



# DURABILIS

PARTNER IN SUSTAINABLE DEVELOPMENT



## How to read this Report?

For its Global Activity Report, the Durabilis Foundation decided to give it several angles of lecture in order to dialogue with every single stakeholder.

### **The Global Activity approach**

The main sections of this report refer to the Activity Reports of the Foundation's Business Units and are completed with the Financial Report.

### **The GRI approach**

The Global Reporting Initiative (GRI) is the world's most widely used sustainability reporting framework. This framework sets out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. For the first time this year, Durabilis attempted a partial report that sets the basis for the next years.

### **The Brochure approach**

A third and wider approach has been included for those wanting to share the stories behind the Foundation's activities through stakeholder profiles, managerial reports, activities and other features.

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# From the chair

## Personal Introduction from the Chairman

Ladies and Gentlemen,

We are happy and proud to present our Global Activity Report 2009/2010.

More than ever, in these difficult times of financial crisis, we are convinced that the vision and mission of the Durabilis Foundation are key elements of social entrepreneurship and sustainability.

Despite the turbulent economic situation, we are happy to show continuous growth of our various activities in the water and food processing and agribusinesses.

Our teams' understanding of sustainable supply chains South/North and South/South have considerably improved our operational results, although much has indeed yet to be accomplished.

We want to congratulate and thank our hundreds of colleagues in Africa, Latin America and Europe for their achievements of the past years.

By creating a sustainable and Profitable environment to our activities, we are improving the daily life of our People, and we try to add our efforts to make our Planet a better one.

We thank you for your interest and support



**Marc Saverys**  
Founder and Chairman



Dames en heren,

We zijn gelukkig en fier u het Global Activity Report 2009/2010 voor te stellen.

Meer dan ooit in deze moeilijke tijden van financiële crisis, zijn we ervan overtuigd dat de visie en de missie van Stichting Durabilis sleutelementen zijn van sociaal ondernemersschap en duurzaamheid.

Ondanks de turbulente economische situatie, zijn we blij u de continue groei van onze verschillende water- en voedingsactiviteiten te kunnen voorleggen.

Ons teams kennis van Zuid/Nood en Zuid/Zuid toeleveringsketens heeft onze operationele resultaten sterk verbeterd, ook al blijft er inderdaad nog veel te verwezenlijken.

We willen onze honderden collega's in Afrika, Latijns Amerika en Europa bedanken en feliciteren voor wat ze gedurende de laatste jaren bereikt hebben.

Dankzij de duurzame en winstgevende activiteiten verbeteren we het dagelijkse leven van onze mensen, en we doen ons uiterste best om zo onze planeet een beetje beter te maken.

Dank voor uw interesse en uw steun

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Mesdames et Messieurs,

Nous sommes heureux de vous présenter notre Rapport Global d'Activités 2009/2010.

Plus que jamais, en cette période de crise financière, nous sommes convaincus que la vision et la mission de la Fondation Durabilis sont des éléments-clés de l'esprit d'entreprise social et durable.

Malgré la situation économique turbulente, nous connaissons un développement constant de nos activités dans les secteurs de l'eau, de la transformation alimentaire et de l'agro-industrie.

La compréhension par nos équipes des chaînes d'approvisionnement durables Sud/Nord et Sud/Sud ont considérablement amélioré nos résultats opérationnels, même s'il reste beaucoup à accomplir.

Nous voulons féliciter et remercier nos centaines de collègues en Afrique, en Amérique latine et en Europe pour leurs réalisations au cours des dernières années.

En créant un environnement durable et Profitable pour nos activités, nous améliorons le quotidien des Personnes et tentons de conjuguer nos efforts afin de rendre la Planète meilleure.

Merci pour votre intérêt et votre soutien

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Señores y Señoras,

Estamos felices y orgullosos de poder presentar el Reporte Global de Actividades 2009/2010.

En estos tiempos difíciles de crisis financiera, estamos convencidos, más que nunca, que la visión y la misión de la Fundación Durabilis son elementos claves del empresariado social y la sustentabilidad.

No obstante la turbulenta situación económica, estamos felices de poder mostrarles el crecimiento continuo de nuestras actividades de procesamiento de agua y alimentos, y del negocio de la agroindustrial.

Los conocimientos de nuestro equipo sobre cadenas de valor de sur a sur y de sur a norte han mejorado considerablemente nuestros resultados operacionales. Mientras tanto reconocemos que aún queda mucho para lograr.

Queremos felicitar y agradecer nuestros centenares de colegas en África, América Latina y Europa por sus logros durante estos últimos años.

Creando una atmósfera sustentable y rentable en nuestras actividades, mejoramos la vida cotidiana de nuestra gente. Al mismo tiempo hacemos todo lo posible contribuyendo a que nuestro planeta se vuelva mejor.

Gracias por su interés y su apoyo

# Glossary

3P	3 Ps: People, Planet, Profit
BOP	Bottom Of the Pyramid
BVBA	Besloten Vennootschap met Beperkte Aansprakelijkheid (Private Company with Limited Liability)
CEIS	Cooperación Económica de Interés Social
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CVBA	Coöperatieve Vennootschap met Beperkte Aansprakelijkheid (Cooperative Company with Limited Liability)
DRC	Democratic Republic of the Congo
Durabilis Foundation	Durabilis Private Foundation
Durabilis NVSO	Durabilis Naamloze Vennootschap met Sociaal Oogmerk (Limited Company with Social Objective) owned by Durabilis Private Foundation
Durabilis	Both Durabilis Foundation and Durabilis NVSO
EBITDA	Earnings Before Interests, Taxes, Depreciations and Amortizations
ESG	Environmental, Social, Governance
FFV	Fresh Fruit and Vegetables
FLO	Fairtrade Labelling Organization
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GLOBALG.A.P.	Global Good Agricultural Practices
GRI	Global Reporting Initiative
H&S	Health and Safety
ICCO	Interchurch Organization for Development Cooperation
i.e.	id est (that is)
INGO	International Non-Governmental Organization
JCL	<i>Jatropha curcas</i> L.
KPIs	Key Performance Indicators
MDG	Millennium Development Goals
MYP	Maji Ya Pegoni
n/a	not applicable
n/d	no data
OMTIs	Objectives, Measures, Targets, Initiatives
SA	Société Anonyme/Sociedad Anónima
SA8000	Social Accountability 8000
SBFA	Société Burkinabé des Filières Alimentaires
SECCO	Société des Eaux de Consommation du Congo
SECOSEN	Société des Eaux de Consommation du Sénégal
SEMB	Société des Eaux Minérales du Burkina Faso
SGBs	Small Growing Businesses
SHE	Safety, Health and Environment
SID	Société d'Investissement et Développement
SMEs	Small and Medium Enterprises
SRI	Socially Responsible Investment

# Executive Summary

Sustainable entrepreneurship is the core of this 2009/2010 Global Activity Report. Both words sustainable and entrepreneurship challenge Durabilis in all aspects of its activities.

Durabilis NVSO CEO kicks off in his [Message of the CEO](#) with an overview of the past two years and a projection for the years to come. In a positive mood he explains how the several businesses under the Durabilis umbrella have grown mature and ready to unravel their potential for sustainable development. For those who don't know the organization yet, the [Durabilis Foundation](#) and [Durabilis' Worldwide Activities](#) both as sustainable business enabler as well as actor in South/South and South/North agri-business supply chains are described in the following two short chapters.

The [Mission Statement](#) clarifies how unleashing entrepreneurship in developing countries contributes to the Millennium Development Goals. The inclusion of small entrepreneurs in value-added supply chains of which Durabilis forms part, in combination with management and technical support, creates an expanding productive environment amongst the Bottom Of the Pyramid, the 4 billion people living on under \$2 a day. In countries where agriculture is the poor people's sector, a focus on the agri-business was an obvious choice. Condition sine qua non for the sustainability of such development is that the 3P (People, Planet, Profit) principle is consciously applied.

It is a matter of course that this impact investment – investment with the goal of generating 3P impact – requires significant funds and professional follow-up. Diligent reporting forms the base for investors to make well-founded decisions. Such reporting not only tells a nice story but relates into depth the positive and negative social and environmental effects of the activities.

The [Activity Report](#) refers to the achievements and problems within the business units and provides commitments for the coming years.

Up until now the South/South business had been limited to water sachets. With the 2010 construction of a brand-new plant in Burkina Faso, a new chapter of locally produced value-added, healthy and affordable products will start. Sustainability challenges here are the inclusion of small entrepreneurs and the formal assurance of decent work in the facilities, including safety, administration and how to deal with temporary workers. The use of plastic is often correctly brought up as

an environmental issue. Since no viable recycling options have been identified in the countries of operation, the use of oxo-biodegradable plastic is a provisional measure for minimizing waste impact.

The South/North activities have shown that the concept of inclusive supply chains is attainable. In Guatemala 1500 farmers produce for export while in Peru the shareholders agreement with FLP will deliver similar results. The running GLOBALG.A.P. and Fairtrade projects satisfyingly bring the Foundation's mission in practice, although evidently the coordination of the numerous producers remains a challenge. Sea-shipment over the Atlantic was proven to be feasible – and profitable. As in the South/South chains, the formal assurance of decent work remains a challenge.

The head office in Belgium is responsible for financial, management and technical support to both South/South and South/North supply chains. It also coordinates sustainability measurement, monitoring and evaluation according to a comprehensive sustainability management system. While in this activity report the focus has been on the intended impact of the organization, futures reports will go much more into depth as regards of sustainability metrics. In-depth information about the units' sustainability performance is found in the [Sustainability Performance Indicators](#) chapter at the end.

The [Governance Report](#) communicates how Durabilis aims at becoming an example of good governance. Just as with social and environmental responsibility, the implementation of good governance is an ongoing process of improvement to which Durabilis is committed. Quoting the words of the founder: "much has yet to be accomplished". The [Financial Report](#) follows with a financial disclosure of Durabilis Foundation and Durabilis NVSO.

Durabilis hopes that in this Global Activity Report every reader will find her or his piece of interest, and that the dialogue on achievements, ideas and dilemma's will, little by little, result in the realization of the intended sustainable development impact.

# I Message from the CEO

## Management Statement

In the summer of 2008 three main targets were put on the management's agenda: assuring profitability of the projects, looking for partnerships and external financing ensuring growth, and customization of the sustainability indicators through the integrated supply chains.

In order to achieve this, Durabilis' strategy of managing and financing inclusive supply chains in the agribusinesses, both for export and regional markets was fine tuned.

This implied the scaling up of operations by speeding up managerial output, reviewing the business plans pushing growth and setting up partnerships. A common South/North and South/South pull market strategy implementation by a joint team was set up.

By the end of 2009, three out the five pilot projects turned profitable (Guatemala, Peru, Burkina Faso), one is running cash break even (Senegal) and the project in Kinshasa (DRC) has to be re-oriented due to the exceptional situation there.

## Partnerships

The search for operating partnerships and external financing evolved from ad hoc contacts to a permanent core business activity. Research was made, leading to the mapping of partners and co-funders who share Durabilis' vision of prioritizing sustainability and triple bottom line investing over financial returns. While widespread contacts were made with financial institutions, the gap between sustainable investing and return expectations from these institutions is wide: more in particular according to the returns agrifood supply chains can generate. In 2009 Durabilis started to contact foundations in Europe and the United States in order to build partnerships and consolidate efforts. 2010 could see the first concrete results. Funding entrepreneurship in developing countries in the most influent sector against poverty i.e. agriculture remains far from an easy achievement. Huge investments and working capital are required, while the focus still lies on micro credits and funding very small enterprises.

## Management and Technical Assistance

Durabilis' experience enhances the need to reach critical mass for businesses, even in developing countries. If management, technical assistance and investments would be provided in order to succeed - undoubtedly - export and local businesses would realize multiple millions of Euros of turnover. "Unleashing Entrepreneurship"<sup>1</sup> in the developing countries requires more than a few thousand Euros credit lines.

That's why Durabilis, besides having invested 10 million Euros in its projects up to now, also provides ongoing management and technical assistance to the local companies through a dedicated team of experts in all business fields. In 2009, this team was enlarged and adapted to the specific requirements of managing companies in developing countries, requiring outstanding skills and experience.

Dedicated contacts in combination with in-depth agro-business analysis and sustained management efforts brought results in 2009: in Guatemala a partnership was engaged into with a US food importer and agro-financing was obtained through Root Capital<sup>2</sup>, in Peru a joint venture was set up with a local fruit packer, and in Burkina Faso a new multiproduct processing plant will be built with local bank financing.

## Product Development

Currently, Durabilis is combining new product development programmes and optimal investments in technology in order to boost chain output both for export as for the local markets. This boosting is based on "pull market" requirements. Nevertheless it allows the involvement of smallholders, better environmental foot prints, high volumes and quality. In Guatemala for instance, the Foundation is operating with 1500 bean smallholders with the ambition of being Fairtrade certified: a first! In Senegal and Burkina Faso, the Foundation is integrating bissap<sup>3</sup> growers to its processing plants and distribution systems in order to produce pure industrialized bissap juice: a first! Other local supply chains are in the process of being analyzed in order to produce processed food for the local BOP customers<sup>4</sup>.

1. Unleashing entrepreneurship Making business work for the poor, UNDP (2004). <http://www.undp.org/cpsd/documents/report/english/fullreport.pdf>

2. The Financial Times and IFC (World Bank) nominated Root Capital as the recipient of its 'Achievement in Banking at the Bottom Of the Pyramid Award'. The award recognizes ground-breaking financial transactions and initiatives that address the Bottom or base Of the Pyramid (BOP). It highlights the development and delivery of innovative, viable, and replicable financial products and services that engage and empower the poor

3. *Hibiscus sabdariffa*

## Achievements

The results achieved show that Durabilis' money has been well spent<sup>5</sup> by understanding and operating in the combined market dynamics of developing and developed countries in the fresh fruit and vegetable business and in food processing. The aim is now to grow in order to have a larger long-term sustainable impact. Food security will require more food, both in the developed and in the developing countries. High tech projects do provide solutions and allow jumping over the "development gap" as the mobile phone markets have proven. This offers better sustainability perspectives and huge investment opportunities in developing countries. But, all this requires "real" investments - millions of Euros - and can only offer "decent" i.e. single digit returns, depending on the agribusiness' potential. More and more customers are demanding the setting up of such sustainable agribusinesses; so are retailers and so is the high tech industry. In general, during the reporting period, the business has not been affected by the global crisis.

## Going forward

Will it be possible to achieve all this, to grow and to expand the Foundation's approach?

While the list of risks remains high: climate, market demand, oversupply, cropping problems, political issues, Durabilis has firm indications that things are globally changing. Fundamentally the board and the management believe in Durabilis' vision and mission. Little by little the partners are joining also. Triple bottom line figures are now very encouraging. This growth could generate changes in the company's structure allowing both participations and mergers at local company levels as well as at the "holding" level<sup>6</sup>.

Today, 2010 - 2011 opens an era for broader sustainable partnerships (operational, financial and market-driven) for the benefit of all stakeholders in the South and in the North.



Sebastiaan Saverys  
CEO Durabilis NVSO<sup>7</sup>



4. Bottom of Of the Pyramid, the more than 4 billion people who live on less than US\$2 a day. Cf. The Next 4 Billion: Market Size and Business Strategy at the Base of the Pyramid, WRI (2007). <http://www.wri.org/publication/the-next-4-billion>

5. Money Well Spent. Brest & Harvey (2008). Paul Brest is the president of The William and Flora Hewlett Foundation

6. The holding level being all units under Durabilis Private Foundation.

7. Naamloze Vennootschap met Sociaal Oogmerk Limited Company with Social Objective)

# 2 Durabilis Foundation

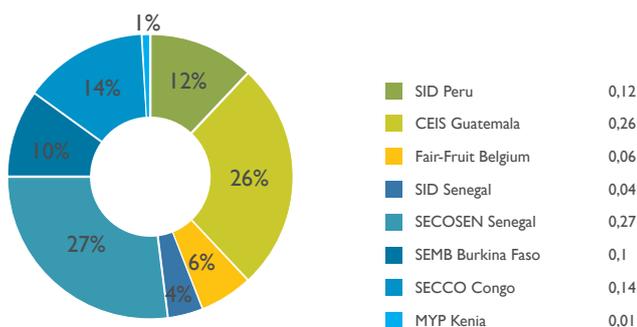
## In brief

### Legal structure & headcount\*

Durabilis Total Staff		504	
Durabilis NVSO		10	
<b>South/South</b>		<b>South/North</b>	
SEMB SA	241	Fair-Fruit NVSO	3
SID Senegal SA	7	CEIS SA	158
SECOSEN SA	55	SID Peru SA	15
SECCO SA	15		

\*Headcount of collaborators illustrates 2009 full time equivalents

### Investments



The Foundation has invested a total capital of 10 million € in several SGBs in developing countries and their integrative supply chain. This amount refers to the assets in hands of the Foundation. In addition, 3,7 million € have been invested in sustainable business enabling activities which are mainly coordinated through the Foundation's head office. For more about the investments, see Chapter 8 Financial report

## Key operational figures

In thousands of €		2009	2008
South/South	Turnover	3475	2687
	EBITDA	323	-5
South/North	Turnover	2393	455
	EBITDA	-165	-417
Durabilis	Turnover	5868	3142
	EBITDA	158	-422

\*These operational figures show estimations for the local activities but do not coincide with accounting reality because of differences in accounting years that cross the calendar year. For a more detailed overview of the financials, see Chapter 8: Financial report (page 27). For a more detailed overview of the Foundation's structure, see Legal structure (page 37).

## The organization

Since its inception in 2003, Durabilis Private Foundation has been actively supporting sustainable development in emerging markets through economic activities, by financing and managing five small agribusiness organizations active in the clean drinking water (Barajii brand) and fruit & vegetables (Fair-Fruit brand) industries in West Africa and Central and South America. It equally looks to collaborate with other larger players and multinational operators in integrating the Foundation's unique sustainability framework across numerous agribusiness supply chains.

Focusing on its core added value as sustainable supply chain coordinator, Durabilis' strategy is to unleash the entrepreneurship potential of Small Growing Business (SGB) operators along the different segments of agribusiness supply chains.

Durabilis assists in scaling up and creating sustainable operations and provides in-depth research, product development and access to retail and end-consumer markets.

Going forward, Durabilis will build on its expertise in financing and operating different segments of agribusiness supply chains, as it believes it can hereby have a significant impact on poverty alleviation, job creation and economic wealth generation in emerging markets.

## Activity pillars

### SGB portfolio

Durabilis invests in SGBs with potential for sustainable development in developing countries. These form local hubs for the coordination of integrated, inclusive supply chains.

### Sustainable business support, technical assistance and innovation

The SGBs receive high-level management support and technical assistance from the Foundation's head office. A Belgian trade office supports sales in Europe and the US.

### Capital advisory services

Durabilis participates in and receives and manages participations from other funds. Resources are strategically destined for the several echelons in the supply chain.

### Sustainability monitoring and evaluation

An exclusive team is charged with the follow-up and reporting of sustainability performance: internally for own business units and externally for partners within the agribusiness value chains.

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"Our current world economy is often based on an exploitative logic which endangers the future existence of mankind and its environment. The consequences of irresponsible practices are felt more every day, as the gap between the poor and rich broadens, while ecosystems lose their balance.

In this scenario, sustainable economy is a crucial means towards a sustainable development of the world and the achievement of the Millennium Development Goals"

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Durabilis has its head offices in Belgium, where it also runs a Fair-Fruit office. Production and packing activities are operated in Guatemala and Peru. Barajii operates in Senegal, Burkina Faso and Kinshasa, DRC. The last unit is not discussed at the level of performance indicators, because of the embryonic stage of the activities. Neither are the Jatropha research activities under SID Senegal SA in Dagana, Senegal.

## 3 Durabilis worldwide

### South/North

#### Where the context is favorable, export can make an important contribution to poverty alleviation



Recognizing this, Durabilis' first investment was an existing small scale exporting initiative of outsourced production in Guatemala named SWEC SA in 2006, today CEIS SA. Together with the own mango production of SID Peru, the export activities are mainly concentrated in fresh fruit and vegetables (FFV) and placed under the Fair-Fruit NVSO umbrella.

Fair-Fruit produces directly for the US and Europe. At present, Fair-Fruit represents much more than just a brand in the fresh produce sector. It creates supporting conditions for small-scale suppliers at the bottom of global supply chains to improve their competitive, social and environmental performance. This support includes investments in packing and

storage infrastructure in accordance with international quality norms, but also technical support and organizational assistance to farmer groups.

Moreover, the small producers receive a guaranteed and above market price for their products. Every effort is made to increase their autonomy and participation in decision making. Fairtrade certification of the producer base became a new concrete challenge in 2009.

Fair-Fruit has acquired a considerable share in the traditional trading market. This guarantees a strong position within the sector which is necessary to achieve a sustainable business.

### South/South

#### There is growing consensus that Bottom Of the Pyramid economy will be an important motor of growth for developing countries



Next to exporting opportunities, economic activities that source and serve local markets can generate important socio-economic development by implementing better technologies, offering decent employment and supporting SGBs. Therefore, in 2006 Durabilis became a partner in the Pure Water Project, Barajii.

This project started supplying pure water in little polyethylene bags in Ouagadougou (Burkina Faso, 2003) where municipal water distribution is inadequate. The model was copied in Kenya (2005)<sup>1</sup>, Senegal (2007) and Kinshasa, DRC (2008) with respectively MYP SA, SECOSEN SA and SECCO SA.

Thanks to the bags pure water became accessible to a large part of the population at a low price. In addition the facilities as well as the distribution network provide direct and indirect employment to a large group of people.

The concept of 'water in bags' is considered environmentally friendly because significantly less waste is produced than in the case of bottled water. The polyethylene bags are easily recyclable. However, since no viable recycling facilities exist in the countries of operation, Barajii is planning to shift to 100% biodegradable plastics. Other plans exist for diversification towards more healthy low cost quality products such as juices and yoghurts for the same local markets.

1. The activities in Kenya were abandoned in 2007

## Sustainable business enabling

### **Durabilis contributes with know-how, ensuring social and environmental relevance next to long-term financial performance**



To decrease learning curves and quickly improve the SGBs' economic, social and environmental performance, Durabilis centralizes know-how in its head office in Belgium through a matrix management structure, and reinforces the SGBs with multi-level sustainable business support.

The same SGBs receive assistance in sustainability from a multidisciplinary team that continuously monitors and evaluates the SGBs' social and environmental performance using a comprehensive sustainability management system. Within this framework, a central IT system has been designed for consistent and integrated data reporting and management.

The support consists of capacity building such as product development and technical innovation, improvement of logistics and packing, marketing, accountancy, etc. through managerial, technical, commercial and financial assistance. SID Senegal SA entails a specific research project on *Jatropha curcas*, a plant with potential for energy generation and other applications. Durabilis is actively involved in management of funds that enable the SGB portfolio's long-term growth in sustainability.

# 4 About the report

Durabilis is convinced of the equal importance of the triple bottom-line (People, Planet and Profit). Therefore, from its inception the organization combines its financial report with sustainability reporting

## Sustainability and financial reporting

Considering reporting a core tool for continuous improvement, Durabilis undertook to disclose its financial, social and environmental activities from the very beginning of activities in 2003. The measurement and reporting of environmental and socio-economic effects have been improving steadily and form part of an internal sustainability management system<sup>1</sup>.

For the determination of performance indicators Durabilis adheres to the GRI<sup>2</sup> reporting framework. In order to cover some issues specific to Durabilis' activities, extra indicators were added to the internal system. The choice of these indicators is continuously re-evaluated and adapted to new insights.

