



Sustainability Report 2019 - 2020



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Welcome

from Hicham Harakat,
Group Managing Director

I am very proud to share Azura's first GRI-based sustainability report with you. Sustainability is strategic for our company, as it forces us to think long-term across all operations. We do not see it as a choice or a luxury, but as the only way of working to meet our objectives and those of society now and in the future. Consumers around the world have the right to choose products that are healthy and that do not harm the environment or the well-being of future generations. It is our responsibility to ensure that right. When my children ask what our company is doing to fight climate change and support socio-economic development, I have an answer for them. **Sustainability is our future.** This report, a milestone and a first for us, is testament to our commitment to working transparently to decrease negative impacts on our communities and the environment and increase the positive ones.

Azura, a group of family-owned companies, has grown and evolved with our environment, our communities, and our customers for over thirty years. **Our 100% vertically integrated** tomato, herb, and edible flower businesses, *Maraissa* and *DISMA International*, are the largest companies in the group. We own all our farms and packing facilities to control quality and manage the supply chain to produce cost-efficient and high-quality products. Our group also includes *Azura Aquaculture*, which produces European clams in an open system, our commercial nursery *International Nursery*, and a joint venture, *BioBest Maroc*, a leading producer of beneficial insects for farmers around the world. While this report focuses mainly on the tomato business, the other companies in our group fully subscribe to our sustainable strategy and our work this coming year is to integrate the sustainability strategy with each business.

Embedded in our group is our mission to create shared value for our stakeholders. As a leading employer in Morocco, **it is our responsibility to provide secure, safe, and quality jobs to over 14,000 people** who work across our subsidiaries on all sites, in our pack houses, or support logistics and more. We must give back to the communities that have opened their arms to us by contributing to their well-being and development. In 2019, we celebrated the milestone of **investing over 2.5 million euros** in local communities together with our partners for education, access to clean water and environmental protection, and to support marginalized groups in our society.

As an agribusiness, we work to increase the economic value of all our activities while decreasing negative impacts on the environment. I am proud of our proactive environmental footprint management approach. We have conducted two independently reviewed life cycle assessments, most recently in 2019, to establish scientifically rigorous benchmarks for our impacts and track improvements over time. This allows us to **make strategic decisions on managing our environmental impacts based on scientific data.** Through this study, we identified hotspots for emissions reductions, and we have decided to compensate for the emissions which we cannot reduce. This also has driven our decision to **sell 100% CO₂ neutral tomatoes**, starting in the fall of 2020. To date, this will be the first CO₂ neutral tomato available on the market and we are so proud to be working towards climate change mitigation. Additionally, **we commit to recycling and circularizing 100% of our organic and non-organic recyclable waste by 2025.** I look forward to sharing updates on our progress in future reports.

“

We are a family-owned company and our values reflect that: respect, innovation, hard work, good sense of humor and continuous improvement are at the core of our operations.”



Hicham Harakat

I am also very proud of our latest innovation, a line of **zero-residue tomatoes**, which is an excellent example that we do not have to compromise between quality and nature. This achievement exemplifies our culture at Azura. We constantly strive to improve. We value innovation, learning and growth – always with the aim of producing a healthy product for our consumers and reducing negative impacts on the environment.

Looking forward, we have significant challenges to face to weather climate change related drought, disruptions in our supply chains and remaining attractive to employees. I am confident that our proactive and systematic approach to sustainability management enables us to continue to innovate, grow, provide meaningful jobs, and offer the highest quality product long into the future.

As a concluding remark, I would like to note that this report was written during the height of the corona virus pandemic. The pandemic, which today is not yet over, will change the way we live, work, connect, produce, and consume. It tests the strength of our company and our markets. As a contributor to the world’s food supply, and

especially that of Europe and Morocco, we had to adapt our operations rapidly to ensure our employees were safe at work and at home. We have had to adjust to changes in consumption and to international supply chains that were unable to deliver inputs for our business. This has been an incredibly challenging time, and one in which looking into the future was painful given the loss of lives and jobs globally. Yet I am heartened when I look at the incredibly hard work of our teams and all the agricultural workers around the world who continued to come to work and applied all the safety precautions to ensure world’s food supply. This is a testament to our sustainability.

I offer my most sincere thanks and appreciation to you.





Our Vision

Our vision is simple:

**we make great,
healthy products
that do good for
people and the
planet.**

To achieve this, we grow and sell the highest quality fresh products and agricultural inputs while pursuing our mission to preserve our ecosystems and resources, be the most attractive employer in our sector and create a better future for our employees and their families. Our culture allows us to constantly challenge the status quo and empowers us to lead the way into the future. In a rapidly changing world, we must innovate and reduce negative impacts to prosper.

Highlights and Key Figures

€304

million
turnover in 19/20 (group)
up 15% from 18/19



€114 million

in capital investments
since the 2017/2018
season



Over
14,000
employees

70%

of suppliers
(direct and indirect)
are in Morocco

24,000

direct and indirect
beneficiaries of Azura
Association projects



More than
2.5 million
euros invested in communities
since 2014



25%

reduction in water
use since 2011

2019/2020 was the first
market season for our new

ZERO-RESIDUE

pesticide product

20%

reduction in CO₂
emissions since 2011

Becoming carbon neutral through offsetting

100% of products





Azura

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1.1

Company Profile

Azura is a family-owned group of companies dedicated to producing fresh, healthy products – mainly tomatoes, as well as fresh herbs and edible flowers – for European, UK and Russian retail markets. Our headquarters is in Casablanca, Morocco.

Alongside our tomato and herb production, which represented 87% of our turnover in 2018-19 and 89% in 2019-20, we have diversified within our group. *Azura Aquaculture* is our subsidiary focused on clam production. *International Nursery* grows seedlings that are sold to producers in Europe and Morocco. Azura also has a joint venture with *BioBest Maroc*, BioBest International's largest production site of auxiliary insects for integrated pest management. This report focuses on our tomato business. In the future, we hope to include more information on our subsidiaries.

From our first farm in 1988, we have grown to be a leading producer and employer in Morocco, where our headquarters, production and packaging sites are located. We own and operate 55 production sites that share standard management approaches across all tomato and herb farms, enabling us to offer high quality products all year round. All sites are subject to on-site audits, including SMETA, BSCI and GlobalGAP. We own our logistics platform in Perpignan, France, which also serves as our commercial headquarters in addition to working with two logistics platforms, one in the UK and the other in Germany.

Azura's supply chain is vertically integrated. Our suppliers, both internal and external, deliver just-in-time for our factory based on production planning and orders. While we grow 100% of our products, we supply our needs from Moroccan manufacturers and international suppliers with 70% of purchases in Morocco and 23% in the European Union. The production batches are optimized to reduce waste. Our primary objective is to deliver a product to our customers by cutting waste and optimizing the supply chain operations. Our internal nursery grows 10-11 million tomato plants

annually that go on to become the over 120,000 tons of tomatoes exported annually.

The Board of Directors, Azura's highest governance body, is presided over by Mohamed Tazi, Azura's co-founder and president. The Board of Directors has four key responsibilities:

- 1) guiding and deciding the group's strategy over a 5-10 year horizon;
- 2) evaluating new areas for diversification and expansion;
- 3) ensuring alignment between the CEO and the group's strategy; and
- 4) managing proper succession and executive compensation for the CEO and the Executive Management Committee.

The Executive Management Committee, which is responsible for the strategic and operational management of the group, is led by Managing Director and CEO Hicham Harakat. Other members of the Committee are the Directors of Human Resources, Sustainability, Information Technology, Finance, Communications and Public Affairs, and operational directors of Azura, *BioBest*, *International Nursery* and *Azura Aquaculture*. The Executive Management Committee is responsible for the development of group strategy over the 1-3-year horizon and its implementation, including social, environmental, and economic topics. This governance structure allows for both long-term planning and investment and rapid decision-making.

1.2

Performance



In the 2019/20 season, Azura sold 120,000 tons of tomatoes, and the whole group generated a turnover of €304 million, a 15% increase from the year prior. Net sales in Europe represent 98% of the total turnover with the main markets being France, Germany and the UK. As of June 2020, 33% of Azura's capital is long- and short-term debt.

The last two seasons were important for Azura: we invested over €40 million to build 100 hectares of new farms and purchase packing machines that optimize our process and reduce plastic. Ensuring homogeneity across our processes enables us to live up to our commitments to quality, to our employees and to our customers for 100% of the products we sell. The results of these investments were immediately visible in the 19/20 season. The tomato business, which is the focus of this report, currently operates 47 production sites on 986 hectares.

QUALITY & MANAGEMENT CERTIFICATIONS:

- ISO 9001
- GLOBALG.A.P.
- BFC FOOD
- QS
- IFS
- GSPP

PEOPLE-FOCUSED CERTIFICATIONS:

- GLOBALG.A.P. GRASP
- BSCI
- SEDEX
- FCS





1.3 Values



Azura is committed to producing healthy products that add value for its customers, its community, and the environment in which it operates. To do so, we drive a culture of innovation, teamwork, transparency, and commitment to delivering the best products available on the market. All employees are trained on Azura's Code of Conduct, which includes our principles for ethical, respectful, and responsible behavior towards one another, our suppliers, clients, communities, and the planet. Our human resource team ensures that this governing model is followed through regular training, management systems, and structured channels through which employees can

provide feedback to management or seek advice. In case of misconduct, a review process is initiated, and employees can be sanctioned.

We depend on nature across our businesses. We strive to preserve our ecosystems and resources and encourage our suppliers to do the same. We are a signatory of the UN Global Compact and as such are committed to a precautionary approach (Principle 7: Do no harm). All operations regularly undergo environmental and safety risk analyses to ensure that there is no irreversible damage to the direct environment and its surroundings.



1.4 External Initiatives and Memberships



Azura joined the UN Global Compact (UNGC) in 2020 as part of our commitment to contribute to the achievement of the Sustainable Development Goals and to take part in the international conversation on sustainability. The UNGC is an important platform for us to keep up to date of key topics related to the role business can have curbing climate change, improving labor conditions and building partnerships. We are very proud of this public commitment to sustainability

and ethics in business and look forward to actively contributing to UNGC initiatives.

Azura is a member of the Moroccan Federation of Fruit and Vegetable Producers and Exporters (APEFEL). Further, we are members of FIFEL, the Moroccan Federation of producers and exporters of fruit and vegetables, AMCOM, the Moroccan Association of horticulture processors, CGEM, the General Confederation of Moroccan Businesses and the AMAPEM, the Moroccan Association of horticulture nurseries.

Sustainability Strategy

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2.1



Sustainability Strategy and Material Topics

ILLUSTRATION 1: AZURA'S STRATEGIC FRAMEWORK AND MATERIAL TOPICS.

OUR AMBITION

Make great, healthy products that do good for our planet, our people and our customers.

Lasting Water

Make great, healthy products that do good for our planet, our people and our customers.

