout the supply chain.
  - Using renewable sources of energy wherever possible, and making efficient use of traditional sources when needed.
- Soil and biodiversity
- CO<sub>2</sub> emissions and climate change



## PROFIT FOCUS POINTS:

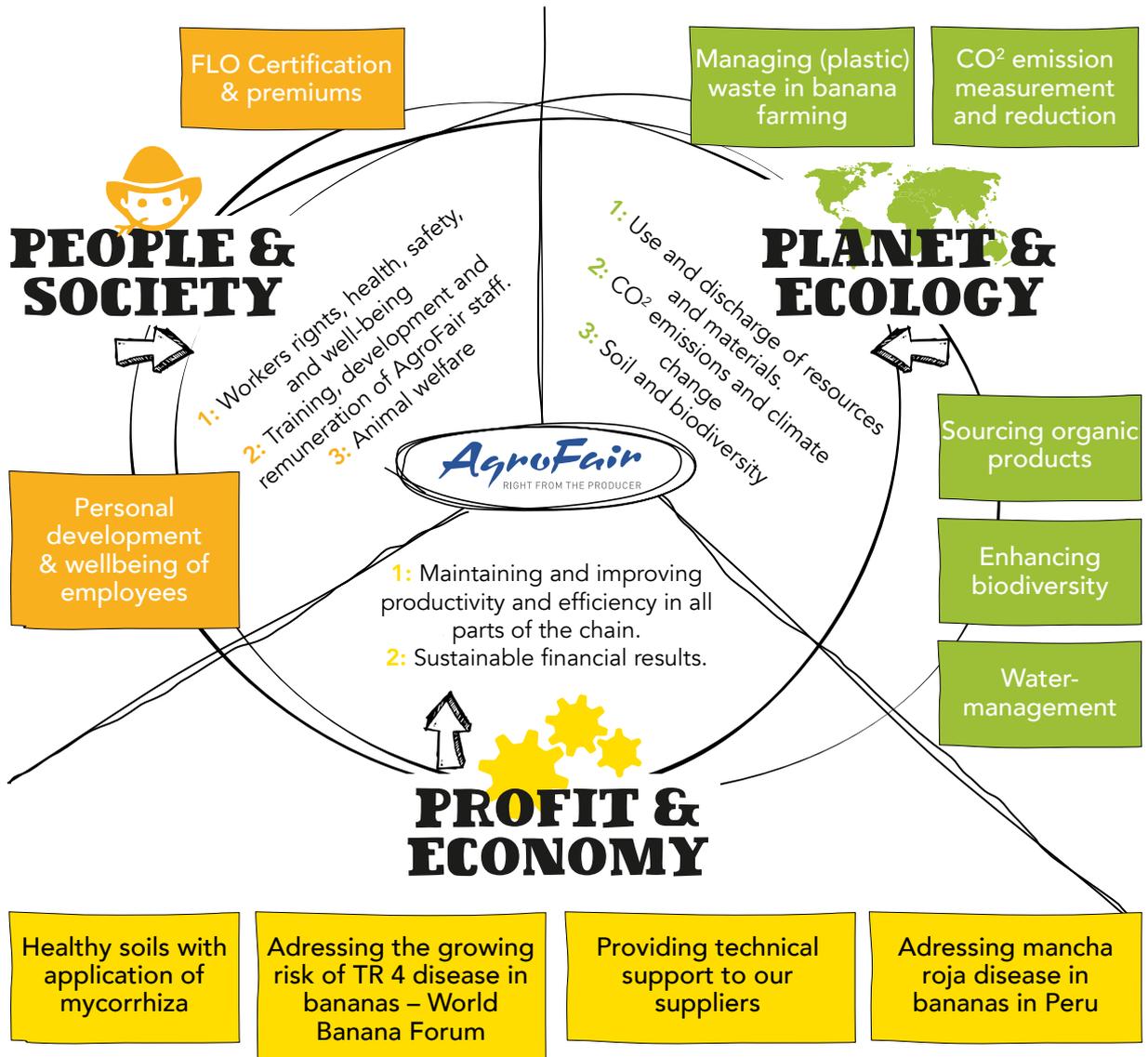
### PROFIT & ECONOMY

We use the three P's to realise a sound and sustainable business for the long term. We cannot stay in business and continue our good work for times to come without a sound financial result. It is the only way to guarantee continued efficiency and quality in the future. This is why we must aim to achieve sustainable profitability.

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

**STRUCTURE.** We've drawn it out for you: the sustainability circle. It shows our focus themes as well as specific projects and efforts in our various fields of interest.

## PRINCIPLES & GOALS





We want to contribute globally. And since the globe is a lot bigger than our own banana bubble, we need to keep casting an eye outside of it. We need to measure our performance against global targets.

**T**he targets that we calibrate our actions against are the Sustainable Development Goals (or SDG's), adopted by the United Nations in 2015. In the words of the UN, SDG's are 'a set of 17 goals with 169 targets aimed at ending poverty and hunger, protecting the planet and its natural resources and creating conditions for sustainable, inclusive and sustained economic growth, shared prosperity and decent work for all'. At AgroFair, we support these goals wholeheartedly. The UN calls on businesses to help solve sustainable development challenges by applying their creativity and power of innovation, of both of which we happen to have plenty to offer!

### CALL FOR ACTION

Of course the Sustainable Development Goals are much more than a measuring device. They are a call for action. They offer a vision of a beautiful world. A world that is much fairer than ours is today. In order to move towards that vision we need to translate the goals into specific actions. First step: to create an SDG Panorama of every country we work with.

The panorama (shown on pages 22 and 23) is made up of selected official SDG indicators that show how a country performs on the SDG's. The countries chosen are all countries where we source our fruit. Our own home country the Netherlands is also included and Switzerland as the location of some of our most important customers. The Panorama helps us to identify priorities for Fairtrade projects, that in turn help a country or community take steps towards the Global Goals. It is a tool for getting to know the countries that we source our products from better, as it gives guidance to sourcing decisions that are important for sustainable development. It shows us how our efforts are working out: does a euro spent in Côte d'Ivoire do more good than a euro spent in, say, Costa Rica? How relevant are our Fairtrade premium remittances really? Here are some Goal-by-Goal results:

### NO POVERTY



**Côte d'Ivoire** in West-Africa is by far the poorest of our sourcing countries: more than 4 in 10 people live in poverty. Here, Fairtrade can be most effective in fighting

poverty. In Latin America, **The Dominican Republic** and **Nicaragua** are the poorest. **Panama** is formally a high income country, but income inequality is large, and rural poverty can be deep.



Fairtrade helps combating poverty by setting minimum price levels per country. This allows farms to respect the national labour laws and pay the official minimum wages. That is often not sufficient to eradicate poverty. That is why AgroFair and Fairtrade are engaged in increasing the salaries to Living Wages.



### ZERO HUNGER

This Goal zooms in on what is often called the "Triple Burden of Malnutrition":

- Undernourishment:

too little calories

- Obesity: too many calories and
- Micronutrient deficiencies: lack of vitamins and minerals.

Undernourishment is seen most in **Côte d'Ivoire**, **Nicaragua** and the **Dominican Republic**. Strikingly, in many of our countries stunting (low height-for-age) is a considerable problem! This is often related to micronutrient deficiencies, especially lack of vitamin A. At the same time, obesity is a big concern in all countries, with **Costa Rica** and the **Dominican Republic** in the red.

Our SDG2 indicator also shows us that cereal yields (maize, wheat) in **Côte d'Ivoire** and **Nicaragua** need to be improved.



Many of our producers provide food baskets to the families of farmers and workers; as well as to poor and elderly people in the community.



### GOOD HEALTH AND WELLBEING

**Costa Rica** shows an urgent need for better health service for mothers, children and the general public. All countries, but most especially **The Dominican Republic, Nicaragua** and **Panama**, need improved (young) mother-and-child care services and information programs. Even though some countries have reasonable health care, the costs can be high, especially because many people are not or insufficiently covered for health care insurance. Tuberculosis is a concern in **Côte d'Ivoire** and **Peru**.



Fairtrade premiums can play an important role in making health care more accessible: the El Guabo Small Farmer Association in Ecuador have spent their Fairtrade premium on a medical clinic and pharmacy open to both its members and the local community.



### QUALITY OF EDUCATION

Together, education and basic healthcare are extremely important factors in establishing a decent livelihood and sustainable development. Many problems are solved by better education. This is especially true for girls, who often have access to fewer opportunities (more about that in SDG 5). Most children in most countries attend primary school. Secondary school is a problem: in many countries children never complete a lower secondary school level. **Ecuador** is doing well in this respect. As farming becomes ever more knowledge-intensive, education is increasingly important for our farmers.



Our producer organizations sponsor local primary schools and their students with school materials like books and pencils. Members often receive support to pay their children's school fees. Some organizations offer adult education and training courses in general subjects like computer skills.



### GENDER EQUALITY

On the whole, schooling for women and girls is on the rise! In some countries, like **Côte d'Ivoire**, this subject needs a lot more attention.

**Peru** and **Ecuador** could also do better. Female participation in paid labour is quite advanced in some countries, in others there is room for improvement. Equal pay for equal work remains an important issue.



All our producers have policies in place to improve female labour participation and equal pay. Many have women in leadership positions.



### CLEAN WATER AND SANITATION

Clean drinking water, so normal to us, is not a given for everybody. In Africa this is a big issue. Basic sanitation, in connection to health, is an important focus point as well. Most countries have a reasonable water infrastructure. Wise use of ground water needs special attention, especially when used for large-scale irrigation. The scarce ground resources of many countries are further depleted in this way by the importing countries.



AgroFair has helped its farmers in Ecuador to reduce the volume of irrigation from water wells. We have calculated water footprints, started a project for recycling washing water in pack houses, and our producer in Costa Rica has pioneered a "dry" banana packing system. We report on specific water use per country in this report.

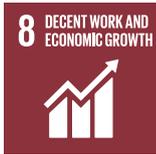


### AFFORDABLE AND CLEAN ENERGY

Our panorama shows that energy is the biggest issue in **Côte d'Ivoire**, but problems in this field also occur in **Nicaragua** and **Peru**.



In Panama, our producer has started a cook stove project, resulting in a far more efficient use of firewood for cooking. The use of solar panels is increasing in our sourcing countries. Our producer Varcli in Costa Rica powers its packing station entirely on solar energy.



## DECENT WORK AND ECONOMIC GROWTH

Everybody needs employment to earn a living. The official unemployment figures in our

sourcing countries differ greatly: in some they are favourable, in some they are quite high. Apart from the official numbers, there may be substantial levels of hidden unemployment. Shockingly, modern slavery occurs in all countries, including developed nations. A number of exploitative practices come to light, most notably in **Côte d'Ivoire** and the **Dominican Republic**. In both countries, they are related to labour migration.



The Fairtrade and Rainforest Alliance standards, as well as the ILO conventions that these standards are based on, strictly prohibit slavery. Regular audits by independent auditors and by our own team make sure that these standards are adhered to. Special attention is given to rights and living conditions of migrant workers.



## INDUSTRY, INNOVATION & INFRASTRUCTURE

Access to internet was selected as an important indicator on this subject, as the flow of information

and money becomes ever more dependent on the Internet and mobile telephony. The Internet is a gateway to news, (business) information and education. Smartphones can make a real difference for small farmers, offering access to a number of services such as apps for traceability, diagnoses of plant diseases and money transfers. Without these systems their development and their connection to the international trade chains are hindered. Some countries clearly show a more developed infrastructure and telephone coverage than others.



Technology offers many opportunities for more efficient and more transparent supply chains and creation of value. But not all farmers have access to the Internet and (smart) mobile phones. Some of our growers use SMS broadcasting to send harvesting orders to their farmers. Whatsapp-communication groups play an important role in coordination of our local and overseas teams. Teaching people how to use computers is among our favourite Fairtrade premium projects!



## REDUCED INEQUALITIES

Even though a country may be labelled Upper Middle Income or High Income, the distribution of income may be skewed. This turns

out to be the case in all our producing countries. The results are disturbing: the higher the income score, the higher the inequality. **Panama** and **Colombia** take the prize for the least equal income distribution.



AgroFair sets limits to inequalities in pay, allowing the top salary to be no more than about five times the lowest salary. Most of our producers have similar structures.



## SUSTAINABLE CITIES AND COMMUNITIES

The world population is growing, and the fastest growth is recorded in megacities. There is a tendency

to leave rural areas and settle in urban centres. In order to remain livable these centres need affordable public transport, waste collection and clean drinking water for everybody. Rural communities feed the cities. They need to remain livable, too. **Cote d'Ivoire**, **Nicaragua** and **Peru** show the most urgent needs on this subject.