The report has not been subject to external verification. Nevertheless, now that Durabilis has taken off for substantial growth, verification will definitely be considered for future reports. This report is based on the GRI G3 guidelines, application level B. The GRI food processing and NGO sector specific supplements are briefly touched upon because they have only recently been launched.

More consistent stakeholder and materiality definitions will be a focus for the next report. Efforts will be made as well for compliance with the INGOs Accountability Charter<sup>3</sup>.

This document also discloses its deployment of financial resources. The financial report is found in a separate chapter on page 36.

## The reader

By claiming to generate sustainable development through economic activities, Durabilis sets high objectives and engages with many stakeholders. By far its most direct stakeholders are its small providers and distributors in the local supply chains and elements from this report will be distilled for communication towards this group.

This report however is more aimed at customers and financial or civil society partners, who are all invited to improve or leverage our work by it by evaluating our activities, offering knowledge and insights or providing financial support.

The latter might, in addition to Durabilis' financial performance, have a strong interest in the Foundation's socio-economic impact in the South.

## Scope<sup>4</sup>

This report discloses the calendar years 2008 and 2009, including main strategic and operational issues of 2010 without including performance data.

The fast growth of and changes in the operations had not allowed elaborating an in-depth 2008 report but the efforts made during this period, now allow for a detailed disclosure for the headquarters in Belgium, CEIS Guatemala, SID Peru, SECOSEN Senegal and SEMB Burkina Faso. Since the Foundation is increasingly seen as an investor in sustainable businesses, the financial report was restricted to Durabilis Foundation and Durabilis NVSO, and does not include the details of the individual SGBs.

1. A more detailed description of the sustainability management system is given on page 28  
2. Global Reporting Initiative [www.globalreporting.org](http://www.globalreporting.org)  
3. [http://www.realizingrights.org/pdf/INGO\\_Accountability\\_Charter.pdf](http://www.realizingrights.org/pdf/INGO_Accountability_Charter.pdf)  
4. A more detailed scope description can be found on page 42

## Materiality and priorities

Durabilis aims at limiting its reporting only to material issues, i.e. to issues that reflect the organization's significant economic, environmental and social impacts, or that would substantively influence the assessments and decisions of stakeholders.

With such a wide variety of stakeholders, many of which have a very low degree of schooling, deciding on which issues are material remains an ongoing dilemma.

Since the organization puts a lot of emphasis on sustainability reporting, it considers a full disclosure on the core GRI indicators and a few additional Durabilis indicators a must. Although voices might arise against such an approach, this is thought to be the most convenient way to deal with the many different current and potential activities within the investment portfolio. When the efforts for data gathering and processing are too high relative to the materiality of the indicator, this is explicitly mentioned in the text.

The narrative disclosure on sustainability dilemmas and strategies however is strictly restricted to these issues that were identified as of key importance for achieving Durabilis' mission, of which the formulation was based on firm interaction with all stakeholders and in-depth literature study. A formal description of the process for determining materiality based on solid stakeholder consultations is one of the priorities for the next global activity report.

## Former and future reports

The 2006 annual report was the first report issued by the Durabilis Foundation in 2007. In 2008, the 2007/2008 annual report included the results of a first sustainability exercise, which had been compiled based on data from the 2007/2008 season, but not yet led to the identification of concrete targets.

The very dynamic development of the in 2007 still immature business units, the change in scope from foundation to global activity report, many shifts in their activities and the way operational data is handled, resulting changes in calculation methods for several parameters, the SGBs' quick integration of the supply chains, the various stages in the implementation of centralized IT systems etc. make it almost impossible to meaningfully compare these data with the data in this report.

While the current report does refer to and build on qualitative statements in the former reports, Durabilis decided not to quantitatively compare the data and to take this report as the basis for future benchmarking.

It is intended that the global activity report is issued at least bi-annually as from 2010.

# 5 Mission statement

## Taking an inclusive value chain approach to sustainable development and poverty reduction

### Challenge

The Millennium Development Goal of halving extreme income poverty by 2015 expresses the consensus of the international development community that poverty reduction is of overriding importance. Around 70% of the 3.7 billion people that earns US\$ 8 per day or less depends on the food value chain for their income as small-scale farmers, farm labourers and small-scale entrepreneurs<sup>1</sup>.

Given the widespread poverty in developing countries, the “Bottom Of the Pyramid” (BOP) farmers and entrepreneurs have a large presence and could play a substantial economic role. This role has lately been discussed in many studies<sup>2</sup>.

Small-scale farmers and entrepreneurs face various constraints that prevent them from participating and growing in regional or global agrifood supply chains<sup>3</sup>. Numerous papers show that high price volatility, a lack of information on prices, technologies, and markets, availability of finance and scale diseconomies make it difficult for smallholders to reach profitable international or emerging domestic markets.

At the same time research indicates that environmental degradation threatens the livelihoods of small-scale producers and is linked to poverty. Deforestation, depletion of water sources, decreasing biodiversity and soil degradation undermine agricultural productivity and economic survival.

### Strategy

**Inclusive supply chains:** fostering inclusion both of small-scale producers and entrepreneurs in formal agribusiness supply chains, ensuring sustained profitability by fair distribution of profits and risks.

**Unleashing entrepreneurship:** upgrading small-scale producers and entrepreneurs through active assistance.

**Demand-driven activities:** setting up procurement, production and distribution chains that respond to pull-forces from both local (South/South) and global (South/North) consumer markets.

**Responsible and high value-added products:** products with positive impact on people and planet that maximize economic activity in the country of origin.

**Integrated sustainability:** integrating sustainability management systems across the entire agribusiness supply chains.

### Activities

**As supply chain actor:** Durabilis consciously coordinates and participates in the supply chains by managing own SGBs and shaping partnerships with other players in the supply chain. Partners are indispensable as sources of know-how, working capital and trade capacity.

The own SGBs include small-scale producers and entrepreneurs in their supply chain and offer them active assistance which improves their competitive, social and environmental performance:

- financial services and access to affordable credit
- technical assistance that pursues sustainable improvements in production efficiency and product quality
- support to leverage their involvement in processing and marketing

**As enabler of sustainable development:** In addition, a centralized team of sustainable business enablers (operational, financial and fund managers, researchers and engineers) is in charge of sustainable business:

- Management support to the own SGBs and partners:
  - offering financial backing and tight financial controls
  - providing management backing to the entire chain
  - improving competitive, social and environmental performance
  - helping build trade capacity through commercial assistance
- Technical assistance and innovation: in-depth research on sustainable agribusiness supply chains:
  - end-consumer market demands, both locally and globally, and sustainable chain architectures
  - product diversification and development
  - production/processing techniques and distribution methods that minimize any adverse effects on soil, water, air and biodiversity
- Sustainability monitoring and evaluation of production, processing and distribution units across supply chains
- Capital advisory services: channelling external funds that are destined for sustainable development

1. The Next Billions: Business Strategies to Enhance Food Value Chains and Empower the Poor: World Economic Forum (2009).

2. Including: Who reaps the fruit. SOMO (2005). Unleashing entrepreneurship. UNDP (2004). Regoverning markets. iied Wageningen (2007). And many others

3. World Report Fall 2006. ACDI/VOCA (2006).

## The Millennium Development Goals

In 2000, 189 nations committed to the United Nations Millennium Declaration. The objective of the declaration is to promote a comprehensive and coordinated approach to reduce poverty. The Millennium Development Goals (MDGs) are quantified targets for addressing extreme poverty in its many dimensions and all member states have pledged to meet these goals by 2015<sup>1</sup>.

The NCDO (Dutch National Committee for International Cooperation and Sustainable Development) investigated how the private sector could contribute to this initiative<sup>2</sup>. Through its activities, Durabilis aims at contributing to the following goals:



### 1. Eradicate extreme poverty and hunger

Stimulating local agricultural production, employing people locally, paying decent living wages and stimulating local entrepreneurship are part of Durabilis' core strategies to sustain poverty reduction over the longer term. Durabilis also aims at reducing poverty by stimulating community development: the South/South businesses provide local access to basic quality goods that are affordable to low-income families in the community, while the South/North businesses focus on value-added products with inputs sourced from local suppliers. Fighting malnutrition to eradicate hunger is Durabilis' next step: intensive R&D in the South/South businesses is now resulting in further diversification of products towards nutrient-rich foods for local consumers.

### 2. Achieve universal primary education

Besides applying a strict zero-child labour policy in its own SGBs, Durabilis also actively involves suppliers so that children are able to attend school. Attributing high importance to capacity building, Durabilis further provides adult education and skills training to its local staff.

### 3. Promote gender equality and empower women

Feeling very strongly about business ethics, non-discrimination policies are well embedded in all units. Women receive extra stimuli for empowerment and growth within the organization.

### 6. Combat HIV/AIDS, malaria and other diseases

Durabilis, being active in several African countries, considers the fight against HIV/AIDS, malaria and other diseases as an obvious responsibility. No concrete measures have been undertaken yet but these will definitely form part of future steps.

### 7. Ensure environmental sustainability

The sustainability monitoring and evaluation system that forms an inherent part of Durabilis' activities ensures that the environmental impact of its activities is continuously evaluated and improved. In addition, sensitization and certification programmes amongst its suppliers are set up in order to protect the environment.

### 8. Global partnership for development

This goal is the very core of Durabilis' mission statement. Increasing market access by building local and global business partnerships and creating local capacities by management support, fund investments and the transfer of knowledge and sustainable technologies, Durabilis does its utmost to stimulate the growth of the private formal sector in developing countries.

1. The Millennium Development Goals Report, United Nations (2009). <http://www.undp.org/mdg/basics.shtml>

2. Measuring the contribution of the private sector to achieving the Millennium Development Goals, NCDO (2006). <http://www.bidnetwork.org/download?id=42156>

## Durabilis' theory of change

### Evolutions in rural development

Development thinking has undergone significant shifts between the 1950s and today. Massive GDP growth based on large new industries and the green revolution have not always succeeded in a sustainable elimination of poverty and inequality. Therefore, development cooperation has shifted towards small scale economy and sustainable livelihoods.

Especially for small farmers in developing countries economic feasibility remains a major challenge. The contrast between small scale production as a way to development on the one hand, and the ongoing exclusion from global supply chains on the other, is a widespread concern among development specialists<sup>1</sup>.

Supermarket chains with rising purchasing power tend to favour large producers that can comply with their consumers' complex requirements. In addition, limited selling power and lack of access to capital have increasingly limited small producers, while development programmes have been focusing mainly on achieving higher productivity without taking into account the market aspect. As long as economic incentive fails to be achieved, ecological and social sustainability will remain a utopia.

Fairtrade has raised awareness about many aspects of the small producers' question, but additional ideas are shaping rural development today: inclusive supply chain coordination, demand driven production and pull-markets, unleashing entrepreneurship, micro-credits, and value-added products on which local economic activities thrive are seen as key ingredients to successful development<sup>2</sup>.

#### Why rural economies are so important for poverty alleviation<sup>3</sup>

##### FOOD

- Declining food production per capita and higher import dependency ratio endangers food security

##### LIVELIHOOD

- Agriculture forms an important income source for many livelihoods in developing countries

##### MARKET

- Supply of inputs and processing and marketing of outputs contribute directly to local economic activity
- Revenues from these activities are also injected into the economic system

##### FOREIGN EXCHANGE

- Export sales generate foreign exchange which can be used for purchasing capital equipment

##### SURPLUS

- The economic activities are important sources of investable surplus
- Farmers invest directly in their community. Banks use savings for investments elsewhere and governments for funding the public budget through taxation

1. Agro-food chains and networks for development. Ruben, Slingerland and Nijhoff (2006).

2. New trends in development thinking and implications for agriculture, FAO (2001). <http://www.fao.org/docrep/003/x9808e/x9808e04.htm#i>

3. Who reaps the fruit. SOMO (2005). Unleashing entrepreneurship. UNDP (2004). Regoverning markets. Vorley et al. (2007). And many others

## Small Growing Businesses

Durabilis fully supports the ANDE viewpoint regarding the importance of Small Growing Businesses (SGBs)<sup>4</sup>. While microenterprises typically remain in the informal economy, SGBs strive to become formal businesses with the capacity to hire 20 or 200 employees. When SGBs grow, they create jobs among their locally based suppliers, thereby promoting economic growth. SGBs innovate to increase productivity in their sectors and stimulate further growth by paying taxes. The power to create economic opportunities for large numbers of people while formalizing the businesses that form the backbone of a local economy is what makes SGBs such powerful engines of growth.

Developing economies are typically comprised of a large mass of informal microenterprises and a few large corporations, with relatively few small and medium firms in between. Development economists refer to this lack of formal SGBs and lack of financing available for existing SGBs as the “missing middle.” Large firms receive financing from established banks and corporations, while microfinance institutions supply individuals with financing. SGBs, in the end, are left with very few options.

## New financing

The last years have seen, speaking in understatement, quite a few infringements on traditional economic viewpoints. Reactions from several corners in society form complementary initiatives towards a sustainable economy. Their common denominators are currently shaping new financing practices worldwide.

The investment industry, noticing new expectations from clients and companies and acknowledging that in the long run sustainable business is the only way to sustainable returns, is more and more experimenting with Socially Responsible Investment (SRI) funds. The SRI sector now has more than \$50bn in assets, but sees potential for that volume to grow to \$500bn within the next decade<sup>5</sup>.

As with all investment, investors' emphasis on clarity over all the Key Performance Indicators and then clear measurement of achievement versus the goals set. Reporting however is no longer restricted to only financial indicators. Investors expect diligent Environmental-Social-Governance (ESG) reporting, asking to provide proof they are making a difference in social and environmental areas.

Some say the huge effort in reporting could be counter-productive. However, if the investment industry claims that its strategy will add value from a social or environmental perspective, and sells funds on that basis, it should be prepared to back its claims with hard figures.

The market is still young and changing fast, leaving a vast spectrum of hardly touched possibilities.

## Durabilis, an investor in rural development

Durabilis is convinced that the combination of new finance and supply chain know-how transfer to agriculture-related SGBs can bring new forms of poverty alleviation. Crucial in this exercise is the collaboration of many expert parties and transparent communication based on dialogue.

4. See e.g. the Aspen Network for Development Entrepreneurs (ANDE). <http://www.aspeninstitute.org>

5. Architects of a 'social investment data engine'. The financial times (2010).

# 6 Activity Report

## South/South: towards new integrated agribusiness supply chains

### Project profile

#### Overall data

	2010 Forecast	2009	2008	2007
Production in millions of sachets	85	55	41	22
Turnover in thousands of €	4073	3475	2687	2067
EBITDA in thousands of €	663	323	-5	116
Number of employees	N/A	296	221	240

#### Funding by Durabilis in thousands of €

	Per 31/12/2009
SEMB Burkina Faso	780
SECOSEN Senegal	2575
SECCO DRC	1441

### Activities, achievements and problems

Under the brand name Barajii, which is the Mouré word for “water mug”, Durabilis developed the mineral water sachet as the reference in the local market. The success in Burkina Faso led to a start-up in Senegal in 2008, hence the negative EBITDA which recovered in 2009. With strong involvement of local resources, the Burkinabè and Senegalese sites have developed into sustained activities. They produce a high quality product with constant availability at an affordable price for the local BOP consumer.

The use of state of the art technology has allowed to further reduce the impact of growing activities on the environment through minimal processing, while producing a stable product. This trend will go on, as current activities will be used as a basis for further expansion and diversification. Consolidation of business activities and continued volume growth will result in a stable direct employment for some 300 people, including concomitant internal and external job creation and positive impact on the local community. Moreover, in both countries a large scale distribution network has been developed at national level, having mainly small-scale boutiques as customers. Part of the products goes through distributors, which claim a larger stake of the added value in the supply chain.

With the strawberry flavour NRJ drink now being well-positioned in the Burkinabè market, SEMB has laid the Foundation for further expansion of the product portfolio. In order to prepare for the increasing complexity of such operation, the site now works on organizational development to install the necessary tools to become a fully integrated supply chain, based on local resources.

### Challenges

- Poor people in cities have still no access to low cost good quality food products
- Fulfillment of basic needs, such as fresh water supply and nutritional food, is a key challenge in many African countries
- The formal private sector is still a small and underprivileged socio-economic group but suppliers and distributors can make an important contribution to development

### Strategy

- Setting up a sustainable business for the delivery of low cost and good quality basic goods
- Including a large network of small retailers
- Providing vital resources, such as financing, technology, best practices and human resources
- Allocating the benefits to boost local development and access to basic services for underprivileged socio-economic groups

### MDG 1: eradication of poverty and hunger

The SGBs in Africa provide local access to basic quality goods at prices that are affordable to BOP consumers.

They employ people locally, pay decent wages and provide a solidarity saving system to their employees.

They offer credit lines to small retailers for financing their stocks.

Intensive R&D will lead in the next year to a further diversification of products towards nutrient rich foods that will help fight malnutrition.

The diversified product gamma will go hand in hand with a stimulation of local agricultural production as ingredients will be sourced from local small-scale farmers.

## Evolutions in the DRC 2010

SECCO started operating in Kinshasa in 2008 with the production and distribution of water in sachets. The operation suffered from the high inflation rate of the Congolese Franc putting pressure on the buying power of the population. Unnecessary administrative burdens, chaotic distribution conditions combined with competition from unsafe (non-potable) water distributors led to a reorientation of the activities. At the current stage, a strategy is under development for the provision of free water sachets to the hospitals in Kinshasa. SECCO is still financed by the Foundation while other partners and sponsors have been contacted in order to sustain the operations.

### Mineral water opens the door to integrated supply chains

Based on solid premises, Durabilis has established a clear pathway to develop the BaraJii activities into a fully integrated supply chain of local food products. This gradual process of diversification will occur according to mainly two axes. First, a sequence of new products of increasing complexity, processing intensity and nutritional value will be introduced according to a defined product axis. These products will range from an extended series of NRJ-type drinks, over vegetable extracts, and even further to dairy-type protein rich products based on local raw materials. These products will be targeted at BOP consumer groups with specific nutritional needs.

In order to implement this evolution, a second dimension of development is required along a technology and know-how axis. The site will introduce new steps, technologies and equipment in the fields of processing, preservation, conditioning and logistics.

A sound concept for utilities supply has to be elaborated, preferentially based on renewable resources and taking advantage of the local climate conditions. Developing a multi-product manufacturing centre will create the need for enhanced management competences and organizational development in order to install sustainable manufacturing excellence.

This creates attractive potential for the development of local human resources. Bringing these products to the market will be done under the well-established BaraJii brand. Close collaboration with local marketing experts is being implemented and the nutritional value of the new products

will be developed in close collaboration with local and international partners.

Finally, a major key success factor in this diversification process will be the development of a reliable supply platform for agricultural raw materials of pre-defined quality and quantity of local origine.

Durabilis has established proven competences in this field through it's Fair-Fruit activities. Through this readily available expertise, local farmers will get involved in an inclusive supply chain, which will create added value by transforming local agricultural crops into nutritious products for the local consumer. This process will add an additional dimension to community development and will further enhance local agriculture as a powerful tool to reduce extreme poverty and to promote local entrepreneurship.

## Sustainability status

During 2008 and 2009, several positive sustainability-related evolutions took place in both Senegal and Burkina Faso thanks to the management's commitment and appreciable efforts. Other issues remained pending due to financial, organizational or other constraints. However, Durabilis' commitment to frequent assessment and improvement keeps putting these issues on the agenda until a solution is found. The table below summarizes the status as perceived at the moment of writing.

	SEMB, Burkina Faso	SECOSEN, Senegal
People	<ul style="list-style-type: none"> <li>+ Safe drinking water at an affordable price is now available in the entire country</li> <li>+ Good organizational development, leading to attractive potential for further expansion of activities</li> <li>- Proportion of temporary workers, mainly women, is still relatively high, especially as a result of strong seasonality of activities</li> <li>- A severe accident with a lucky ending showed that the existing SHE system was insufficient</li> </ul>	<ul style="list-style-type: none"> <li>+ The internal reporting system contains all required information for further organizational improvement</li> <li>+ House rules, org-charts, job descriptions are now available</li> <li>+ A labour union was formalized</li> <li>- Reduction from 60 to 35 contracts within less than one year through restructuring in accordance with local legislation</li> <li>- High proportion of contractual workers</li> </ul>
Planet	<ul style="list-style-type: none"> <li>+ Impact of groundwater withdrawal is closely monitored by following groundwater levels</li> <li>+ Minimal processing allows for a safe product at minimal environmental impact</li> <li>+ Polyethylene film for product packaging is being replaced by oxo-biodegradable film to avoid accumulation of waste in the environment</li> <li>- The potential for use of renewable energy sources remained untapped</li> <li>- A definitive solution for polyethylene recycling or biodegradation should be found</li> </ul>	<ul style="list-style-type: none"> <li>+ Dakar area represents roughly 70% of sales by volume, avoiding long transports</li> <li>+ All industrial waste is being valorized through sorting, sale and recycling</li> <li>+ Polyethylene film for product packaging is being replaced by oxo-biodegradable film to avoid accumulation of waste in the environment</li> <li>- The potential for use of renewable energy sources remained untapped</li> <li>- A definitive solution for polyethylene recycling or biodegradation should be found</li> </ul>
Profit	<ul style="list-style-type: none"> <li>+ Continued volume growth, leading to economies of scale and stable results</li> <li>+ In SEMB, NRJ is well established in the market and is now a sound basis for further product diversification</li> <li>- Sustained collaboration with reliable local partners remains a huge challenge</li> </ul>	<ul style="list-style-type: none"> <li>+ Reduction of sales volumes was stopped in early 2010</li> <li>+ Costs are reduced through reorganization</li> <li>+ Preparing introduction of new products in 2011</li> <li>- Sustainable collaboration with reliable local partners remains a huge challenge</li> </ul>

## South/South sustainability commitments

**The development of inclusive supply chains** for production of vegetable extracts is a major priority in the expansion of the South/South activities.

**Temporary workers** are a common way to deal with peak production but controls are often insufficient. Clear agreements about how to deal with temporary workers will improve their position within the organization.

**The use of oxo-biodegradable film** is a good way to minimize waste impact and will be generalized in the own manufacturing sites. Durabilis aims at developing leadership to generalize this application in Africa

**The environmental impact assessment** of the new manufacturing site in Ouagadougou after start-up, including OMTI s (Objectives, Measures, Targets, Initiatives) for first phase and expansion projects is a great challenge for the coming months.

**A management system for SHE** (Safety, Health and Environment) incidents will be designed and implemented for monitoring purposes in at least one site and later expanded to other units when functional.

**Precise measuring and registering** are the only way to correctly manage hundreds of employees and the wide range of environmental parameters. Improvement of measuring tools and registers remains high on the agenda.

## The new factory in Burkina Faso

In order to build further on the achievements in Burkina Faso, Durabilis decided in August 2009 to create a completely new manufacturing facility in Ouagadougou, situated on an own piece of land near the centre of the city. With the objective of creating a platform for future expansion and diversification according to high standards of product quality and sustainable manufacturing, the new facility will take over the existing productions in a first phase. It will gradually develop into a state of the art manufacturing site for high nutritional value food products for the local consumer, based on local agricultural raw materials, fully in line with the Foundation's mission to develop inclusive supply chains from local resources.

The 2 million € project was started in October 2009. Basic and detail design steps occurred between October 2009 and early May 2010. After a construction period of six months, commissioning is planned to occur during the month of December 2010, well ahead of the next high demand season in the first quarter of 2011.

During all stages of the project, Durabilis makes maximum use of expertise and resources locally available. Design is being performed in collaboration with local engineering resources. Supply of building materials is largely local, while a large part of necessary equipment has to be imported.

Since this project is the first step in a mid-term diversification strategy, Durabilis decided to create a new legal entity for this activity, called SBFA (Société Burkinabé des Filières Alimentaires).