Stable Climate

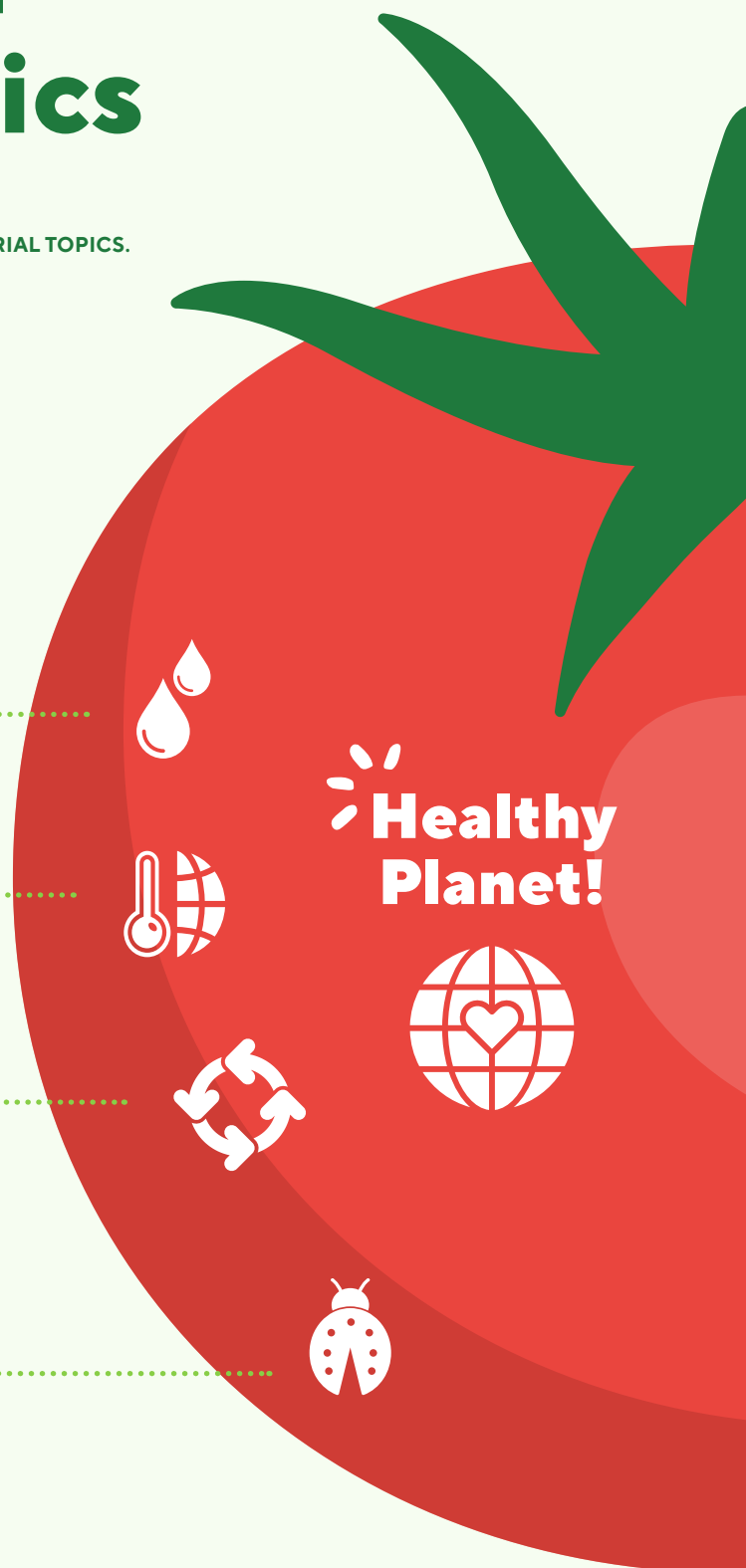
Reduce our direct and indirect emissions, work with suppliers to reduce our other indirect emissions and offset the rest to be net-zero.

Circular Waste

Circularize our organic waste streams to produce a product that is good for the planet and economically viable and reduce and recycle all non-organic waste, decreasing landfill use.

Rich Biodiversity

Reduce our negative impact on biodiversity while increasing biodiversity in protected zones.





HEALTHY ALL AROUND!



OUR VALUES

- Innovation & continuous improvement
- Customer satisfaction
- Employee satisfaction
- Collaboration

Safe & Supportive Working Conditions

Our employees are our most valuable resource and their health and safety guides all our actions and decisions.

Prospering Communities

Create added value for local communities to help their families get better education, live in a better environment and have more opportunities to thrive.

Attractive Wages

It is our responsibility that every employee can afford a decent standard of living for his or her family.

Azura's overall ambition is to make great, healthy products that do good for our planet, our people and our customers.

To live up to this ambition, and to ensure that our resources are deployed as effective and purposeful as possible, we have defined two focus areas for our sustainability work - healthy planet and healthy, responsible & proud people. These are then broken down into 7 material topics, which are covered in this report.

TABLE 1: FOCUS AREAS AND MATERIAL TOPICS

HEALTHY, RESPONSIBLE & PROUD PEOPLE 	ATTRACTIVE WAGES	We see it as our responsibility that every employee can afford a decent standard of living for his or her family.
	SAFE & SUPPORTIVE WORKING CONDITIONS	Our employees are our most valuable resource and their health and safety guides all our actions and decisions.
	PROSPERING COMMUNITIES	We create added value for local communities and help their families get better education, live in a better environment, and have more opportunities to thrive.
HEALTHY PLANET 	LASTING WATER	We aim for responsible water stewardship to ensure that the available water resources meet the needs of communities, as well as our needs for irrigation and other operations long into the future.
	STABLE CLIMATE	Reduce our direct and indirect emissions, work with suppliers to reduce our other indirect emissions and offset the rest to be net-zero.
	CIRCULAR WASTE	We are working on circularizing our organic waste streams and reducing and recycling all non-organic waste to decrease landfill.
	RICH BIODIVERSITY	Reduce our impact on biodiversity while increasing biodiversity in protected zones

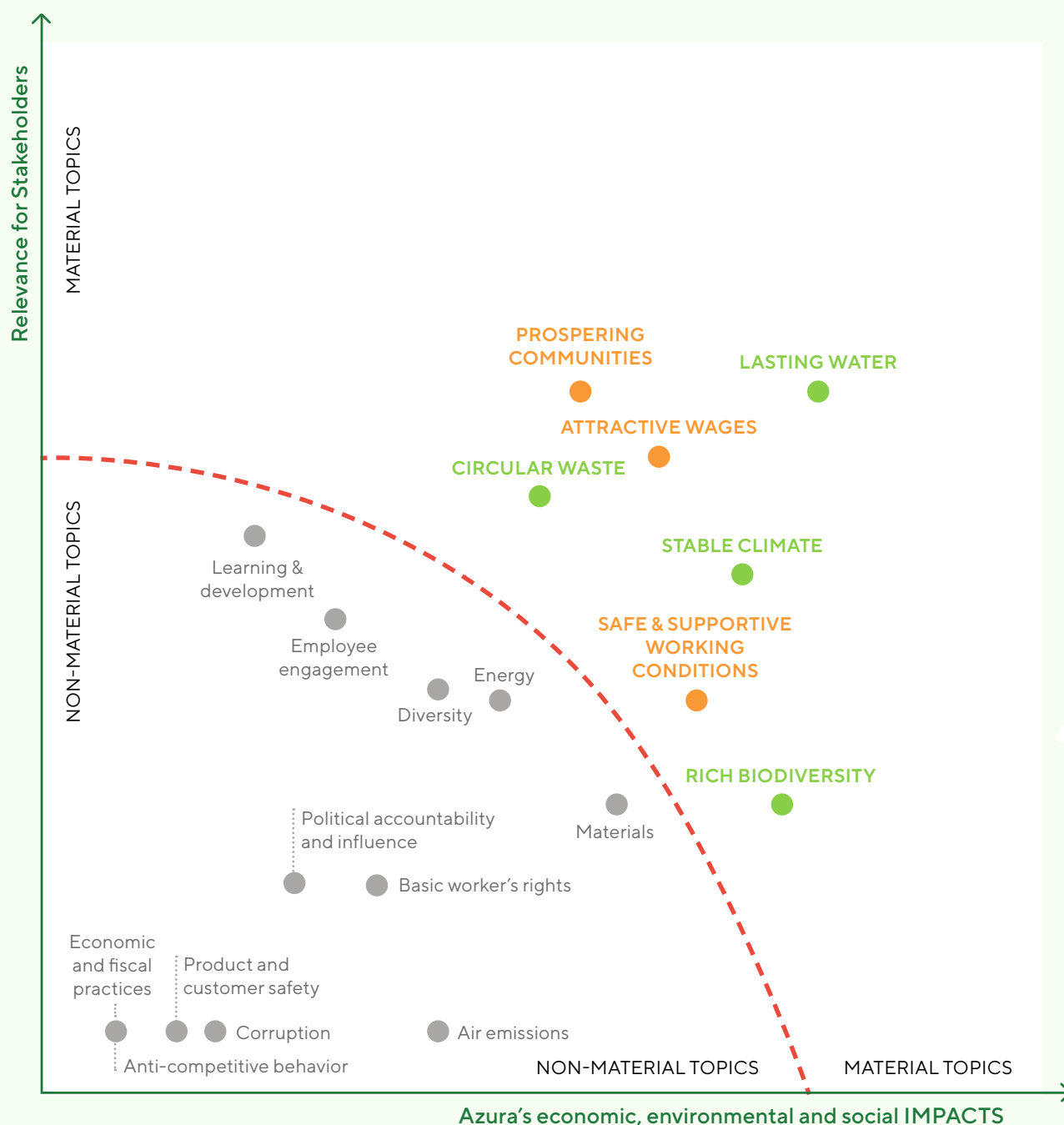
For each of the material topics, we have defined an effective strategy and ambitious, specific and measurable objectives. Our sustainability work involves the whole value chain until the delivery of the products to our customers (cradle to gate). For more information, [please see here](#).

While there are many other important issues that we work on at Azura, these seven material topics were selected through a systematic, six-month long process:

We first created a long list of potential issues based on LCA data, industry knowledge and

desk research including external risk assessments related to agriculture, human rights, labor rights and environmental protection in Morocco and abroad. In a next step, the relevance of the issues for stakeholders and their potential impact were assessed through a stakeholder consultation process and independent impact analyses (see paragraph 2.2, 2.3 & 2.4). The results were then consolidated in a materiality matrix and the executive management team defined a materiality threshold, which resulted in the selection of the top seven issues with the highest stakeholder importance / impact combination.

ILLUSTRATION 2: MATERIALITY MATRIX



While the Sustainability Director at Azura is responsible for driving the overall implementation of the strategy, each relevant department director manages operational objectives described in the strategy. The Azura Sustainability Director reports directly to the CEO and is the executive level decision maker for economic, environmental and social topics. The Sustainability Committee, a consultative group of employees from different departments, contributes to implementation of the community-level strategy.



2.2

Stakeholder Engagement

Azura conducted a stakeholder consultation to identify material issues in the fall of 2019. We used our stakeholder engagement approach to identify relevant internal and external stakeholders. A diverse group of stakeholders were identified to cover a broad spectrum of different perspectives

in the feedback process. Externally, we collaborate with leaders from local communities where high percentages of our workers live, both elected officials and civil society members. We also work with prominent NGOs, national government officials and clients.

TABLE 2: KEY STAKEHOLDERS



Stakeholders are consulted informally on a regular basis throughout the year and formally in decision-making processes, such as the materiality assessment, when management deems necessary based on the Azura stakeholder engagement policy.

In 2019, twelve formal interviews were conducted with clients, NGOs (including Oxfam Maroc and ICCO in the Netherlands), executive management, employees and employee union representatives to understand which issues relate to Azura's impact on the economy, the environment and society and are most important for each stakeholder group. Details of our stakeholders' expectations and how we address these can be found in the relevant topic chapters.