In the areas where we operate in Peru, public waste collection does not exist. In order to raise awareness among the farmers, AgroFair has ordered a waste plastic recycling machine that will turn discarded banana plastic into corner boards, used for pallets The Fairtrade premium is used locally to connect rural families to a drinking water system.



## RESPONSIBLE CONSUMPTION & PRODUCTION

Developed countries have a high imported Sulphur dioxide (SO<sub>2</sub>) and nitrogen footprint. **The**

**Netherlands** and **Switzerland** import too much of both. SO<sub>2</sub> causes acid rain and smog. It is also a major cause of death in exposed populations in ports and industrial areas. The main source of SO<sub>2</sub> is heavy fuel oil, used in ship transport, like we use for our fruit. Active nitrogen causes loss of biodiversity by acid rain and excessive growth of nutrients in bodies of water (eutrophication). According to some scientists, it is one of the planetary boundaries that has been irreversibly exceeded.



From 2020, all ships carrying our goods will be required to use low-sulphur fuel oil, which is more expensive than regular heavy fuel oil. This will be a great benefit for the environment and for port communities in particular. The nitrogen footprint also point out to us that we have to be more conscious of the amount of synthetic fertilizer per kg of bananas that we use. Besides establishing regular reports on the specific nitrogen use per box, we have experimented with microorganisms that have reduced the need for nitrogen fertilizer by more than 10%, without affecting yield. Reducing nitrogen also helps reducing specific energy use and CO<sub>2</sub> output, as the production of nitrogen fertilizer uses a lot of energy. Our organic banana farms do not use synthetic sources of nitrogen. The Demeter and BioSuisse certified bananas have limits on the use of nitrogen per hectare.



### CLIMATE ACTION

Climate change, caused by the greenhouse gas effect, is of great concern to us all.

The greenhouse gas effect is brought about by increasing levels of emission of CO<sub>2</sub> and other gases (such as methane and chlorofluorohydrocarbons, used in refrigeration equipment). The rise in temperature affects the whole planet, causing sea levels to rise and leading to more tropical storms and natural disasters. It affects agriculture because of less predictable temperatures and rainfall and leads to increased pressure of disease-causing pathogens. As is so often the case, the poorest people are the most vulnerable to these effects. Climate action needs to be urgently taken: we need to reduce emissions and we need to find ways to adapt and deal with the effects of a changed climate. Most of our producing countries are affected, with the **Dominican Republic, Nicaragua and Peru** being hit hardest by climate related disasters.



The climate change effects are significant in Peru and Ecuador: the El Niño phenomenon affects the banana production with more frequent cold spells and periods of torrential rains, carrying with them major damage, loss of production and occasionally even the loss of human life. The Dominican Republic reports extreme drought, affecting its banana production. Ironically, Côte d'Ivoire appears to benefit from increased rainfall. AgroFair helps

producers in Peru and Ecuador with adaptation strategies like water management and climate-smart agriculture. We have calculated CO<sub>2</sub> footprints for our bananas and now offer climate neutral bananas. The unavoidable emissions of transport and production are offset by Gold Standard certified CO<sub>2</sub> reduction projects, including reforestation and the promotion of cooking stoves.



### LIFE BELOW WATER

The oceans are also important sources of food, CO<sub>2</sub> sinks, and rich ecosystems. They are threatened by overfishing, pollution and microplastics. To us, they also an important parts of our supply chain, as the ships that carry our bananas and other fruits sail on them. The Ocean Health Index shows how countries score on a number of ocean themes, such as clean water, pollution control, biodiversity and coastal protection, to mention but a few. **Costa Rica** is the only country in our group that has a passing score. In all other countries there is work to do.



AgroFair is working on diminishing oceans pollution by reducing plastic waste and pesticide residues. We are opening a waste plastic collection and recycling plant in Peru. Our pesticide footprint helps us to evaluate the effect of pesticides and replace them with gentler ones. We conducted a study of chemical pollution in the San San Pond Sak river delta in Panama. Our shipping partner Maersk has taken measures to eliminate the unintended export of organisms in ballast water.



### LIFE ON LAND

The protection of biodiversity and wildland ecosystems is of the greatest importance for a healthy and balanced ecology. Many species are threatened with extinction and large areas of forest and wild land are sacrificed to agriculture, timber and mineral exploitation each year. Unfortunately, traditional monoculture banana production is also to blame. Many farms are planted on what used to be primary tropical forest. Many species are endangered because they find no food in monoculture cropping systems. Deforestation continues to be a major threat especially in **Cote d'Ivoire**.



AgroFair only sells produce that is certified by alliances that are active in the defense of life on Earth. The Rainforest Alliance Standard has a section dedicated exclusively to biodiversity. AgroFair encourages all its producers to keep (or even plant on purpose) swathes of wild land when planting new farms. This enhances the natural defenses against plant diseases and pests by housing natural pest enemies. It also helps the soil structure and water absorption capacity. A large part of our banana production comes from BioSuisse-certified land, where at least 7% of the area is set aside for plants that advance biodiversity, such as leguminous trees.



### PEACE, JUSTICE & STRONG INSTITUTIONS

This important Goal is not directly related to our supply chain, but shows how poverty, environmental degradation and poor governance can make work difficult. Such circumstances foster armed conflicts and public insecurity. Many countries suffer from high corruption, which could be a sign of weak governance structures. Violence is often drug-related. Tropical produce supply chains are vulnerable to being abused for drug trafficking. In some places child labour is rife: a sign that local institutions to protect children are failing. This problem presents itself especially in **Côte d'Ivoire**, the **Dominican Republic** and **Nicaragua**.



Our producer associations are kept constantly aware of the danger of corruption. As far as corruption is concerned, AgroFair carries a zero tolerance policy. We have the Authorized Economic Operator Security licence from the Dutch Customs. Our producers receive training and workshops on corruption prevention and good governance. We do not want to see a single underage child at labour. It is strictly prohibited and continuously monitored by the Fairtrade standard and our own sourcing auditors.



### PARTNERSHIPS FOR THE GOALS

The wider knowledge, funds and experience are spread, the better chances are that the SDG goals may one day be met. Among the many objectives of this endeavour is for governments of developing countries to raise their domestic taxes to lay a financial foundation for public

services. Other targets are to promote the sharing of knowledge, to further technical cooperation, to build human capacity and to develop progress measurement.



AgroFair pays its fair share of taxes where they are due. We stay away from tax evasion constructions and pay our taxes mostly in the Netherlands. Any knowledge that we have gained in working with small producers and international fair value chains is shared freely by our AgroFair Projects department. This allowed us to assist in an important project for improvement of the tomato chain in Nigeria, to aid a local banana cooperative in Senegal, to play an advisory role towards the Department of Agriculture of Sudan and to develop an online Value Chain course with universities in Indonesia. We have sponsored research of Wageningen University to combat Fusarium Wilt in bananas, and are partners of ProMusa, the scientific banana network, and Coleacp, the association for development of ACP horticultural trade. We have taken part in various scientific and practitioner conferences and workshops.





**SDG 1 No Poverty**

Country	Category	Poverty headcount ratio at \$ 1.90 (LMIC), \$ 3.20/day (UMIC) and national standard (% population)	Visual
Switzerland	HIC	0,06 0,1	Green ↑
Cote d'Ivoire	LMIC	20,33 43,8 46,3	Red ↓
Colombia	UMIC	3,77 11,9 27,0	Yellow →
Costa Rica	UMIC	0,91 1,8 20,0	Green ↑
Dominican Republic	UMIC	0,02 5,2 30,5	Yellow →
Ecuador	UMIC	2,74 10,3 23,2	Yellow →
Nicaragua	LMIC	2,84 13,4 24,9	Red ↓
Netherlands	HIC	0,21 0,3	Green ↑
Panama	HIC	1,73 5,4 22,1	Yellow →
Peru	UMIC	2,41 8,7 21,7	Yellow →

HIC High Income Country  
 UMIC Upper Middle Income Country  
 LMIC Lower Middle Income Country



**SDG 2 Zero hunger**

Country	Prevalence of undernourishment (% population)	Prevalence of stunting (low height-for-age) in children under 5 years of age (%)	Prevalence of obesity, BMI ≥ 30 (% adult population)	Cereal yield (t/ha)
Switzerland	2,5	2,6	19,5	5,1
Cote d'Ivoire	20,7	21,6	10,3	2,1
Colombia	6,5	12,7	22,3	4,2
Costa Rica	4,4	5,6	25,7	4,0
Dominican Republic	10,4	7,1	27,6	4,8
Ecuador	7,8	23,9	19,9	3,6
Nicaragua	16,2	17,3	23,7	1,8
Netherlands	2,5	2,6	20,4	7,8
Panama	9,2	19,1	22,7	2,6
Peru	8,8	13,1	19,7	4,2

**SDG 3 Good Health and Wellbeing**

Country	Maternal mortality rate (per 100,000 live births)	Neonatal mortality rate (per 1,000 live births)	Mortality rate, under-5 (per 1,000 live births)	Incidence of tuberculosis (per 100,000 population)
Switzerland	5	3,0	4,2	7
Cote d'Ivoire	645	33,5	88,8	148
Colombia	64	8,0	14,7	33
Costa Rica	25	5,9	9,0	10
Dominican Republic	92	20,1	29,9	45
Ecuador	64	7,5	14,5	43
Nicaragua	150	7,1	17,2	45
Netherlands	7	2,3	3,9	5
Panama	94	8,9	16,1	54
Peru	68	7,3	15,0	116

Country	Death rate attributable to air	Life Expectancy at birth (years)	Adolescent fertility rate (births per 1,000 women ages 15-19)	Births attended by skilled health personnel (%)	Universal Health Coverage Tracer Index (0-100)
Switzerland	10	83,3	3,1	100,0	95,7
Cote d'Ivoire	269	54,6	133,4	73,6	50,3
Colombia	37	75,1	49,5	99,2	74,8
Costa Rica	23	79,6	54,6	90,0	76,7
Dominican Republic	43	73,5	96,1	99,6	64,3
Ecuador	25	76,5	74,6	96,7	67,9
Nicaragua	56	75,5	86,9	88,0	71,2
Netherlands	14	81,6	4,1	100,0	94,4
Panama	26	78,0	82,8	94,6	73,8
Peru	64	75,9	48,4	92,4	71,9

**SDG 4 Quality Education**

Country	Net primary enrolment rate (%)	Lower secondary completion rate (%)	Literacy rate of 15-24 year olds, both sexes (%)
Switzerland	93,5	98,1	53,0
Cote d'Ivoire	86,0	47,1	98,7
Colombia	91,3	76,4	99,1
Costa Rica	96,6	56,8	98,8
Dominican Republic	92,9	76,7	99,1
Ecuador	91,3	104,1	87,0
Nicaragua	97,0	67,1	97,6
Netherlands	97,3		99,1
Panama	87,2	74,2	
Peru	96,6	86,9	