By setting up this new site, Durabilis prepares for a milestone achievement to set up a fully locally integrated agribusiness food manufacturing facility, thereby triggering important needs for local development of agricultural crops, harvesting and storage capabilities, processing and manufacturing know-how, expansion of logistics applications and development of attractive and nutritional products.

# Saving system in Ouagadougou

## Funds at everybody's reach

With the aim to facilitate the personal development of its collaborators, SEMB has developed an internal system of borrowing money on a short term basis to individual team members. During a span of maximum 12 months, every collaborator can dispose of up to the equivalent of three months' salary as an interest-free loan.

The participant obtains the money in cash and can realize a personal accomplishment, such as purchasing household furniture or transportation means. As soon as he or she has completed the reimbursement, the team member can start a next credit cycle. As the system is quite popular, SEMB is currently defining how to develop an equivalent system for temporary workers. This would allow the company to treat its entire workforce in an equivalent way.

## Everybody participates

The system has been in operation for three years now. It was developed by Youssouf Tiendrebeogo in close collaboration with gen-

eral management of the site. The fact that more than 80% of staff participates in the system indicates that a real need is being fulfilled. Emmanuel Ouedraogo took the opportunity to purchase a motorbike in order to increase mobility. Emmanuel started working for SEMB 5 years ago as a temporary worker, and obtained a fixed contract through internal promotion. As he lives with his wife and son 15 km from the plant, he can now organize his life in a much more efficient way.

Without the SEMB borrowing system, Emmanuel would have had to approach a bank. It is however quite hard for individuals to obtain a small loan from a bank and interest rates are excessively high.

## Future prospects

With the emergence of social security systems for workers, private company subsidized joint purchases of selected equipment through social organizations will develop as an additional system for short-term credit to individual consumers, provided they have a reliable income.

The fact that more than 80% of staff participates in the system indicates that a real need is being fulfilled.



Emmanuel Ouedraogo on the motorbike he was able to purchase through the saving system

## South/North: Consolidating know how

### Project profile

#### Overall data

Season from 1 <sup>st</sup> of July until 31 <sup>st</sup> of June	2009-2010 Forecast	2008-2009	2007-2008
Production in tonnes	1590	1366	151
Turnover in thousands of \$	4782	3328	666
EBITDA in thousands of \$	437	-229	-610
Number of employees	N/A	173	97

#### Funding by Durabilis in thousands of €

	Per 31/12/2009
Fair-Fruit Belgium	514
CEIS Guatemala	2719
Farm Aurelie (SID Peru)	2093

### Activities, achievements and problems

Fair-Fruit's ambitious goal of setting up global agribusiness supply chains that include and empower small-scale producers in developing countries requires consolidated know-how on agro-processing and distribution as well as on coordination of demand and supply. Creating a pull-force by triggering demand, growing in function of projected sales, gathering sufficient working capital, coordinating local outgrowers and optimizing transport are a few of the many challenges that had to be dealt with on a large scale and in a short time span.

Parallel with the creation of a pull-market in Europe and the US, handled volumes have multiplied and currently ensure a stable business with constant and reliable supply. Small farmers generally lack knowledge of high quality criteria and pesticide controls, but management systems and technical assistance schemes were set up for fully controlling these issues, so that today top quality is assured.

In Guatemala a great breakthrough was the optimization of packing practices so that beans and peas could be transported overseas to Europe by boat,

offering a huge competitive advantage over air-flown produce and resulting in a significant decrease of transport related greenhouse gas (GHG) emissions. Oriental vegetables will not be traded anymore due to unfavourable market circumstances in 2009.

Due to legal problems with the local partner in Peru, farm Aurélie was placed under SID Peru SA beginning 2009<sup>1</sup>. Soon Fair-Fruit succeeded in growing optimal quality mangoes that are ripened in Belgium upon arrival, allowing a premium price of about 45% higher than average market price.

Fair-Fruit also focuses on cross-fertilization between different supply chains in different parts of the world. For example, pea exporting experience from Guatemala has been transferred to Peru in a first trial with a prominent local cooperative. Further collaboration is on the way.

These and other evidences of operational excellence show that sustained economic activities and social as well as environmental sustainability go hand in hand when commitment is there.

### Challenges

- Small farmers' low education and difficult access to information results in unsustainable production practices and unused potential for development in poor countries
- Disproportionate distribution of profits and risk is common in the FFV sector but undermines the chains' potential long term performance

### Strategy

- Including a large network of small farmers in the formal FFV market, empowering them with technical and organizational assistance
- Increasing environmental and social consciousness amongst FFV providers
- Promoting sustainable economy and development through the chains and setting up collaborations which allow fair distributions of profits and risks
- Allocating the benefits to boost local development for underprivileged producers and their communities

### MDG 1: eradication of poverty and hunger

The SGBs in Guatemala and Peru source the majority of their input materials locally.

They employ people locally and pay decent wages.

They are well positioned to offer technical assistance to small-scale farmers and give them access to credit lines for financing their working capital.

In the near future the latter stimulators of local entrepreneurship will be further extended to small-scale farmers in Peru.

1. More detailed information can be found in the Financial report (page 39)

## Fresh fruit and vegetables that are correctly traded at all levels of the supply chain

When it comes to inclusive supply chains and small farmer support, Guatemala has come a long way further than Peru. Since the first activities in 2003, focus has been on upgrading and including small-scale farmers. Even though achieving 100% Fairtrade certification is not CEIS' prior goal, the initiation of the Fairtrade certification project – let alone its potential achievement – is experienced as a huge reward for the efforts and risks that CEIS has taken in the previous years.

Meanwhile, the mango project in Peru centered on farm Aurélie and FLP is still embryonic but - successful as it has been during the last season – equally shows remarkable potential for sustainable development and small farmer inclusion. Having consolidated the business last year, the next steps will definitely be to contact groups of small-scale producers, and to gradually implement measures that benefit associated entrepreneurs, employees and the environment.

### Building sustainable supply chains: FLP

Durabilis is currently in the process of taking a share of 31.6% in FLP del Peru and 18,1% in Frutierrez Ecuador. Both companies are related to FLP Perishables Inc, a company active in the sourcing, packaging and exportation of tropical fruits in Peru and Ecuador. An additional investment in Columbia is under consideration.

In the mango supply chain, this \$ 335.000 transaction will allow Durabilis to leverage its existing fruit & Vegetables activities in Peru and Guatemala and across Latin America (Peru, Colombia and Ecuador), and in the longer term expand to West Africa.

FLP del Peru is actually the packing company partner of the Durabilis' mango activities in Peru and is dedicated to excelling and optimizing agroexport supply chains.

As Durabilis, FLP is dealing with small and medium size growers, operates with technicians specialized in their crops and selling to the big retailers in Europe. The company employs about 225 people during peak season.

Currently Durabilis and FLP are setting up a technical assistance program on mangos in West Africa in order to increase production and yield capacity for small farmers.

Durabilis through its brand Fair-Fruit is studying together with FLP the establishment of a commercial platform, FLP International, that would operate as a facilitator for optimal sourcing of produce to the export markets and retailers.

### Guatemala and Peru: different approaches with a common goal

While in Guatemala the focus has been on small farmer's empowerment since the beginning, one might wonder how a properly-owned medium-sized farm like Aurélie may contribute to the fulfillment of Durabilis' mission.

After the first experiences with CEIS, it became clear that not only pull-markets were to be created, but also had to be satisfied with a constant supply of high volumes and quality. The own farm in Peru provides reliable and high quality supply upon which further development of the mango chain can be built. The first steps were taken in beginning 2010 through the establishment of a shareholders agreement with exporter FLP. FLP as an exporter is exceptionally well-positioned for technical assistance to and the inclusion of small farmers around the central production of farm Aurélie. After a thorough (first external) sustainability screening by Durabilis, it was decided that FLP was the perfect partner for further integration of the mango supply chain. With time this chain should benefit small farmers to the same extent as in Guatemala.



Local Mayan women in a typical bean field in Guatemala

## Sustainability status

During 2008 and 2009, several positive sustainability-related evolutions took place in both Peru and Guatemala thanks to the management's commitment and appreciable efforts. Other issues remained pending due to financial, organizational or other constraints. However, Durabilis' commitment to frequent assessment and improvement keeps putting these issues on the agenda until a solution is found. The table below summarizes the status as perceived at the moment of writing.

	CEIS Guatemala	SID Peru
People	<ul style="list-style-type: none"> <li>+ Huge efforts have been made to establish formal contracts with providers as they are top priority in a traditionally informal environment</li> <li>+ Social security is offered to all employees, also temporary workers</li> <li>- Infrastructure is still insufficient for the amount of people working at CEIS</li> <li>- Peaks in overtime hours should be reduced through more careful planning</li> <li>- Health and safety procedures can be improved</li> <li>- Control on subcontractors is low</li> </ul>	<ul style="list-style-type: none"> <li>+ Formal contracts and social security are offered to all permanent employees</li> <li>- Daily workers are employed on an informal base at farm Aurélie</li> <li>- Health and safety procedures can be improved</li> <li>- Control on subcontractors for harvest is low</li> </ul>
Planet	<ul style="list-style-type: none"> <li>+ Transporting beans and peas by boat drastically decreased GHG emissions associated with products traditionally transported by airplane</li> <li>+ Strong focus on GLOBALG.A.P. certification and responsible pesticide use amongst providers is leading to more sustainable production</li> <li>- A large part of GHG emissions is caused by refrigerant leaks which could be easily avoided</li> <li>- Water effluents are not regularly analyzed</li> <li>- Providers traditionally use high amounts of inorganic fertilizers and pesticides, putting a significant burden on the environment</li> </ul>	<ul style="list-style-type: none"> <li>+ 10% of the area is kept as a reserve for biodiversity</li> <li>+ Gradual implementation of GLOBALG.A.P. ensures basic sustainable production methods</li> <li>- Water use for irrigation is high in an extremely dry region</li> <li>- Fossil fuel based irrigation pumps are still the largest sources of GHG emissions at farm Aurélie</li> </ul>
Profit	<ul style="list-style-type: none"> <li>+ Negotiating fixed prices with clients has enabled payment of fixed prices to farmers, which allows them to plan their production irrespective of market fluctuations</li> <li>+ Quick payment of farmers has become a routine practice since the end of 2009</li> <li>+ The process of Fairtrade certification amongst farmer groups is an excellent learning school for establishing an overall fair business</li> <li>- Middlemen still absorb an important part of the product's value</li> </ul>	<ul style="list-style-type: none"> <li>+ The very profitable season has created a good financial base for further sustainability orientated measures</li> <li>- The small farmer question has not been addressed yet</li> </ul>

## South/North sustainability commitments

**Clear agreements on subcontracted labor** will ensure that all employment requirements are fulfilled for temporary workers as well.

**Precise measuring and registering** remain high on the agenda.

**Infrastructure** should allow employees to work in a comfortable, safe and hygienic workplace. Durabilis strives to comply with the legal and international H&S standards.

**Employee welfare** is the basis of productive human capital, and Fair-Fruit will strive to have both chains SA8000 certified by 2012.

**GHG emissions** originate mainly from transport. Sourcing from nearby regions should reduce road miles. Refrigerant leaks in CEIS will be reduced to zero and irrigation pumps at Aurélie will be hydro-powered.

**Water** is too scarce to be squandered. A strict follow up of use and discharge and a better irrigation system at farm Aurélie are high priorities.

**GLOBALG.A.P.** certification helps to control production processes and increase sustainability of production methods. Durabilis will continue to assist producers to get GLOBALG.A.P certified and give the good example in farm Aurélie.

**Soil conservation and integrated pest management** are two key sustainable practices for which Durabilis strives to develop a long-term action plan.

**Increasing the proportion of small but competent suppliers** will increase the development relevance of the activities.

**Fairtrade certification** is an important tool for the implementation and recognition of fair business practices.

# Fairtrade

“So, am I getting this right? Is it true that this would actually be very good for us...?”

Sometimes, it takes a while for good news to sink in. The farmer who asked the question is looking at me with a mixture of enthusiasm and scepticism. Maybe it's the idea that foreign consumers are willing to pay a higher price for their Fairtrade certified product that's too good to be true. Or is it simply that - in my own enthusiasm - I've overloaded the fellow with too much new information. Anyhow, a few minutes later the message had come across:

“Well, if this is an opportunity to get a higher price for our product, we'd love to participate in the project!”

“Good decision”, I can't help thinking to myself.

It's been almost a year now since we first came up with the idea to write a project for the introduction of Fairtrade standards in the production and export of fresh peas and beans from Guatemala. The Dutch development agency ICCO shared our vision of sustainable development in fresh vegetable exports, and

was willing to finance this pilot project for 16 months. A pilot project indeed, since we'll be the first to certify vegetable producers and exporters in Guatemala, and among the first in the world to certify peas and beans with the Fairtrade label. By now, we've started working with two producer groups, representing approximately 200 farmers, and two more are about to join the project. By the end of the year, all four groups should have obtained their Fairtrade certificate and will be exporting Fairtrade labelled products. If we succeed in making this pilot project a success, many more will follow.

Although the concept of Fairtrade is much better known in coffee and cacao, the relevance of Fairtrade in fresh vegetables is extremely high. Prices paid to producer organizations in Guatemala are very volatile and the market is largely dominated by intermediaries ('coyotes') who absorb any profit that farmers might be able to make. In practice this has led to production practices that are more than anything as cheap as possible, and has put a huge pressure on any initiative for sustainable production methods, or social development. Fairtrade offers a concrete opportunity to reduce child labour, improve



Wietse Vroom

We'll be the first to certify vegetable producers and exporters in Guatemala, and among the first in the world to certify peas and beans with the fairtrade label. By now, we've started working with two producer groups, and two more are about to join the project

The Dutch development agency ICCO shared our vision of sustainable development in fresh vegetable exports, and was willing to finance this pilot project for 16 months



Farmers showing off their certificate after a finance workshop in Q'anil, the preferred group for Fairtrade certification



Guatemalan bean farmer

wages of all workers, reduce the environmental impact, and – last but not least - get better prices for the exported product.

“Yes, what you mentioned about those prices, that’s interesting. So what exactly will that new Fairtrade price be?”

It’s one of the first things I learned in this project: there’s no way of fooling a Guatemalan farmer with smooth talk. I can’t blame them; they’ve seen and heard it all before. And it is to my regret that I can’t talk numbers yet: the Fairtrade price simply hasn’t been established yet and will take another

month or so to be published. This may be one of the disadvantages of working in a pilot project: we have to do many things for the first time. But I don’t complain; the excitement of pioneering definitely outweighs the extra work that needs to be done now.

The farmer seems to feel the same way and decides to give me the benefit of the doubt. Their decision to participate in our project will turn out to be the beginning of a long and intense trajectory in which almost every aspect of their producer organization will be reviewed and improved. Fairtrade is an opportunity indeed, but there’s a long list of requirements that must be met before the certification is awarded. But it’ll be worth it, and not just because of the direct economic benefits. The Fairtrade requirements of democratic and transparent management of the producer organization may be preconditions to obtain the Fairtrade certificate; they may also turn out to be the main benefits themselves for the economic development of the producer organization in the long run.

By Wietse Vroom

Wietse Vroom has been the coordinator of the Fairtrade project since July 2009. In November 2009 CEIS officially got the ICCO financing approved, which allows an integrated approach to the implementation of Fairtrade including food safety, financial and management assistance to four groups that represent about 400 farmers.

## IN MEMORIAM: ALEX ALDANA



The board of directors of Durabilis, CEIS’ management and all his colleagues are deeply saddened by the passing of agricultural director Alex Aldana on 28<sup>th</sup> May.

Alex entered CEIS in January 2009 as the new agricultural director, convinced by its mission and determined to make a firm contribution.

His experience and his energetic approach lifted CEIS to a new level of performance. Disciplined but always in for a joke, his colleagues enjoyed both his professional and personal side. For the small farmers and his technical team he was a strong leader, the type that is hard to find in a country like Guatemala.

Alex Aldana was found professionally killed in the capital city, with no trace of either the culprit or the motive. It is improbable that the case will ever be solved.

Even though in Guatemala one is unceasingly confronted with violence and impunity, it becomes even more real when a fellow man becomes a direct victim. This event again confirms that a world of justice and peace is far from being achieved, and that every mite is worth its contribution.

The Board sends its thoughts and sympathy to Geily Estrada, his son Andres Aldana and daughter Ayleen Aldana, and the entire family.

## Sustainable business support

In order to face the challenges and to implement its strategy, Durabilis works with a dedicated multidisciplinary team that supports the local project managers.

This team is based in Belgium and composed of 10 senior managers who are 100% dedicated to the projects. A cross-cutting matrix management structure ensures state of the art performance in all supply chains with financial, management, commercial and technical follow up. Requests for intervention can come either from the local managers or from the support staff itself.

This paragraph describes the four dedicated activities that characterize the functioning of the Durabilis headquarters:

1. Management support
2. Technical assistance and innovation
3. Capital advisory services
4. Sustainability monitoring and evaluation

### Management support

Sustainable development is not just attained by establishing SGBs in the South. Since the context of these units can be very complex, special attention is required to creating beneficial impacts.

In the head office, experience from the several business units is centralized and reinforced. The central coordination enables cross-fertilizing know-how, overcoming scale diseconomies, reducing learning curves and rapidly leveraging performance.

Former ad-hoc support has now been converted into long-term solutions which fit into Durabilis' general vision. New and better strategies (e.g. for addressing new markets, establishing collaborations and partnerships, recruitment etc.) are developed amongst the head office and

the business units, which are responsible for local implementation.

The concentration of different regions' sales in one sales office guarantees stable supplies of high volumes and quality to the customers. This is indispensable for the SGBs' growth and further integration in their supply chain.

Durabilis' operations require strict financial controlling. All business units are now equipped with standardized monitoring systems. Two years ago, the accounting was still done in hand written books.

On the management side, business support made it possible to evolve from short-term approaches to long-term strategy definitions, KPI<sup>1</sup> controlling systems and up-scaling plans, needed to reach enough critical mass to be sustainable in the longer term.

### Technical assistance and innovation

Capacity building is a corner stone of success within the organization: training and evaluation sessions are organized on a regular basis. Both local managers and headquarter staff have fluent access to trainings, seminars, workshops and conferences.

In collaboration with the local SGBs the team helps with the development and diversification of new products. Process innovations ensure optimal performance.

In Guatemala, innovation in processes and packaging material opened the road to success in Europe because long shelf-lives now allow long distance shipment of fresh produce in containers, reducing the CO<sub>2</sub> output and increasing price competitiveness.

## Challenges

- Starting up and managing agribusinesses in developing countries - and aiming at doing it in a sustainable way - demands multidisciplinary support, such as creating market access, value addition, quality assurance, agricultural and technological innovation, innovative financing and sustainability monitoring and evaluation.
- A rise in social and environmental awareness among consumers is leading to an increasing demand for more sustainable agro supply chains.

## Strategy

A diverse team of managers, engineers and scientists is in charge of

1. improving the performance of existing SGBs through managerial support
2. providing technical assistance in startup and running businesses, and for the development, diversification and innovation of products and processes
3. fund management and collaboration with investors and other partners
4. investigating the sustainable development potential of new projects, sustainability monitoring and evaluation and providing consultancy to other large players in the agro supply chain

## Resources

The matrix management structure forms an additional overhead and the resources are still partly financed by the Foundation. Consultancy assignments are invoiced at cost to the respective business units when they are ready to bear this cost; otherwise they are activated on the balance of the respective business unit. Recently, the team has started to take up external 3P consultancy assignments which generate direct revenue for the unit.

1. Key Performance Indicator

In Africa, the installation of new equipment will allow longer shelf-life of the products and enlargement of the product range.

In Burkina Faso the new packing hall will process not only water and NRJ-type drinks, but also juices, vegetable extracts and dairy-type products based on local raw materials. Competences for product diversification is partly supplied by the headquarters in Belgium.

### Capital advisory services

All Durabilis units can count on capital advisory services which are provided by Lapiluz Advisory Services BVBA, a consulting company. The aim is to find additional financing in order to assure growth of the business units, to pre-finance the agro-side, to provide working capital and to allow new investments, participations or take-overs.

### Sustainability monitoring and evaluation

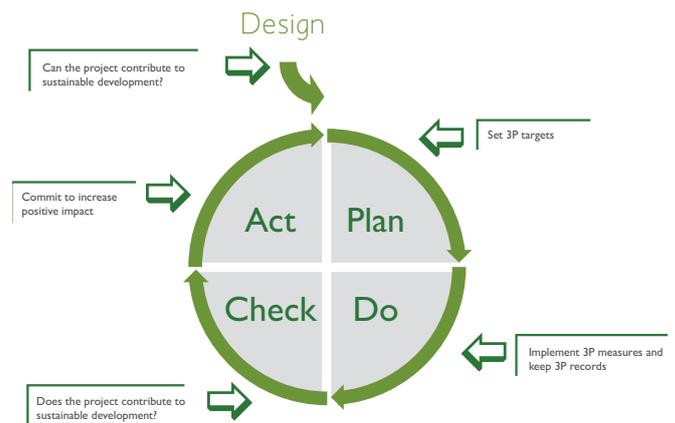
#### Durabilis' sustainability framework

Setting 3P targets and implementing 3P measures, the businesses' contribution to sustainable development is growing every year, but continuous follow-up of sustainability performance remains a must.

The sustainability working group is in the process of thoroughly re-shaping the Durabilis sustainability framework, which should come much closer to business in the field. This systematic framework for managing and continuously improving sustainability performance of the agribusinesses consists of add-ins in every step of the traditional management cycle (Plan-Do-Check-Act).

The framework is not only a comprehensive tool for managing and improving existing businesses, but additionally provides guidelines for analyzing the potential sustainability impact of new projects. This way, it forms a basis for deciding whether a new project is qualified to bring about sustainable development and fulfill Durabilis' sustainability mission. The new factory in Burkina Faso will be the first project to undergo a formal follow-up from the start.

Quantitative and qualitative indicators of the Global Reporting Initiative (GRI) framework still form the basis, together with the Millennium Development Goals (MDGs) and the Durabilis mission statement. In the new evaluation tool important indicators have been added and some Key Performance Indicators have been re-defined.



#### Improvement of sustainability monitoring and evaluation through improved record keeping

You can't manage what you don't measure, but sustainability record keeping goes far beyond ordinary book keeping. The team is working hard on improving the data registers in the business units. This includes setting up an overarching database and standardized calculation methods for the whole group.

#### Starting up 3P consultancy

It is too ambitious to believe that Durabilis alone can make the agro supply chains sustainable. Interaction and collaboration with major players in these chains is indispensable. External 3P monitoring and evaluation services are an effective way of showing partners how they perform on important social and environmental issues. In 2009, a first external sustainability screening took place in order to prepare the shareholders agreement with FLP. The external assignments have been enriching and formed a good base for further development of the 3P consultancy business unit.

#### Benchmarking sustainability standards and certification schemes

The field of sustainability standards, certification programmes and labels has grown substantially over the last decades. Well-known concepts are e.g. Fairtrade (FLO), GLOBALG.A.P., Rainforest Alliance (SAN), SA8000 (SA International) and Ethical Trading Initiative. New initiatives emerge on a regular basis. It has become increasingly important to assess these initiatives in terms of their comprehensiveness and credibility. Durabilis keeps continuous track of social, environmental and other relevant sustainability criteria of the major standards in order to make sure that relevant issues are covered as much as possible within the Durabilis framework.

## Merging competences

Competences and insights related to FFV supply chains are often applicable as much to snow peas, sugar snaps and green beans as to mangos, pineapple and avocados be it in Guatemala, Peru, Senegal, Burkina Faso, Ecuador or Columbia.