TABLE 3: KEY ISSUES RAISED BY STAKEHOLDERS

Issue	Stakeholder Groups
 WATER USE	<ul style="list-style-type: none"> • Employees • Executive Management • Customers • NGO
 BIODIVERSITY	<ul style="list-style-type: none"> • Employees • Customers
 GREENHOUSE GAS EMISSIONS / ENERGY USE	<ul style="list-style-type: none"> • Employees • Executive Management • Customers
 WASTE MANAGEMENT	<ul style="list-style-type: none"> • Employees • Executive Management • Customers
 SAFETY AND WELL-BEING	<ul style="list-style-type: none"> • Employees • Executive Management • Customers • NGOs
 ATTRACTIVE WAGES	<ul style="list-style-type: none"> • Employees • Executive Management • Customers • NGOs



2.3

Life Cycle Assessment



In 2019, we finalized our group's second life cycle assessment (LCA) based on ISO 14040 and 14044 norms, which was reviewed by an independent third-party in 2020 and found to be in full conformity with the norms. Azura's first LCA was conducted in 2010 and serves as a benchmark, against which we measure improvements. The results of the second LCA show that we reduced our greenhouse gas emissions by 20%, our water use by 25% and packaging that goes to landfill by 43% since 2010. We are pleased with this progress, and we continue to work in this direction to reduce our key impacts and support the broad international Sustainable Development Goals.

The 2019 LCA identified three environmental hotspots: water use, greenhouse gas emissions and land use. Further impacts might exist for biodiversity, which is affected by land use changes and habitat loss due to using land for farming.

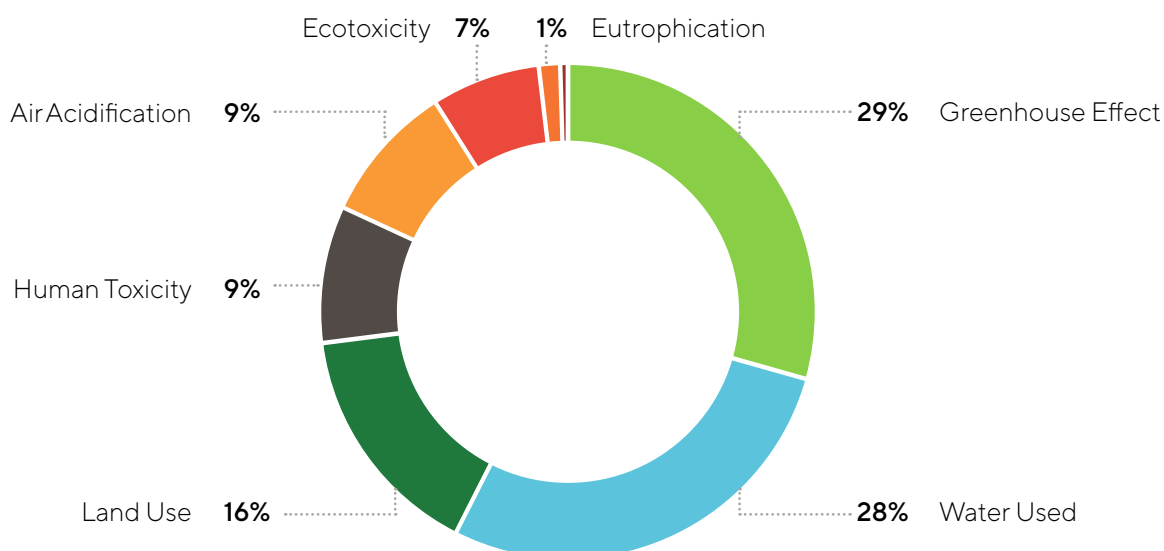
We were curious about understanding what the results of the LCA meant if we could compensate for the environmental externalities of our

production. To do so, we multiplied the impact results of the LCA with cost coefficients from Delft University in the Netherlands. This research, which has been externally verified by an independent third party, suggests that it would cost €0.30 per kilogram of tomatoes if we could compensate for our negative environmental externalities.

Today, there is a prevailing perception that local is better for the environment. COVID-19 has amplified this local preference. We sought to understand the underlying science on which this perception is based, and we found that this preference is subjective and often unfounded.

LCAs are a science-based tool that can support an educated understanding of the impact of our consumption on the environment. For example, a study compared LCAs of lamb production in New Zealand versus that in the UK. Common perception said that lamb from New Zealand consumed in the UK had a higher GHG footprint because of the distance the meat had to travel. However, the LCAs revealed that lamb produced in New Zealand and consumed in the UK emitted nearly four times less than lamb produced and consumed in the UK.¹

ILLUSTRATION 3: DISTRIBUTION OF MONETIZED ENVIRONMENTAL EXTERNALITIES IN 2019 LCA



¹ Jones, Anna & Jones, Davey & Cross, Paul. (2013). The carbon footprint of lamb: Sources of variation and opportunities for mitigation. *Agricultural Systems*. 123. 10.1016/j.agry.2013.09.006.

This study, much like our LCA, reveals a scientifically based understanding of environmental impact. We need scientific data to drive our choices as consumers. While there is a strong narrative in Europe that encourages consumers to buy local fruit and vegetables, our independently verified study clearly shows that a tomato produced in Morocco and transported to France still emits less than four times the emissions of a conventional French tomato (see Illustration 4).

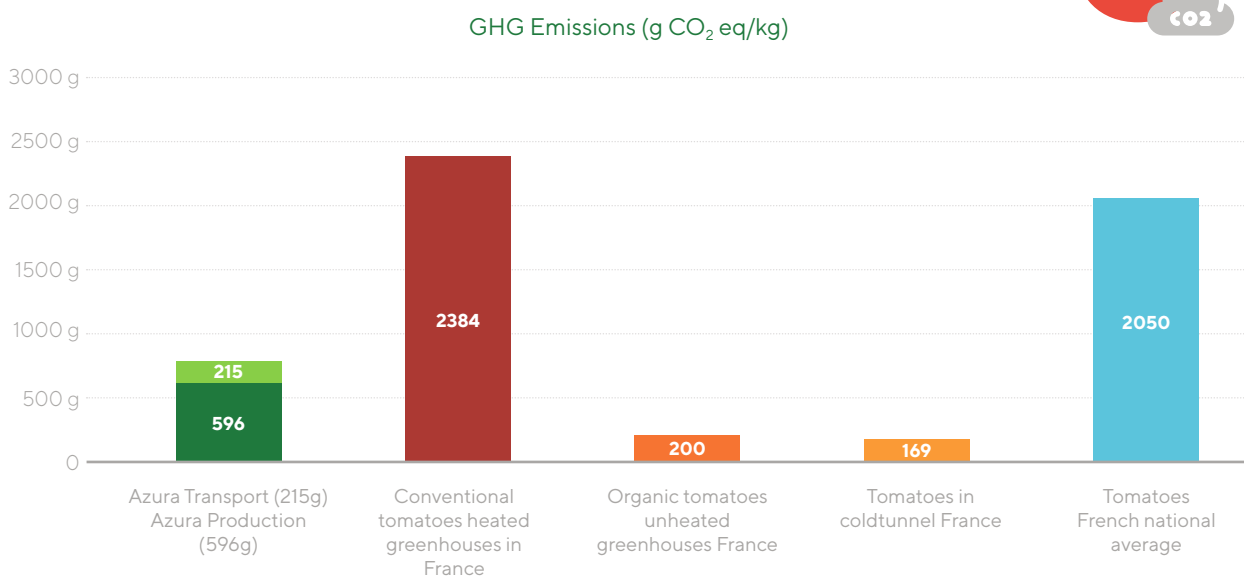
More broadly, the data clearly shows that to save the planet, we need to change the way we eat: more vegetables, less meat; more commonly plant-based diet and less waste. We need to select our diets based on the least environmentally impactful products by category. An LCA is one way to objectively compare this measure. We have a modest objective to inform ourselves and our customers so that our purchases, which are essentially votes for the future of the planet, are informed by science.

Even the political landscape is beginning to shift. There is more discussion that concurs that science and not emotion must drive our decision-making if we want to protect our planet and the future of our children. During a discussion in January 2020 of the Committee of International Trade at the European Parliament, Sabine Weyand, Committee Director, said:

“ We need to ensure that trade policy does not harm, the basic rule of do no harm. But that means also that we need to have a more nuanced position than just saying more trade means more transport means more emissions, hence trade is bad for the environment. That is too simplistic. We need to have a proper assessment of our trade agreements and trade flows on the climate and on the environment. It is better for the climate, for instance, to buy strawberries or tomatoes from Morocco than to grow them in hothouses in Northern Europe.” ²

Sabine Weyand, Director-General, Committee on International Trade, European Parliament January 21, 2020

ILLUSTRATION 4: COMPARISON OF GREENHOUSE GAS EMISSIONS OF DIFFERENT TOMATO PRODUCTION METHODS



Compared study: Boulard et al. (2011), *Environmental Impact of Greenhouse Tomato production in France* and ADEME AGRIBALYSE, 2015, analysis PwC / study scope: farm and nursery only

² Sabine Weyand, Director-General, Committee on International Trade, European Parliament January 21, 2020.

2.4

Azura and the Sustainable Development Goals



Our sustainability strategy is aligned with The 2030 Agenda for Sustainable Development of the United Nations, especially with regards to our material topics. Azura fully supports the Sustainable Development Goals (SDGs) and we contribute directly to SDGs 1, 2, 3, 4, 6, 8, 12, 13 and 15.

TABLE 4: AZURA'S CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

SDG	Azura Material Topic	Our Contribution
1 NO POVERTY The icon shows a red square with a white silhouette of a family (two adults and two children) and the text "1 NO POVERTY".	Attractive Wages	<ul style="list-style-type: none"> We pay all employees more than the minimum wage and we aim to be the most attractive employer in the region. We contribute to the national social security plan for each employee ensuring social benefits. We change from seasonal contracts to permanent employment contracts where possible.
2 ZERO HUNGER The icon shows an orange square with a white silhouette of a bowl of food and the text "2 ZERO HUNGER".	Azura Core Business	<ul style="list-style-type: none"> We produce healthy products of the highest quality, with minimal to zero levels of pesticide residue to support consumers in making a healthy choice for their diet. We reduce food losses along production and supply chains.
3 GOOD HEALTH AND WELL-BEING The icon shows a green square with a white silhouette of a heart and a pulse line, and the text "3 GOOD HEALTH AND WELL-BEING".	Safe & Supportive Working Conditions	<ul style="list-style-type: none"> We support the health and well-being of employees by providing free medical visits and preventative care. We educate employees on self-care and wellness.

SDG	Azura Material Topic	Our Contribution
	Prospering Communities	<ul style="list-style-type: none"> • We boost the potential for employees through in-house training and education. • We invest with our partners to improve school infrastructure in rural areas. • We provide an annual scholarship to fund higher education for our employees' children who have received the highest marks on their high school exit exams.
	Lasting water	<ul style="list-style-type: none"> • We constantly monitor water availability and water use to identify risks. • We develop action plans to ensure sustainable consumption levels and prevent water deficits in the future, e.g. using precision drip-irrigation. • We consult stakeholders to ensure their water needs are met.
	Attractive Wages & Safe & Supportive Working Conditions	<ul style="list-style-type: none"> • We are proud to be a leading employer in Morocco. • We prioritize working with local suppliers to increase positive economic impacts in the regions of our operations. • We provide safe, comfortable, and sanitary work environments and housing. • We protect human and labor rights.
	Circular waste	<ul style="list-style-type: none"> • We make efficient use of natural resources. • We innovate waste management systems that allow for recycling and creating value out of waste, contributing to a circular economy. • We reduce plastic use.
	Stable climate	<ul style="list-style-type: none"> • We reduce greenhouse gas emissions in our own operations (packaging, waste, and energy efficiency). • We encourage suppliers to realize GHG reductions where possible. • We offset 100% of emissions that cannot be reduced further for our carbon neutral tomatoes.
	Rich Biodiversity	<ul style="list-style-type: none"> • We restrict the use of pesticides by favoring integrated pest management with auxiliary insects that attack predators to protect the plant without chemicals. • We support management of biodiversity in dedicated zones.