**SDG 5 Gender Equality**

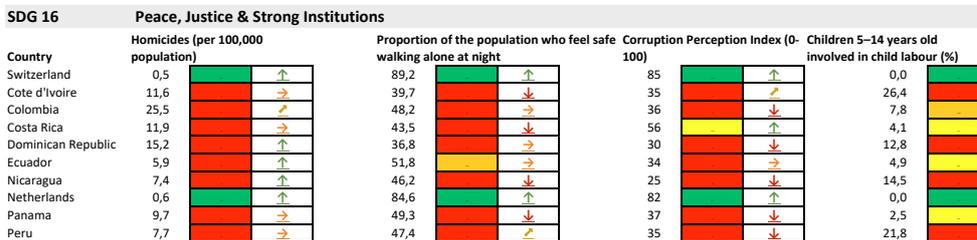
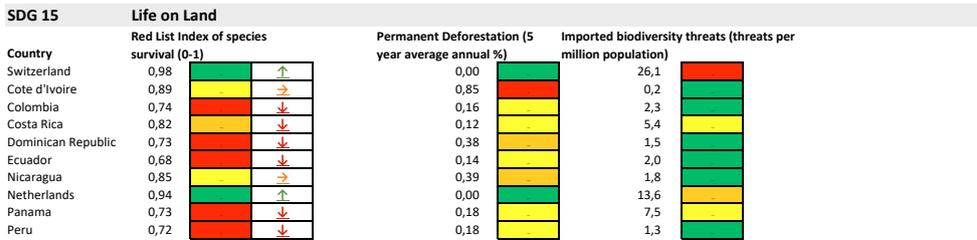
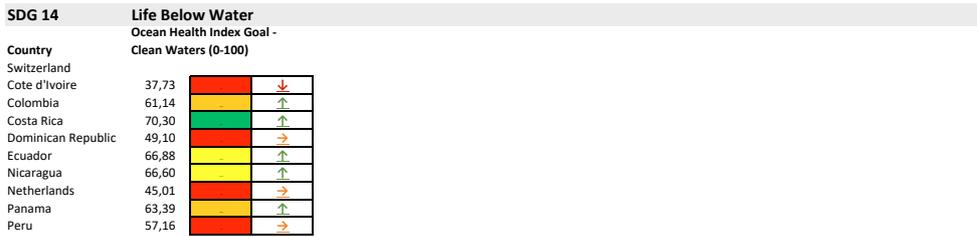
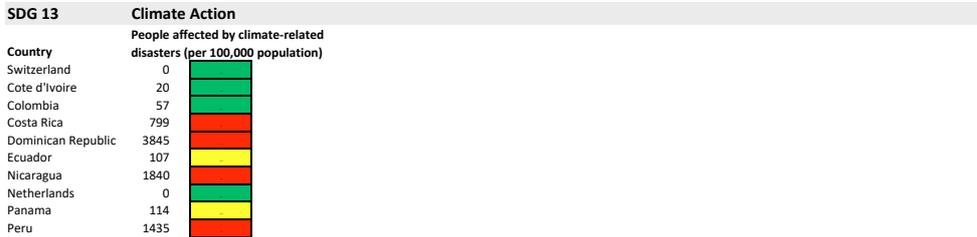
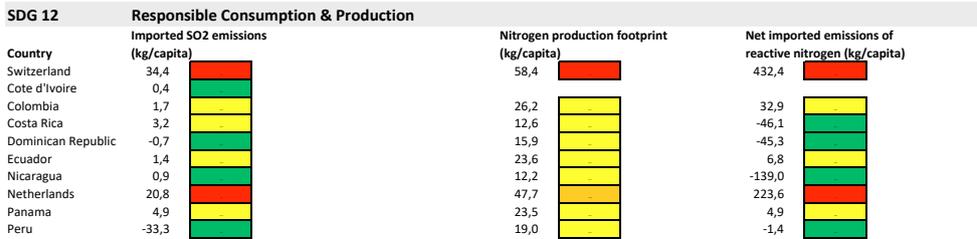
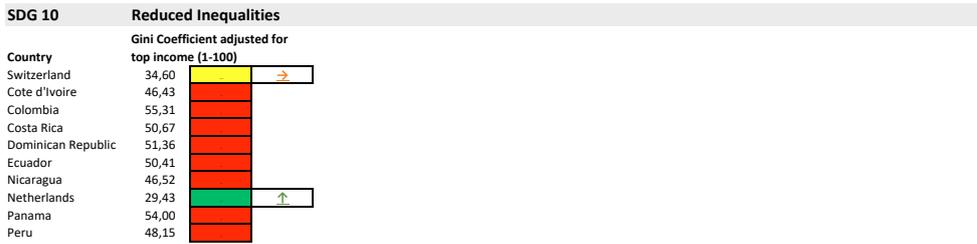
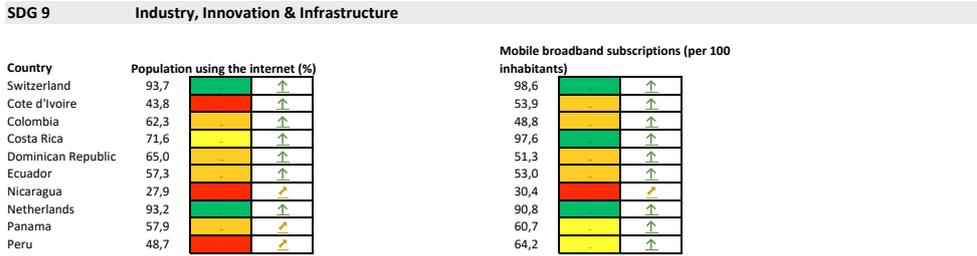
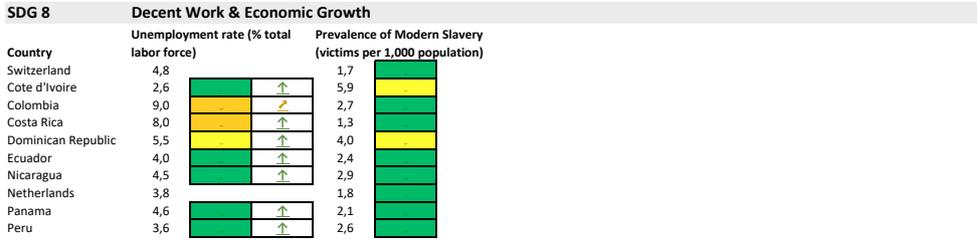
Country	Ratio of female to male mean years of schooling of population age 25 and above	Ratio of female to male labour force participation rate
Switzerland	107,8	85,1
Cote d'Ivoire	64,5	72,9
Colombia	104,9	71,4
Costa Rica	103,5	61,8
Dominican Republic	108,0	68,6
Ecuador	97,7	67,8
Nicaragua	107,8	60,3
Netherlands	95,2	84,1
Panama	105,1	65,0
Peru	89,7	82,0

**SDG 6 Clean Water & Sanitation**

Country	Population using at least basic drinking water services (%)	Population using at least basic sanitation services (%)	Imported groundwater depletion (m3/year/capita)	Anthropogenic wastewater that receives treatment (%)
Switzerland	100,0	99,9	8,4	97,0
Cote d'Ivoire	73,1	29,9	8,0	0,6
Colombia	96,5	84,4	2,2	12,2
Costa Rica	99,7	97,1	10,0	3,9
Dominican Republic	94,5	82,7	6,4	40,4
Ecuador	92,6	86,1	2,3	0,0
Nicaragua	82,3	76,3	4,4	0,0
Netherlands	100,0	97,7	10,1	99,1
Panama	95,0	76,9	8,7	13,3
Peru	89,9	76,8	3,3	34,6

**SDG 7 Affordable & Clean Energy**

Country	Access to clean fuels & technology for cooking (% population)
Switzerland	100,0
Cote d'Ivoire	18,2
Colombia	91,8
Costa Rica	93,5
Dominican Republic	90,4
Ecuador	95,6
Nicaragua	52,3
Netherlands	100,0
Panama	89,0
Peru	75,1





At AgroFair, we have always been driven by a strong social and ecological commitment. We are part of a chain; one link among many. For the chain to work, it is essential to be aware of where the other links in the chain - our stakeholders - stand.

**A**groFair's stakeholders are active in a particularly wide range of fields, scattered all across the globe: retailers that sell our fruit, shareholders, small producers and plantation workers, employees and several other stakeholders such as certifiers and NGO's. We all work together to provide the consumer with a variety 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 business, tying many ties across the continents and learning a lot from each other in the process. 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.

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 bananas. They are a vital link in the banana 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. We strive to be at the forefront by combining innovations in a sustainable and inclusive production and logistic process with marketing concepts. 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 banana 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 on what counts 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 which of course we attend in person.

#### **OTHER STAKEHOLDERS (CERTIFIERS, NGO'S)**

Many other groups such as fruit companies, politics and government, scientists, certifiers such as Fairtrade organizations, and industry organizations figure in the intricate knitwork of our business, influencing AgroFair either directly or indirectly. Increasingly, we are engaging in active conversations with these groups, interested as we are to hear their opinions and involve them in our mission.

#### **THE MATRIX: GETTING IT TOGETHER**

The context surrounding the Fairtrade and organic fruit business is the reason for our existence. To improve our understanding and interpretation of the context, we actively engage ourselves in different stages of the fruit business. Stakeholders

are asked to give their input on relevant themes and attribute a measure of importance to these themes, and we at AgroFair do the same on our part. The results make up our Materiality Matrix. The matrix is discussed elsewhere in this report. It is a tool that helps us to map out to which degree we see eye to eye with our stakeholders. The input for the materiality matrix is established in various ways. We're going out and getting it together:

- **Desk and field research:** we attend conferences, exhibitor fairs, read research reports, sustainability reports and we commission our own research whenever we need the intel.
- **Face to face conversations:** nothing like a good talk over a cup of Fairtrade tea! We make it

a point to meet and exchange ideas with both our producers and our customers several times a year.

- **Annual conferences:** a sustainability meeting is held every year in Latin or South America. The conference is attended by all members of staff that are occupied with sustainability projects on either side of the ocean. These meetings are crucial to AgroFair's sustainability strategy and to our choice of themes and projects. Sullana, Peru hosted the General Assembly with the Cooperative of AgroFair producers (CPAF) this year. This is an annual meeting where members and the supervisory board of AgroFair meet.
- **Shareholders meeting:** shareholders express their view on sustainability themes during these meetings.

This year, our marketing mission was to get all eyes on the great green ball: to direct the focus towards the UN Sustainability Development Goals. During the Fruit Logistica exhibition in Berlin last February, we took the opportunity to connect with our joint producers of the CPAF and our customers. Before the fair, we invited several stakeholders (customers, shareholders, colleagues, producers and NGO's) for an interview. This is when the cards were laid on the table and we were able to have a stakeholder dialogue in the shape of the AgroFair Sustainability Development Goals- Game. See pictures below.





We presented the SDG's to our stakeholders and asked them to list those goals that they felt we needed to focus our efforts on. This is the result:

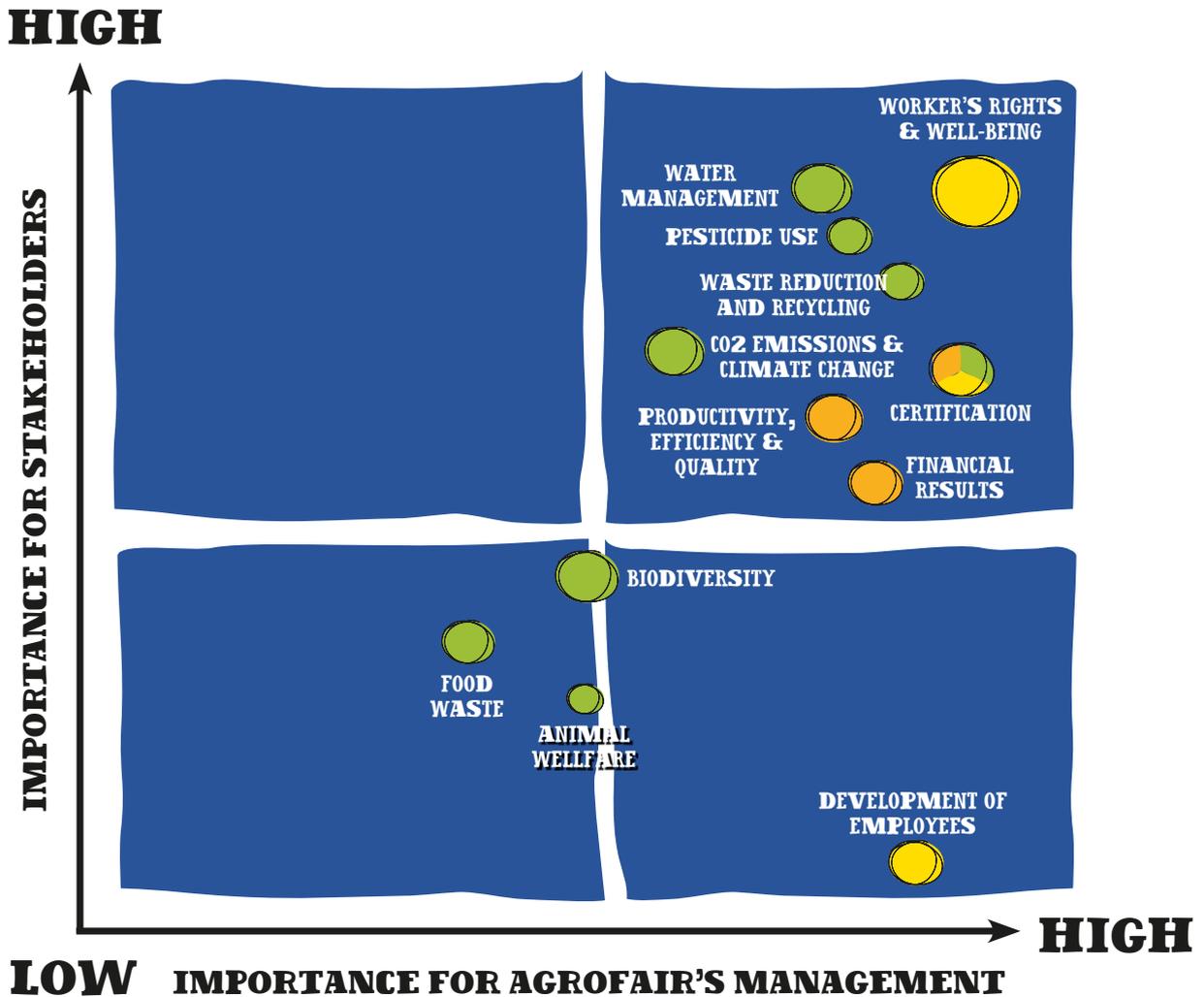
**THE 7 MOST IMPORTANT SDGS ACCORDING TO OUR STAKEHOLDERS:**

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





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

In the materiality matrix on this page the importance of the various topics for both AgroFair and her stakeholders is made visible. The matrix has not changed significantly over the years, but since last year we decided to split up the material topic 'responsible use & recycling'. This topic is now divided in 'water management', waste reduction & recycling' and 'pesticide use'. We also added the topic 'animal welfare'.