For example, mango cropping techniques from Peru are being passed to West-Africa where a huge potential exist for high quality productions. The export trial with Peruvian peas based on experience in Guatemala unravelled new potential for know-how sharing and smallholder upgrading in other regions. Years of experience with the water distribution networks can now be used for the distribution of healthy yoghurts and juices.

The materialization of these ideas is more than a question of micro-credits to small scale initiatives. It demands forceful commitment with strong capital and savoir-faire for building entire industries, which in turn then might be sources for smaller scale financing and assistance.

## The Jatropha Project

*Jatropha curcas* L. (JCL) is a multi-purpose hardy shrub that belongs to the Euphorbiaceae family. Originating from Central America it is now widely distributed in almost all tropical and subtropical regions of the world. Recent investigations have demonstrated that JCL could contribute to alleviate the consequences of global warming and improve the living conditions of rural populations in the least developed countries.

Primary characteristics favouring JCL over other agro-fuel feedstock crops are its non-food nature, its multiple uses (oil production, plot delimitation, traditional medicine, pest control, etc.), reported ability to grow on marginal land and the need for limited rainfall. There are also claims of JCL interest in preventing deforestation and desertification, and improving soil fertility. However, for several reasons, both technical and socio-economic, the full potential of JCL is far from being realized. The variation of the plant behaviour according to the agro-ecological conditions is insufficiently documented and management recommendations adapted to the existing farming systems have not yet been

developed. Besides the quantification of the real yield potential of the crop in the existing agro-ecological conditions, and the determination of the most sustainable and profitable production practices suited to pure stand cultivation and intercropping systems involving JCL, it is of utmost importance to develop sustainable organisational models of local production chains that can be mastered by small-scale growers in order to allow them to benefit fully from the potential of the crop.

In these decentralized JCL chains the oil extracted from the seed is the main output. It can be used directly in unsophisticated diesel engines that can power various tools (cereal mill, husker, alternator, etc.), in adapted stoves, in soap production or as bio-pesticide.

Since September 2007, through SID Senegal SA, the Durabilis Foundation has launched an experimental project in the North of Senegal, within the community of Gaé, close to the Senegal River. This project is being carried out with the scientific support of Gembloux Agro-Bio Tech in order to investigate

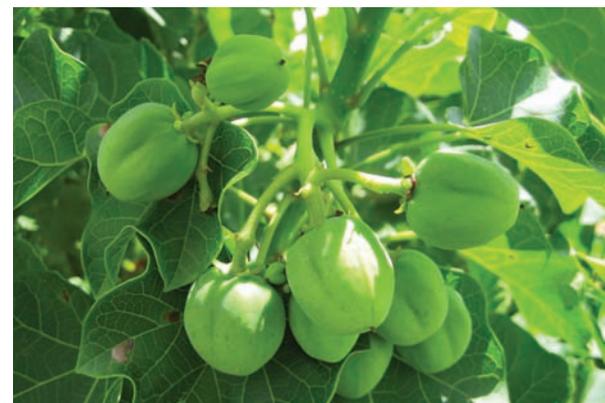
## Management sustainability commitments

The team is determined to improve sustainability at all levels within the organization. Strong commitment is made to

- implement the re-designed sustainability model in all existing facilities and new projects
- increase transparency and make reporting more efficient, by making data gathering processes smoother in all business units
- support business units in realizing all the sustainability commitments mentioned above, and in the certification of their activities
- design a management system for SHE incidents, implementing it for monitoring purposes in at least one site and later expanding it to other units when functional

the possibilities for the improvement of JCL, its transformation, and the marketing of Jatropha oil.

In this regard, six drip-irrigated hectares of JCL were planted between 2007 and 2009 in the department of Dagana. The material planted consists of twenty-two accessions originating from Africa, Asia and South America. This field is used to carry out a massive selection programme



Jatropha fruits can be used for many purposes

in order to identify elite clones. Once chosen the best clones are tested in multi-local trials under rain-fed conditions, where the JCL production is supposed to be more sustainable. Furthermore, the potential of expression of hybrid vigour in JCL and the identification of the best combinations of hybrids are tested.

In 2009, two new experimental fields were set up with this purpose in the departments of Foundiougne and Tambacounda in a partnership with the *Aide au Développement Gembloux* NGO.

These areas are representative of most of the different agro-ecological regions of Senegal. In these locations, JCL is incorporated in the already existing agricultural systems, intercropped with groundnut and cowpea.

The preliminary results obtained so far should allow developing improved production practices for adapted management recommendations. Protection against divagating animals after planting (especially during the dry season) is absolutely necessary. A good tending of the crop during the first months after direct sowing or planting is important because JCL is sensitive to the concurrence of weeds or of companion crop with large vegetative development (sor-

ghum, millet, maize). In order to increase the number of ramifications JCL should be pruned at an early stage. JCL is not immune to pest infestation and new pests have been identified (insects and fungi). Adequate protection methods need to be implemented to avoid the total destruction of the crop in its early development stages.

In addition to the agriculture experiments, best harvest practices and storage conditions of seeds are tested. Fruit maturation at harvest and storage of seeds influence highly the germination rate.

The research project that is carried out by the Durabilis Foundation in Senegal in order to investigate the possibilities of genetic improvement of *Jatropha curcas* is an essential step in the full exploitation of JCL's potential. The outcomes that will be obtained should allow identifying adequate solutions for the implementation of decentralised production and marketing chains of JCL in Senegal and quantify their exact potential for CO<sub>2</sub> emission reduction and rural poverty alleviation.

So far the project has issued four scientific papers. For more information see : <http://www.jatropha-curcas.be>

Recent investigations have demonstrated that JCL could contribute to alleviate the consequences of global warming and improve the living conditions of rural populations in the least developed countries.



Durabilis' Jatropha plantation in the community of Gaé, Senegal

# 7 Governance report

## Legal structure

Durabilis is a private Foundation under Belgian law and was created on March 17th, 2005. On November 14th, 2006 the statutes were slightly modified in order to clarify its specific objectives.

The Foundation's activities are structured through quite a unique constellation in order to operate as efficiently as possible while guaranteeing that all income and profits remain within the Foundation and are used to reimburse the loans granted to further expand its activities.

Durabilis NVSO is the Foundation's "operating company" and "stakeholder" in the projects. The former name, Xagic NVSO, was changed to Durabilis NVSO on the 15<sup>th</sup> of July 2008. Durabilis Foundation owns 99,9% of Durabilis NVSO, a "Limited Liability Company With Social Purpose", which is a unique legal structure under Belgian law.

The stakeholdership varies from project to project. The activities of the Foundation are focused on agriculture, agroforestry and potable water supply in the metropolises of developing countries, mainly in West Africa and Central and South America.

## Legal information

The legal enterprise number of Durabilis, Private Foundation is BE 0872 630 311.

### Related entities

Through the participating interest of 99,9% in Durabilis NVSO, Verlorenbroodstraat 122 box 8 9820 Merelbeke (Belgium), BE 0425 038 360, the Foundation holds, directly or indirectly, participating interests in the following companies:

### South/South

SEMB SA, Burkina Faso (55% Durabilis NVSO – 20% Durabilis Foundation - 25% SID Senegal SA<sup>1</sup>)

SID Senegal SA, Senegal (80% Durabilis Foundation – 20% local partner)

SECOSEN SA, Senegal (65% Durabilis NVSO – 20% SID Senegal SA – 15% SEMB SA)  
SECCO SA, DRC (75% Durabilis NVSO – 25% SID Senegal SA)

### South/North

Fair-Fruit NVSO, Belgium BE 0425 038 360 (99% Durabilis NVSO – 1% Durabilis Foundation)

Cooperación Económica de Interés Social SA, Guatemala (99,9% Durabilis NVSO)

SID Peru SA, Peru (99,9% Durabilis NVSO)<sup>2</sup>

### Donations

The Foundation would hereby like to thank the generous contributors as donations to the Foundation amounted to € 70.000 and 20.000 respectively 2008 and 2009. The gifts do not contribute to costs but are entirely used for charity and researching purposes. Gifts can be made by making a transfer to the bank account number of the Foundation 001-4553059-52.

Gifts which are intended to benefit from tax reduction (as from €30 in Belgium) could be made through the Durabilis' Friends Fund, set up thanks to the collaboration with the King Baudouin Foundation (KBS). Transfers can be made to  
IBAN: BE10 0000 0000 0404

BIC: BPOTBEB1

with notification: S70120 - FVV Durabilis.

For more information about the KBS see <https://kbs-frb.be>. More information about the Durabilis' Friends Fund can be found on <http://www.kbs-frb.be/fund.aspx?id=267190&LangType=2067>. Please contact the KBS contact center: +32 (0) 70 233 065 for general information or Sylvie Van Houtte: +32 (0) 2 549 02 01 for specific questions.

Durabilis can be contacted at [paul@durabilis.eu](mailto:paul@durabilis.eu).

1. The 25% shares of the local partner were acquired by Durabilis NVSO beginning 2010

2. Due to legal problems with the former local partner in Peru, farm Aurélie was placed under SID Peru SA beginning 2009

3. Full profile of the Independent Board members can be found via the web.

## Boards and committees

The board of directors of Durabilis Foundation meets generally twice annually, the same frequency applied to Durabilis NVSO. All board members attended the meetings in 2008, 2009, 2010 (March). An Executive Committee meets every quarter.

The president of the board of directors of the Foundation is the founder. The board is currently composed of five members. Ludwig Criel and Philippe Vlerick are independent board members<sup>3</sup>. The mandate of Francis De Clerck, vice-president was terminated in March 2009. The board meeting of March 29<sup>th</sup>, 2010 initiated a search for enlarging the board.

The audit committee is actually represented by Ludwig Criel, treasurer, acting as “independent auditor” until an external auditor will eventually be nominated<sup>4</sup>. Quarterly facts and figures are prepared by the CEO of Durabilis NVSO Sebastiaan Saverys, secretary general Paul Jacquet de Haveskercke and CFO Stefan Jamar. These data are controlled by the treasurer before presentation to the boards.

The governance practices are embedded in the “Best Practices of Governance for the Non-Profit in Belgium”, promoted in 2010 by the King Boudouin Foundation, actually under stakeholders analysis<sup>5</sup>.

The governance framework is based on the mission statement of the Foundation and is monitored through the internal sustainability framework. The Foundation’s mission statement is based on permanent extensive analysis and reference to international literature concerning the development of emerging markets, the Millennium Goals, the inclusiveness of small holders in the supply chains etc.

The board of directors has been able to channel and sustain the development of Durabilis projects since 2003. Indeed, major decisions, project investments and project cancellations were taken during the last years. The leadership of the Foundation and the challenges are well outlined in the Message from the CEO on page 6.

The evolution of Durabilis’ project now eyes new directions and opportunities in unleashing entrepreneurship in developing countries, in all business fields: technology, biofuels, finance, IT, management, pull markets, ...

4. Setting up independent auditing for companies in developing countries at an affordable budget for SGBs is one of the tasks Durabilis is working on.  
5. [http://www.kbs-frb.be/uploadedFiles/KBS-FRB/Files/Uitleg\\_van\\_de\\_Prijs/2009\\_BonnesPratiques\\_FR.pdf](http://www.kbs-frb.be/uploadedFiles/KBS-FRB/Files/Uitleg_van_de_Prijs/2009_BonnesPratiques_FR.pdf)

## Risk management

Risk management is taken into consideration both at project level and at global level. At project level it is based on the identification of the 3P - KPIs specifically related to each project. In the supply chain for instance, this means that the KPIs of all segments of the chain are analyzed, identified, monitored and reported on a monthly basis through executive committees. In these committees local staff and international support staff participate. At global level, Durabilis holds executive committees on a regular basis. The Chairman, CEO, CFO, and other members of the board participate in these meetings, implying short decision processes. Nearly all projects required severe risk management decisions, which are commented on in this global report.

As far as the precautionary aspects are concerned, on the agro-side most of the issues are part of the “best practices”, the quality labeling systems, etc. which have to be considered in order to get access to export. For the water processing units an important precautionary decision was taken by the replacement of polyethylene water bags to oxo-biogradable plastic, in the context of the poor waste management policies and means in developing countries, which do not allow accurate recycling processes.

## Remuneration committee

In December 2006, the Foundation set up a remuneration committee. The committee benchmarks the remunerations in comparable profit and non-profit sectors. The committee participates in the evaluations and assessments of the team and its competences, together with the functional staff managers. The members are Marc Saverys (Founder and Chairman), Sebastiaan Saverys (CEO and member of the board), Paul Jacquet de Haveskercke (Secretary General and member of the board) and Stefan Jamar (CFO).

## Stakeholders

Commitment is important in any relationship. It is the force that drives the relationship forward, toward a mutually desirable goal that usually points to growth and/or profitability. Durabilis is very committed to working closely with stakeholders and seeks to consult them in various manners on a regular basis. The stakeholders table in Chapter 11 summarizes the internal and external stakeholders of each business unit, and the way Durabilis has interacted with them.

Durabilis recognizes that stakeholder engagement is a continuous process and will go on with filling the gaps in formal stakeholder consultation during the coming year. Concretely, these are the targets for 2010:

- Interviewing governmental organizations, civil society organizations and community members related to SEMB and SECOSEN
- Organizing a general meeting with the management crew of all business units
- Interviewing suppliers of FLP, the packing hall in Peru with which Durabilis signed a shareholder agreement in 2010
- Performing the routine consultation round of local management, employees and supplier smallholders where relevant in all business units
- Setting up a formal description for determining materiality based on stakeholders consultation

1. Actor assembling for a common sustainable purpose
2. Fairtrade Labelling Organization, [www.fairtrade.net](http://www.fairtrade.net)
3. <http://www.clintonglobalinitiative.org>
4. <http://www.globalreporting.org>
5. [http://www.realizingrights.org/pdf/INGO\\_Accountability\\_Charter.pdf](http://www.realizingrights.org/pdf/INGO_Accountability_Charter.pdf)

## Networking, external activities and commitments

The operational networking was enlarged thanks to the activation of the local project managers and their team as “network agents”. This means that Durabilis can now count on a wide geographically spread network in the Americas, Europe and West-Africa. This networking allows the Foundation to be more accurate in its role as convenor<sup>1</sup> i.e. enhancing its capacity building as integrated supply chain manager. The achievement by Fair-Fruit and its network of engaging FLO<sup>2</sup> for peas and beans in Guatemala is an excellent example of the collaboration Durabilis wishes to realize.

The Durabilis team attended several national and international conferences on sustainability and financing (FAO World Food Summit, Africa-Europa Convention, GRI Conference Amsterdam, Biofach Nürnberg, ...), trade fairs (Fruit Logistica Berlin, PMA Miami, ...), training sessions (SA8000, workshops, ...) and was invited as speaker, more in particular in the domains of integrated supply chain management, non-financial information reporting and corporate governance.

In order to build more understanding and capacity in the co-financing of private agribusiness projects a collaboration agreement was signed with Lapiluz Advisory Services, which provides consulting services. A large number of financial institutions were met (IFC, BIO, Credit Agricole, Bamboo Finance, Root Capital, ...).

The Foundation enlarged its network through contacts with large US and European foundations and company foundations. In 2010 Durabilis became member of CGI (Clinton Global Initiative<sup>3</sup>) and introduced a commitment to action.

The team participates actively in the activities of Kauri (the Belgian multi-actor learning network on corporate responsibility and NGO accountability of which Durabilis is also member of the board). Durabilis became organizational stakeholder of GRI (Global Reporting Initiative<sup>4</sup>) in 2009.

Durabilis has the intention to adhere to the International Non Governmental Organizations (INGOs) Accountability Charter<sup>5</sup> for commitment to excellence, transparency and accountability. Several requirements, such as issuing an audited report, are not fulfilled today. Next year or the year thereafter, readers can expect a report compliant with the INGOs Accountability Charter.

The collaboration in Managing for Sustainable Human Development was pursued with the Solvay Business School, and more in particular with the Chair Marie & Alain Philippson. The Chair has recently developed the Corporate Fellowship Programme to offer students the opportunity to gain field experience in a developing country. The programme aims to raise student awareness not only about the realities and challenges faced by these nations but also about their possible contribution as future business leaders.

Durabilis committed together with Agro-Bio Tech (GxABT<sup>6</sup>) in collaboration with the Gembloux University of Belgium financing for a total amount of € 211.000 to a PhD analyzing the “*Primary characteristics favouring JCL over other agro-fuel feedstock crops are its non-food nature, its multiple uses (oil and oil derivatives production, plot delimitation, traditional medicine, pest control, etc.)*”. Additional commitments were made regarding two rural field projects in Senegal “*Allowing identifying the adequate solutions for the implementation of decentralised production and marketing chains of JCL in Senegal and quantify their exact potential for CO<sub>2</sub> emission reduction and rural poverty alleviation*”. This is being done in cooperation with the Belgian NGO Adg Gembloux<sup>7</sup>.

FLP del Peru signed the BSCI commitment, thereby engaging to sustainable practices both in production and packing activities. An audit has not been performed yet but is due in the coming months.

6. [http://www.ulg.ac.be/cms/c\\_281060/gembloux-agro-bio-tech](http://www.ulg.ac.be/cms/c_281060/gembloux-agro-bio-tech)

7. <http://www.cncd.be>



# 8 Financial Report

## DURABILIS PRIVATE FOUNDATION: BALANCE SHEET DECEMBER 31<sup>ST</sup>, 2009

In thousands of Euro

ASSETS	31/12/2009	31/12/2008	31/12/2007	31/12/2006	31/12/2005
FIXED ASSETS	615	200	436	721	-
Financial fixed assets					
Shares DURABILIS NVSO. (99,97%)	7.077	521	521	521	-
Amount written off DURABILIS NVSO	6.662-	521-	285-	-	-
Shares SEMB SA (20%)	200	200	200	200	-
Shares Fair-Fruit NVSO (0,1%)	0	0	0	-	-
CURRENT ASSETS	8.696	5.413	9.210	3.314	829
Amounts receivable after one year	277	1.513	1.513	1.573	500
Receivable SWEC CVBA	277-	307-	307-	700-	180-
Amount written off receivable SWEC CVBA	8.686	10.347	7.293	2.400	-
Receivable DURABILIS NVSO	-	6.142-	-	-	-
Money Placements					
Cash at bank and in hand	-	-	605	-	-
Deferred charges and accrued income	10	2	106	41	508
TOTAL ASSETS	9.312	5.613	9.646	4.035	829

In thousands of Euro

LIABILITIES	31/12/2009	31/12/2008	31/12/2007	31/12/2006	31/12/2005
CAPITAL AND RESERVES	1.933-	4.690-	1.629	1.288	172-
Endowment and operating funds	-	-	-	-	-
Start up capital	10	10	10	10	10
Permanent operating funds	4.730	2.000	2.000	2.000	-
Affected funds	-	-	-	-	-
Loss carried forward	6.700-	381-	722-	182-	-
Result for the financial year	28	6.319-	341	541-	182-
CREDITORS	11.244	10.304	8.017	2.747	1.000
Amounts payable after more than one year	-	-	-	-	-
Interest-free loan	11.227	10.290	8.000	2.730	1.000
Trade debts	-	-	0	9	-
Accrued charges and deferred income	17	14	17	8	0
TOTAL LIABILITIES	9.312	5.613	9.646	4.035	829

## ASSETS

### FIXED ASSETS

At the end of 2008 the participating interest in Durabilis NVSO was written-off by an additional amount of € 235.000. In the beginning of 2009 it was decided to increase the capital of Durabilis NVSO by an amount of € 6.556.000 by converting a part of the outstanding loan.

This loan was already written-off in 2008 for an amount of € -6.142.000 (see comments Durabilis NVSO). By converting the loan the written-off amount was also reclassified from a financial cost to an exceptional cost, in 2009.

### CURRENT ASSETS

Fair-Fruit NVSO, “Limited Liability Company with Social Purpose” and 99.9% owned by Durabilis NVSO, has taken over the activities of the independent company SWEC CVBA in 2007. This decision implied the liquidation of SWEC.

The loan given to SWEC amounted to € 1.513.000 at the end of 2007 and a write-off of € 307.000 was booked.

At the time all SWEC’s assets were taken-over by Durabilis NVSO for a total amount of € 1.235.000. The outstanding liability with the Foundation was also taken over for the same amount. The remaining outstanding loan amounted to € 277.000 for which an initial write-off was booked for an amount of € 307.000. The difference of € 30.000 implied a reversal of the write-off (see financial income). The liquidation procedure was finalized at the beginning of 2010.

Over the period 2008 and 2009 the foundation made new loans of respectively € 3.054.000 and € 3.660.000 available to Durabilis NVSO, its 99,9% owned operating company. These loans are dedicated to finance the operations and investments from the related companies active in the Water and Fair-Fruit businesses.

From the total outstanding loan of € 15.243.000 an amount of € 6.556.000 was converted into financial fixed assets (see above).

## LIABILITIES

### CAPITAL AND RESERVES

In establishing the foundation in March 2005, its start-up capital (by means of a donation) amounted € -10.000.

In 2009, the founder decided to convert his outstanding receivable for an amount of € 2.730.000 into a permanent donation with the aim of sustaining the expansion of the foundation.

The financial year 2008 and 2009 closed respectively with a loss of € 6.319.000 and a profit of € 28.000. This negative result in 2008 was mainly due to the amount written-off on receivables of Durabilis NVSO.

The Alarm Bell Procedure (as provided in the Belgian Company Code) for limited companies following negative equity is not applicable for Foundations. However the Founder and the Board members confirm the decision to continue the activities, and to take the necessary steps to strengthen the capital structure of the Foundation.

### CREDITORS

The interest-free loans increased from € 8.000.000 in 2007 to € 13.957.000 at the end of 2009. An amount of € 2.730.000 of this loan, was converted into permanent operating funds.

## DURABILIS PRIVATE FOUNDATION: INCOME STATEMENT DECEMBER 31<sup>ST</sup>, 2009

	In thousands of Euro				
	31/12/2009	31/12/2008	31/12/2007	31/12/2006	31/12/2005
<b>Operating Income</b>					
Donations	20	75	344	24	-
<b>Operating charges</b>					
Services and other goods	1-	1-	5-	26-	2-
Other operating charges	22-	40-	59-	11-	0-
<b>OPERATING RESULT</b>	<b>3-</b>	<b>34</b>	<b>281</b>	<b>13-</b>	<b>2-</b>
Financial income	6.172	25	30	23	1
Financial charges	0-	6.143-	315	550-	180-
<b>RESULT ON ORDINARY ACTIVITIES</b>	<b>6.169</b>	<b>6.084-</b>	<b>626</b>	<b>541-</b>	<b>182-</b>
Extraordinary income	-	-	-	-	-
Extraordinary charges	6.142-	236-	285-	-	-
<b>RESULT FOR THE YEAR</b>	<b>28</b>	<b>6.319-</b>	<b>341</b>	<b>541-</b>	<b>182-</b>

## **OPERATING INCOME**

The Foundation received a € 75.000 and € 20.000 donation respectively in 2008 and 2009. Donations do not support any administrative or operating costs but finance local investments and technical or socio-economic support activities.

The Foundation qualifies donations above € 20.000 as “strategic donations”. The “strategic donations” can also be apportioned to the support of projects operating as non-profit, e.g. the water plant in Kinshasa. Other donations are either apportioned to the Jatropha research experiment in Senegal, or to charity-related initiatives such as wells, energy units for hospitals, ...

## **OPERATING CHARGES**

The normal administrative costs are accounted for under ‘Services and other goods’.

Other operating charges concern the taxes on the interest on deposits as well as the taxes on assets (0.17%).

## **FINANCIAL INCOME AND CHARGES**

In 2008, this amount includes the write-off on the loan made to Durabilis NVSO for € 6.141.000.