Healthy, Responsible & Proud People

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We want to be a leading employer in Morocco for our employees to be proud to work for Azura. We see it as our responsibility to not only offer safe and attractive working conditions that allow our employees to produce exceptional products, but also enable them to provide for their needs and those of their families.

3.1



Attractive Wages

AT A GLANCE



OUR AMBITION

- It is our responsibility that every employee can afford a decent standard of living for his or her family.



OUR STRATEGY

- Payment of wages well above the minimum wage.
- Transition of salaries from seasonal contracts to permanent contracts.
- Contribution to the national social security plan for each employee.



OUR OBJECTIVES

- At least 25% higher than the minimum wage for all employees.
- Support a living wage study for Azura in 2021 to create a benchmark.

Introduction

Azura's role as a producer of healthy products is equally as important as our role as a driver of economic activity. In line with SDGs 1 and 8, we want the success of our business to benefit all people that contribute to it. Our goal is that all employees can provide adequately for their families after a day's work on our sites.

Azura is 100% compliant with all Moroccan law, which requires a contract and contribution to the national social security system, even if an employee works for just one day. Azura seeks to go beyond compliance with national law. We seek to improve security and stability for our employees and their families so that they can work for our shared prosperity comfortably. All employees receive equal pay for equal work, contracts, paid rest days, parental leave, and vacation in compliance with the law. Further, we seek to increase wages above the minimum wage to be

attractive all while ensuring employees' rights and safety.

Over 14,000 people work across the Azura Group. The tomato business alone employed an average of 14,168 people in 2019-2020. Of the total, 33% have permanent contracts. All workers are directly employed by one of Azura's affiliate companies. Of seasonal workers, 32% are women, while 38% of permanent employees are women. All employees have contracts for full-time employment. Over 99% of tomato business employees are Moroccan. This data comes from internal records from the payroll department. In Morocco and in France, all employees are eligible for parental leave.

Strategy

Azura seeks to be an attractive employer. There is competition for labor in the agriculture sector which is a challenge for Azura. To confront this challenge, Azura pays on average at least 25% more than the minimum wage for agriculture excluding benefits such as free transport, free housing and meals that go beyond legal requirements to enable employees to comfortably provide for their families. There has been no proposal for a collective bargaining agreement for employees and none exists today. Nonetheless, our medium-term ambition is to extend performance bonuses that are currently paid to permanent employees to all seasonal workers so that they are rewarded based on merit above and beyond standard salary and existing bonuses. Azura's HR Business Partners are staffed to consult regularly with employees both via formal

focus groups and informal exchanges to gauge level of employee satisfaction and highlight problems to address.

Measures, progress & outlook

100% of Azura employees receive more than the minimum wage, and on average employees make 25% more than minimum wage, not including in-kind benefits.

Benefits include:

- Free transport to and from work (an investment of €6 million in 19-20)
- Free housing & rest spaces on farms at the packhouse (€7 million has been invested since 2018)
- Free meals at the packhouse and on some farms
- Medical care and family support services
- Free literacy training during working hours

We want to continue to lead the employment market and change the reputation of working in agriculture, so the industry attracts youth nationally. To do so, we continue to monitor and increase wages based on merit. In the 2020/21 season, we plan to launch a comprehensive study on wages at Azura and in Morocco and find ways in which we can increase salaries and benefits while remaining competitive as a business.



3.2



Safe & Supportive Working Conditions

Introduction

We are proud to be a leading employer in Morocco. More than 14,000 people work across Azura Group's sites throughout a season. Azura has a recruitment team for farm and packhouse employees that ensures employees can get to work with our free transportation or live onsite when necessary. Individuals are trained upon arrival on ethical and safety procedures. Training continues throughout the season for employees to care for our products through each step of the production process from sowing seeds by hand to carefully pruning and caring for the plant, to quality controls during packing and shipping. We want our employees to be proud to work for Azura and we see it as our responsibility to ensure that our employees have comfortable, safe and supportive working conditions that not only allow them to produce exceptional products, but also enable them to provide for their needs and those of their families. Azura believes in training and internal promotion. Every worker can receive a promotion based on merit.

Strategy

Azura ensures the rights of all its employees are respected according to its Code of Conduct, which is based on the United Nations Universal Declaration of Human Rights, the Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights, the OECD Guidelines for Multinational Enterprises and International Labor Conventions. Our human resources team is responsible for ensuring that our Code of Conduct is implemented at all levels of our company and all employees are trained on their rights. This also includes onsite subcontractors, notably our security providers. We pride ourselves on our transparent approach to ensuring worker and human rights protection across all our operations.

Beyond compliance, we provide free medical services, transport, housing, and meals to our employees. This

is a win-win situation as it makes employees feel more comfortable at the workplace and it simultaneously builds loyalty and supports employee retention.

Special attention is given to the health, safety, and well-being of our employees, which for us is a key responsibility and priority. The Director of Human Resources supervises the health and well-being of employees, while the Group Quality Director oversees hygiene and the Group Technical Director is responsible for occupational safety. These three managers have dedicated teams to ensure risk management, preventive action planning and day to day operational management for occupational health and safety. Each team manager is responsible for the implementation of all legal requirements for safety and best practices for the health and safety of employees as well as contractors, with the director of operations of the tomato business as the highest-ranking manager. Work related hazards and risks are identified through regular risk assessments.

Measures, progress & outlook

Compliance with our Code of Conduct and internal regulations as well as compliance with those of our customers is regularly monitored through internal and independent audits. Azura has been registered on the SMETA platform since 2009 and has conducted annual SMETA audits since 2011. We also conduct annual BSCI audits since 2016, for which we are rated "A", which confirms the highest level of compliance with the BSCI Code of Conduct. In the 2019/2020 season there were zero non-conformities in our SMETA and BSCI audits. Any identified non-conformities are addressed with a corrective action plan and verified by the auditing organization.

In compliance with Moroccan and French law, all employees have the right to join labor unions. Labor unions are present on 5% of Azura sites. Their representatives are given an office and an



announcement board on each site in accordance with Moroccan law. Additionally, voting for labor union representatives is conducted at each site in accordance with Moroccan law during work hours. Non-unionized employee representatives are elected on each site to better enable the flow of information between management and employees.

Since 2018, Azura has invested over 7 million euros in improved infrastructure for employee rest spaces, mess halls and housing. Azura is proud to be the first company in Chtouka Ait Baha to provide free transportation by bus and minibus to its full workforce to put an end to the risks posed by transport in non-authorized vehicles. This service not only ensures that employees have safe transport to and from work, but it also ensures employees can get to work on time. Transport represents an annual investment of over €6 million.

100% of Azura employees at all sites are covered by our occupational health and safety management system. A Group Health and Safety Committee (HSC), which is overseen by senior management, meets at least once every three months to discuss mitigation measures for occupational hazards in accordance with Moroccan law. The HSC consists of an occupational hazard physician, Azura's head nurse, a representative from HR, Azura's security manager, and employee representatives. After each committee meeting, a summary of the discussions and decisions is shared with all employees across all sites. Employees are invited to provide feedback, which is collected by HR field team members, summarized, and included in the next HSC meeting. A focus of meetings is to review objectives, such as the goal for zero accidents and to monitor reduction of common accidents, such as slips in greenhouses.

When an incident occurs, the on-site manager immediately ensures that the injured party is removed from danger. The on-site medical teams or first responders are called immediately. The manager on-site contacts the head nurse to run a diagnostic of the situation and act accordingly.

This year, the HSC and all health and security management staff have worked closely with direct line managers with the goal of decreasing work-related accidents to zero. All accidents are thoroughly investigated to understand their root cause and corrective action plans put in place. In cases where any potential negative impact on the health of a worker has been detected in a regular risk assessment, the employee is checked by our medical staff and given another job position in the company. Assessments ensure that the process in place for employees to remove themselves from situations that they perceive to be dangerous is operational.

Every employee, regardless of contract type or time spent at the company, has a medical exam once a year. Thereafter, all employees have access to our medical staff for any further needs. All managers and employees are further trained on safety and hygiene practices. Each employee receives a training on his or her first day of work, which includes rules for hygiene, safety at the workplace and resources available for healthcare needs. Health, safety, and preventative care trainings are also conducted regularly throughout all operations, and in conformity with legal requirements for high risk tasks, including working with chemical products or operating heavy machinery.

PROJECT SPOTLIGHT

Naoual Hosni,
Group Director of Human Resources

"I am incredibly impressed and proud of how our Group is concerned with the protection, safety and well-being of our employees, which goes above and beyond the ordinary role of a company."

"Our reaction to the COVID19 crisis is a salient example of how our management is committed not only to the protection of our employees at the workplace, but also at their homes and in their communities."

"Without hesitation, the Azura Board of Directors donated 25 million Moroccan Dirham to the national COVID19 relief fund right at the beginning of the declared pandemic. Within a week, we put in place fundamental changes in our operations, as well as employee transportation and housing, to ensure social distancing and advanced hygiene. We put in place an emergency response team that monitored compliance with the strict rules for health and safety to prevent contamination. This team also trained employees on how to practice a good personal hygiene, empowering them to become the trainers for health, safety, and hygiene in their communities. Each employee received a supply of soap and protective equipment for himself and his family after completing these trainings. Our ability to initiate change on such a large scale so rapidly demonstrates the effectiveness of our management structure."

3.3



Prospering Communities

AT A GLANCE



OUR AMBITION

- Create added value for local communities to help their families get better education, live in a better environment, and have more opportunities to thrive.



OUR STRATEGY

- Creating better more productive communities in and around Azura's areas of operations.
- Improving access to education and clean, healthy environments for children of Azura employees.
- Supporting marginalized populations to live productive and healthy lives in Moroccan society.



OUR OBJECTIVES

- Improving access to quality education infrastructure and equipment for 1,000 children, half of whom have parents working at Azura by 2025.
- Improving employability of 300 marginalized persons by 2025.
- Contributing to better environments (waste, water, energy) in 20 villages by 2025.
- Conducting 100 community meetings with various stakeholders by 2025.
- Funding 30 scholarship and mentorship programs for children of employees to finish higher learning and find quality employment by 2025.
- Improving access to quality education of 10,000 marginalized people.

Introduction

Across all our activities, we constantly engage with local communities. Azura hires most of its workers from towns and villages close to the farms, with only 25% of employees coming from other regions in Morocco and living in our free housing. Our sites are often close to local villages and we aim for collaborative and mutually beneficial relationships between the villages and our sites. The Azura Association focuses on three key issues during community engagement: education, empowering vulnerable populations and environmental protection. These three issues were decided on as they reflect needs expressed by communities and employees and match our value. Some key issues communities face include access to quality education infrastructure –schools are often decrepit and without clean toilets and sometimes running water. Often youth cannot easily attend higher education because of financial constraints. Some communities in the areas in which we work need support for children with disabilities and seek vocational training for adults with disabilities. Promoting women and giving access to education and job opportunities for marginalized groups benefits Azura as much as it benefits Moroccan society more broadly.

Strategy

The Sustainability Department is responsible for the management of community relationships. While the department is actively engaging with communities to manage issues and inspire development and growth, Human Resources manages relationships with local authorities, e.g. to obtain authorizations for land use.

Communities are Azura's backbone and home for our employees. We thus want to give back and ensure that communities around our operations and more broadly in Morocco thrive. To do so, we support community development projects that focus on better access to education, a cleaner and healthier environment, and promoting people that are marginalized in Moroccan society. These three areas resonate with Azura's core values and key impact areas.