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
- 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](mailto:sustainability@AgroFair.nl).**

#### Addressing Material Topics

From the matrix, we can mark 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. CO<sub>2</sub> 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. For example, the amount of waste generated at our office is peanuts compared to that of our producers! Therefore it is not surprising that we focus our efforts mostly in the early part of the supply chain, with our direct suppliers of products and services. However, this means there are limitations to what we can do too. In our own house, we can decide to take measures and make improvements. With other parties in the chain, we can gather information to measure impact, we can influence, inform, 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 possible way.

In the following chapters, we will report on how we address each material topic.



## SDG'S



# PEOPLE & SOCIETY

TECHNICALLY, WE ARE  
A FRUIT COMPANY.



1. Social certifications & Initiatives 29
2. Fairtrade Premium 30
3. Living Wage 32
4. Equal Opportunities 33
5. Animal Welfare 33
6. AgroFair employees 34

### **FOCUS POINTS:**

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

**B**ut it's always really been about the people behind the bananas! People have been the driving force behind AgroFair from the start.

Bringing the world's first Fair Trade banana to the table was the official aim when our company was first founded, and sourcing Fair Trade (or equally certified) bananas is still our core business. So sure, we try to treat our bananas fairly, but the Fair in our name is really aimed at people.

When addressing social issues that are part of the Sustainable Development Goals, we focus most of our efforts early on in the supply chain where the greatest challenges lie. We are very concerned about the rights, health and well-being of the people who work hard every day to grow and pack our fruit. Below are some of the initiatives we take part in to contribute to the wellbeing of people, society and animals too.

### **SOCIAL CERTIFICATIONS AND INITIATIVES**

Workers' rights and well-being are difficult matters to uphold. They need to be scrutinized closely and constantly. To keep tabs on these issues we work with standards such as Fairtrade and Rain Forest Alliance. The Standards help us to assure that the workers in our supply chain are guaranteed acceptable labour conditions and decent wages, in compliance with the conventions of the International Labour Organisation. We buy only from companies that have one of these certifications: over 70% of our fruit is sourced from suppliers with Fairtrade certification, the other 30% from growers with Rain Forest Alliance certification.

## SDG'S



### THE RAINFOREST ALLIANCE SUSTAINABLE AGRICULTURE (RFA) STANDARD

Contains four principles:

- Effective Planning and Management System
- Biodiversity Conservation
- Natural Resource Conservation and
- Improved Livelihoods and Human Wellbeing.

All principles contain Critical and Continuous Improvement Criteria.

### THE BASIC PRINCIPLES OF THE FAIRTRADE STANDARD ARE:

- Social Development (Management of the Fairtrade premium)
- Labour Conditions
- Environmental Development
- Sustainable Trade.

This standard contains Core and Development criteria. Main difference with the RFA standard: a guaranteed minimum price, Fairtrade premium, permanent contracts for permanent work and stronger checks on compliance.

### FAIRTRADE PREMIUM

One of the elements of the Fairtrade Standard that can be used directly to improve the quality of life of our people is the Fairtrade Premium. 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 in this report confirm!- but all of them improve the living conditions of farmers and workers each year. Exact figures on the amount of Fairtrade premium paid over the past years may be found in the chapter on 'Profit & Economy'.

## ALTOGETHER, THE FAIRTRADE PREMIUM HAS BENEFITTED MORE THAN 6000 FAMILIES ACROSS THE WORLD!

### FAIRTRADE PREMIUM PROJECT: FOOTBALL SCHOOL

#### ORGANISATION

Association APPBOSA - Peru

#### PROJECT

The Premium Project offers consists of 3-hour period training by competent staff every week

#### PURPOSE

- Healthy entertainment for children and adolescents.
- Preparation for participation in tournaments.
- Encouragement to become more physically active.



BENEFICIARIES  
90 children





## **FAIRTRADE PREMIUM PROJECT: PRACTICAL AND DEMONSTRATIVE COOKING CLASSES: MAKING DRESSINGS AND PASTRY**

### **ORGANISATION**

Association APPBOSA - Peru

### **PROJECT**

The Premium Project offers classes of practical and demonstrative kitchen in dressing and pastry of 3-hour period training by competent staff every month.

### **PURPOSE**

- To contribute to a better income for families;
- To train a new generation of female entrepreneurs and help them fulfil their potential through micro-enterprises;
- To generate social welfare within families by motivating them to use their available time in entertaining and productive activities.



### **BENEFICIARIES**

26 women including partners, workers, their wives, and the community in general.



## **TESTIMONIAL**

Mena, Rui

(student kitchz, Yaini M and workshop arianela)

*"I am very grateful for Fair Trade as they encourage these projects to be carried out. I also thank the partners since they are the ones who approve these activities, and all the Appbosa team. I thank the girls who have participated and the teacher for having patiently taught all subjects. I hope that next year these activities will be carried out again, as it helps the family. It can be very helpful to start a business."*

### **THE PLATFORM FOR SUSTAINABLE TRADE IN FRESH PRODUCE**

We have been Covenant Members of the Platform for Sustainable Trade in Fresh Produce since 2014. The ambitious Covenant Members are on a mission

to be ringleaders: all have pledged to buy nothing less than 100% sustainable products by the year 2020. To our mind, there's nothing wrong with a bit of extra ambition: AgroFair already achieved this goal in 2016!

**SINCE 2016, AGROFAIR HAS SOURCED 100%  
SUSTAINABLE PRODUCE**



## LIVING WAGE

The living wage is a concept that is attracting more and more attention from consumers and retailers, even if the idea is not new. A living wage is a part of Full Cost Accounting, also known as the True Price Concept. What does that mean? It means that there is growing realisation that a decent income should cover more than just the most basic needs - like food, housing and clothing- of workers and their families. On top of those things, people need money to participate in society and to build a bit of extra security against the unexpected quirks of life.”<sup>1</sup>

The concept is easy to understand but difficult to put numbers on. Needs vary with regional variables, definitions and family composition. Living wage is not the same as minimum wages: these are often misused as a means of competition between countries to attract labour intensive industries, such as agriculture. Most countries we operate in have legal minimum wages of some sort, but these are usually lower than living wages.

AgroFair participates in a number of initiatives to understand more about living wages and raise the income of worker families to the living wage level:

- With **Fairtrade**, we are involved in a project to calculate living wages in various countries and gradually raise the Fairtrade prices to this level. As Fairtrade pioneers, we can of course make good use of the Fairtrade minimum price, which enables producers to pay decent wages to their workers.
- With the **World Banana Forum**, we are involved in living wage projects in Central American countries, most especially Nicaragua, using the established Anker methodology. Unfortunately, this methodology is very labour- and timeconsuming. We are looking for good alternatives from public sources, such as International Labour Organisation, that can help us estimating decent wage levels in a fast and objective way. Our SDG Panorama helps us in this respect: the better we understand the local contexts of where we work, the more accurate we can calculate proper wage levels..

A variant of living wages is *living income*. This applies to farmers and self-employed people that don't enjoy a salary.



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



### EQUAL OPPORTUNITIES

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

Ladies first: in the workforce of our producers, women are heavily outnumbered: 4 out of 5 employees are men. Most of the women that do work at the fruit plantations are employed in the packing warehouses or in administrative jobs. There are of course a number of good reasons why this could be a sound conscious choice for women; work in the field is physically demanding – for instance, harvest workers carry 25kg banana bunches across the plantation. Also, women may make a choice not to work when they are raising children. Of course this is fine as long as women have a free choice. We encourage our producers to remove practical or cultural obstacles that prevent women from participating fully and equally in the fruit business.

Through the World Banana Forum we make an active contribution to the Gender Equity agenda,

for instance with Gender Equity meetings. Our producer APPBOSA, has set up regular gender awareness trainings for members, wives of partners and workers.

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

### ANIMAL WELFARE

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

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

## **AGROFAIR ANIMAL WELFARE POLICY: TREAT ANIMALS WELL; PROVIDE THEM WITH SUFFICIENT FOOD AND SHELTER, GIVE THEM ENOUGH REST AND MEDICAL ATTENTION .**

### **DONKEY SEE, DONKEY DO**

The Coobana cooperative in Panama sets an example to be followed for the fair treatment of animals. The donkeys that are used for plantation labour are well-cared for: they get sufficient food, water and shelter; routine medical check-ups are on the menu and the donkeys are given enough free time and days off work. Before starting their tasks, they get a bath – and they love it!





## AGROFAIR EMPLOYEES

Let's not kid ourselves: social issues are not exclusive to faraway countries. Although there is a lot of good work to be done further back in our supply chain, we must also keep our own house clean. In this respect, the employees at AgroFair's headquarters are not forgotten, as we consider them the most valuable resource in our daily operations.



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

## FAIRTRADE PREMIUM PROJECT: CENTRE OF COLLECTION OF PLASTICS

### ORGANISATION

Association El Guabo – Ecuador

### PURPOSE

To help protect the environment by offering the growers a solution for their plastic waste.

### PROJECT

#### COLLECTION CENTER EL GUABO

For the construction of two plastic collection centers at AsoGuabo and Libertad, an investment of \$ 42,000 was made.

The Plastic Storage Center of AsoGuabo has a capacity to store approximately 45 tons of plastic sheeting and plastic banana protectors and the Center of Storage of Plastic and Protectors of Libertad has an approximate capacity of 30 tons.

The recycling of plastic in the Acopios de AsoGuabo y Libertad benefits the producers as it helps to avoid the accumulation of plastic waste in the banana plantations. The plastic waste can now be handled correctly. By participating in this program, the growers will benefit from the income generated by the sale of the plastic. These benefits can then be invested in their banana plantations to keep them financially healthy.

For the moment, the plastic recycling project is in the collection phase, hoping to assemble enough for the sale. The plastic will then be delivered to a plastic processing factory that makes corners for pallets. Once the first cargo has been shipped, the money obtained will be exchanged for goods and these will be delivered to the producer.

The banana growing process has a high demand for plastic. This is why the AsoGuabo opted to carry out the recycling of the plastic and then sell it to these factories. In this way, AsoGuabo obtains benefits that will be delivered to the participating partners of the project.



### BENEFICIARIES

The 200 AsoGuabo growers, who did not know what to do with the plastic left behind from the growing process. Week after week, after the fruit has been exported, they are stuck with a mountain of plastic...



## TESTIMONIAL



Edwin Patricio Melo Proaño

(Presidente El Guabo)

*"The environmental impact is positive: as we all know, plastic is one of the biggest pollution hazards worldwide. By recycling the plastic, El Guabo is helping to reduce the burden of plastic worldwide and being friendly to the environment. Plastic recycling also helps to reduce greenhouse gas emissions, by recycling this product the amount of raw material is reduced".*

## FAIRTRADE PREMIUM:

### HEALTH SUPPORT FOR PEOPLE WITH LIMITED FINANCIAL MEANS

#### ORGANISATION

Association APOQ - Peru

#### PURPOSE

To improve health conditions of people with limited financial resources.

#### PROJECT

Making ends meet can be tough, especially for single mothers. The Premium Project helps in situations where certain health expenses are necessary.



BENEFICIARIES

12 patients



## TESTIMONIAL



Zoila Lazo de Quintana

(mother of a patient)

*'I have a son aged 10, Christopher, who was diagnosed with the painful disease osteomyelitis. He had to have surgery in Lima for this infection. Many thanks to APOQ who donated crutches for my son to help him become mobile again. As the treatment is long and expensive, we hope they will keep helping us. 'reduced'.*



## **FAIRTRADE PREMIUM PROJECT**

### **NEW MEDICAL CENTER FOR MEMBERS AND STAFF OF ASSOCIATION OF EL GUABO**

#### **ORGANISATION**

Association El Guabo – Ecuador

#### **PURPOSE**

The construction of a care center in the facilities of the Association, with adequate and comfortable infrastructure for patients and new technological equipment. With this center, El Guabo guarantees the health and well-being of the partners, employees and the community.