In 2009, the amount written-off was reclassified from ‘financial charges’ to ‘extraordinary charges’.

## **EXTRAORDINARY CHARGES**

The extraordinary charges in 2008 contain amounts written-off on the participating interest (shares) Durabilis NVSO, based on the valuation of the investment.

The amount in 2009 includes the reclassification of the write-off (see financial charges).

## DURABILIS NVSO: SOURCES AND USES

	In thousands of Euro		
	31/12/2009	31/12/2008	31/12/2007
CAPITAL	7.000	444	444
Loan Founder	1.114		
Loan Durabilis Foundation	8.686	11.552	8.498
Bank loan	450	500	150
<b>TOTAL SOURCES</b>	<b>17.250</b>	<b>12.497</b>	<b>9.093</b>
A. Investments Durabilis NVSO (see detail)	- 9.770	- 5.848	- 6.193
B. Other receivables	- 1.431		
C. Write-off Durabilis Investments	- 1.983	- 3.843	- 783
D. Retained earnings Durabilis Consulting	- 3.755	- 2.692	- 1.513
E. Working Capital Durabilis	- 312	- 114	- 604
<b>TOTAL USES</b>	<b>- 17.250</b>	<b>- 12.497</b>	<b>- 9.093</b>

## Investments Durabilis NVSO

	In thousands of Euro		
	31/12/2009	31/12/2008	31/12/2007
	<b>9.770</b>	<b>5.848</b>	<b>6.193</b>
Grupo CEIS Guatemala packing facility	2.719	2.355	1.721
FAIR-FRUIT NVSO import office	514	- 989	- 1.087
<b>SID SENEGAL</b>	<b>442</b>	<b>445</b>	<b>43</b>
SECOSEN Senegal	2.575	2.180	1.545
SEMB Burkina Faso	780	851	837
SECCO DRC	1.441	1.187	803
MYP Kenya	72	72	72
FAIR-FRUIT Peru	2.093	2.741	2.260
FAIR-FRUIT Peru (Write-off)	- 866	- 2.995	-

I. Due to legal problems with the local partner in Peru the participation was fully written-off in 2008. However as a result of legal reorganization the majority of the write-off was reversed and the final amount written-off was limited to €866.000

## Other receivables

This amount includes a loan agreement with our former local partner in Peru, pledging a land ownership.

## Write-off Durabilis Investments

This amount of € 1.983.000 covers mainly the write-off of the participating interest in Maji Ya Peponi (MYP) LTD (Kenya) in 2007 for an amount of € 285.000, and the amount written-off on the participation in Peru for an amount of € 866.000 (see also comments investment overview).

Furthermore the amount includes the not-realized exchange rate losses on the USD/Euro rate over the last 3 years.

## Retained earnings Durabilis Consulting

The retained earnings cover the costs of the management and the research done over the years in the field of “chain-wide learning for inclusive agrifood market development<sup>1</sup>” from the South to the North, and South to South. Although considerable literature exists about the subject, few field experiences of real size and lasting momentum have been undertaken at this stage, with incorporation of sustainability assessments. These retained earnings can therefore be considered as “Human Resources investments<sup>2</sup>”.

## Working Capital Durabilis

The working capital contains the current assets minus the current liabilities of the company, and supports the current business.

1. Chain-wide learning for inclusive agrifood market development. iied Wageningen (2008). [www.regoverningmarkets.org](http://www.regoverningmarkets.org)  
2. Money Well Spent. Brest & Harvey (2008).

# 9 Data and definitions

## Scope

Durabilis NVSO is major shareholder of and has thus control over the activities of CEIS SA (Guatemala), SID Peru SA (Peru), SECOSEN SA (Senegal), SID Sénégal SA (Senegal), SEMB SA (Burkina Faso) and SECCO SA (DRC). Therefore, this report discloses a management approach (see pages 9, 10, 14-16 and 18) and provides financial and sustainability performance indicators Chapter 8 and 10 for all these business units with the following exceptions: financial data are provided in aggregated form for Durabilis Foundation and NVSO. Sustainability performance indicators are reported separately for all entities except SECCO, due to the difficult situation it is currently in, and SID Senegal SA, due to the small size and impact compared to resources needed for data collection and processing. Financial and sustainability data are also reported for Durabilis' and Fair-Fruit's headquarter in Belgium. Durabilis has significant influence over smallholder farmers in Guatemala, which is therefore disclosed in a management approach (see page 28).

The management approach covers the entire calendar years 2008 and 2009, and where relevant the first semester of 2010. The financial and sustainability performance indicators are reported for the calendar years 2008 and 2009. Due to problems with the transition of farm Aurélie from Waimanalo to SID Peru SA, social indicators could only be calculated as from the start-up of SID Peru in September 2008.

## Performance indicators

In Chapter 10, operational data on economic, environmental and social performance are provided for the business units. Operational indicators include GRI indicators and Durabilis indicators.

## The GRI Food Processing Sector Supplement

The Food Processing Sector Supplement of the GRI guidelines has been officially launched on the GRI conference in Amsterdam, 26 – 28 May 2010. This supplement includes additional indicators with respect to sustainability in the food processing sector. These indicators were assessed where data could be obtained on time. In the following activity report, the indicators will be fully included.

## The GRI NGO Sector Supplement

Durabilis, though not considered a traditional NGO, has characteristics which are similar to such organizations. The NGO Sector Supplement of the GRI guidelines has been officially launched on the GRI conference in Amsterdam, 26 – 28 May 2010. These indicators were assessed where relevant for the organization. In the following activity report, the indicators will be fully included.

## Carbon footprint methodology

The guidelines of the WRI/WBSCD Greenhouse Gas Protocol were followed for calculating total greenhouse gas emissions (expressed in CO<sub>2</sub> equivalent emissions). Scope 1, scope 2 and scope 3 emissions were accounted for. Reported scope 3 emissions include the production and transport of raw material, the production of purchased packaging materials, semi-manufactured ingredients and associated process materials if the emission factor for production is available from Bilane Carbone Emission Factors Manual, A Review of Greenhouse Gas Emission Factors for Fertiliser Production or Renewable Fuels Agency Technical Guidance on Carbon Reporting within the Renewable Transport Fuel Obligation, subcontracted employee commuting, employee business air travel and transportation of sold products. Scope 3 emissions from extraction and transport of purchased fuels and land use change are not included, neither are the emissions from the use phase and from the disposal of waste. Site-specific details are provided below (EN16 and EN17).

Emission factors were obtained from diverse literature sources (Defra/DECC's GHG Conversion Factors for Company Reporting, IEA Statistics on CO<sub>2</sub> emissions from fuel combustion, Bilane Carbone Emission Factors Manual, A Review of Greenhouse Gas Emission Factors for Fertiliser Production, Renewable Fuels Agency Technical Guidance on Carbon Reporting within the Renewable Transport Fuel Obligation and VITO MOPSEA Report).

## Stakeholder engagement related to sustainability

	CEIS SA, Guatemala South/North	SID Peru SA, Peru, South/North	SEMB SA, Burkina Faso, South/South	SECOSEN SA Senegal, South/South	SECCO SA, DRC, South/South	SID Senegal SA, Senegal, South/South	Headquarters, Belgium
<b>Internal stakeholders</b>							
management	continuous interaction and formal interviews in June 2007 and February 2010	continuous interaction and formal interviews in July 2007 and August 2009	continuous interaction and formal interviews in February 2008	continuous interaction and formal interviews in April 2008	continuous interaction and formal interviews in May 2007	continuous interaction	continuous interaction
employees	continuous interaction with employee representatives and formal interviews in June 2007 and February 2010	continuous interaction with employee representatives and formal interviews in July 2007 and August 2009	continuous interaction and formal interviews in February 2008	continuous interaction and formal interviews in April 2008	continuous interaction	continuous interaction	continuous interaction
trade unions	non existing	non existing	non existing	continuous interaction	non existing	non existing	low engagement
<b>External stakeholders</b>							
suppliers	continuous interaction and formal interviews in June 2007, July 2009 and February 2010	low engagement	low engagement	low engagement	low engagement	low engagement	low engagement
clients	continuous interaction	continuous interaction	continuous interaction	continuous interaction	continuous interaction	n/a	continuous interaction
investors and funders	visit Root Capital in April 2009, visit ICCO in July 2009 and others (see networking page 34)	Visit local potential partners	Contacts with several potential investors (see networking page 34)	Contacts with several potential investors (see networking page 34)	Contacts with several potential investors (see networking page 34)	n/a	Contacts with several potential investors (see networking page 34)
governmental organizations	low engagement	formal interview in July 2007 with Comité de Riego	UNCTAD Burkina Faso DFI stakeholders meeting Geneve 2009	meetings with Ministers of Energy, Industry, Research, ACP mission 2009	formal interviews in May 2007	formal interviews in April 2007	low engagement
civil society organizations	continuous interaction with Fundación Agil, Transfair USA and Fairtrade Labeling Organization, formal interviews in June 2007 and July 2009	formal interviews in July 2007	meetings with the Chamber of Commerce and Industry 2009/2010	collaboration with Resopp, national agro-cooperative	formal interviews in May 2007	continuous interaction with Gembloux Agro-Bio Tech, formal interviews with local organizations in April 2007	regular interaction with GRI, Kauri, etc (see page 34 on networking and external activities)
community	formal interviews in June 2007 and February 2010	formal interviews in July 2007	potable water educational campaign with schools in 2007	low engagement	low engagement	formal interviews in April 2007	low engagement
competitors	continuous interaction (via Comité de Arvejas)	low engagement	non existing	non existing	non existing	not applicable	non existing

# IO Sustainability performance indicators

Durabilis' sustainability indicators consist of a limited set of Key Performance Indicators (KPIs) that summarize the operational sustainability performance for communication and management purposes and the operational performance indicators which illustrate into detail the organizations' performance.

Additional to the environmental and social KPIs, indicators are being developed for assessing the aimed at local economic impact as described in chapter 5.

## Key performance indicators

ENVIRONMENTAL IMPACT		
KPIs	Subject	Indicator definition
1	Resources	g virgin* material per kg of produced end product **
2	Toxic chemicals	g toxic chemicals used per kg of produced end product** broken down by WHO toxicity class I, II and III
3	GHG	g greenhouse gas emissions per kg end product**, expressed in CO <sub>2</sub> equivalents
4	Water	l water per kg of produced end product**
5	Ozone layer	g ozone depleting substance emissions per kg of produced end product**, expressed in CFC-11 equivalents
6	Waste	g non-recycled waste per kg of produced end product**
7	Renewable energy	% renewable energy used
8	Effluent quality	water effluent parameters in % exceeding national and international limits
9	Nature/biodiversity	under development
SOCIAL IMPACT		
KPIs	Subject	Description
1	Formal employment security	formally contracted employees/total employees (in full-time equivalents)
2	Permanent employment security	employees working on permanent base or having worked a full year with a fixed term contract/ total employees (in full-time equivalents)
3	Turnover	# employees that left the company/full time equivalents worked during the reporting period
4	Seasonal employment stability***	# employees that worked the previous season/full time equivalent worked during the reporting period
5	Health & safety checklist	health & safety checklist performance
6	Health & safety accidents	# accidents/total employees (in full-time equivalents), broken down by severity
7	Overtime hours	# overtime hours/total employees (in full-time equivalents)/ # weeks
8	Gender and management	# women in management positions/total employees (in full-time equivalents)
9	Gender and suitable work	# women in heavy or unsuitable jobs/total employees (in full-time equivalents)
10	Training & education	# training hours/total employees (in full-time equivalents)
11	Human rights	human rights checklist performance
12	Staff satisfaction	staff satisfaction questionnaire performance
13	Product responsibility	under development
14	Community support	amount designated to community support/(profit + amount designated to community support)

\* virgin = non-recycled, non-organic, not living;

\*\* end product = total product – losses

\*\*\* for seasonal business

## Environmental KPIs

### KPI1: Resources

	CEIS SA	SID Peru SA	SEMB SA		SECOSEN SA	
	2008-2009	2008-2009	2008	2009	2008	2009
Field	468*	72	n/a	n/a	n/a	n/a
Processing/packing site	170	43**	8,41***	17,64****	8,97****	11,06****
TOTAL	638	115	8,41	17,64	8,97	11,06

\*Materials used for raw material production, based on estimations of one farmers group of snow peas (Q'Anil)

\*\*Materials used for processing and packaging (in FLP) of 50% of raw material, other 50% sold directly on local market

\*\*\*Number does not include semi-manufactured ingredients and does not include associated process materials due to lack of records

\*\*\*\*Number does not include associated process materials due to lack of records

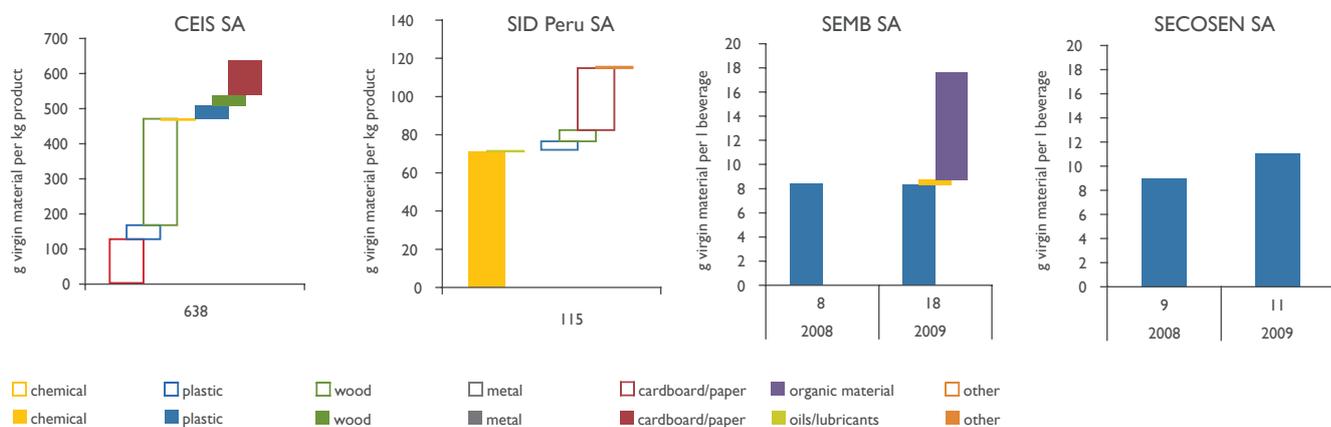


Figure 1. Virgin packaging, semi-manufactured ingredients and associated process material used for the production, processing and packaging of 1 kg fresh produce in CEIS SA and SID Peru SA in the season 2008 and 2009 and 1 l beverage in SEMB SA and SECOSEN SA in the calendar years 2008 and 2009. Filled bars indicate onsite material use, empty bars indicate upstream or downstream material use

### KPI2: Toxic chemicals

		CEIS SA	SID Peru SA	SEMB SA		SECOSEN SA	
		2008-2009	2008-2009	2008	2009	2008	2009
Field	class I*	0**	0	n/a	n/a	n/a	n/a
	class II*	0,09**	0	n/a	n/a	n/a	n/a
	class III*	0,18**	0,25	n/a	n/a	n/a	n/a
	class U*	9,5**	3,05	n/a	n/a	n/a	n/a
Processing/packing site	class I*	0	0	0	0	0	0
	class II*	0	0	0	0	0	0
	class III*	0	0,02***	0	0	0	0
	class U*	0	0	0	0	0	0
TOTAL		9,72	3,31	n/a	n/a	n/a	n/a

\* Ia: extremely hazardous, Ib: highly hazardous, II: moderately hazardous, III: slightly hazardous, U: unlikely to be hazardous

\*\* Toxic chemical use for raw material production based on estimations of one farmers group of snow peas (Q'Anil)

\*\*\*Toxic chemical use for processing and packaging (in FLP) of 50% of raw material, other 50% sold directly on local market

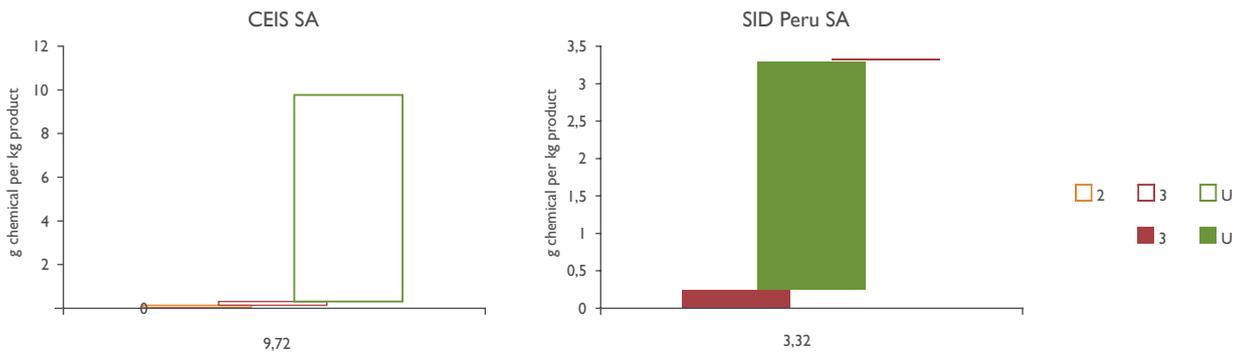


Figure 7. Agrochemicals used for the production and processing of 1 kg fresh produce at CEIS SA and SID Peru SA, broken down by toxicity class. Filled bars indicate onsite use, empty bars upstream or downstream use.

### KPI3: Energy

	CEIS SA	SID Peru SA	SEMB SA	SECOSEN SA
	2008-2009	2008-2009	2008	2009
Field (fuel and electricity)	143*	1534	n/a	n/a
Processing/packing site (fuel and electricity)	1747	1048**	102,34	61,38
TOTAL	1890	2582	102,34	61,38

\* Energy used for raw material production, based on estimations of one farmers group of snow peas (Q'Anil), where fields are not irrigated. The number is an underestimation because around 25% of the purchased raw material is grown on irrigated fields, which are energy requiring

\*\*Energy use for processing and packaging (in FLP) of 50% of raw material, other 50% sold directly on local market

\*\*\*Energy use does not include fuel use by electricity generator due to lack of records

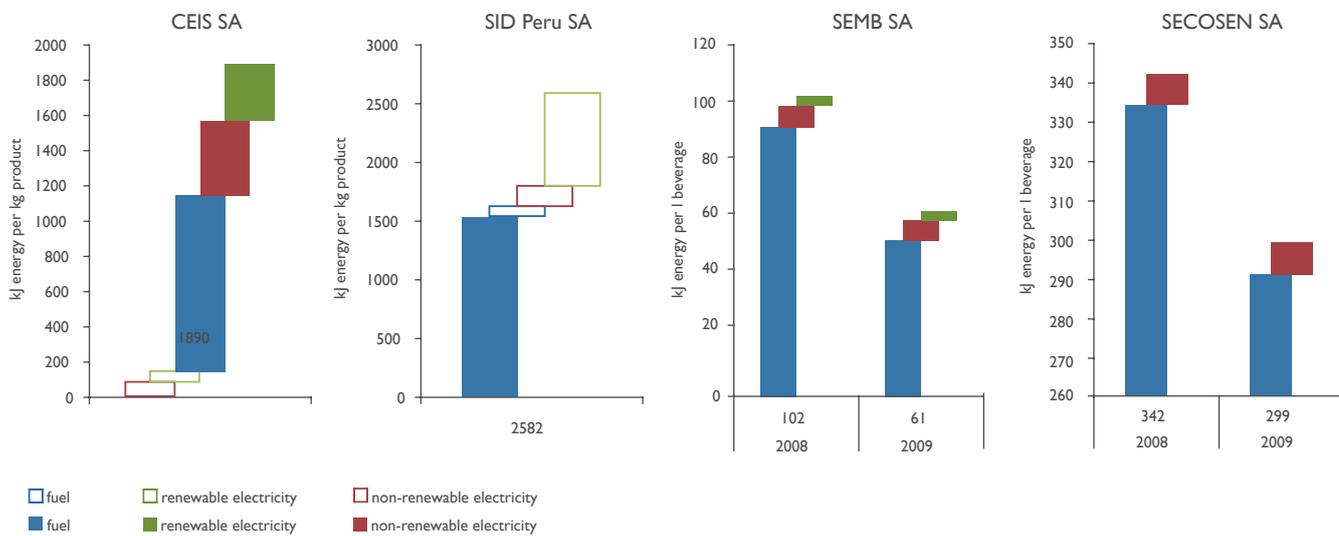


Figure 8. Energy used for the production, processing and packaging of 1 kg fresh produce in CEIS SA and SID Peru SA in the season 2008 and 2009 and 1 l beverage in SEMB SA and SECOSEN SA in the calendar years 2008 and 2009. Filled bars indicate onsite energy use, empty bars upstream or downstream energy use.

## KPI4: Renewable energy

	CEIS SA	SID Peru SA	SEMB SA		SECOSEN SA	
	2008-2009	2008-2009	2008	2009	2008	2009
Field (fuel and electricity)	43%*	0%	n/a	n/a	n/a	n/a
Processing/packing site (fuel and electricity)	18%	75%*	28%	26%	0%	0%

\* % renewable energy for raw material production based on estimations of one farmers group of snow peas (Q'Anil), where fields are not irrigated. This number is an overestimation because irrigated fields use fossil fuel based pumps.

•% renewable energy for processing and packaging (in FLP) of 50% of raw material, other 50% sold directly on local market

## KPI5: Water

	CEIS SA	SID Peru SA	SEMB SA		SECOSEN SA	
	2008-2009	2008-2009	2008	2009	2008	2009
Field	1,1*	661,0	n/a	n/a	n/a	n/a
Processing/packing site	5,9	0,9*	1,04	1,04	n/d	1,51**
TOTAL	7,0	661,9	1,04	1,04	n/d	1,51

\*Water use for raw material production, based on estimations for snow peas of one farmers group (Q'Anil), where fields are not irrigated. The number is an underestimation because around 25% of the purchased raw material is grown on irrigated fields.

•Water use for processing and packaging (in FLP) of 50% of raw material, other 50% sold directly on local market

\*\*Does not include groundwater used for showers, lavatories and cleaning due to lack of records

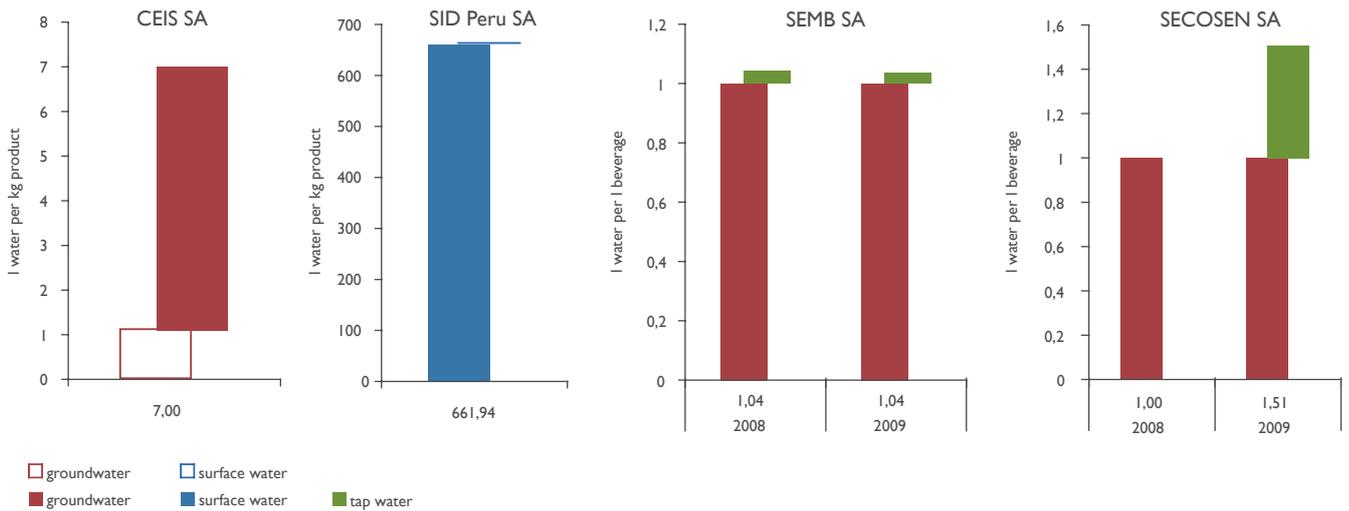


Figure 9. Water used for the production, processing and packaging of 1 kg fresh produce in CEIS SA and SID Peru SA in the season 2008 and 2009 and 1 l beverage in SEMB SA and SECOSEN SA in the calendar years 2008 and 2009. Filled bars indicate onsite water use, empty bars upstream or downstream water use.