The Azura Association is a non-profit organization registered under Moroccan law, dedicated to improving socio-economic and education opportunities in communities in and around Azura's operations. The Azura Association supports projects that are identified by local community members and managed in partnership with local NGOs. The principles of participatory development guide the activities of the Azura Association, to ensure that supported projects respond directly to community needs and that they will be managed by the community in the long run. The Association's activities primarily focus on improving the lives of Azura employees and their families, but also support the development of the wider communities.

The Sustainability Department's annual program includes operations in communities that enable us to meet our objectives for 2025. Each activity or project is conducted in cooperation with local stakeholders. Azura's Sustainability Development Coordinator works closely with local partners on various activities, such as a scholarship program, contributions to a school or preschool, or local events for women's clubs. The Coordinator is responsible for measuring the baseline for each project, which includes counting the number of beneficiaries in each of the categories mentioned above, including marginalized people in Moroccan society (people with disabilities, women/single mothers) and Azura families. Each year, both the results and the indicators are reevaluated to determine if they capture the correct information and if they continue to support our goals for supporting community development. Throughout the project and after the project, direct and indirect beneficiaries are counted both quantitatively and qualitatively in the case of indirect and future beneficiaries.

Measures, progress & outlook

Annually, the Sustainability Department conducts a needs assessment by contacting stakeholders in and outside of Azura to identify needs related to the three focus areas. The results of this inquiry serve as basis for the annual budget, which is funded by



contributions from Azura's tomato and fresh herb business, Maraissa, Azura's commercial and logistics business, Disma and Azura's aquaculture company. The remaining contributions come from partners, and specifically Azura clients such as the Albert Heijn Foundation and ICA.

The Sustainability Committee, a group of representatives from across the company, is responsible for expanding community engagement by presenting projects and ideas from employees for investment by the Azura Association. *Afoulki*, which means happiness in the local Berber language, is a project that empowers communities in which our employees live to fund and manage their development projects. Bi-monthly, the committee meets to discuss projects and ideas and then to select projects for funding from the Association's fund based on five main criteria:

1. Employees of Azura must benefit from the project
2. The project relates to one of the three focus areas
3. There is a significant need
4. Long-term management of the project is ensured by a local partner
5. The project has an efficient cost-structure.

Since 2015, the Azura Association has invested over 2.5 million euros in local communities with its partners, benefiting over 24,000 people through:

- Installing clean-drinking water systems in 13 villages that previously had no running water
- Renovating and reconstructing 8 elementary and preschools
- Financing and constructing 2 centers for children with disabilities
- Financing over 25 community projects managed by local NGOs
- The Azura Merit Scholarship for children of Azura employees starting higher education

All our operations are implemented with local community engagements, as the investments in communities that we make prioritize communities in which our employees and their families live.

For the next five years, Azura has set itself ambitious objectives it wants to achieve with its Association:



Improving access to quality education and infrastructure of Azura employees by

1,000



Contributing to decreasing pollution and waste management in

20 villages

Conducting

100

community meetings with various stakeholders



Improving access to quality education of

10,000

marginalized persons



Improving employability of

300

marginalized persons



Funding 30 scholarships and mentorship programs of children of employees to finish higher education and find quality employment

ILLUSTRATION 5: OBJECTIVES FOR 2025 AND % COMPLETED IN 19-20

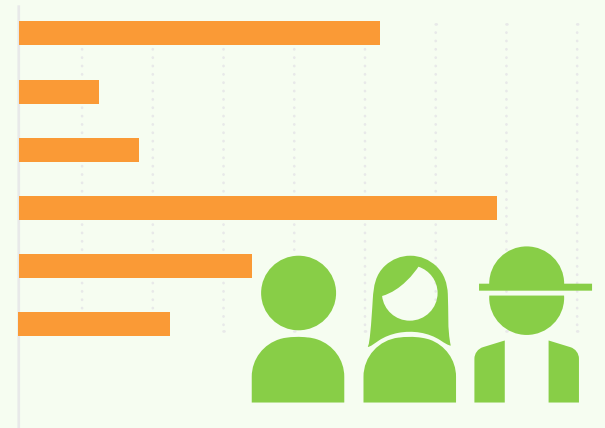


Objectives for 2025

% completed in the 19-20 season

- % of goal for access to quality education and infrastructure for children of Azura employees for 1,000 beneficiaries
- % of goal for access to environmental improvements (water, waste) in 20 villages
- % of goal to participate in 100 community meetings with stakeholders
- % of goal to improve the quality of education for 4,000 beneficiaries
- % of goal to improve employability for 100 marginalized persons
- % of goal to finance 30 scholarships for students with parents working at Azura

0% 10% 20% 30% 40% 50% 60% 70% 80%



PROJECT SPOTLIGHT

CENTER FOR DISABLED CHILDREN

We see our role in encouraging a just and open society and we do so by supporting marginalized groups in Morocco. Since 2015, Azura has regularly consulted the Federation for Disabled Children in Chtouka Ait Baha as a stakeholder. In 2019, the Federation presented a project to build the largest education and rehabilitation center for children and young adults with disabilities in the Chtouka region to the Azura Association for funding. Prior to the project, there were only 120 students with disabilities in a region of 30,000 people that attended specialized schooling. The Center for Disabled Children expanded access to 85 more children and 25 young adults with disabilities who take vocational training classes. This project is a perfect example of community engagement and partnership: The Belfaa Municipality supported the project by donating land for the construction of the center and buses to transport children. The Entraide National (National Mutual Aid Fund) and the Moroccan Initiative for Human Development contracted with the Federation for Disabled Children to finance the Center's operations, including 23 employees. Azura Association, in a 50/50 partnership with the Albert Heijn Foundation, financed the construction of the Center - a total investment of 200,000 euros. On January 2, 2020, the Center opened its doors to 85 children and 25 young adults with various disabilities, 13 of which have parents working at Azura.

PROJECT SPOTLIGHT

HAND IN HAND

Azura launched a new project in 2018, called Hand in Hand, with the goal of empowering employees to be leaders in the development of their communities. As part of this project, different operating sites across the company are asked to form committees of volunteers, which are responsible for identifying projects in their own communities that need funding. Azura allocates a budget to each site's committee, which it can spend on projects it considers most promising. The committee members, all of which are employees and not management, are trained on project design and budget management. Together, they vote on the best project and decide how to allocate the funding. Since 2018, 12 projects have been funded this way.

PROJECT SPOTLIGHT

PARTNERSHIP WITH THE FOUNDATION FOR MOROCCAN STUDENTS

Starting in 2019, the Azura Association identified children of Azura employees that received the highest marks on high school exit exams. To support the success of these students in their long-term career development, Azura partnered with the Foundation for Moroccan Students (FME). FME has supported over 1,000 students in Morocco throughout their higher education, providing living stipends, tutoring, mentoring, internships, and networking for their beneficiaries. The rate of job insertion for FME beneficiaries is 3 times the national average. Azura is proud to commit to sponsoring young women and men, all children of Azura employees, for five years, with our commitment to add scholarship beneficiaries every year. To date, Azura has committed to funding 11 scholarships. This helps us to achieve our goal of supporting education and professional outcomes for Azura families and their children to overall improve the socio-economic development of our region.

PROJECT SPOTLIGHT



AIT ALI PRESCHOOL

In 2019, Azura co-funded the construction of a preschool with ICA, a retail client. A local village's leadership proposed the construction of the school to the Azura Association because it didn't have proper infrastructure. Children were cramped into small rooms without windows. This village is very close to multiple farms and the Azura packhouse and many Azura employees live there. Construction, which was carried out using local natural materials instead of cement to reduce the carbon footprint of the building, was completed within 5 months and in February 2020, the preschool opened its doors to 90 children, 24 of whom have parents working at Azura.



Healthy Planet

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4.1



Lasting Water

AT A GLANCE



OUR AMBITION

- Responsible water stewardship to ensure that the available water resources meet the needs of communities, as well as our needs for irrigation and other operations long into the future.



OUR STRATEGY

- Constant monitoring of water availability und water use; identification of risks.
- Development of action plans to ensure sustainable consumption levels and prevent water deficits in the future, e.g. using precision drip-irrigation.
- Consult stakeholders to ensure all have water they need.



OUR OBJECTIVES

- Implementation of a water stewardship program in conformity with the GlobalG.A.P. SPRING add-on by the end of 2021.
- Reduction of ground water use by 100% by 2022.
- A watershed management project by 2022.

Introduction

Water is our lifeline. It is essential to all our processes. Water is material because there is risk of prolonged drought in our production zone that will likely be exacerbated if climate change persists at current levels. In the life cycle assessment finalized in 2020, water usage represented 28% of total environmental impacts when impacts are converted into monetized externalities, the second largest impact next to greenhouse gas emissions at 29%. It is a topic of concern for internal and external stakeholders alike.

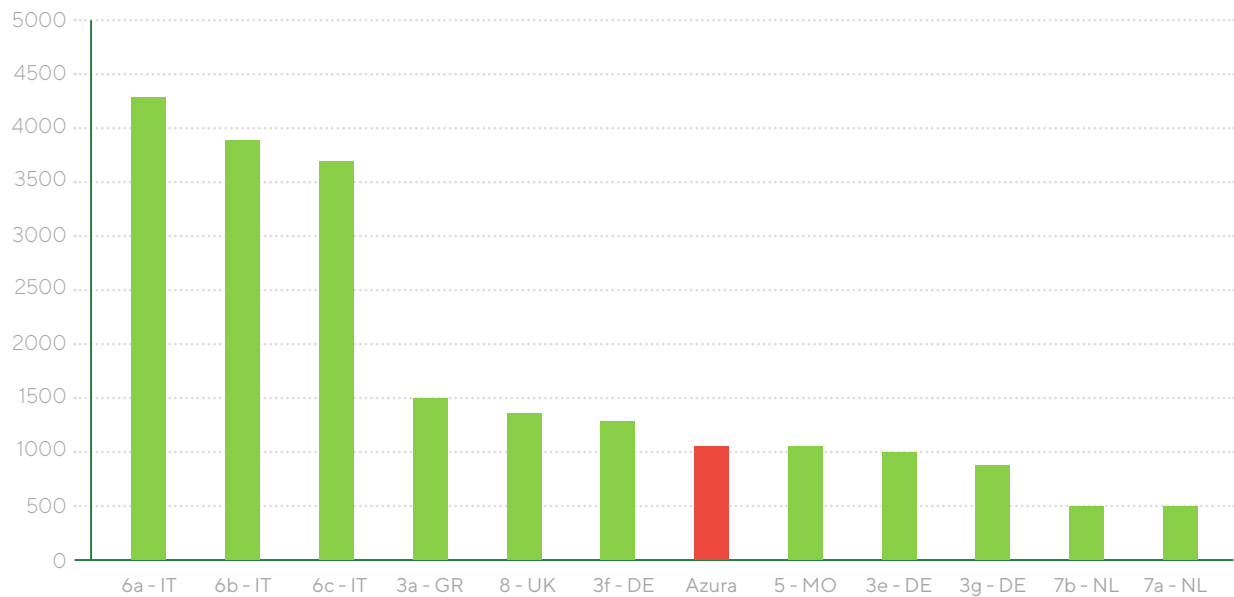
Azura currently consumes 1,053 liters of water per square meter per year for its tomato business. In total, water use adds up to 10.4 million cubic meters per year across the whole production and processing chain for tomatoes.

The bulk of the water, which comes from dam or ground water, is used for irrigation on our farms. The water on the farms is stored in water basins on each site and used as needed for irrigation. We also use water to clean tomatoes before they are packed for sanitary control. While we have measured a 25% decrease in water use on most of our farms since our first LCA in 2010, the equivalent of 2.6 million cubic meters per year, ensuring sustainable water resources remains a top priority. Morocco is classified as a country with water stress. Our ambition is to source 100% of our water supply from the water desalination plant, which we hope to achieve by the 21-22 season.