#### **PROJECT**

Medical attention in the care center is free of charge for members and staff of the Association. Other people will be treated in the same way, but at a minimum cost. All medical consultations are carried out by professionals, hired by El Guabo.

The new El Guabo Medical Center is opened during office hours. Besides the new equipment and good infrastructure, the center can also dispense medications to patients, delivered free of charge. The investment made in the construction of the Medical Dispensary was \$ 40,000.



#### **BENEFICIARIES**

The partners, employees and the community of El Guabo.



## **TESTIMONIAL**

**Patricia Ramón Sanmartín**

(producer)

*'Having professional medical attention for free in the facilities of the AsoGuabo, is a project that greatly benefits all the people that make up this prestigious association, and the entire sector as well. To have adequate facilities for check-ups and in case of emergencies, and not to put our health at risk seems to me an excellent thing!*

*The medical center has a comfortable waiting area. And as far as the attention from the professional staff is concerned: I think it's very good. At the time of my doctor's appointment, my symptoms and my discomfort were calmly evaluated. Once I knew what the trouble was, they prescribed the necessary medications. I was given the medicine that they had available for free. For what was lacking, I was given the prescription to buy it. Being part of an association that has made it one of its priorities to guarantee the health and well-being of the members, work staff and the whole community seems to me to be a very good thing. Personally, I support and agree with this type of project being carried out in the Association of Small Producers Banana El Guabo. '*



# PLANET & ECOLOGY

OUR BEAUTIFUL BLUE PLANET;  
THE ONLY RESOURCE WE HAVE.



1. Pesticide footprint 37
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9. Planetary boundaries: Playing it safe 48

## **FOCUS POINTS:**

- Use and discharge of resources and materials
  - Keeping the impact of operations on the environment as low as possible and actively seek ways to reduce it further. Keep input, waste and discharge in check.
  - Use water responsibly and efficiently throughout the supply chain.
  - Using renewable sources of energy wherever possible, and making efficient use of traditional sources when needed.
- Soil and biodiversity
- CO<sub>2</sub> emissions and climate change

**W**e rely on it for our existence. 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 (and we do!). For us at AgroFair, care for our planet is just as self-evident as is care for the people who grow our fruit. 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 in the supply chain with our producers and service providers.

In this chapter, we have identified some of the most important environmental impacts like use of water, nitrogen, plastic and pesticides and we take a look at the effects that they have:

### **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 sufficient 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.



## KNOWING WHAT MATTERS: THE FOOTPRINT OF PESTICIDES

Everyone loves bananas, but no-one likes the environmental impacts caused by pesticides that are used to grow high quality and cheap bananas! Together with associate professor Peter Fantke and his team from the Technical University of Denmark (DTU), we are developing a pesticide footprint model to evaluate and ultimately reduce the impacts from pesticides in banana cultivation.

Chemicals are the building blocks of modern society: in medicine they help to control diseases, in materials they give shape, color, and stability, and in agriculture they fight pests and protect our food crops. Many chemicals unfortunately reach the environment, where they can harm ecosystems and humans. We inhale them when they reach the air, we ingest them when they reach drinking water or when we find them in our food.

Bananas are the cheapest staple fruit on earth, grown usually in large and densely planted monoculture fields. Grown this way, bananas are unfortunately very attractive to various pests, from insects to fungi. To keep the bananas free from such pests, a lot of different pesticides are used and applied in large amounts as so-called plant protection products. After applying these pesticides in the field, as part of the plastic bags protecting the ripening banana fruits and after harvesting the bananas, a fair fraction can reach the environment, where it can expose not only field workers and people living close to the fields, but also rivers, groundwater and natural ecosystems. Since pesticides are 'designed to kill', namely the different pests, they often also have negative side-effects for other organisms and humans.

Banana farms use different types and amounts of pesticides, depending on local climate and soil conditions, pest occurrence, and other aspects. While conventional farms mostly use synthetic pesticides, organic farms mainly apply pesticides derived from plant extracts or fermented microorganisms. All these different pesticides may be harmful to ecosystems and humans. But which pesticides are less harmful than others? Which farm overall has less environmental impacts from pesticide use than other farms? And how can we reduce these impacts from pesticides?

To answer these questions, we started a project with researchers at DTU to understand and quantify the different environmental and human health impacts associated with the use of pesticides in banana cultivation. Together, we visited 15 banana plantations in Costa Rica, Panama, Ecuador and Peru, where we collected farm-level data, asked local farmers about their management practices, took water samples in a river next to banana fields, and followed the different steps of the entire banana production supply chain from the field to the container for export into other countries. We used data and knowledge gained during this field trip to develop a specific pesticide footprint model for banana farms. Starting with selected farms, the model is able to consider for each pesticide the various environmental processes, pathways and effects, using state-of-the-art and widely accepted scientific knowledge.

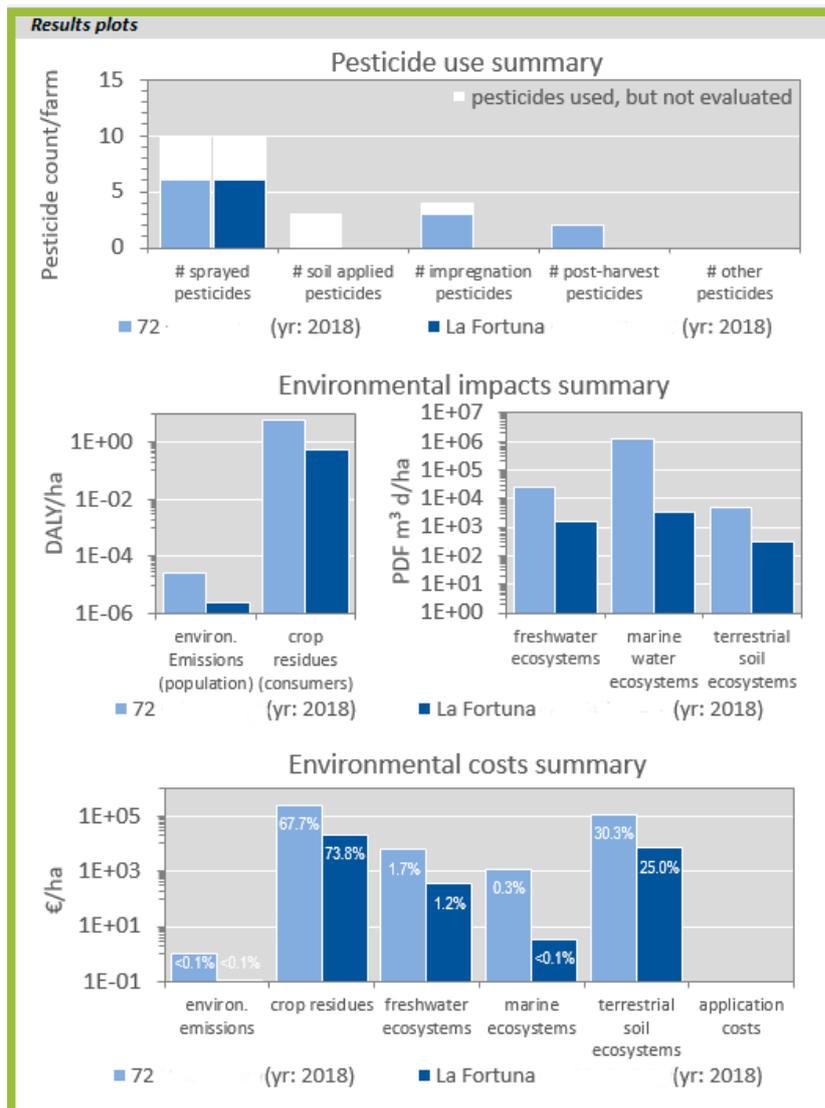
First results from our model show that Fairtrade farms show considerably less





environmental impacts from pesticides than conventional banana farms. Impacts, however, vary greatly across farms due to differences in local climate and soil conditions, crop management practices and the occurrence of different pests. The model still has large uncertainty coming from data gaps, not yet including all relevant pesticides, and not yet considering field-level differences in soil, field slope and other aspects. Yet, the model already helps to pinpoint important pesticides that should be targeted for replacement by safer and more sustainable alternatives.

Next steps in our joint project are to evaluate the model for other farms, include more pesticides, especially plant- and microorganism-derived pesticides, adapt the model to better reflect field-level differences in climate/soil conditions and management practices, and explore how pest occurrence can be better linked to environmental conditions to reduce the use of harmful pesticides and promote organic farming for bananas in different regions. This will not only keep bananas affordable and delicious, but also helps to move toward sustainable banana production.



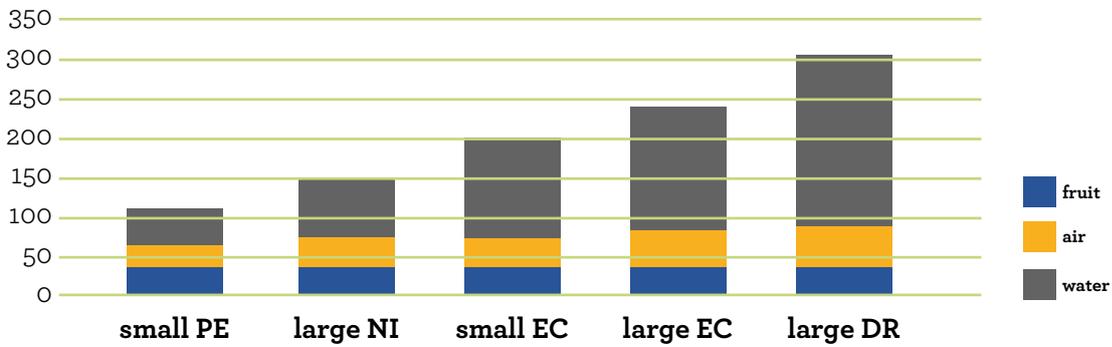


**NITROGEN USE**

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 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.

**NITROGEN FATE PER BOX (G/BOX)**



Nitrogen fate per box of bananas in different countries (g active nitrogen per 18.14 kg box). Source: own calculations based on Veldkamp & Keller. J. Geoph. Res.Atm. 102, (1997): 15889-15898





**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.

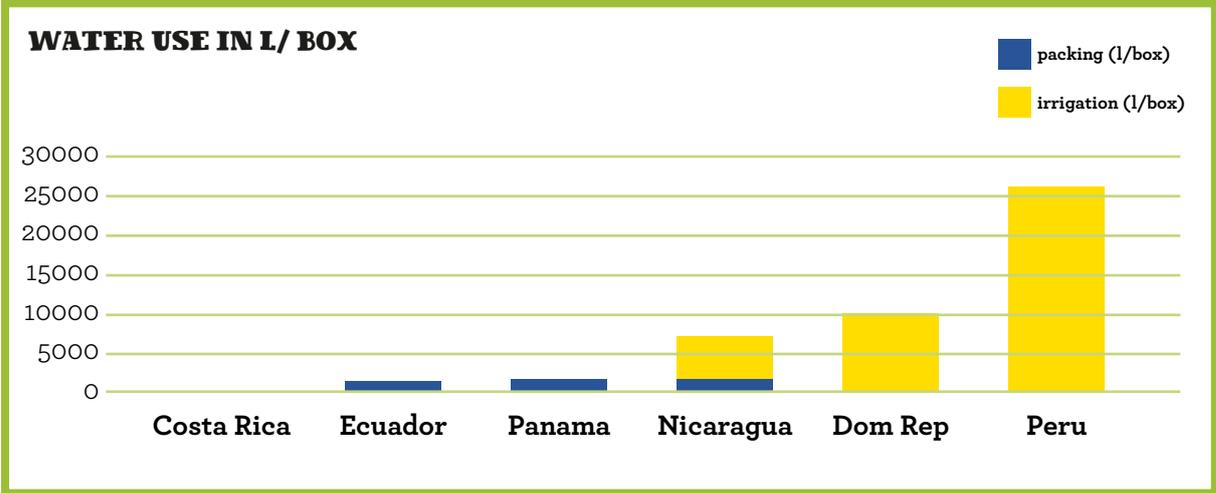
Water use differs greatly between different countries of origins and even within countries. Choice of irrigation system, efficiency of the packing process, and annual precipitation are all factors that count. To make these differences visible we calculated the amount of water used for irrigation and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

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 opportunities for action! 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 folks, we're 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.

Somewhere in the course of the packing process, it's banana bath time! Travelling nice and clean is necessary to guarantee good quality fruit. We are thinking up ways to reach the same squeaky-clean result with less water per carton. As our new producer Varcli in Costa Rica has proved recently: with the right approach it is possible to pack with hardly any water at all.