### KPI6: Nature/biodiversity

In SID Peru SA, 10% of the land is protected area. This land, which consists of dry woods, contains the unique Algarrobo trees (*Hymenaea courbaril*) and a variety of other leguminous trees, such as Mesquite (*Prosopis sp.*). In 2000, BirdLife International identified the dry forests along the Pacific coast of Ecuador and Peru as a priority ecosystem for conservation, based on its high level of endemism and presence of globally threatened bird species.

In Guatemala the affected land is in hands of outgrowers. Some biodiversity measures are starting to be implemented with farmers that apply for Fairtrade certification in 2010. However, plans for a more consistent approach are under development.

### KPI7: Greenhouse gas emissions

	CEIS SA	SID Peru SA	SEMB SA	SECOSEN SA		
	2008-2009	2008-2009	2008	2009	2008	2009
Production of input materials for field and processing/packing site	275*	135*	4,75	6,49	5,04	6,19
Field (electricity, fuel, fugitive emissions)	122**	194	n/a	n/a	n/a	n/a
Processing/packing site (electricity, fuel, fugitive emissions)	252	56*	8,67	5,59	31,38***	27,60***
Subcontracted product and staff transport	415	154**	6,48	5,73	n/d	n/d
<b>TOTAL</b>	<b>994</b>	<b>539</b>	<b>19,91</b>	<b>17,81</b>	<b>36,42</b>	<b>33,79</b>

\* Only includes materials of which an emission factor can be found in following literature: Bilane Carbone Emission Factors Manual, A Review of Greenhouse Gas Emission Factors for Fertiliser Production and Renewable Fuels Agency Technical Guidance on Carbon Reporting within the Renewable Transport Fuel Obligation.

\*\* Emissions from field are based on estimations for snow peas of one farmers group (Q'Anil) where fields are not irrigated. The number is an underestimation because around 25% of the purchased raw material is grown on irrigated fields, where fossil fuels or electricity is used for driving water pumps.

• Emissions from processing, storage & packaging (in FLP) of 50% of raw material, other 50% sold directly on local market

\*\* Emissions from subcontracted product transport (to FLP) and product export (from FLP) of 50% of raw material, other 50% sold directly on local market. Emissions do not include transport from field to local market.

\*\*\*Does not include emissions from fuel use by the electricity generator

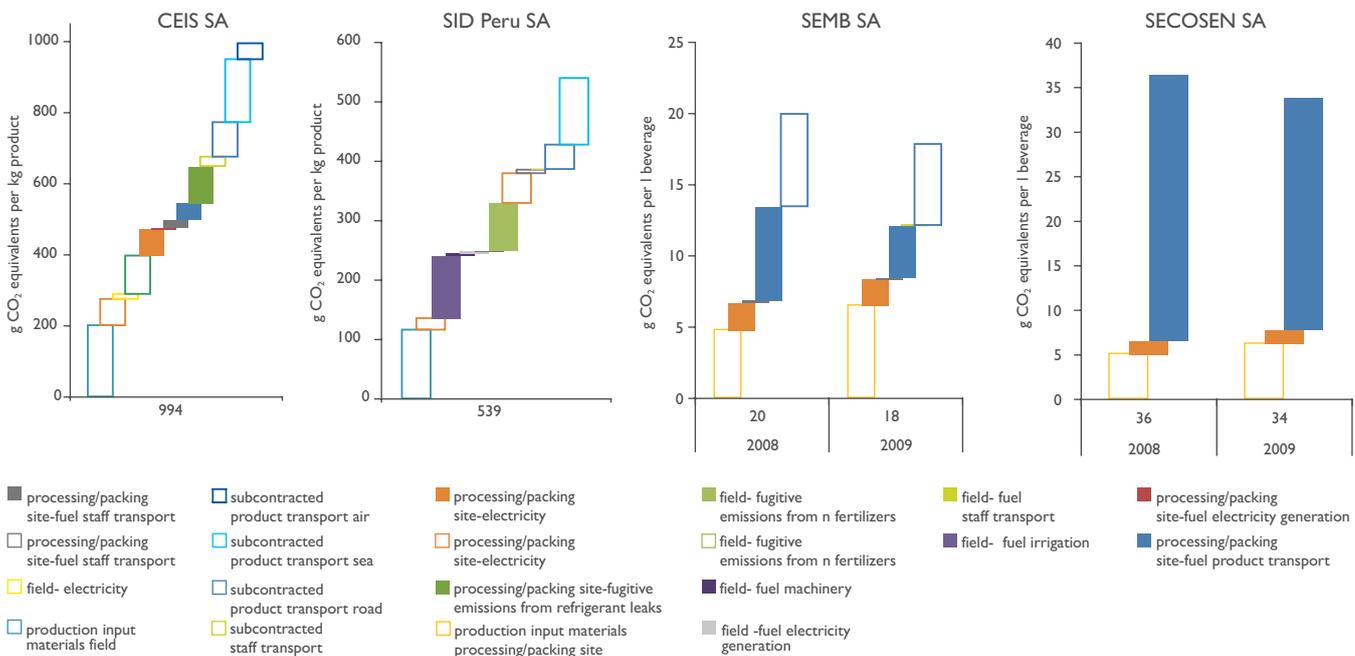


Figure 10. Greenhouse gas emissions from the production, processing and packaging of 1 kg fresh produce in CEIS SA and SID Peru SA in the season 2008 and 2009 and 1 l beverage in SEMB SA and SECOSEN SA in the calendar years 2008 and 2009. Filled bars indicate onsite emissions, empty bars upstream or downstream emissions.

**KPI8: Emissions of ozone depleting substances**

	CEIS SA	SID Peru SA	SEMB SA		SECOSEN SA	
	2008-2009	2008-2009	2008	2009	2008	2009
Field	n/d	n/d	n/a	n/a	n/a	n/a
Processing/packing site	0,0026	0	0	0	0	0
TOTAL	0,0026	0	0	0	0	0

**KPI9: Effluent water quality**

Until now, none of the business units performs analyses of effluent water quality. Although none of the business units works with hazardous chemicals, the effluent waters may have a high nutrient load, which may have a significant impact on receiving waters. It is a necessity to perform effluent water analyses in order to comply with national environmental laws. The sites take a potential risk of regulatory action for non-compliance with environmental regulation.

**KPI10: Waste**

Since October 2009, records of waste are kept in CEIS SA. In the other sites, such records still have to be implemented. This KPI is nonetheless important, both from a financial and an environmental perspective. Waste records indicate potential improvements in process efficiency and productivity, and waste reduction contributes directly to lower costs for materials, processing and disposal.

## Social KPIs

Some of the Durabilis KPIs could not yet be calculated due to lack of information about temporary workers (indicated with n/d – i.e. no data). Nevertheless, more detailed information can be found in the operational performance indicators.

### KPI1: Formal employment security

Headquarters		CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA	
2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
100%	100%	36%	34%	n/d	n/d	86%	82%	72%	60%

### KPI2: Permanent employment security

Headquarters		CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA	
2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
no temps	93%	36%	34%	n/d	n/d	84%	76%	73%	53%

### KPI3: Turnover

Headquarters		CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA	
2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
77%	47%	552%	257%	n/d	n/d	n/d	n/d	n/d	n/d

### KPI4: Seasonal employment stability

Headquarters		CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA	
2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
n/a	n/a	n/d	n/d	n/d	n/d	n/a	n/a	n/a	n/a

### KPI5: Health & safety checklist

Headquarters		CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA	
2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
n/d	100%	37%	67%	n/d	88%	n/d	73%	n/d	80%

### KPI6: Health & safety accidents

Consistent registers were not yet available for the assessment of this indicator. They will form part of the SHE system to be implemented Durabilis-wide. No fatal or other severe accidents occurred at any of the sites, except for the one reported in SEMB (see page 20).

### KPI7: Overtime hours

Headquarters		CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA	
2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
n/a	n/a	7.1	12.1	n/d	n/d	n/d	n/d	n/d	n/d

**KPI8: Gender and management**

Headquarters		CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA	
2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
18%	14%	27%	19%	0%	0%	29%	29%	36%	44%

**KPI9: Gender and suitable work**

Headquarters		CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA	
2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
0%	0%	0%	0%	0%	0%	n/d	n/d	n/d	n/d

**KPI10: Training & education**

Headquarters		CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA	
2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
1.1	20.7	2.2	1.9	n/d	n/d	n/d	n/d	n/d	n/d

**KPI11: Human rights**

Headquarters		CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA	
2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
not material	not material	not assessed	73%	n/d	58%	not assessed	not assessed	not assessed	not assessed

**KPI12: Staff satisfaction**

Headquarters		CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA	
2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
not assessed	not assessed	n/d	0,53	n/d	n/d	not assessed	not assessed	not assessed	not assessed

**KPI13: Product responsibility**

A product responsibility indicator is still under development.

**KPI14: Community support**

A community support indicator is still under development. Durabilis has performed community support in Guatemala through technical and management assistance to the loquat cooperative COOINCOM in San Juan del Obispo.

## Operational performance indicators

### Key results:

- In SID Peru SA, only agrochemicals with a slightly or unlikely to be hazardous character are applied.
- All business units together used 8505 and 7780 GJ energy in 2008 and 2009, respectively. 8505 GJ corresponds with the yearly energy use of 118 average row houses in Belgium<sup>1</sup>.
- Of all energy consumed, 4% originated from renewable sources in 2008 and 8% in 2009, respectively.
- All business units together used 0,5 and 0,4 million m<sup>3</sup> water in 2008 and 2009, respectively. This corresponds with the yearly consumption of 12820 average Belgian households<sup>2</sup>.
- SID Peru consumed 93 and 88% of the total water in 2008 and 2009 respectively, for irrigating the mango field.
- Total scope 1 (fuel use) and scope 2 (purchased electricity) emissions were 774 and 979 tonnes of CO<sub>2</sub> equivalents in 2008 and 2009, respectively. This equivalents about 5 million kms with an average diesel car<sup>2</sup>.
- The proportion of formally contracted labor force declined from 49,2% in 2008 to 38,2% in 2009 due to growth mainly in temporary workforce.
- The turnover rate for the whole foundation almost halved from 211% in 2008 to 129% in 2009.
- In 2009, Europeans formed 2,8% of the total workforce.
- The proportion of workers of which gender was known rose from 76,8% to 82,5% because of better registration.

1. Eandis magazine: hoe ziet je energiebudget eruit?

2. Blauwboek, Belgaqua

## NGO sector specific program effectiveness performance indicators

### **NGO1: Processes for involvement of affected stakeholder groups in the design, implementation, monitoring and evaluation of policies and programs.**

The degree of stakeholder engagement has been variable in the different units (see page 78). However, the reviewed sustainability framework includes solid procedures on how to deal with different stakeholders (see paragraph 6.3.4.1). The implementation of these procedures in the field is a main priority for the next reporting period.

### **NGO2: Mechanisms for feedback and complaints in relation to programs and policies and for determining actions to take in response to breaches of policies**

Not in place yet, should form part of the sustainability framework.

### **NGO3: System for program monitoring, evaluation and learning, (including measuring program effectiveness and impact), resulting changes to programs, and how they are communicated**

Business units undergo regular sustainability screening, which includes employee and management interviews. When relevant, suppliers and other stakeholders are included as well. Recommendations and performed changes are summarized in the internal sustainability reports for the individual units. The content of these reports is standardized in the sustainability framework (see paragraph 6.3.4.1). Although resources have been short to achieve the goal, the aim is to perform one evaluation every year for every unit.

### **NGO4: Measures to integrate gender and diversity into program design and implementation, and the monitoring, evaluation, and learning cycle**

Gender and diversity indicators are assessed in the individual sustainability reports and repeated as a KPI for every business unit. Measures are discussed with the managers who are expected to respond to proposed changes in the case of low scores. Interaction between managers leads to the sharing of best practices.

### **NGO5: Processes to formulate, communicate, implement, and change advocacy positions and public awareness campaigns**

The global activity report is Durabilis' tool for external communication

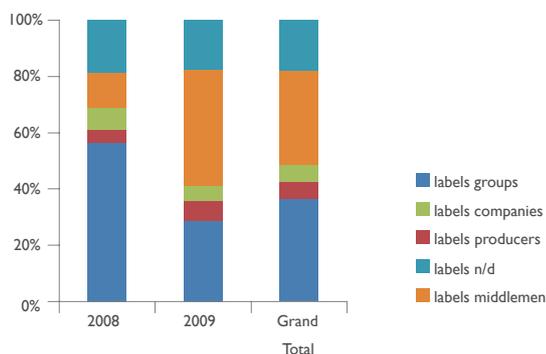
### **NGO6: Processes to take into account and coordinate with the activities of other actors**

Will be described into more detail in a following global activity report

## Food processing sector-specific sourcing performance indicators

### FP1: Percentage of purchased volume from suppliers compliant with company's sourcing policy

The only unit to which a food sourcing policy applies is CEIS Guatemala<sup>3</sup>, where small farmer groups form the target group. As shown in the figure below, relatively more produce had to be sourced with middlemen. With close assistance, these groups will be able to grow more in the near future.



### FP2: Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard

FP2 also refers mainly to CEIS Guatemala, where several farmer groups are GLOBALG.A.P. certified. Even though applying the most relevant measures, not all member farmers are certified however; therefore it is not yet possible to quantify the exact percentage. Better records will allow this assessment from 2010 on. Fairtrade certification will be another standard to report about in the near future.

## Economic performance indicators

### EC1: Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments

Financial figures at Durabilis Foundation and Durabilis NVSO level are disclosed in paragraph 8 Financial Report.

CEIS has performed community support through technical and management assistance to the loquat cooperative COOINCOM in San Juan del Obispo and through the Fairtrade certification programme of more pea coops in Guatemala. Since this support has formed part of the usual operational assistance to farmers, it has not been quantified.

### EC2: Financial implications and other risks and opportunities for the organization's activities due to climate change

For the agricultural activities in Guatemala and Peru climate change could play an important role. In Guatemala, volumes are meticulously planned according to the dry and the rainy season. Any variation has considerable impact on product quality and shelf-life. Irregular rains and droughts have been affecting the operations. Especially in Piura, where Farm Aurélie is located, El Niño events have been exceptionally severe; however the plantation has been only minimally affected until today.

While mango is traditionally exported by boat, beans and peas are generally shipped by plane. The objective of reducing GHG emissions stimulated the unit to improve its packing processes and material, so that with longer shelf-life the product could be shipped by boat (98% is now transported over the sea). This has resulted in remarkably lower emissions but also better acceptance and more competitive prices.

The financial impact of climate change has not been quantified yet.

I. The sourcing of sugar for NRJ drinks in West-Africa could be subject to such a policy as well, which is not the case at the moment

**EC3: Coverage of the organization's defined benefit plan obligations**

In the context of the operations, benefit plan obligations are minimal. This indicator is considered not material and not assessed.

**EC4: Significant financial assistance received from government**

Neither Durabilis nor the business units received financial assistance from any government.

**EC5: Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation**

The basic needs wage is calculated using the methods offered by the social standard SA8000.

Compensation of employees according to local minimum wage at significant locations of operation

	Belgium		Burkina Faso		Guatemala		Peru		Senegal	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Proportion of workforce (in full-time equivalents) earning at least minimum wage	100 %	100 %	98 %	100 %	86 %	83 %	No data	No data	No data	No data
Ratio of entry level wage to local minimum wage	137 %	137 %	58 %	75 %	100 %	100 %	No data	No data	No data	No data

Compensation of employees according to basic needs wage at significant locations of operation

	Belgium		Burkina Faso		Guatemala		Peru		Senegal	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Proportion of workforce (in full-time equivalents) earning at least basic needs wage	100 %	100 %	23 %	28 %	24 %	33 %	No data	No data	No data	No data
Ratio of entry level wage to basic needs wage	137 %	137 %	30 %	37 %	49 %	90 %	No data	No data	No data	No data

**EC6: Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation**

Local spending forms part of Durabilis theory of change. However, this indicator was not quantified during the present reporting cycle

**EC7: Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation**

As in EC6, local hiring is embedded in Durabilis' theory of change, but the related formal procedures are still to be established.

**EC8: Development and impact of infra-structure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement**

Neither Durabilis nor the business units have performed such investments.

**EC9: Understanding and describing significant indirect economic impacts, including the extent of impacts**

These aspects are described into detail in chapter 5 Mission statement.

**NGO7: Resource allocation**

Durabilis uses the Belgian rules for accounting.

**NGO8: Sources of funding by category and five largest donors and monetary value of their contribution**

See 2.1.2 Investments, Donations in 7.2 Legal information and 8 Financial report.

## Environmental performance indicators

### EN1: Materials used by weight (expressed in tonnes)

		CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarters	
		2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Raw materials	fresh produce	654,32	1694,89	499,35	1321,19	-	-	-	-	-	-
	water	-	-	-	-	20612,34	31857,27	8788,33	6489,48	-	-
Semi-manufactured ingredients	chemicals	-	-	-	-	n/d	13,26	-	-	-	-
	organic material	-	-	-	-	n/d	282,75	-	-	-	-
Packaging materials	Plastics	11,48	50,22	-	-	173,42	265,96	78,82	71,77	-	-
	Paper & cardboard	29,83	163,01	-	-	-	-	-	-	-	-
	Wood	14,53	44,97	-	-	-	-	-	-	-	-
	Metals	0,04	0,10	-	-	-	-	-	-	-	-
	Others	0,01	0,05	-	-	-	-	-	-	-	-
Associated process materials	Plastics	0,03	0,11	-	-	n/d	n/d	n/d	n/d	-	-
	Paper & cardboard	0,46	1,91	-	-	n/d	n/d	n/d	n/d	0,08	0,05
	Wood	-	-	-	-	n/d	n/d	n/d	n/d	-	-
	Metals	-	-	-	-	n/d	n/d	n/d	n/d	-	-
	Chemicals	1,16	2,15	46,59	32,96	n/d	n/d	n/d	n/d	-	-
	Oils and lubricants	-	-	0,29	0,19	n/d	n/d	n/d	n/d	-	-
	Organic material	-	-	0,78	0,00	n/d	n/d	n/d	n/d	-	-
	Others	0,01	0,01	0,00	0,00	n/d	n/d	n/d	n/d	0,04	0,01
<b>TOTAL</b>	<b>711,87</b>	<b>1957,42</b>	<b>547,00</b>	<b>1354,34</b>	<b>20785,77</b>	<b>32419,24</b>	<b>8866,15</b>	<b>6561,25</b>	<b>0,12</b>	<b>0,06</b>	

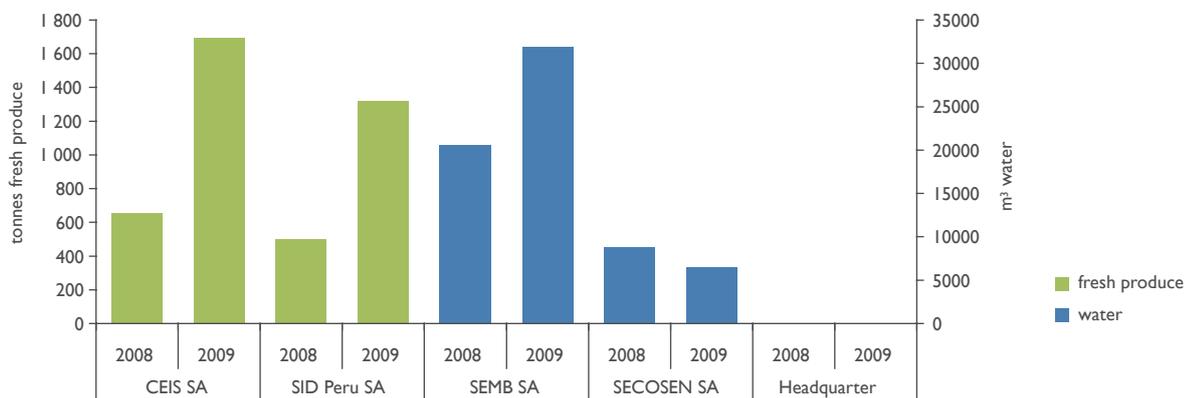


Figure 6. Produced or processed fresh produce and water in 2008 and 2009

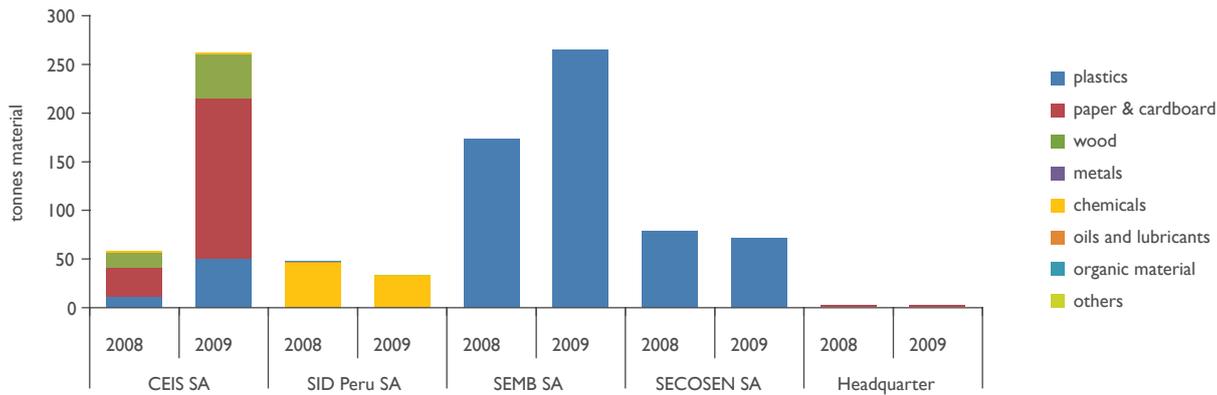


Figure 7. Packaging and associated process materials used in 2008 and 2009

## EN2: Percentage of materials used that are recycled input materials

CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
0%	0%	1,6%	0%	0%	0%	0%	0%	55,8%	63,3%

## DUEN1: Weight of agrochemicals used, broken down by toxicity class (expressed in kg)

	CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Class Ia*	-	-	-	-	-	-	-	-	-	-
Class Ib*	-	-	-	-	-	-	-	-	-	-
Class II*	-	-	-	-	-	-	-	-	-	-
Class III*	-	-	161,10	4,65	-	-	-	-	-	-
Class U*	-	-	1910,28	616,84	-	-	-	-	-	-
TOTAL	-	-	2071,38	621,49	-	-	-	-	-	-

\* Ia: extremely hazardous, Ib: highly hazardous, II: moderately hazardous, III: slightly hazardous, U: unlikely to be hazardous

## DUEN2: Presence of an integrated crop protection plan and its implementation

	CEIS SA	SID Peru SA	SEMB SA	SECOSEN SA	Headquarter
	2008 and 2009	2008 and 2009	2008 and 2009	2008 and 2009	2008 and 2009
presence	n/a	yes (GLOBALG.A.P.)	n/a	n/a	n/a
implementation	n/a	n/d	n/a	n/a	n/a

**EN3: Direct energy consumption by primary energy source (expressed in GJ)**

**EN4: Indirect energy consumption by primary source (expressed in GJ)\***

	CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Direct energy (fuel)	1353	1718	1139	824	1884	1619	2933•	1887•	257	139
Indirect energy (purchased electricity)	595	1203	-	-	226	336	69	53	49	42
<b>TOTAL</b>	<b>1948</b>	<b>2920</b>	<b>1139</b>	<b>824</b>	<b>2110</b>	<b>1955</b>	<b>3002</b>	<b>1940</b>	<b>306</b>	<b>181</b>

\* Energy purchased; grid and efficiency losses during conversion and transport of energy from power plant to site are not taken into account.  
 • Number does not include fuel consumption by electricity generator due to lack of records.