We benchmark our water use against tomato producers in Europe to understand how it compares in relation to other production methods. Our findings, which are summarized in Illustration 7 below, show that Azura ranks somewhere in the middle. Our goal is to improve practices, which means less dependence on groundwater, circularity in irrigation and of course, we always strive to optimize yields without sacrificing quality and flavor.



**ILLUSTRATION 7:
COMPARISON OF THE WATER CONSUMPTION OF DIFFERENT COUNTRIES AND AGRICULTURAL PRACTICES**



Study	Location- Type	Notes	L/m³¹
6a - IT	Italy - Heated Greenhouse	Heating with Natural Gas and Canola Oil	4,291
6b - IT	Italy - Heated Greenhouse	Heating with Natural Gas	3,906
6c - IT	Italy - Heated Greenhouse	Heating with Waste Valorisation	3,675
3a - GR	Greece - Open-field industrial tomato system	Open-field crops	1,530
8 - UK	England - Heated Greenhouse	Greenhouse soil crops	1,365
3f - DE	Germany - Heated Greenhouse PE-isolated	Greenhouse soil crops	1,295
Azura	Morocco - Unheated		1,053
5 - MO	Morocco - Plastic Greenhouse	Freshwater	1,040
3e - DE	Germany - Heated Greenhouse	Greenhouse soil crops	984
3g - DE	Germany - Heated Greenhouse F-Clean-isolated	Greenhouse soil crops	896
7b - NL	Netherlands - Heated Venlo Greenhouse	Closed-system with recirculation of drainage water	492
7a - NL	Netherlands - Heated Venlo Glasshouse	Closed-system with recirculation of drainage water	492

³ The following assumptions were made on tomato production, based on Azura information: 35 kg/m² for all European production, 12,45 kg/m² for Azura.

Strategy

We are committed to responsible water stewardship to ensure that the available water resources meet the needs of communities, as well as our needs for irrigation and other operations long into the future. Azura seeks to systematically understand its impact on the watershed and to fund projects to minimize it. To this end, we first need to understand sustainable consumption levels across Azura's activities and monitor water use, to identify future risks to availability.

Water consumption is monitored on farms and in the packhouse. The water consumed on farms is measured directly by water meters that control irrigation levels. This information is digitally communicated to the Management Control department that monitors water usage. Water consumption in the packhouse is monitored with water counters. On the operational level, water use is managed by the Production Team. Each farm manager is responsible for irrigating the crop on tomato, herb, and flower farms as well as in the nurseries to optimize plant health with minimal water use. To this end, farm managers receive training and guidance on how to use water most efficiently.

Our approach to water stewardship is based on the GlobalG.A.P. Sustainable Program for Irrigation and Groundwater Use SPRING, which will be implemented across all tomato operations by the end of the 2020 – 2021 season.

The effectiveness of our management approach is ensured by the implementation of the proven, holistic, third-party certified GlobalG.A.P. SPRING sustainable water management system and measured by our level of conformity. As our objective is full conformity, any non-conformity requires an evaluation process, followed by an action plan and closure of a non-conformity once it has been resolved.

Measures, progress & outlook

We are in the initial phase of launching an internal monitoring system based on the GlobalG.A.P. SPRING add-on recommendations. Through this process, we will map risk areas for ourselves and for local communities and developing action plans to prevent water deficits in the future.

In 2019, Azura signed a contract with the local government, in which we agreed to source a minimum of 50% of all irrigation needs for most of our farms from a new water desalination plant that will be operational in late 2021. Since then, our ambition has grown, and we anticipate sourcing 100% of our water from this renewable source. Participation in this project will ensure that groundwater can be replenished, and we can continue to meet our water supply needs.

We are at present putting in place a water discharge measurement mechanism and thus cannot yet calculate water discharge. Additionally, we seek to find methods to collect and filter runoff.

PROJECT SPOTLIGHT

TIFNIT WATER DESALINATION PLANT

Abengoa, a Spanish water and energy management company, in partnership with the Office National de l'Électricité et de l'Eau Potable (ONEE), the Ministry of Agriculture, Sea Fisheries and Rural Development and the Ministry of Waters and Forests of Morocco, is building a €309 million water desalination plant. This plant will have a capacity of 275,000 m³ of desalinated water per day from the outset, which will be increased to 450,000 m³/day over time. This will be the largest irrigation and drinking water plant in the world. The project also includes an irrigation network to cover the 13,600 hectares of agricultural land in the Chtouka Ait Baha region, where the majority of Azura's farming operations are located. Azura commits to sourcing 100% of our irrigation needs from the Tifnit Water Desalination plant once it is operational, which is expected for late 2021/2022.

4.2



Stable Climate

AT A GLANCE



OUR AMBITION

- Reduce our direct and indirect emissions, work with suppliers to reduce our other indirect emissions and offset the rest to be net-zero.



OUR STRATEGY

- Reduction of greenhouse gas emissions in own operations (packaging, waste and energy efficiency).
- Working within the supply chain to encourage reductions where possible.
- Offsetting 100% of emissions that cannot be reduced further.



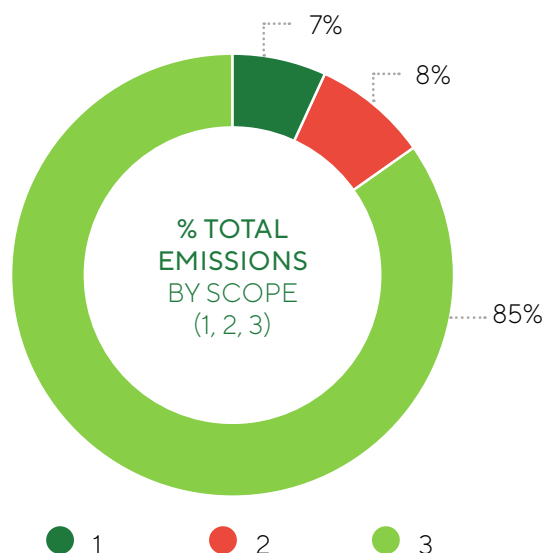
OUR OBJECTIVES

- Reduce 240 tons of plastic per year.
- Install renewable energy on half of our sites by 2025.
- Net-zero emissions by 2022.

Introduction

Global warming is a risk to our operations as Morocco will see increasingly long periods of drought coupled with more frequent extreme weather events. Minimizing greenhouse gas (GHG) emissions globally and in our activities is thus crucial to curb climate change and to mitigate these risks. Greenhouse gas emissions represent 29% of Azura's environmental footprint according to our most recent life cycle assessment (LCA) if the impacts were converted into monetized externalities. The LCA comprises GHG emission calculations for Scopes 1, 2 and 3 from cradle to gate. The LCA, which provides emissions associated with tomatoes, was conducted using ISO 14000 and ISO 14044 norms. An independent review of the LCA affirmed that the method and the resulting study were in conformity with these norms. Most of our emissions, approximately 85%, are Scope 3 emissions that occur upstream of our activities. As such, we have decided to compensate for 100% of our emissions related to tomato sales, starting fall 2020, while we establish targets to reduce scopes 1 & 2 emissions. This means that Azura tomatoes will be carbon neutral.

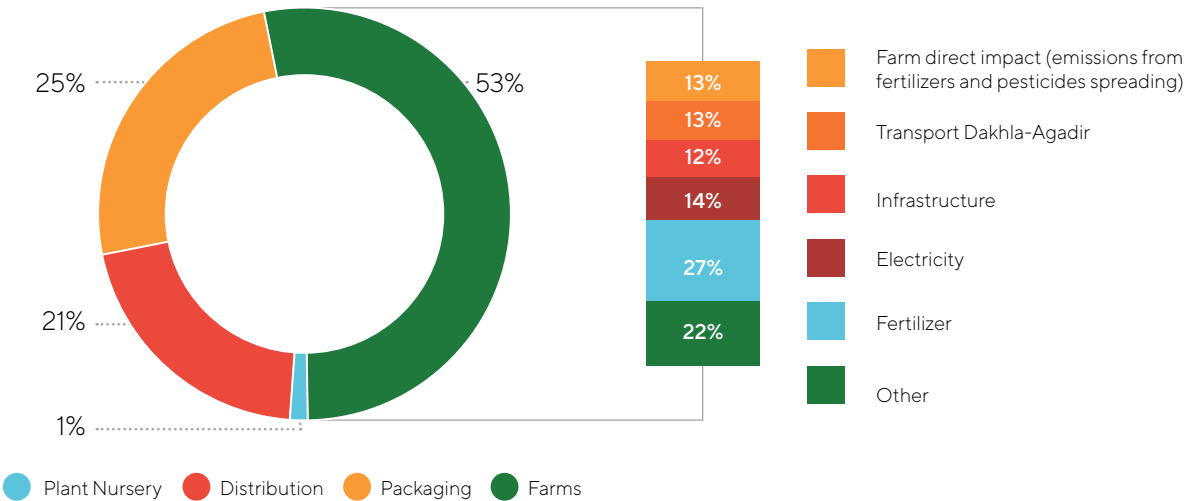
ILLUSTRATION 8: BREAKDOWN OF AZURA'S GREENHOUSE GAS EMISSIONS BY SCOPE



A more detailed breakdown of the emissions that are related to our activities enabled us to hotspot the greatest sources of emissions, which are Scope 3, specifically in the production of the fertilizers and packaging, as well as in transport. Azura’s Scope 2 emissions mainly come from the use of electricity in the factory and in our offices. In terms of tons of CO₂ equivalents, emissions by scope are:

- Scope 1: 9,260 T CO₂e
- Scope 2: 11,316 T CO₂e
- Scope 3: 114,536 T CO₂e

ILLUSTRATION 9: BREAKDOWN OF AZURA’S GREENHOUSE GAS EMISSIONS BY HOTSPOT

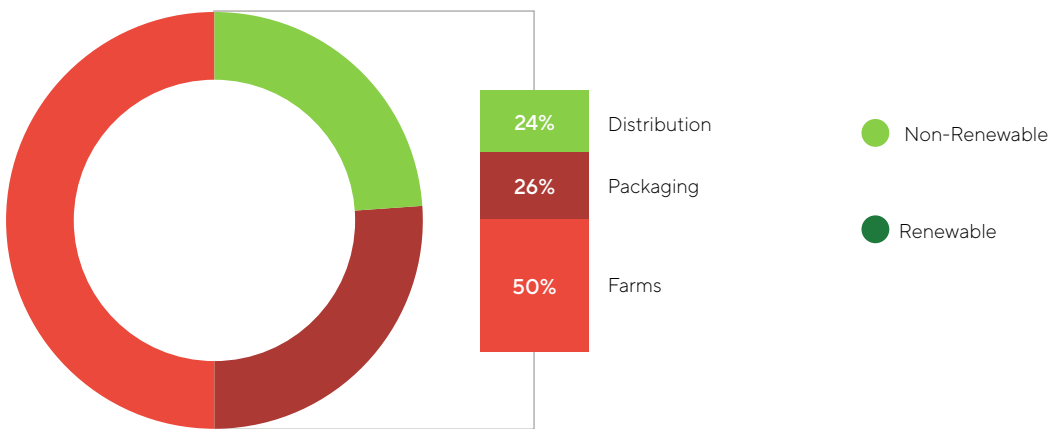


According to the LCA, the production, packaging, and delivery to a customer in Europe of one kilogram of Azura’s tomatoes accounts for 1.12 kg of carbon dioxide equivalent emissions from cradle to gate. In the 2018-2019 season, Azura exported 120,000 tons of tomatoes, which means that Azura’s total GHG emissions were approximately 134,000 tons of CO₂ eq, all of which will be compensated, assuming the same total volume of exports, for the 20/21 season.