**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.**



### PLASTIC: TO USE OR NOT TO USE

Wouldn't it be great if we could just ban the use of plastic in banana production? Plastic is used at all stages 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. 40kg of plastic waste is generated per container of exported bananas. Plastic is needed to protect the

growing fruit bunch against insects; each baby bunch is covered with a polyethylene bag. This also creates a microclimate that is favorable for growth. Most of our producers collect the 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 corner boards used for creating pallets.



## BIOPLASTIC

To begin with: plastic is not all bad news. It is a unique material with many benefits. It's cheap, versatile, lightweight, and resistant. This makes it a valuable material for many functions. It even provides certain environmental benefits: it plays an important role in maintaining food quality, safety and preventing waste.

On the other hand, we use far too much of it. Many uses of plastic are one-time only. We all know that plastic takes centuries to break down and that the amount of plastic on our planet just keeps on growing. Large amounts of it are polluting our oceans as 'plastic soup', harming animals and nature.

Much-needed new alternatives to traditional petroleum-based plastics are emerging. We see plastics that are bio-based (made from renewable materials), biodegradable (either home compostable or in an industrial installation), or both (bioplastic).

But it's too early to cheer yet: these alternatives come with their own sets of pros and cons.

- Biodegradable plastics sound like a great improvement. But in order for most biodegradable plastics to actually degrade, controlled conditions in industrial facilities are needed. If these facilities are unavailable, the waste cannot be recycled together with traditional plastics.
- Biobased plastics are produced from renewable materials such as maize. They compete for farmland with crops for human consumption. Also, they are not necessarily biodegradable.
- 'Home compostable' plastics are hard to distinguish from regular plastics. Odds are that the rework facility will still remove them from the green waste flow.
- The carbon footprint of both biobased and biodegradable (=PLA) bags is significantly higher than that of traditional (=HDPE) bags. Proof of this was shown in a study carried out by Blonk consultants, commissioned by AgroFair.
- Conditions in growth and transport of bananas are unsuitable for most biodegradable plastics: the very moist environment will cause them to start decomposing right-away.

We may conclude that the trade-offs between traditional plastics and substitutes are complex and could even create negative environmental effects. In certain situations, reducing or recycling plastic may still be the better choice.



## PERU

In Peru, work continues on the first tiny mobile recycling factory of the continent! As this report is being printed, the first extruder and some additional equipment are on their way to Peru. We expect to start recycling plastic into pallet corner-boards in January 2020.

In Ecuador, banana producer El Guabo now collects its plastic for recycling, while local entrepreneurs have invested in plastic recycling services. As a result, El Guabo now uses corner-boards of their own recycled banana plastic for the export of their fruit to Europe.

Panama is confronted with a new situation, as Costa Rica has recently closed its borders to waste import. The waste plastic that was formerly recycled at a large plant in Costa Rica is now accumulating in Panama. With producer Coobana we are scoping out options to recycle the plastic locally.





**SUSTAINABLE INITIATIVES**

To us, certification is a great starting point. But there is a whole lot more ground to cover!

- We are active members of the World Banana forum, among many other things we take part in a working group aimed at measuring and reducing CO<sub>2</sub> emission.
- In 2014, we became covenant members of the Dutch IDH Platform for Sustainable Trade in Fresh Produce. Covenant members have pledged to buy 100% sustainable products by 2020. By the standard of IDH, we checked this box as early 2016.
- A lot of fruit does not end up in one piece on your fruit bowl. Massive amounts of fruit are used as ingredients for juices, smoothies, purees and many other foods and beverages. As we also trade in organic and Fairtrade fruit purees and juices, we joined the Covenant for Sustainable Ingredients. The covenant's goal is to achieve 100% sustainable sourcing by 2030. Having achieved 96% in 2018, we're on the right track!

**CARBON BANANA FOOTPRINT: CO<sub>2</sub> EMISSIONS**

Scientists think that the global food system is responsible for roughly one-third of greenhouse gas emissions. Activities like fertilizer manufacture, production and packaging are large contributors. When we look at polluting food products per kg and in spite of the huge volumes that are grown and traded globally, bananas are not doing too bad. Nevertheless, the contribution of bananas to global emissions cannot be ignored.

A tool was developed for AgroFair to calculate the carbon footprint of our bananas. This tool was

created by the Dutch consultancy firm CE Delft.

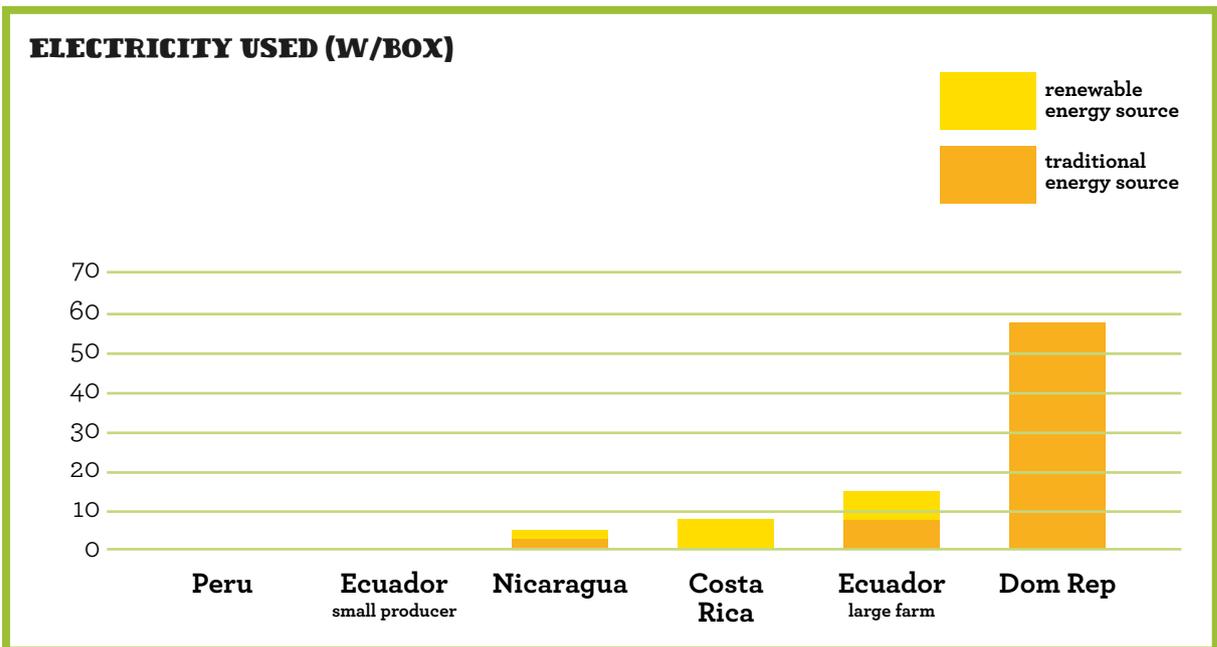
According to this tool, the carbon emissions per kg of bananas, measured from the farm in the country of origin right to the port of destination, varies between 537-631g/ kg. To give you an idea: that is not more than apples grown and stored locally and way less than meat or dairy!

Even so, we feel it is worthwhile to make bananas completely climate-neutral by compensating emissions with Gold Standard compensation schemes.

**WATTS UP?**

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. We used data from at least one farm per country.



**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 CO<sub>2</sub> emissions caused by staff travel (both on the road and by air) and by lorry transport in the EU. In 2018, we compensated 450 tonnes of CO<sub>2</sub> through Gold Standard projects by Climate Neutral Group.

Our offices are modest and so is the amount of

waste that we produce – but we recycle every last little bit. Our cleaners use ecological detergents only.

Our daily team lunches are organic and Fairtrade whenever possible. And what do you think: it goes without saying that 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.



## **BANANA CHAINS AND CLIMATE CHANGE**

Climate change is a major threat.

Its frightening consequences keep us awake at night: major El Niño events in Peru and Ecuador; ferocious hurricanes in the Caribbean (threatening the banana sector in the Dominican Republic and the Caribbean islands), longer dry spells and less rainfall in the Atlantic coast of Costa Rica and Panama... There's no way around it: the banana sector contributes to climate change, and climate change affects the banana sector.

The future is here. The time has come to take the consequences of an altered climate into serious account. Some models predict more rainfall in the dry zones of Peru and Ecuador. That means we need to anticipate the arrival of the leaf disease Black Sigatoka in these zones, making the cultivation of organic bananas more complicated.

On the other side of the equation we urgently need to reduce the negative effects that the sector is having on the climate. We are trying to put measures in place to move towards a "climate-smart" banana cultivation. One of these measures would be for the banana sector to lower its carbon footprint. Approximately half of the industry's carbon footprint is generated by container transport over sea; over a third by the farming itself and the remaining percentage of the footprint is generated by transport over land.

To reduce carbon emissions in something as complicated and varied as the farming process, the first step was to set up an effective methodology. No good running off into the wild, an integrated approach was needed. This is where the World Banana Forum could show its strength: with support of its members, including AgroFair, the World Banana Forum contracted the Costa Rican company Gestarse, specialised in environmental assessments, to develop the Methodological Guide to Reduce Carbon and Water Footprints in Banana plantations. It was published just over a year ago.

The Guide is a quite technical instrument, containing lots of banana-specific calculations. For the methods to be effective on farm level a user-friendly tool was needed. The finance to develop this tool was gathered and the tool is currently being developed. It is expected to become available later this year. With this tool, it will be possible to calculate greenhouse gas emissions right on farm level and to put effective measures to reduce the carbon and water footprint in place.

We have great hopes for this development: with the information this instrument will provide, emission and water use levels in different banana trade chains will be made more transparent. Subsequent action can then be taken to reduce the footprints. We could even make entire banana trade chains climate neutral or better yet: transform them into 'carbon sinks', meaning they would remove and store more carbon from the atmosphere than they produce.

These are not dreams. They are real possibilities to tackle climate change.

It is expected that the first professionals of the AgroFair team Latin America can be trained in the use of this tool in 2019.



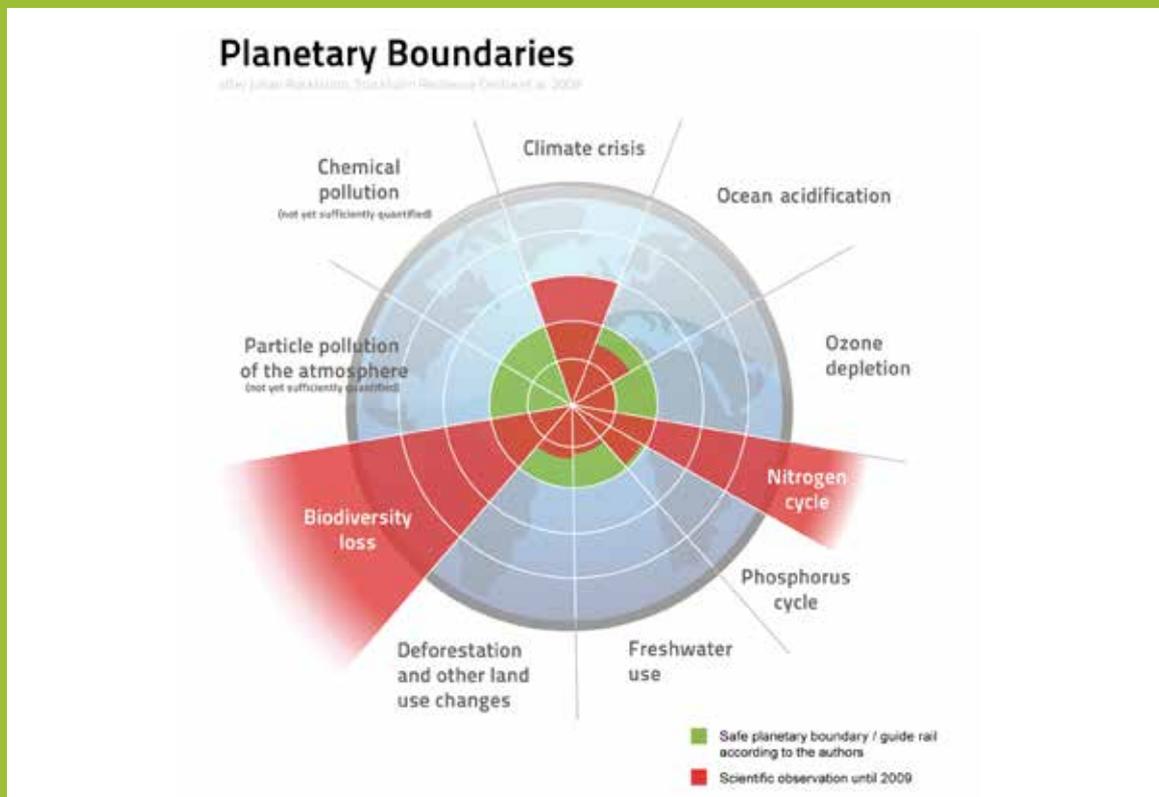
## PLANETARY BOUNDARIES: PLAYING IT SAFE

The UN Sustainable Development Goals contain the concept “safe operating space for humanity”. The theory is that a certain threshold exists below which man can potter about in relative safety, before his activities lead to irreversible and potentially catastrophic changes that threaten life on earth. The threshold is a tipping point: a point of no return. We do not know the exact location of these tipping points, but staying well below the threshold seems like a good idea. That is the area that is considered to be the ‘safe operating space’.