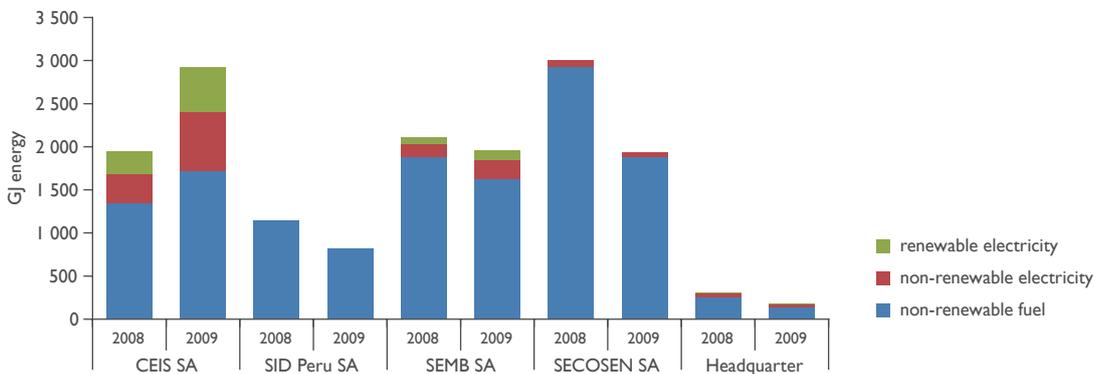


Figure 8. Energy use at the different sites in the calendar years 2008 and 2009.

**EN5: Energy saved due to conservation and efficiency improvements**

This indicator is not assessed, 2008 will serve as the base year.

**EN6: Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives**

In none of the sites formal initiatives have been undertaken yet.

**EN7: Initiatives to reduce indirect energy consumption and reductions achieved**

In none of the sites formal initiatives have been undertaken yet.

**DUEN3: Presence of an energy management plan and its implementation**

None of the sites has an energy management plan.

### EN8: Total water withdrawal by source (expressed in m<sup>3</sup>)

	CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Groundwater	2904	7961	-	-	20612*	31857*	8787•	6489•	-	-
Surface water	-	-	476518	355799	-	-	-	-	-	-
Rainwater	-	-	-	-	-	-	-	-	-	-
Tap water	-	-	-	-	889	1167	n/d	3286	25	26
<b>TOTAL</b>	<b>2904</b>	<b>7961</b>	<b>476518</b>	<b>355799</b>	<b>21501</b>	<b>33024</b>	<b>8787</b>	<b>9776</b>	<b>25</b>	<b>26</b>

\* Water use estimated from content of water bags. This is likely to be an underestimation because some water is lost during processing.

• Water use estimated from content of water bags. This is an underestimation because groundwater is also used for lavatories, showers and cleaning and water is also lost during processing.

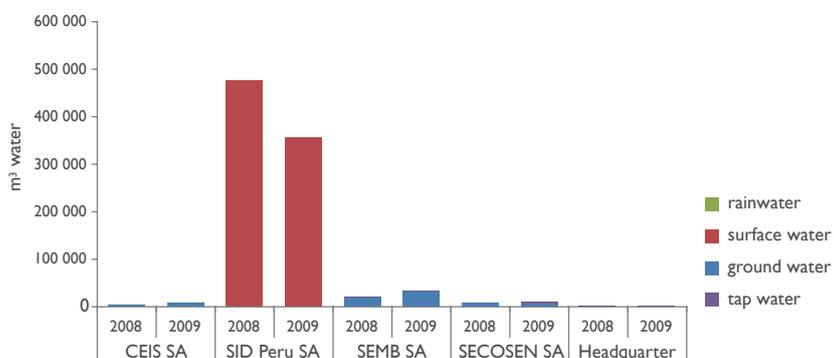


Figure 9. Water use at the different sites in the calendar years 2008 and 2009.

### EN9: Water sources significantly affected by withdrawal of water

	CEIS SA	SID Peru SA	SEMB SA	SECOSEN SA	Headquarter
	2008 and 2009	2008 and 2009	2008 and 2009	2008 and 2009	2008 and 2009
Withdrawal > 5% of annual average of water body	n/d	no, but more than allowed by the regional irrigation commission	n/d	n/d	no
Withdrawal from particularly sensitive water body due to relative size, function, or status as a rare, threatened, or endangered system	no	no	n/d	n/d	no
Withdrawal from Ramsar-listed wetland	no	no	no	no	no

### EN10: Percentage and total volume of water recycled and reused

None of the sites reuses/recycles water.

### DUEN4: Initiatives to reduce water consumption and reductions achieved

In none of the sites concrete initiatives have been undertaken.

**DUEN5: Presence of a water management plan and its implementation**

None of the sites has a water management plan

**DUEN6: Presence of a soil conservation plan and its implementation**

	CEIS SA	SID Peru SA	SEMB SA	SECOSEN SA	Headquarter
	2008 and 2009				
Presence	n/a	no	n/a	n/a	n/a
Implementation	n/a	no	n/a	n/a	n/a

**EN11: Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**

CEIS SA	SID Peru SA	SEMB SA	SECOSEN SA	Headquarter
2008 and 2009	2008 and 2009	2008 and 2009	2008 and 2009	2008 and 2009
no	124 ha adjacent to area of high biodiversity value (desert pre-mountainous tropical matorral)	no	no	no

**EN12: Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas**

CEIS SA	SID Peru SA	SEMB SA	SECOSEN SA	Headquarter
2008 and 2009	2008 and 2009	2008 and 2009	2008 and 2009	2008 and 2009
agriculture of small farmers in areas of high biodiversity value	habitat fragmentation and occupation in area of high biodiversity value	-	-	-

**EN13: Habitats protected or restored**

CEIS SA	SID Peru SA	SEMB SA	SECOSEN SA	Headquarter
2008 and 2009	2008 and 2009	2008 and 2009	2008 and 2009	2008 and 2009
no	12 ha (=10%) of the area is protected	no	no	no

**EN14: Strategies, current actions, and future plans for managing impacts on biodiversity**

There are no strategies, current actions or future plans with respect to biodiversity at the sites.

**EN15: Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk**

In none of the sites the number of these species has been assessed.

**EN16: Total direct and indirect greenhouse gas emissions by weight (expressed in tonnes CO<sub>2</sub> equivalents)\***

### EN17: Other relevant indirect greenhouse gas emissions by weight (expressed in tonnes CO<sub>2</sub> equivalents)

	CEIS SA		SID Peru SA		SEMB SA		SECOSSEN SA		Headquarter	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Direct emissions (scope 1)	107,16	415,94	133,99	85,93	139,11	119,36	262,51**	168,88**	14,58	7,90
Indirect emissions (scope 2)	59,50	120,29	-	-	39,53	58,74	13,26	10,20	3,81	3,30
Other relevant indirect emissions (scope 3)	480,41***	1264,04***	232,24 •	391,00 •	231,66**	389,44**	44,30 ***	40,21 ***	100,25Δ	117,09Δ
<b>TOTAL</b>	<b>647,07</b>	<b>1800,27</b>	<b>366,23</b>	<b>476,93</b>	<b>410,30</b>	<b>567,54</b>	<b>320,07</b>	<b>219,29</b>	<b>119</b>	<b>128,29</b>

\* Calculations of emissions are based on default data, for more detail see page 42. Data and definitions

\*\* Emissions from fuel combustion in vehicles, emissions from fuel combustion in the generator are not included due to lack of records

\*\*\* Emissions from raw material production, packaging material and process material production (only includes materials of which an emission factor can be found in following literature: Bilane Carbone Emission Factors Manual, A Review of Greenhouse Gas Emission Factors for Fertiliser Production and Renewable Fuels Agency Technical Guidance on Carbon Reporting within the Renewable Transport Fuel Obligation) and subcontracted employee and product transport. Emissions from raw material production are based on estimations for snow peas of one farmers group (Q'Anil) and extrapolated to total amount of raw material.

• Emissions from inorganic fertilizer, pesticide and other field material production (only includes materials of which an emission factor can be found in following literature: Bilane Carbone Emission Factors Manual, A Review of Greenhouse Gas Emission Factors for Fertiliser Production and Renewable Fuels Agency Technical Guidance on Carbon Reporting within the Renewable Transport Fuel Obligation), subcontracted product transport (to FLP), processing and packaging (in FLP), packaging material and process material production (only includes materials of which an emission factor can be found in following literature: Bilane Carbone Emission Factors Manual, A Review of Greenhouse Gas Emission Factors for Fertiliser Production and Renewable Fuels Agency Technical Guidance on Carbon Reporting within the Renewable Transport Fuel Obligation) and product export (from FLP). Emissions do not include transport from field to local market.

\*\* Emissions from packaging material, subcontracted employee and product transport

\*\*\* Emissions from packaging material production. Emissions from subcontracted employee and product transport are not included due to lack of records

Δ Emissions from office supplies production and employee flights

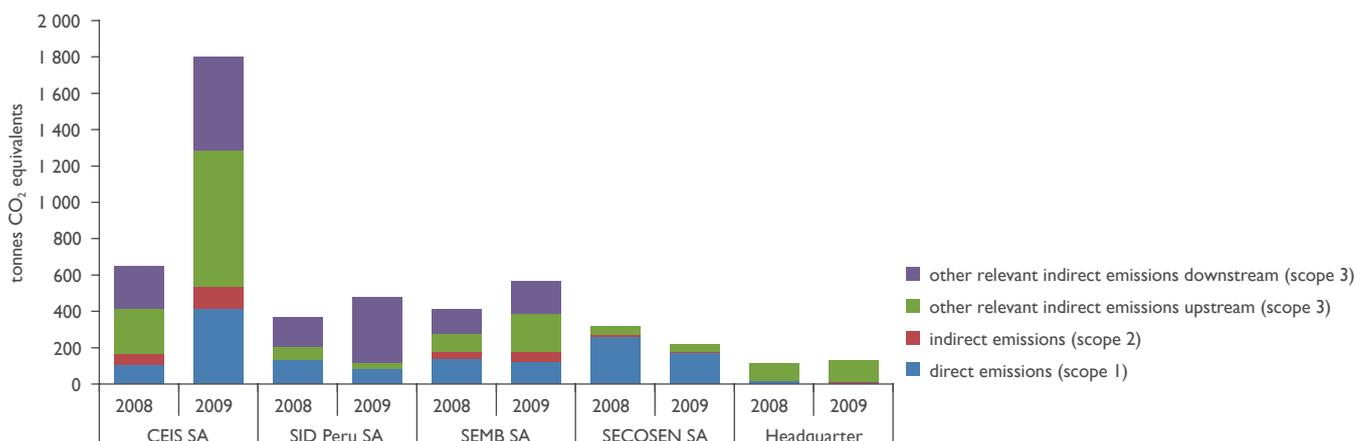


Figure 10. Greenhouse gas emissions, expressed in CO<sub>2</sub> equivalents, generated directly or indirectly by the different sites in the calendar years 2008 and 2009.

### EN18: Initiatives to reduce greenhouse gas emissions and reductions achieved

In none of the sites concrete initiatives have been undertaken yet.

### EN19: Emissions of ozone-depleting substances by weight (expressed in kg ODS and in kg CFC-11 equivalents)

	CEIS SA		SID Peru SA		SEMB SA		SECOSSEN SA		Headquarter	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
kg ODS	0	156,04	0	0	0	0	0	0	0	0
kg CFC-11 equivalents	0	7,80	0	0	0	0	0	0	0	0

**EN20: NO, SO, and other significant air emissions by type and weight**

This indicator was not assessed.

**EN21: Total water discharge by quality and destination**

	CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
m <sup>3</sup> water	2904	7956	0	0	889	1167	n/d	n/d	25	26
Treatment	-	-	n/a	n/a	none for process water, septic tank for lavatories	none for process water, septic tank for lavatories	none for process water, septic tank for lavatories	none for process water, septic tank for lavatories	yes	yes
Quality	n/d	n/d	n/a	n/a	n/d	n/d	n/d	n/d	n/d	n/d
Destination	soil	soil	n/a	n/a	soil	soil	soil	soil	surface water	surface water

**EN22: Total weight of waste by type and disposal method (expressed in tonnes)\***

CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
n/d	0,29 (starting from October 2009)	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d

\*All waste is non-hazardous, the disposal method is unknown

**EN23: Total number and volume of significant spills**

There are no records yet of this indicator, but no significant spills are expected to result from the activities.

**EN24: Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally**

In none of the sites hazardous waste is transported, imported or treated.

**EN25: Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff**

	CEIS SA	SID Peru SA	SEMB SA	SECOSEN SA	Headquarter
	2008 and 2009				
Discharge > 5% of annual average of water body	n/d	n/a	no	no	no
Discharge to particularly sensitive water body due to relative size, function, or status as a rare, threatened, or endangered system	no	n/a	no	no	no
Discharge to Ramsar-listed wetland	no	n/a	no	no	no

### DUEN7: Presence of a waste management plan and its implementation

	CEIS SA	SID Peru SA	SEMB SA	SECOSEN SA	Headquarter
Presence	no	yes (GLOBALG.A.P)	no	no	no
Implementation	no	yes	no	no	no

### EN26: Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation

	CEIS SA	SID Peru SA	SEMB SA	SECOSEN SA	Headquarter
	2008 and 2009	2008 and 2009	2008 and 2009	2008 and 2009	2008 and 2009
Production phase	GLOBALG.A.P. certification of farmers	GLOBALG.A.P.	-	-	n/a
Use phase	-	-	-	-	n/a

### EN27: Percentage of products sold and their packaging materials that are reclaimed by category

In none of sites packaging materials are reclaimed.

### EN28: Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations

None of the sites has received monetary or non-monetary sanctions for non-compliance in 2008 and 2009.

### EN29: Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce

	CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Energy use (GJ) (scope 1)	1230,45*	1677,27*	0	0	1883,99*	1608,38*	2933,26*	1887,09*	0	0
Emissions (tonnes CO <sub>2</sub> equiv) (scope 1 and 3)	337,35**	725,09**	112,36***	254,19***	272,72**	301,18**	262,51**	168,88**	100,25*	117,09*
Effluents	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d
Waste (tonnes)	16,91◊	56,71◊	8,03◊	18,18◊	30,35◊	44,32◊	10,59◊	8,17◊	n/d	n/d
Noise	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d
Spills	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d	n/d

\*Energy use by own vehicles

\*\*Emissions from fuel combustion by own vehicles and emissions from subcontracted product and employee transport

\*\*\*Emissions from subcontracted product and employee transport

\*Emissions from fuel combustion by own vehicles. Emissions from subcontracted product and employee transport are not included due to lack of records.

\*\*Emissions from employee business air travel

◊Only waste from packaging material for grouping products (pallets, plastic) is taken into account, waste from input material transport and employee transport is not taken into account due to lack of data

### EN30: Total environmental protection expenditures and investments by type

None of the sites has invested in environmental protection.

## Labour practices and decent work performance indicators

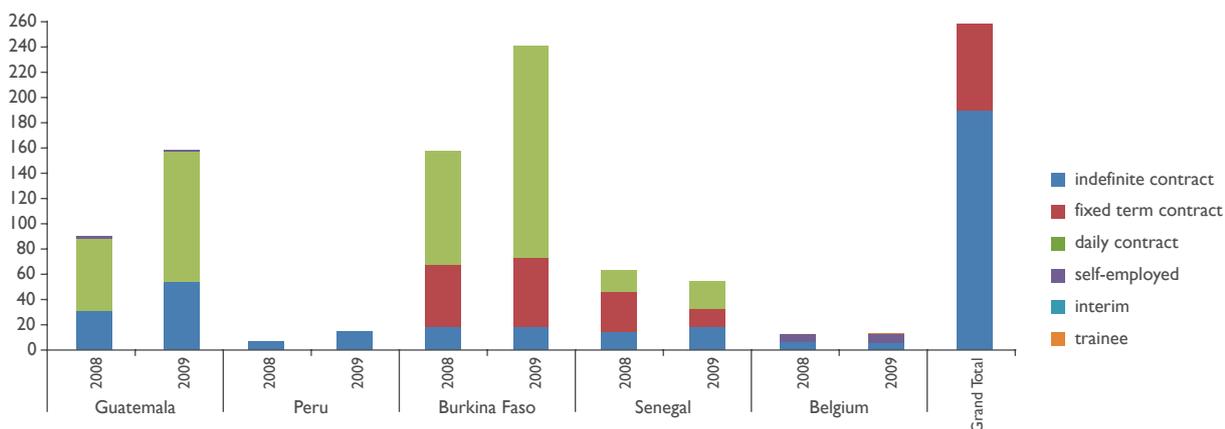
### LA1: Total workforce by employment type, employment contract, and region

A breakdown by employment type implies a breakdown of full-time versus part-time work. All labour in the reported activities was performed on full-time basis, which only leaves the breakdown by employment contract and region as relevant. Whereas LA1 requires a differentiation between permanent and fixed term or temporary contracts, the following breakdown is further expanded. The seasonal character of several of our activities and the lack of precise data for the daily contracted workers in Burkina Faso and Senegal is compensated by the use of full-time equivalents as workforce measure and are consistently used to preserve an adequate comparison between the different regional operations.

Total workforce by employment contract and region (in full-time equivalents for 2008 and 2009)\*

	CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Indefinite contract	31,42	54,20	7,05	14,43	18,83	18,41	14,58	18,08	6,47	6,12
Fixed term contract					48,75	55,00	31,71	14,75		
Daily contract	56,61	103,11	n/d	n/d	90,38	167,54	16,84	21,89		
Self-employed	2,00	1,17							5,68	6,67
Interim										0,18
Trainee										0,26
Grand Total	90,03	158,48	7,05	14,43	157,96	240,95	63,13	54,72	12,14	13,23

\*The data for the last quarter of 2009 of all employees that did not work as a daily contract in Burkina Faso were extrapolated based on the data for September. The workforce in Guatemala does not include subcontracted labour, while the segment of daily contracts in Senegal does. The amount of daily contracted workers in Senegal in 2008 to February 2009 was extrapolated from the data from February 2009 to 2010. No details on the workforce with fixed term or daily contracts in Peru are known.



In January 2008, two volunteers did a great job in the loquat-coop in San Juan del Obispo, Guatemala. From September to December 2009 another volunteer supported the peas coop in Santa Maria de Jesus, Guatemala.

## LA2: Total number and rate of employee turnover by age group, gender, and region

The turnover rate is calculated in proportion to the corresponding full-time equivalent in LA1. Calculating it in proportion to the amount of employees at the end of the reporting period, as GRI requires, gives a biased result for the seasonal activities. The full-time equivalent represents more of an average value for the seasonal activities.

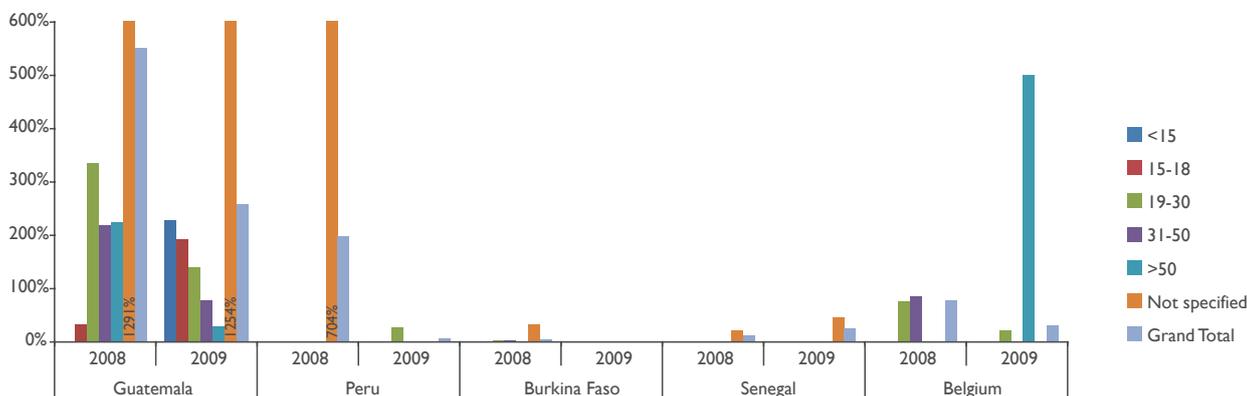
Absolute turnover by age group and region\*\*

	CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
<15	0	3								
15-18	2	78								
19-30	84	87	0	1	1	0	0	0	4	1
31-50	54	26	0	0	1	0	0	0	1	0
>50	14	1			0	0				1
Not specified	332	210	14	0	1	0	6	8		
Grand Total	486	405	14	1	3	0	6	8	5	2

\*\*The turnover of daily contracts in Burkina Faso, Peru and Senegal is unknown, as is the turnover of the other employees in Burkina Faso for the last quarter of 2009.

Turnover rate by age group and region (in percentage of the corresponding full-time equivalent)

	CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
<15	0%	229%								
15-18	33%	192%								
19-30	335%	140%	0%	28%	3%	0%	0%	0%	75%	22%
31-50	219%	79%	0%	0%	3%	0%	0%	0%	86%	0%
>50	224%	30%			0%	0%				500%
Not specified	1291%	1254%	704%	0%	7%	0%	13%	20%		
Grand total	552%	257%	199%	7%	4%	0%	13%	24%	77%	31%

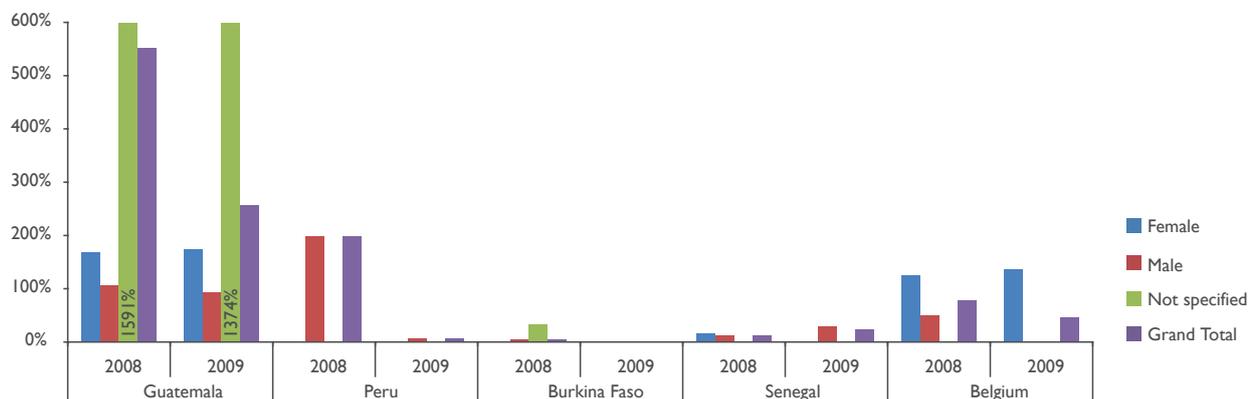


Absolute turnover by gender and region

	CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Female	50	143		0	0	0	1	0	3	3
Male	35	55	14	1	2	0	5	8	2	0
Not specified	401	207			1	0	0	0		
Grand Total	486	405	14	1	3	0	6	8	5	3

Turnover rate by gender and region (in percentage of the corresponding full-time equivalent)

	CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Female	168%	173%		0%	0%	0%	16%	0%	125%	136%
Male	106%	92%	199%	7%	4%	0%	13%	29%	49%	0%
Not specified	1591%	1374%			32%	0%	0%	0%		
Grand total	552%	257%	199%	7%	4%	0%	13%	24%	77%	47%



### LA3: Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations

Given that all employees work on full-time basis, the main difference in benefits exists between temporary and permanent employees. The following table indicates which benefits are given to employees with an indefinite contract (I), employees with a fixed term contract (F) and daily contracted employees (D). All volunteers receive insurance during their stay.