The production and distribution of one kilogram of tomatoes requires 16 megajoules (MJ) of energy, 14MJ of which is from fossil fuels (mostly petrol, then coal

and natural gas) and 2 MJ from renewable energy. More than half (52%) of the non-renewable energy is linked with farming activities, in particular the production of fertilizers (18% of the total), electricity use (18%), maintenance of infrastructure (17%) and stabilizing tomato temperature before transport (13%). The large amount of non-renewable energy is tied to the Moroccan electricity mix, which still is heavily fossil fuel based. Most of the renewable energy (77%), is used to produce packaging (cardboards, pallets). Morocco’s target of increasing the share of renewable energy to 52% by 2030 will significantly reduce Azura’s dependence on non-renewable energy sources.¹

ILLUSTRATION 10: MAIN SOURCES OF ENERGY CONSUMPTION



4 https://www.res4africa.org/wp-content/uploads/2017/05/RES4MED-Day-Morocco-2016_Press-release.pdf

Strategy

Greenhouse gas emissions management at Azura starts with measurement. The measurement of GHG emissions is based on the ISO norms for LCA and calculated using a model developed and independently reviewed for Azura by external consultants. The model uses the latest available datasets to estimate GHG emissions from cradle to gate, including every aspect of our own operations. Azura plans to recalculate its greenhouse gas emissions with this model every two to three years to identify and assess any major changes.

The Sustainability Department oversees measurement and management of GHG emissions. Azura is committed to reduce emissions where possible and offset the remaining emissions that are not possible to reduce, in order to achieve net-zero emissions for its tomato business. Once hotspots are identified through an LCA calculation, action plans are put in place to reduce the emissions for these processes. As the LCA has been externally reviewed to be in conformity, the emissions per kilogram of tomato are multiplied by the volume of tomatoes exported to give a total volume of our CO₂ emissions.

Our key hotspots are fertilizer production, packaging production and transport. Transport and fertilizer production are beyond our direct control; we are thus working closely with suppliers to support emission reductions in their processes and offset the remaining emissions. Azura can, however, more directly influence emissions from packaging production, which is a key focus of our climate work (see project spotlight below for more information). We also work to reduce energy consumption on farms and in the packhouse. In 2019-20, we reduced 2.4 million kilowatt hours, which represents 7% savings on farms and 16% savings in the packhouse.

Azura has decided to offset the remainder of its emissions by supporting solar energy production in Morocco as well as projects that increase biodiversity by protecting forests and planting trees. This project will be concluded in fall 2020.



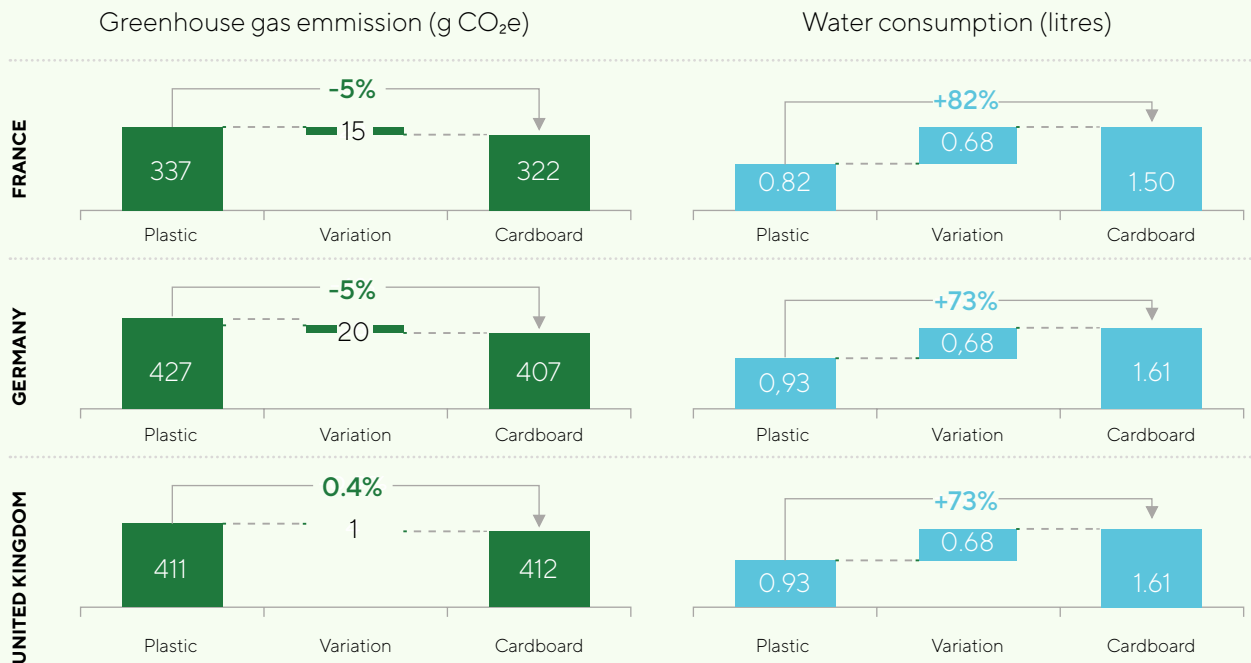
PROJECT SPOTLIGHT

REDUCING PLASTIC USE FOR PACKAGING

Our clients have varying requests in terms of packaging. As such, our management decided to use data about the environmental and economic impacts of packaging to guide any changes. In 2018, Azura created a job position dedicated to reducing greenhouse gas emissions by optimizing packaging for the tomato business. We thus systematically follow and test the latest developments in packaging, including pillow packs, vegetable-fiber based products and cardboard. In 2019, we conducted a life cycle assessment to compare the environmental footprints of plastic and cardboard packaging from cradle to grave. We found out that the differences in GHG emissions of cardboard and plastic packaging are minimal, with cardboard packaging requiring significantly more water to recycle. Furthermore, cardboard packaging for our products would cost 72% more than the current packaging. This study has helped us to understand our impact and we continue to seek to strike a balance and look at all options to reduce environmental impact related to our packaging. (see Illustration 11).

Today, 100% of our plastic packaging is recyclable. However, there are limitations to recycling in many EU countries in which our products are sold and there is a need for progress in terms of government and private infrastructure for waste management and recycling. In Europe, less than 40% of plastics that can be recycled are recycled today, with the objective of 55% by 2025. Levels of recycling and energy recovery of waste vary by country.

ILLUSTRATION 11: DIFFERENCES IN GHG EMISSIONS AND WATER USE BETWEEN PLASTIC AND CARDBOARD PACKAGING



Measures, progress & outlook

When comparing the current greenhouse gas emissions with the values of the 2010 LCA, Azura has managed to reduce GHG emissions by 20% since then. This reduction is mainly due to increased energy efficiency on farms and in the packhouse, optimized transport, an increase of renewable energy use of our plastic suppliers and measures to reduce emissions from packaging.

Over the past years, a focus of our climate work has been the optimization of our packaging. In the 2019-2020 season, we reduced 240 tons of CO₂ equivalent through reductions in packaging, compared to the 2018-2019 season (see project spotlight below). For this season, we have defined a goal to reduce our plastic packaging by another 400 tons, which is equivalent to 240 tons of CO₂ emissions.

In the 20-21 season, all tomatoes sold by Azura will be carbon neutral, due to reduction and successful offsetting of the remaining GHG emissions. In parallel, concrete targets for CO₂ reduction will be announced.

Since 2015, Azura's engineering and purchasing teams have worked together with suppliers to reduce the plastic use for trays, without compromising food safety. By reducing the weight and thickness of the plastic trays, we were able to save 111 tons of plastic in the 2019-2020 season alone. The lighter trays also enable us to fit more trays into each box, meaning that we can ship more tomatoes per truck. We have furthermore changed packaging for our 250g baby plum tomatoes. This leads to a reduction of 4 grams of plastic for each kilogram of baby plum tomatoes, which equates to 400 tons of plastics savings per season. In April 2019, we replaced the black plastic packaging of our 400g mixed cherry tomatoes, our 4-beef tomatoes and our 7kg beef tomato trays with 100% recyclable plastics.

In the wake of COVID19, we notice that customers are backtracking on commitments to reducing plastic. We are committed to satisfying the needs of our customers to their concerns without compromising our commitment to reduce packaging waste.

4.3



Circular Waste

AT A GLANCE



OUR AMBITION

- Circularize our organic waste streams to produce a product that is good for the planet and economically viable and reduce and recycle all non-organic waste, decreasing landfill use.



OUR STRATEGY

- Implementation of circular waste management systems.
- Reduction of plastic use.



OUR OBJECTIVES

- Integrated waste management on all sites by 2025.
- 100% recyclable & circular waste stream by 2024 excluding all non-recyclable waste.

Introduction

Agricultural and industrial waste are byproducts of our operations. Starting in 2019, Azura took significant steps to improve the management of waste and to increase circularity of our waste streams, with the goal of putting less into landfill and more back into the economy. This focus is supported by an external analysis that was conducted on the material issues of agriculture in Morocco, which highlights the lack of waste treatment and land use caused by the disposal of waste. Our waste-related activities include all waste streams that are directly associated with tomato and clam production and packaging, excluding post-consumer packaging.

Today, Azura produces 5,557 tons of non-organic waste per season, 123 tons of which is hazardous and 5,434 tons which is non-hazardous. Azura produces roughly 54,000 tons of organic waste on farms annually. Most waste emitted and managed by Azura is recycled or circularized. Less than 10% of the total quantity goes to landfill. Through Azura's partnership with a leading waste management company beginning in summer 2020, Azura will put in place waste reduction targets. Starting in the 20/21 season, the Azura packhouse, all household and office waste and 1/3 of all farm waste will be managed by our partner. In the 21/22 season, we hope that our partner will manage 100% of the farms after this year's pilot project. In the interim, we continue current practices. Azura is in the process of finalizing a partnership to produce commercial compost from our organic waste.

Strategy

Azura tries to reduce non-organic waste, especially plastic waste, whenever possible by implementing measures right at the source. For the remaining non-organic and organic waste, we are in the process of implementing circular waste management systems. To this end, we are working together with qualified partners, to ensure that all non-organic waste is treated properly, prioritizing recycling and energetic conversion over landfill. Organic waste from plants is treated separately from non-organic waste. Tomato



plants produce leaves and stems that hold value for the soil as fixers of carbon. Azura thus explored the technical feasibility of using its organic farm waste to create compost that can be sold to help other producers to improve the quality of their soil.

The management of organic and non-organic waste is overseen by the Sustainability Department. Azura measures the success of its waste management against the objectives of 100% recycling, 100% sorting conformity and 100% composting of organic waste and regularly adapts the management system if necessary.

Measures, progress & outlook

Azura has always aimed for recycling its recyclable, non-organic waste. In 2019, Azura began to work with a leading waste management company that did not have any existing business in the region of Azura's operations before.

Together with Azura, a study was conducted to analyze Azura's waste patterns. Simultaneously, our partner began working with local suppliers to scale their capacities for them to be able to respond to our needs. Starting in the fall of 2020, waste management services at our packhouse and on pilot farms will be provided by our partner.

Azura's hygiene team is responsible for the upstream sorting of waste materials into different categories. The presorted waste is delivered to our waste collection sites, where our partner's team compacts and prepares it for waste treatment. With this process, we aim for 100% certified recycling of all recyclable products treated. Additionally, our service provider will support us to develop detailed waste management protocols for each type of waste generated, with the objective that we will be 100% in conformity with the protocol.