In an attempt to define the safe space below the tipping point, a group of scientists from the Stockholm Resilience Centre<sup>2</sup> coined the term ‘Planetary Boundaries’: an earth system concept that maps out environmental boundaries.

Nine boundaries were defined, four of which have now been exceeded (indicated in yellow and red). The graph below shows the boundaries and the extent to which they have been exceeded. As an agribusiness, our greatest points of concern are climate change, biodiversity and biochemical impact, specifically the impact of nitrogen (N) and phosphorus (P). Nitrogen is a point of special interest for our business, as banana production both uses large amounts of this chemical and also releases a substantial amount of it into the environment. The amount of red in the graph is alarming. If we mean to preserve the planet, it shows us that we need to tread very carefully.

The model is handled independently from our commercial activities by AgroFair Projects B.V.



2: Johan Rockström et al., “Planetary Boundaries: Exploring the Safe Operating Space for Humanity,” Ecology and Society 14, no. 2 (2009).



# PROFIT & ECONOMY

## AGROFAIR'S ECONOMIC IMPACT

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3. Soil management / Mycorrhiza trials 53
4. Red Rust Banana Thrips 54

### **FOCUS POINTS:**

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

**O**ur work is not just aimed at today! We intend to be around for the long run and to inspire other companies along the way. This can only be done if we manage a sound financial result and commercial success. Those factors are essential for the long-term existence of our company.

### **ECONOMIC SUSTAINABILITY**

According to the Economy book, the core objective of any firm is to create economic value for its owners. For us, there is a lot more to it. But yes, economic value is important. If only to stay in business. To remain viable, we are always looking to optimize our operations, such as sales and purchasing, transport and production.

### **HUMAN & ECOLOGICAL SUSTAINABILITY**

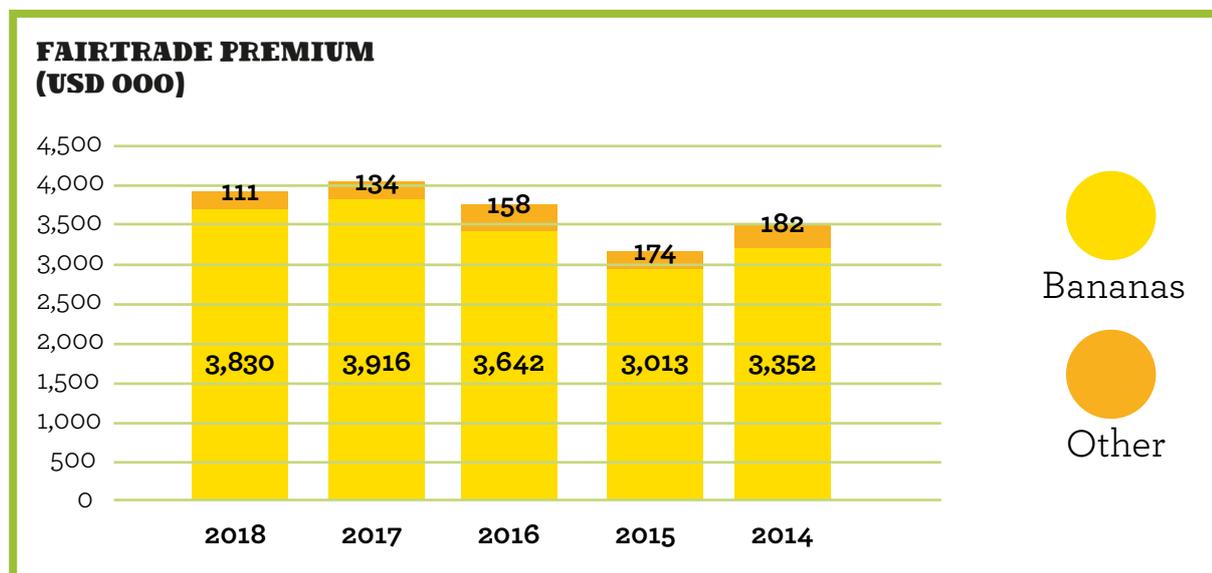
It is a happy coincidence that cost reductions often lead to reduction of emissions as well. You do the math: less packaging -> less fertilizer -> less energy consumption = less harm to the environment.

Of course we do not go for less on all accounts: our standards of human and ecological sustainability are as high as they can be. The minimum Fairtrade price always cover the costs of sustainable production. The Fairtrade premium helps building social infrastructure and services and help producers invest in facilities that are indispensable.

## YAY, TAXES!

The Net Result that we generate is fully taxed in the Netherlands. We consider that our contribution to public services. We stay well clear of tax avoidance constructions and pay what we are due. We pay significant amounts of import duties in various European countries.

The tables in this section give an overview of the cost of production factors such as Capital and Labour and of sums payable to the Government.



<b>PAYMENTS TO GOVERNMENT BY COUNTRY</b>		2018
		€1,000
IMPORT DUTIES NETHERLANDS		2,536
IMPORT DUTIES GERMANY		2,716
IMPORT DUTIES SWEDEN		188
IMPORT DUTIES BELGIUM		185
IMPORT DUTIES OTHER COUNTRIES		11
IMPORT DUTIES UNITED KINGDOM		0
IMPORT TAX NETHERLANDS		28
CORPORATION TAX NETHERLANDS		567
<b>TOTAL</b>		<b>6,231</b>

<b>OPERATING COSTS</b>		2018
		€1,000
PURCHASE OF PRODUCTS		55,653
FAIRTRADE PREMIUM		3,313
SEA FREIGHT		14,757
FAIRTRADE LICENCES		323
OTHER SERVICES SUCH AS LOGISTICS, HANDLING, DOCUMENTS, INSURANCE		4,177
OTHER OPERATING EXPENSES		957
FINANCIAL EXPENSES		38
<b>TOTAL</b>		<b>79,218</b>

<b>ECONOMIC VALUE RETAINED</b>		2018
		€1,000
REVENUES		89,734
OPERATING COSTS		-79,218
EMPLOYEE WAGES AND BENEFITS		-2,305
PAYMENTS TO PROVIDERS OF CAPITAL		-629
PAYMENTS TO GOVERNMENT		-6,231
<b>RETAINED</b>		<b>1,1351</b>

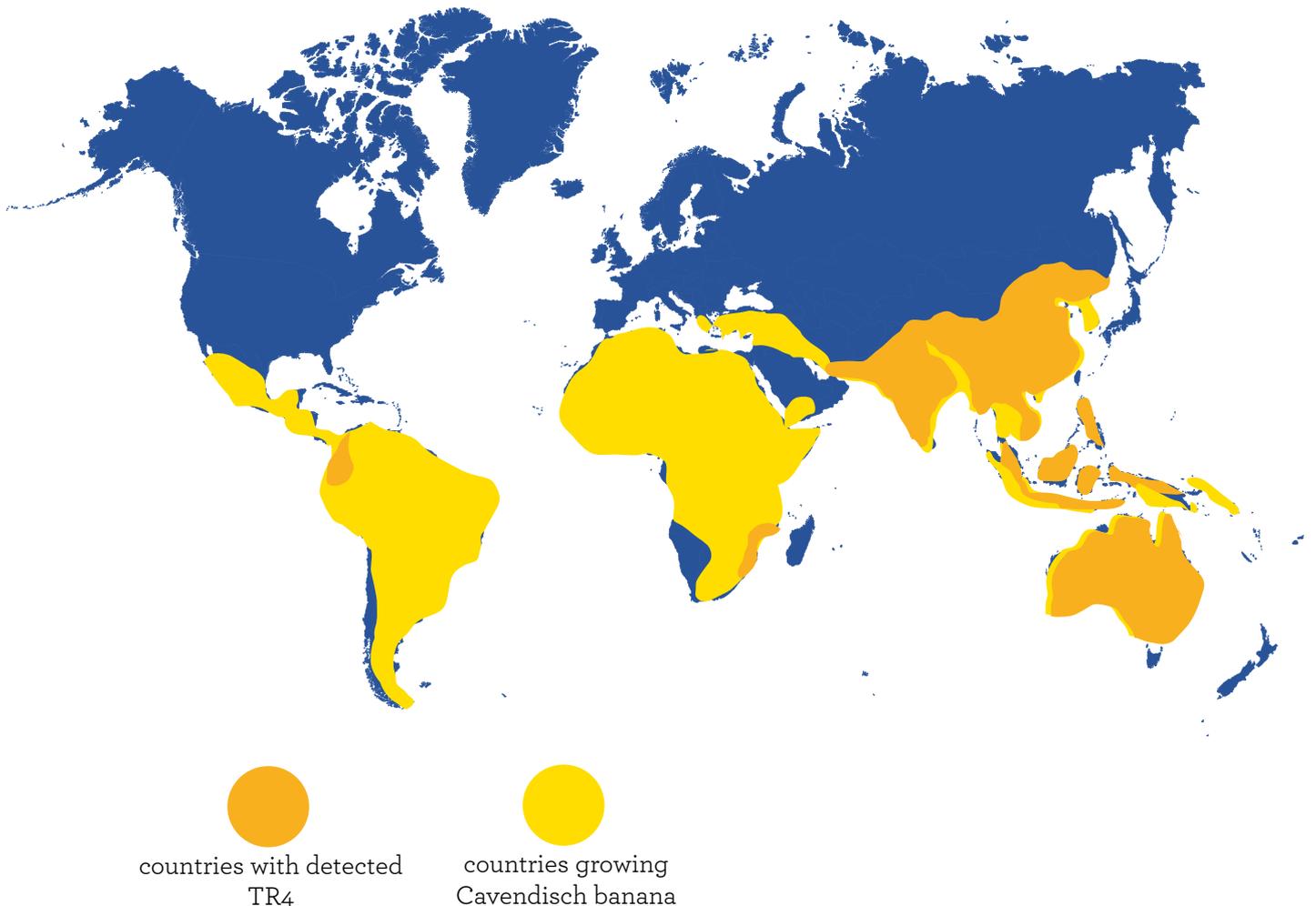



## FUSARIUM TROPICAL RACE 4 HITS LATIN AMERICA

**IN PREVIOUS REPORTS, WE HAVE GIVEN UPDATES ABOUT THE MOST SERIOUS THREAT TO BANANA CULTIVATION OF OUR TIME:** Fusarium TR4, a soil disease that kills banana plants and can wipe out the best part of the industry. There is no cure to TR4 disease and no banana variety that is resistant. We have been fighting contamination by the only means available to us: exclusion. Confining the fungus and blocking its spread to other countries and plantations by preventive measures of sanitation and logistic restrictions.

**I**t was to be expected that sooner or later this soil borne pathogen would appear in Latin America. Unfortunately, it was “sooner” rather than later. The fungus has crossed the ocean. Seven farms in Colombia have now been confirmed to be infected.

This devastating news has kickstarted action on all levels throughout Latin America; from national governments to producer organisations.



## COME CLEAN, GO CLEAN

**T**he TR4 fungus enters a farm via contaminated soil particles or infected planting material. Humans are the main transmitter, for example when the fungus is carried onto a farm on dirty boots.

Emergency precaution number one must be to raise awareness at a massive scale. Risk analysis must be performed at every farm and plantation; planting communities and their surroundings must be informed and all people involved must receive training on what symptoms to look for and what preventive measures to take on a daily basis.

The basic dictate is “come clean, go clean”. And that involves a lot of strenuous activity. Visitors checks must be put into place. Entry of visitors wearing their own footwear must be barred, footbaths with disinfectants must be installed at all entries to the farms, vehicles must be disinfected and, ideally, all workers should change their boots between farm and packing station. Tools should be disinfected regularly and restricted to the farm. All to prevent an invisibly tiny fungus from sneaking through.

### HIGHER UP

Governments are called upon to act. They can take surveillance measures of soils in banana regions for early detection, provide adequate quarantine legislation and they can put up preventive measures at ports, airports and frontiers. Important banana exporting countries such as Ecuador, Colombia and Costa Rica have now begun to take these measures, but other countries are lagging behind, increasing risks for the entire area.