	CEIS SA		SID PERU SA		SEMB SA		SECOSEN SA		Headquarter	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Disability/invalidity coverage	I+ D-	I+ D-	I+ D-	I+ D-	I+ F+ D-	I+ F+ D-	I+ F+ D-	I+ F+ D-	I+	I+
Maternity/paternity leave	I+ D-	I+ D-	I+ D-	I+ D-	I+ F+ D-	I+ F+ D-	I+ F+ D-	I+ F+ D-	I+	I+
Retirement provision	I+ D-	I+ D-	I+ D-	I+ D-	I+ F+ D-	I+ F+ D-	I+ F+ D-	I+ F+ D-	I+	I+
Health care	I+ D-	I+ D-	I+ D-	I+ D-			I+ F+ D-	I+ F+ D-	I+	I+
Interestfree loans					I+ F+ D-					
Life insurance	(I)***									
Stock ownership										

\*\*\* 3% of employees with an indefinite contract enjoy a life insurance in Guatemala.

I Indefinite contract + benefit can be expected  
 F Fixed term contract - benefit can't be expected  
 D Daily contract

### LA4: Percentage of employees covered by collective bargaining agreements

The calculation of the relative coverage is based on the full-time equivalents in LA1, since the exact number of the uncovered employees (with a daily contract) in Burkina Faso are unknown.

	CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Absolute coverage	0	0	0	0	71	72	0	0	10	10
Relative coverage	0%	0%	0%	0%	43%	30%	0%	0%	100%	100%

**LA5: Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements**

SECOSEN (Senegal) guarantees a minimum notice period of two weeks in agreement with the trade union. No such guidelines have been formalized for the other activities.

**LA6: Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs**

No such committees were established for any of the activities of Durabilis in the period 2008-2009, but CEIS (Guatemala) is planning its implementation in 2010.

**LA7: Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region**

In Belgium absenteeism rate was 0.005% and 0.031% respectively for 2008 and 2009. For the other business units these rates could not yet be assessed due to inconsistent records. These however will form part of a Durabilis-wide SHE system that will be implemented in 2010. No work-related fatalities occurred during the reporting period.

**LA8: Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases**

Neither Durabilis nor the business units have engaged yet in such activities.

**LA9: Health and safety topics covered in formal agreements with trade unions**

Health and safety topics are not covered in formal agreements with trade unions in any of the business units.

**DULA1: Health and safety score**

	CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
	2008	2009	2009		2009		2009		2009	
Health and safety score (in %)	37	67	88		73		80		100	

**LA10: Average hours of training per year per employee by employee category**

The table represents the average training hours per corresponding full-time equivalent. The administrations in most regions do not offer the relevant records.

	CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Administration	4,5	2,7	n/d	n/d	n/d	n/d	n/d	n/d	1,1	20,7
Operational	2,2	1,8	n/d	n/d	n/d	n/d	n/d	n/d		
Commercial		0			n/d	n/d	n/d	n/d		
Transport	0	0					n/d	n/d		
Security	0	0	n/d	n/d			n/d	n/d		
Not specified		0,2								

**LA11: Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings**

Although lifelong learning is stimulated by the Foundation, neither Durabilis nor the business units have formal programmes.

**LA12: Percentage of employees receiving regular performance and career development reviews**

Although considered to be material and related to the local employment philosophy, this indicator was not assessed for this reporting period.

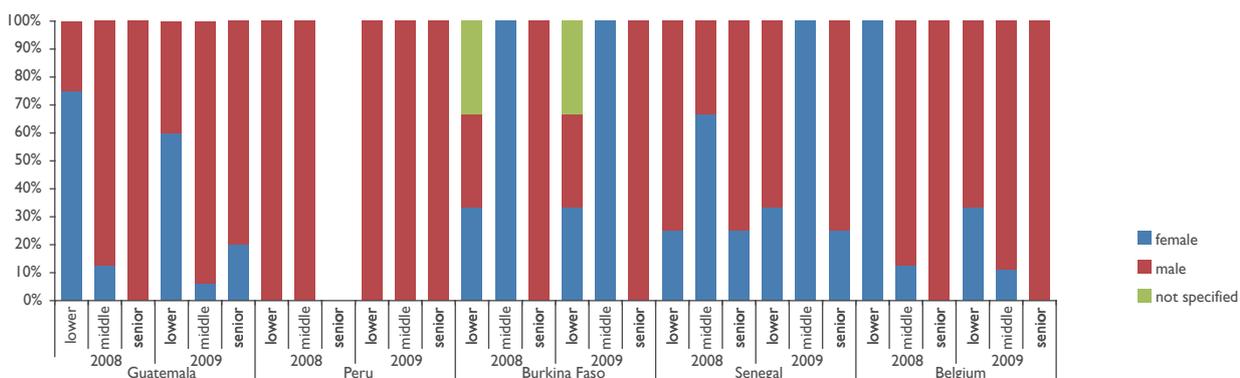
### LA13: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity

The main governance body is the board of directors of Durabilis Foundation. It consists of five men, one of them between 31 and 50 years old and four older than 50. On regional scale we complement this information with a percentual breakdown according to management level, and gender or age group.

The breakdown per employment type consists of the following types: employees working in administration (A), as operationals on permanent basis (PO), as operationals on temporary basis (TO), in the commercial department (C), in the transport department (TR) or as a member of security (S).

Percentage of employees per management level, gender and region

		CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
		2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Lower management	Female	75%	60%			33%	33%	25%	33%	100%	33%
	Male	25%	40%	100%	100%	33%	33%	75%	67%		67%
	Not specified					33%	33%				
Middle management	Female	13%	6%			100%	100%	67%	100%	13%	11%
	Male	88%	94%	100%	100%			33%	0%	88%	89%
Senior management	Female		20%					25%	25%		
	Male	100%	80%		100%	100%	100%	75%	75%	100%	100%

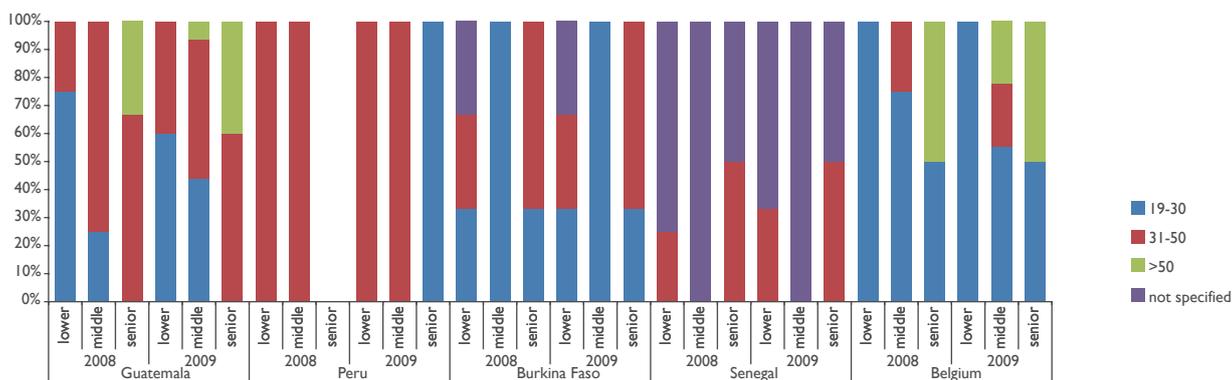


Percentage of employees per management level, age group and region

		CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
		2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Lower management	19-30	75%	60%			33%	33%			100%	100%
	31-50	25%	40%	100%	100%	33%	33%	25%	33%		
	>50										
	Not specified					33%	33%	75%	67%		
Middle management	19-30	25%	44%			100%	100%			75%	56%
	31-50	75%	50%	100%	100%					25%	22%
	>50		6%								22%
	Not specified							100%	100%		
Senior management	19-30				100%	33%	33%			50%	50%
	31-50	67%	60%			67%	67%	50%	50%		
	>50	33%	40%							50%	50%
	Not specified							50%	50%		

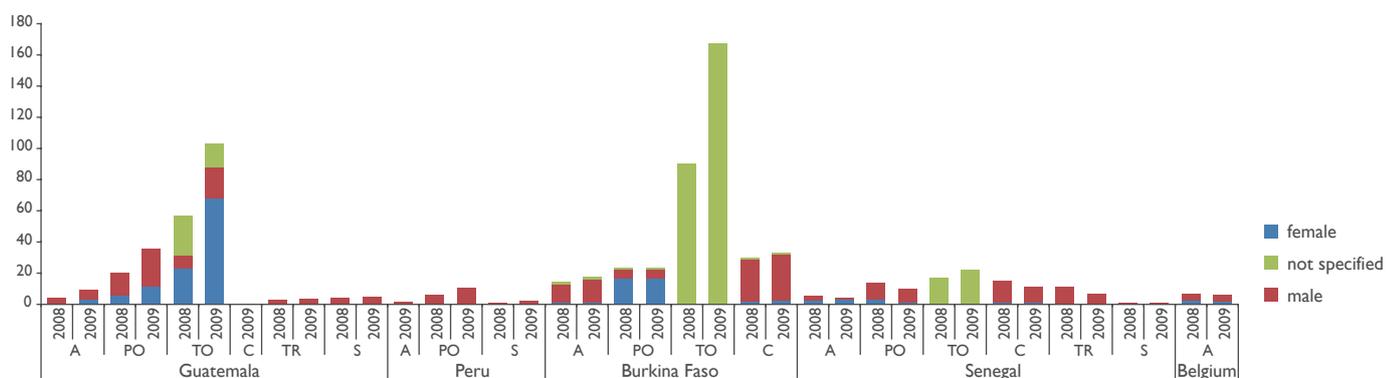
Number of employees per employee category, gender and region (in full-time equivalents of LA1)

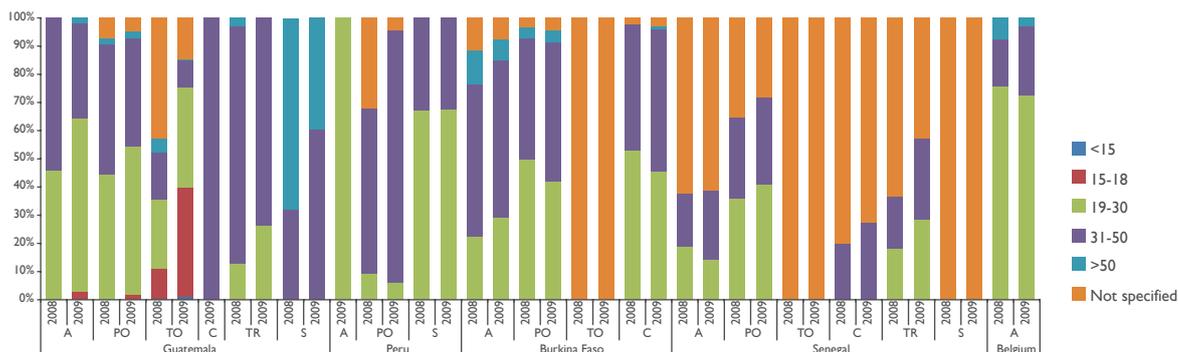
Department group	Male/ Female	CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
		2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Administration	Female	0,67	3,08		0,76	1	1	2,33	3	2,4	2,2
	Male	3,33	6,21		0,77	11,92	14,92	3	1,08	4,07	4,18
	Not specified					1,67	1,33				
Permanent operational	Female	6,08	11,71			16,5	16,58	3	1		
	Male	14,23	24,29	6,17	10,87	6	5,75	10,91	8,75		
	Not specified					0,75	1				
Temporary operational	Female	23,08	67,82								
	Male	8,32	20,22								
	Not specified	25,21	15,07			90,38	167,54	16,84	21,89		
Commercial	Female		0,08			1,75	2,92	1	1		
	Male					27,33	28,92	14,1	10		
	Not specified					0,67	1				
Security	Male	4,42	5,04	0,88	2,02			1	1		
Transport	Male	2,69	3,79					10,95	7		
Grand Total		88,03	157,31	7,05	14,42	157,97	240,96	63,13	54,72	6,47	6,38



Percentage of employees per employee category, age group and region

Department group	Age class	CEIS SA		SID Peru SA		SEMB SA		SECOSEN SA		Headquarter	
		2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Administration	15-18	0%	3%		0%	0%	0%	0%	0%	0%	0%
	19-30	46%	62%		100%	22%	29%	19%	14%	82%	73%
	31-50	54%	34%		0%	54%	56%	19%	25%	18%	24%
	>50	0%	2%		0%	12%	7%	0%	0%	0%	3%
	Not specified	0%	0%		0%	11%	8%	62%	61%	0%	0%
Commercial	19-30		0%			53%	46%	0%	0%		
	31-50		100%			45%	50%	20%	27%		
	>50		0%			0%	1%	0%	0%		
	Not specified		0%			2%	3%	80%	73%		
Permanent operational	15-18	0%	2%	0%	0%	0%	0%	0%	0%		
	19-30	44%	53%	9%	6%	50%	42%	36%	41%		
	31-50	46%	38%	59%	89%	43%	49%	29%	31%		
	>50	2%	3%	0%	0%	4%	4%	0%	0%		
	Not specified	7%	5%	32%	5%	3%	4%	35%	28%		
Security	19-30	0%	0%	67%	67%			0%	0%		
	31-50	32%	60%	33%	33%			0%	0%		
	>50	68%	40%	0%	0%			0%	0%		
	Not specified	0%	0%	0%	0%			100%	100%		
Temporary operational	<15	0%	1%								
	15-18	11%	39%								
	19-30	24%	36%								
	31-50	17%	10%								
	>50	5%	0%								
	Not specified	43%	15%								
Transport	19-30	13%	26%					18%	29%		
	31-50	84%	74%					18%	29%		
	>50	3%	0%					0%	0%		
	Not specified	0%	0%					63%	43%		
Grand Total	88.03	157,323	7,05	14,44	67,59	73,41	46,29	32,83	6,47	6,38	





### NGO9: Mechanisms for workforce feedback and complaints, and their resolution

No formal mechanisms exist yet within the organization.

### FP3: Percentage of working time lost due to industrial disputes, strikes and/or lock-outs, by country

There are no records available yet for the assessment of this indicator.

### DULA2: Average weekly overtime hours per employee category and gender

Average weekly overtime hours per gender (per corresponding full-time equivalent)

	CEIS SA		SID Peru SA****		SEMB SA		SECOSEN SA		Headquarter	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Female	7,01	13,89		0	n/d	n/d	n/d	n/d	n/a	n/a
Male	10,09	8,93	3,82	3,69	n/d	n/d	n/d	n/d	n/a	n/a
Not specified	3,28	15,54			n/d	n/d	n/d	n/d	n/a	n/a

\*\*\*\* Average only includes employees with indefinite contracts. The average is also slightly overstated, since the overtime hours were calculated by using the overtime compensation based on the lowest possible hourly wage.

Average weekly overtime hours per employee category (per corresponding full-time equivalent)

	CEIS SA		SID Peru SA****		SEMB SA		SECOSEN SA		Headquarter	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Administration	4,46	3,09		0	n/d	n/d	n/d	n/d	n/a	n/a
Permanent operational	6,32	8,71	4,31	4,46	n/d	n/d	n/d	n/d		
Temporary operational	7,89	14,89	n/d	n/d	n/d	n/d	n/d	n/d		
Commercial		0			n/d	n/d	n/d	n/d		
Transport	3,1	3,19					n/d	n/d		
Security	6,57	1,46	0,37	0,96			n/d	n/d		

### DULA3: Staff satisfaction per gender and department group

In 2009, a questionnaire in Peru gave an average staff satisfaction score of 1.3 in a range from -2 to 2 for all employees with an indefinite contract. A questionnaire in Guatemala in 2009 gave a score of 0.3 for employees out of the operational department and -0.3 for employees out of other departments. The overall score in Guatemala resulted in 0.1.

## Human rights performance indicators

### HR1: Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening

The only investment agreement made was related to FLP SA in 2010, for which a complete sustainability assessment including human rights screening was performed in 2009.

### HR2: Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken

This indicator is mainly applicable to the Guatemalan farmers. Efforts are made for GLOBALG.A.P. and Fairtrade certification of suppliers. Both standards demand compliance with human rights. The output of these measures will be disclosed in the next report. Subcontractors are present in the Guatemalan packing hall, where close control is possible and gradually increased. In Peru, harvesting is controlled by the customer (mainly FLP). Even so, efforts are required to formally ensure that human rights are not violated.

### HR3: Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained

Training registers were still too inconsistent for reliable disclosure of this indicator.

### HR4: Total number of incidents of discrimination and actions taken

This indicator is mainly relevant for the Guatemalan activities. An internal audit did not reveal any occurrence of incidents of discrimination, and confirmed the consideration that the Guatemalan management spends on the topic.

### HR5: Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and action taken to support these rights

	CEIS SA	SID Peru SA	SEMB SA	SECOSEN SA	Headquarter
Risks	Traditional reluctance and fear for corruption	Traditional reluctance and fear for corruption	Traditional reluctance and fear for corruption	Traditional reluctance and fear for corruption	None
Measures taken	Employees have not yet proposed to form a union, but plans exist for formal employee representation	Employees have not yet proposed to form a union, no further measures yet	Formal employee representation as a first step to the potential formation of a union	A union was formed and interaction has been fluent	

### HR6: Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor

	CEIS SA	SID PERU SA	SEMB SA	SECOSEN SA	Headquarter
Risks	Daily contracted and subcontracted labour	Daily contracted and subcontracted labour	Daily contracted labour	Daily contracted and subcontracted labour	None
Measures taken	Company policy not to hire minors under 15 years old and communication with subcontractor	Company policy not to hire minors under 15 years old	Company policy not to hire people under 18 years old	Company policy not to hire people under 18 years old and no more subcontracted labour	

**HR7: Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor**

	CEIS SA	SID Peru SA	SEMB SA	SECOSEN SA	Headquarter
Risk	Subcontracted labour and built up expectations around overtime work	Keeping identity cards during working hours entails a risk of forced labour	Built up expectations around overtime work	Built up expectations around overtime work	None
Measures taken	Internal regulations should guarantee voluntary overtime work and communication with subcontractor	Another system needs to be implemented in 2010	Internal regulations should guarantee voluntary overtime work	Internal regulations should guarantee voluntary overtime work	

**HR8: Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations**

CEIS SA	SID Peru SA	SEMB SA	SECOSEN SA	Headquarter
Security personnel is internal and has not received formal human rights training	Security personnel is internal and has not received formal human rights training	Security personnel is external, no information is available about formal human rights training	Security personnel is external, no information is available about formal human rights training	n/a

**HR9: Total number of incidents of violations involving rights of indigenous people and actions taken**

This indicator is mainly relevant for the Guatemalan activities. An internal audit did not reveal any occurrence of incidents or discrimination towards the rights of indigenous people, and confirmed the consideration that the Guatemalan management spends on the topic.

## Society performance indicators

**SO1: Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting**

What impact is aimed at and how impact is managed is described into detail in chapter 5 and 6.

**SO2: percentage and total number of business units analyzed for risks related to corruption**

No units have been analyzed for risks related to corruption.

**SO3: Percentage of employees trained in organization's anti-corruption policies and procedures**

No specific training on anti-corruption policies and procedures was conceived.

**SO4: Actions taken in response to incidents of corruption**

No formal actions were reported that relate to this indicator.

**SO5: Public policy positions and participation in public policy development and lobbying**

None of Durabilis' operations participates in public policy development and lobbying.

**SO6: Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country**

None of the units has made such contributions.

**SO7: Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes**

None of the units has undergone such legal actions.

**SO8: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations**

Both in Guatemala and Burkina Faso an issue arose regarding taxation of labor. These have not been cleared out; therefore a detailed disclosure is not possible at the moment of writing.

**FP4: Nature, scope and effectiveness of any programmes and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnerships and product development) that promote access to healthy lifestyles, the prevention of chronic disease, access to healthy, nutritious and affordable food, and improved welfare for communities in need.**

See page 18.

## Product responsibility performance indicators

**PR1: Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures\***

**FP5: Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards.**

	CEIS SA	SID Peru SA	SEMB SA	SECOSEN SA
Production	All providers systematically undergo systematic food safety screenings and receive food safety trainings with the aim of GLOBALG.A.P. certification	Farm Aurélie recertifies GLOBALG.A.P. every year	<ul style="list-style-type: none"> <li>Food safety has formed part of the corporate culture, with the Barajii brand relying on its impeccable quality as unique selling proposition.</li> <li>The new factory will be built according to the highest norms concerning hygiene and food safety</li> <li>New cheap and nutritious products are under development</li> </ul>	<ul style="list-style-type: none"> <li>Food safety has formed part of the corporate culture, with the Barajii brand relying on its impeccable quality as unique selling proposition</li> <li>New cheap and nutritious products are under development</li> </ul>
Processing and packing	The packing hall is under HACCP implementation and is preparing for BRC certification	n/a		

\* Only life cycle stages are reported that are material for the own operations (applicable to 100% of the respective products)

**PR2: total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes**

In Guatemala, 20% of analyzed lots exceeded MRLs. Since more lots are analyzed in the case of known food safety risk, results are strongly biased however. During the last two seasons not one container was stopped after inspection thanks to a consistent quality approach, which results from issues in 2007. In Peru nor in Burkina Faso nor in Senegal food safety issues presented themselves.

**PR3 tot PR8 are considered not material due to the nature of the product and the business**

**PR9: Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services**

No such fines were issued during the reporting period.

**FP6: Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars**

**FP7: Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives**

Both FP6 and FP7 apply mainly to the South/South activities. No such products were sold during the reporting period. However, research is performed in order to offer such products in the near future.

**FP8: Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements**

Since the Durabilis groups' products are sold by external organizations, it does not consider this indicator applicable to its operations.



# The Durabilis Team

An enthusiasm shared across the globe

Spread across three continents and half a dozen countries, the local Durabilis teams share the Foundation's Vision and Mission through their enthusiasm and professional approach.



SEMB  
(Ouagadougou, Burkina Faso)



SECOSEN  
(Dakar, Senegal)



SID Peru  
(Piura, Peru)



CEIS  
(San Juan del Obispo, Guatemala)

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## Report Application Levels

		2002 In Accordance					
		C	C+	B	B+	A	A+
Mandatory	Self Declared						
	Third Party Checked		Report Externally Assured		Report Externally Assured		Report Externally Assured
Optional	GRI Checked						

### **Redaction Team**

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