Azura aims to circularize 100% of our organic waste by 2025. While feasibility studies are currently ongoing, it is likely that Azura will partner to develop compost from its waste and send part of it to create energy through combustion.

4.4



Rich Biodiversity

AT A GLANCE



OUR AMBITION

- Reduce our negative impact on biodiversity while increasing biodiversity in protected zones.



OUR STRATEGY

- Restricting the use of pesticides by favoring integrated pest management with auxiliary insects that attack predators to protect the plant without chemicals.
- Support management of biodiversity in dedicated zones.



OUR OBJECTIVES

- Use no more than one active compound in production across all tomato farms by 2021.
- Expand production of zero-residue tomatoes.
- Contribute to projects that increase biodiversity.



Introduction

Biodiversity is crucial to the long-term health of our ecosystems. While the impact of our products on biodiversity was not directly measured in the LCA due to the lack of a robust and reliable indicator, we decided to use the indicator “land use” as a proxy, for which significant impacts were measured. We thus consider biodiversity a material topic and seek to protect biodiversity on the land we manage.

Strategy

Azura measures biodiversity through the GlobalG.A.P. auditing and certification, in which an assessment of the biodiversity is conducted annually. The measurement of biodiversity around farms coupled with our pesticide use enables us to better understand the impact Azura has on biodiversity.

According to the analysis in our life cycle assessment, pollution from Azura’s activities has a negligible impact on biodiversity. We mitigate our impact on biodiversity primarily by replacing chemical plant treatments with auxiliary insects whenever possible. For example, we are using auxiliary insects to control ravagers that threaten the plant’s health. Impacts that cannot be mitigated are compensated by contributing to the protection of biodiversity in other ecosystems such as planting trees and protecting forest areas through carbon compensation projects internationally.

Measures, progress & outlook

All Azura’s tomatoes are produced using integrated pest management. Beneficial insects produced by our partner Biobest have enabled us to limit pesticide use. Since September 2019, analysis on all tomatoes shows between 0 and 1 active material present. Azura tomatoes are at a maximum of 33% of the European Union maximum residue limit. In September 2019, our zero-residue tomatoes came to market, a line which we aim to expand.

While we continue to decrease potential impact on biodiversity, we are still in the process of identifying the proper metric to measure our impact. In the season 20-21, we plan to undergo a study to identify the most meaningful metric for our impact on biodiversity so that we can put in place concrete targets and objectives in the near future.





About this report

This is Azura's first sustainability report, which covers the agriculture seasons 2018 – 2019 and 2019 -2020. Azura plans to publish a sustainability report on a bi-annual base. This report has been prepared in accordance with the GRI Standards: Core option. Life cycle analysis data in this report is based on third-party verified information, while assumptions were made including the cut-off for six material topics. This report has not been externally assured. Consolidated financial statements do not exist at this time for Azura.

For questions regarding this report, please refer to

Celine Montauriol, Sustainability Director
cmontauriol@azura-group.com

Questionnaire to readers to get feedback from stakeholder groups



1. WHICH STAKEHOLDER GROUP DO YOU BELONG TO?

- ☐ Executive Committee
- ☐ Employees
- ☐ Employee representatives and unions
- ☐ Competitors
- ☐ Investors
- ☐ Clients
- ☐ Suppliers
- ☐ Local entrepreneurs
- ☐ Universities, schools, training centers, professional associations
- ☐ Residents around sites
- ☐ Project partners
- ☐ Authorities and regulators
- ☐ Farmers
- ☐ Associations and NGOs
- ☐ Citizens
- ☐ Media and influencers (ratings agency)
- ☐ Companies

2. BASED ON YOUR PERCEPTIONS AND EXPECTATIONS, EVALUATE THE IMPORTANCE OF REPORTING ON THE FOLLOWING AREAS OF AZURA'S RESPONSIBLE OPERATIONS:

Select a number on the following scale:

- ☐ **1** Not very significant ☐ **2** Significant ☐ **3** Very significant ☐ **4** Critical

To list material topics

3. BASED ON THIS REPORT, DO YOU CONSIDER AZURA GROUP'S SUSTAINABLE DEVELOPMENT APPROACH TO BE RELEVANT AND TRANSPARENT?

- ☐ Totally agree
- ☐ Agree
- ☐ Do not agree
- ☐ Completely disagree

4. WOULD YOU LIKE TO RECEIVE OUR NEXT SUSTAINABLE DEVELOPMENT PUBLICATION BY EMAIL?

- ☐ Yes ☐ No

If so, please provide your email address:

GRI Content Index



For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report.

GRI 101: Foundation 2016

GENERAL DISCLOSURES

GRI Standard	Disclosure	Page and referenced section	Comments
GRI 102: General Disclosures 2016	Organizational profile		
	102-1 Name of the organization	10, Company Profile	
	102-2 Activities, brands, products, and services	10, Company Profile	
	102-3 Location of headquarters	10, Company Profile	
	102-4 Location of operations	10, Company Profile	
	102-5 Ownership and legal form	10, Company Profile	
	102-6 Markets served	10, Company Profile	
	102-7 Scale of the organization	7, Highlights and Key Figures 11, Performance	
	102-8 Information on employees and other workers	29, Attractive Wages: Introduction	
	102-9 Supply chain	10, Company Profile	
	102-10 Significant changes to the organization and its supply chain	11, Performance	
	102-11 Precautionary Principle or approach	12, Values	
	102-12 External initiatives	13, External Initiatives and Memberships	
	102-13 Membership of associations	13, External Initiatives and Memberships	
	Strategy		
	102-14 Statement from senior decision-maker	4-5, Welcome	
	Ethics and integrity		
	102-16 Values, principles, standards, and norms of behavior	4-5, Welcome	

GRI Standard	Disclosure	Page and referenced section	Comments
	Governance		
	102-18 Governance structure	10, Company Profile	
	102-20 Executive-level responsibility for economic, environmental, and social topics	19, Illustration 2: Materiality Matrix	
	Stakeholder engagement		
	102-40 List of stakeholder groups	20, Stakeholder Engagement	
	102-41 Collective bargaining agreements	29, Attractive Wages: Strategy	
GRI 102: General Disclosures 2016	102-42 Identifying and selecting stakeholders	20, Stakeholder Engagement	
	102-43 Approach to stakeholder engagement	20, Stakeholder Engagement	
	102-44 Key topics and concerns raised	21, Table 3: Key issues raised by stakeholders	
	Reporting practice		
	102-45 Entities included in the consolidated financial statements		Azura does not have consolidated financial statements.
	102-46 Defining report content and topic Boundaries	16-19, Sustainability Strategy and Material Topics	
	102-47 List of material topics	16-18, Sustainability Strategy and Material Topics	
	102-48 Restatements of information		First report of Azura: no restatements of information
	102-49 Changes in reporting		First report of Azura: no changes in reporting
	102-50 Reporting period	52, About this report	
	102-51 Date of most recent report	52, About this report	First report of Azura
	102-52 Reporting cycle	52, About this report	
	102-53 Contact point for questions regarding the report	52, About this report	
	102-54 Claims of reporting in accordance with the GRI Standards	52, About this report	
	102-55 GRI content index	54-57, GRI Content Index	
	102-56 External assurance		This report has not been externally assured.

MATERIAL TOPICS

GRI Standard	Disclosure	Page and referenced section	Comments
ATTRACTIVE WAGES			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	28-29, Attractive Wages: Introduction	
	103-2 The management approach and its components	29, Attractive Wages: Strategy	
	103-3 Evaluation of the management approach	29, Attractive Wages: Strategy	
Own Indicator	Percentage of workers earning above minimum wage	29, Attractive Wages: Strategy	
SAFE & SUPPORTIVE WORKING CONDITIONS			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	30, Safe & Supportive Working Conditions: Introduction	
	103-2 The management approach and its components	30, Safe & Supportive Working Conditions: Strategy	
	103-3 Evaluation of the management approach	30, Safe & Supportive Working Conditions: Strategy	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	30-32, Safe & Supportive Working Conditions: Measures, progress & outlook	
	403-2 Hazard identification, risk assessment, and incident investigation	30-32, Safe & Supportive Working Conditions: Measures, progress & outlook	
	403-3 Occupational health services	30-32, Safe & Supportive Working Conditions: Measures, progress & outlook	
	403-4 Worker participation, consultation, and communication on occupational health and safety	30-32, Safe & Supportive Working Conditions: Measures, progress & outlook	
	403-5 Worker training on occupational health and safety	30-32, Safe & Supportive Working Conditions: Measures, progress & outlook	
	403-6 Promotion of worker health	30-32, Safe & Supportive Working Conditions: Measures, progress & outlook	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	30, Safe & Supportive Working Conditions: Strategy	
	403-8 Percentage of employees and workers, who are not employees but whose work and/or workplace is controlled by the organization, covered by an occupational health and safety management system based on legal requirements and/or recognized standards/guidelines	30-32, Safe & Supportive Working Conditions: Measures, progress & outlook	

GRI Standard	Disclosure	Page and referenced section	Comments
PROSPERING COMMUNITIES			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	33, Prospering Communities: Introduction	
	103-2 The management approach and its components	33-34, Prospering Communities: Strategy	
	103-3 Evaluation of the management approach	33-34, Prospering Communities: Strategy	
Own Indicator	Community investments (Spending of Azura Foundation)	34, Prospering Communities: Measures, progress & outlook	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	33-34, Prospering Communities: Strategy	
LASTING WATER			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	40, Lasting Water: Introduction	
	103-2 The management approach and its components	43, Lasting Water: Strategy	
	103-3 Evaluation of the management approach	43, Lasting Water: Strategy	
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	43, Lasting Water: Strategy	
	303-2 Management of water discharge-related impacts		Omission: unavailable Azura is planning to establish a water discharge system within the next years. At the moment we are not able to provide the required information.
	303-3 Water withdrawal	40-42, Lasting Water: Introduction, Illustration 7	
STABLE CLIMATE			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	44, Stable Climate: Introduction	
	103-2 The management approach and its components	46, Stable Climate: Strategy	
	103-3 Evaluation of the management approach	47, Stable Climate: Measures, progress & outlook	
GRI 302: Energy 2016	302-3 Energy intensity	45, Stable Climate: Introduction	

GRI Standard	Disclosure	Page and referenced section	Comments
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	44-45, Stable Climate: Introduction	The GHG emissions have been calculated based on ISO14000 & ISO14044 life cycle analysis standards externally verified by Ecoinvent using the PwC TEAM database. Next to CO ₂ -emissions, the data comprise also NH ₃ , N ₂ O, NO _x emissions from fertilizer usage.
	305-2 Energy indirect (Scope 2) GHG emissions	44-45, Stable Climate: Introduction	
	305-3 Other indirect (Scope 3) GHG emissions	44-45, Stable Climate: Introduction	
	305-4 GHG emissions intensity	45, Stable Climate: Introduction	

CIRCULAR WASTE

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	48, Circular Waste: Introduction	
	103-2 The management approach and its components	48-49, Circular Waste: Strategy	
	103-3 Evaluation of the management approach	49, Circular Waste: Measures, progress & outlook	
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	48, Circular Waste: Introduction	

RICH BIODIVERSITY

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	50, Rich Biodiversity: Introduction	
	103-2 The management approach and its components	50, Rich Biodiversity: Strategy	
	103-3 Evaluation of the management approach	50, Rich Biodiversity: Measures, progress & outlook	
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products, and services on biodiversity	50, Rich Biodiversity: Strategy	