### GOING UNDERGROUND: SOIL LIFE

Fusarium TR4 is a soil disease. A soil that is rich in beneficial microorganisms may have so-called ‘suppressive characteristics’: the higher the biodiversity in the soil, the less opportunity for a malevolent fungus to enter and survive. It is suspected that other micro-organisms can compete with the TR4 fungus and may even attack it. Banana cultivation with heavy application of synthetic fertilizers and pesticides like herbicides, fungicides, nematicides and insecticides is known to impoverish soil life, making the earth more vulnerable to contamination. Effective soil management may offer possibilities in the fight against TR4.

We are researching the deployment of beneficial microorganisms for added protection against fungi like TR4. By colonizing the root system of the plant, these organisms improve the plant’s uptake of nutrients and water, strengthening their immune systems. Results are urgently needed but hard evidence is still lacking. Healthy soil management research as a defence against pests and diseases is still in the early stages. The clock is ticking.

### NOW WHAT DO WE DO?

AgroFair is on the scene with practical assistance, starting with training sessions for its producers on the GlobalGAP protocol add-on (see box) in Peru, Ecuador and in Panama.

On a global level, we attend and deliver input at GlobalGAP and World Banana Forum meetings. We co-sponsor the Wageningen University TR4 research programme and we make a point of raising awareness on this side of the world, informing our customers and business associates about the dangers of TR4.



### LET SUPERMARKETS JOIN THE RANKS

GlobalGAP is a Food Safety and Traceability Certification Scheme, set up by European supermarkets. Through the use of video messages, GlobalGAP has launched a repeated call for action against TR4. Banana is the most-traded fruit in the world. Many supermarkets count bananas among their top-3 of bestselling products. If they want be able to continue to offer bananas to their customers, the year 2020, having been declared the United Nations International Year of Plant Health, may mark a good occasion for supermarkets to join the growing alliance against Fusarium TR4.

## BACK TO THE FUTURE

Do we see a future with bananas in it? Will our children's children still be able to enjoy this incredibly versatile food? We are putting up a hard fight to make sure that they will. Perhaps the answer lies with other varieties or different production methods, or maybe with central attention for soil health and biodiversity, both above and below the

ground. We may well be talking about a different cost price structure; effective preventive biosecurity measures require investments and additional operational expense that affect cost price. But we are not ready to say bye-bye to the banana. We never will be. A future with bananas? With your help, we are betting on it!

## SOIL MANAGEMENT / MYCORRHIZA TRIALS

**T**his may not be on your mind whenever you are on your merry way, but what you are treading on is actually a living organism! Soil, the foundation for all of life on earth.

Soil is an all-round champion. The importance and versatility of this organism can hardly be overstated: healthy soils contribute to good yields owing to their natural and sustainable fertility. They help keep diseases under control. By doing nothing but staying quietly in their place they are an important and stable reservoir for carbon. When they are in good shape they have optimal water retention capacities. With the right structure, hardy soils contribute to a good penetration of oxygen and plant roots and so to crops that are fighting fit.

As always, the road to being a champion is not a quick one. Formation of healthy soils takes years. Sadly, at this moment, the global process of soil degradation and erosion takes place at a higher rate than the formation process. You don't have to read the sports pages to work out that this is not good news.



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**The importance of the soil can hardly be overstated. Healthy soils contribute to good yields. They keep diseases under control. They retain water.**

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The promotion of healthy soils was always on our agenda, but the subject has suddenly become urgent because there is a killer on the loose: last August the presence of the feared fungus *Fusarium Tropical Race 4* was confirmed in Colombia. For banana plants, TR-4 is a fatal soil-borne disease. We need healthy soils to act as a defence line!

This is where mycorrhiza comes in. Mycorrhiza are beneficial little microorganisms that, according to the University of Wageningen, are essential to the creation of healthy soils, as they provide a rich soil life. They work by colonizing the roots of plants, helping the plant in the uptake of nutrients and water. AgroFair has been running mycorrhiza trials in Peru, Ecuador and Nicaragua for a number of years. The initial idea was that the fungi could be used on banana plots to increase productivity. The latest data from our test plots (June 2019) does indeed show a marked increase in productivity per hectare for plots with added mycorrhiza. If applied on a banana plantation, this could mean a considerable improvement of yield and income for the farmer. Now it seems that our trials may yield an added bonus; a much-needed weapon in the desperate struggle to keep the spread of TR-4 under control.

Apart from the *Fusarium* scare, the possibilities of improving soils with the help of micro-organisms look very promising. Several of AgroFair's suppliers participate in the Healthy Soil-programme of the CLAC (the organisation of small Fairtrade farmers in Latin America and the Caribbean). They harvest indigenous beneficial microorganisms from nearby forests, that are then multiplied and applied to the banana plantations to restore soil life. The early results are remarkable.

On the subject of healthy soil promotion, good water management is next on the agenda. As we have probably all witnessed in our window boxes at one time or another, the regulation of soil moisture is essential to plant health. Excessive irrigation water and insufficient drainage? The plant roots will not receive sufficient oxygen, causing them to rot and die. This year, a student from Wageningen University will start research on soil moisture management.

So the next time you look at the earth under your feet, tread respectfully. The earth is not just sitting there – it is actually hard at work.

## **BAG IT!**

**E**arly bagging is a cost-effective and environmental-friendly solution for Red Rust Banana Thrips. Since our last report, we have concluded the FONTAGRO project on biological control of red rust banana thrips and healthy soil management in the organic banana sector. After heavy outbreaks of Red Rust Banana Thrips followed by heavy losses in Peru and Ecuador four years ago, AgroFair played a leading role in the formulation of this project.

### **BEAUTY IS IN THE EYE OF THE BEHOLDER**

Thrips are tiny insects that feed on baby banana peel, causing red spots on the skin of the mature fruit. The spots do not affect the quality of the fruit in any way, but as ever, cosmetic appearance is everything. Most retailers have a zero tolerance for spots.

In conventional banana production, red rust thrips are controlled by impregnating plastic bags with insecticide and placing them around the bunch. In organic banana plantations, bagging is done without pesticides.

Field trials showed that one of the best preventive practices also happened to be one of the easiest ones: 'early bagging' (placing the plastic bag in an early stage of flowering) is cheap, more environment-friendly, and effective.

Great news for the farmers! But funnily enough, all-round adoption of this simple control method has not happened. Several workshops were organized on this topic in Peru and Ecuador. Getting the simple message across to all producer organisations and farmers remains a challenge.

### **CONVENTIONAL FARMING**

Cheap & simple. Two very strong arguments that could get biological control methods of thrips to migrate to the conventional sector, where the use of bunch bags impregnated with insecticides is still general practice. As a good experiment for the coming year we would like to set up several early-bagging trials in conventional banana farms, using pesticide-free bags. Hopefully, the trade can be convinced that the early bagger catches the worm!



# LOOKING AHEAD

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## But wait..

Before looking ahead, we'd like to take a minute to look back and reflect on all the work that has been done over the past years. It makes us realise that the place where we find ourselves today is just a breather in the middle of a long road: our sustainability journey. We have achieved some of the goals we set for ourselves; we also experienced set-backs, delays and some course changes. We have seen people spring into action when it was most needed and we have been incredibly lucky to find lasting partnerships.

**A** journey of this nature can have no ending; we realise that a lot remains to be done. While mapping out our SDG panorama, we were once again struck by the multitude of themes that are relevant to our supply chain. This realisation can be a little overwhelming at times, but it also made us more aware of the fact that many themes are interrelated and that little steps can sometimes blossom into a widespread and lasting effect!

### LOOKING AHEAD, THEN, BLOW BY BLOW:

**Living wage** We are working on a Living Wage banana marketing concept, in collaboration with the HAS University of Applied Sciences in Den Bosch. Watch this space...

### WATER MANAGEMENT:

Our producers use many different methods of irrigation that vary in accuracy and efficiency. If they could better adjust irrigation to the specific plant needs they could improve the efficiency of their water and fertilizer use. In the coming year, a student from Wageningen University will start a project to measure soil moisture and develop an algorithm for efficient irrigation planning.

### HEALTHY SOILS

AgroFair's attention will remain focussed on the promotion of healthy soils and precision irrigation. Many aspects of sustainability come together in this field, like improvement of water and carbon footprints, improving yields, soil defence against disease, reduction of fertilizer and pesticide use.

### PLASTIC FANTASTIC

We are excited that the first plastic recycling plant has been installed in Peru! It is nearly up and running. On a global scale we will look further into the reduction of plastic use, and into the possibilities of biodegradable and renewable materials.

### PEST CONTROL

Reduction of pesticide use remains high on the agenda. The pesticide footprint tool is an exciting new development that will help us to make better decisions right up from farm level.

Pesticide-impregnated bunch bags are emerging as the method of choice to combat insects: our 'early bagging protocol' could reduce the need for pesticides, not only in organic, but also in conventional production. This concept will be tested over the next year.

### TR4

We will closely follow the development of the banana disease TR4 in South America. In spite of the many efforts now taken in Colombia to contain its spread, we must be prepared for contamination in other countries. We will continue to support our producers to implement the TR4 protocol, as developed by AgroFair and adopted by GlobalGAP. At the same time we will raise awareness among other stakeholders in the chain. We will try to convey our conviction that the financial burden for implementing preventive measures should be shared.

### GHG EMISSIONS

Full compensation of CO<sub>2</sub> emissions along the chain by proposing carbon credits is now in place and will be further developed.

In short: enough to do. We will labour with high hopes and good spirits and hope to find you on our journey towards a greener, fairer planet.

# GRI INDEX

## GENERAL DISCLOSURES

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GRI 102	102-3	Location of headquarters	8-9
GRI 102	102-4	Location of operations	8-9
GRI 102	102-5	Ownership and legal form	6
GRI 102	102-6	Markets served	8-9
GRI 102	102-7	Scale of the organization	5-6
		Total numbers of employees: 27 persons	
		Total numbers of operations: 1 (AgroFair Benelux BV, Barendrecht, The Netherlands)	
		Net Sales: € 89,6 million	
		Quantity of products: 109,000 tons	
GRI 102	102-8	Information on employees and other workers	
		Total number of employees by gender: 18 persons men, 9 persons women.	
		Total number of employees by employment contract (permanent and temporary): 1 person with a temporary contract, 26 persons with a permanent contract.	
		Total number of employees by employment type (full-time and part-time), by gender: 22 people work full-time (23% women, 77% men), 5 people work part-time (80 % women, 20% men)	
		Any significant variations in these numbers reported (such as seasonal variations) No fluctuations, yet significant growth.	
		An explanation of how the data have been compiled, including any assumptions made. Numbers are collated based on our own personnel files and exclude interns. Full-time is defined as Full Time Equivalent (FTE).	
GRI 102	102-9	Supply chain	7
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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	24
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## GENERAL DISCLOSURES

GRI STANDARD	INFORMATION	DESCRIPTION	PAGE
GRI 102	102-45	<p>Entities included in the consolidated financial statements</p> <p>Group Structure as at 31 December 2018</p> <p>Company - Registered office - Proportion of issued share capital</p> <p>Consolidated subsidiaries:</p> <p>AgroFair Benelux B.V. - Barendrecht, The Netherlands - 100%</p> <p>AgroFair Innovations B.V. - Barendrecht, The Netherlands - 100%</p> <p>AgroFair Projects B.V. - Barendrecht, The Netherlands - 100%</p> <p>Hoge Snelheid 1 B.V. - Barendrecht, The Netherlands - 100%</p> <p>STAK Hoge Snelheid 2 B.V.</p> <p>Hoge Snelheid 2 B.V. - Barendrecht, The Netherlands - 81%</p> <p>Hoge Snelheid 3 B.V. - Barendrecht, The Netherlands - 100%</p> <p>Non-consolidated companies:</p> <p>Tulipan Naranja SAC - Lima, Peru - 100%</p> <p>Grupo Hualtaco S.A.C. - Lima, Peru - 50%</p> <p>CTM AgroFair Italia S.R.L. - Verona, Italy - 50%</p> <p>Participation in producers/exporters:</p> <p>Oke Guabo Cia Ltda. - El Guabo, Peru - 50%</p>	
GRI 102	102-46	Defining report content and topic Boundaries	29, 37, 49
GRI 102	102-47	List of material topics	27
GRI 102	102-48	Restatements of information	Not applicable
GRI 102	102-49	Changes in reporting	Not applicable
GRI 102	102-50	Reporting period	2018
GRI 102	102-51	Date of most recent report	October 2018
GRI 102	102-52	Reporting cycle	annually
GRI 102	102-53	Contact point for questions regarding the report	28
GRI 102	102-54	<p>Claims of reporting in accordance with the GRI Standards</p> <p><i>'This report has been prepared in accordance with the GRI Standards: Core option'</i></p>	
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