





SUSTAINABILITY
REPORT

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### MESSAGE FROM THE CEO



Bernhard Frei CEO

#### "ALL OF US. EVERY DAY"

Fellow stakeholders,

The company will celebrate its 30th anniversary in 2019. Looking back on our activities over the years reveal a repeated series of self-reforms aimed at becoming a company that provides value to society, resulting in the formation of the world's leading supplier of passion fruit juice and concentrate we have become today. Food technology advances and innovation leads to competitive advantages, and promote a renewed awareness of the need for the ability to transform ourselves.

The story of our sustainability efforts is one of intense focus, industry-leading innovation, and measurable progress. The new sustainability targets discussed in this first report emphasize the long-term strategic priorities of Quicornac and the progress we have made towards their attainment. By managing the environmental impact of our activities, we are able to work in harmony with our communities and we will continue to challenge ourselves to improve our energy efficiency and resource management. This year for example, we have continued to reduce our water and waste emissions through improved utilization of our facilities and energy saving initiatives.

In the world today, we are seeing the appearance of various problems that threaten the sustainability of the global environment and society. Among these problems are issues that are closely related to the sustainability of corporate activities, such as the response to the climate change, the shift to low-carbon society, and preservation of biodiversity, as well as human rights in business and risk management in supply chains. To address these challenges, global frameworks for sustainability are being established, including the Sustainable Development Goals adopted by the United Nations General Assembly in 2015, and the Paris Agreement that entered into force in 2016.

We're integrating our sustainability goals within all our operations and engaging employees at all levels. Across the company, we're harnessing

our core strengths, applying to sustainability the same creativity, determination and passion for problem-solving that we bring to our customers.

And, beyond our walls, we're tackling industry-wide challenges by collaborating with customers and partners to develop new systems and solutions. As the global activity on sustainability of the global environment and society continues to accelerate, there is a need to continuously review the operations and approach of Quicornac from the perspective of society and stakeholders, and to continuously make improvements. We will continue to do our best to earn the trust of all stakeholders by working diligently on the issues that we Quicornac recognize as our responsibility to resolve.

We see sustainability not only as a responsibility, but also as an opportunity—to lead, to invent and to build a more resilient and profitable company. Achieving those things requires dedication from our employees, customers, and fruit suppliers. It takes the support of our shareholders and engagement among the consumers that use our products and solutions. The title of this report has it right: Achieving sustainability demands something from "all of us, every day." I'm proud to say that, at Quicornac, we're completely committed.

Thanks to the collective passion and dedication of our employees and partners, the pathways to our sustainability goals are becoming increasingly clear. That progress, in turn, inspires us further, as proof of what's possible when we all do our part. Now, as ever, that sense of possibility drives everything we do. We believe that the commitment to sustainability and triple bottom line will ensure our global competitiveness and promote inclusive sustainable growth.

Sincerely, Bernhard Frei CEO







# WE ARE THE SOURCE PASSION FRUIT FOR THE WORLD

We are a Swiss-Ecuadorian company. We have been in the export market of frozen and aseptic Passion fruit juices, purees, and concentrates for 30 years.

Throughout these years, we have sought excellence by creating a 100% sustainable industry. So much so that at Quicornac we were already talking about sustainability

when the term was not yet known. We aim to optimize our production process and generate an industry that takes full advantage of the fruit, reaching zero waste in our value chain, thus creating an industry capable of satisfying the needs of the present without sacrificing the capacity of future generations.



#### 8.000

FARMERS ARE PART OF OUR PRODUCTION CHAIN.

#### WE HAVE

SFEN LEADING THE PASSION FRUIT EXPORT MARKET FOR 30 YEARS.

80%

ARE SMALI FARMERS. CIRCULAR ECONOMY IMPLEMENTED IN PASSION FRUIT PRODUCTION. 100

THOUSAND TONS
OF PASSION FRUIT
PROCESSED IN
ECUADOR AND
PERU.

5C

HOUSAND FAMILIES IMPACTED IN OUR VALUE CHAIN. 2

PRODUCTION PLANTS.

2008

WAS THE GRAND
OPENING YEAR
OF OUR PLANT IN
PERU.



#### OUR LOCATIONS •

We have operations in Ecuador and Peru. Strategically, we have two locations with plants operating to better serve our customers.

## OUR PRODUCTS



#### PROCESSED FRUIT

Frozen and aseptic concentrate

Frozen and aseptic juice

Passion fruit aroma (water phase)

Arils (Passion fruit pulp with seeds)

Organic passion fruit juice and concentrate

Clarified concentrate

#### **BY PRODUCTS**

Seed oil

Seed meal

Products based on passion fruit skin





## MAIN MARKETS

ABOUT

COUNTRIES ARE
BUYERS OF OUR
PASSION FRUIT.

From Ecuador and Peru, the best Passion fruit is exported to the whole world. According to sector figures, Passion fruit is grown in over 4,000 hectares in Ecuador, mainly in the provinces of Manabí, Los Ríos, Esmeraldas, and Guayas.

Considered exotic by international markets, for its intense flavor this fruit is in high demand in the world of gourmet gastronomy. It is also used to spice up energy bars and used for other component mixtures.

For this reason, at Quicornac we saw the need to expand our production capacity and acquired more equipment. We promote planting and collection centers in several strategic points of both countries.

Thanks to this, the Passion fruit produced in our processing plants continues to be a leading and desired product in several markets in North America, Asia, and Europe.



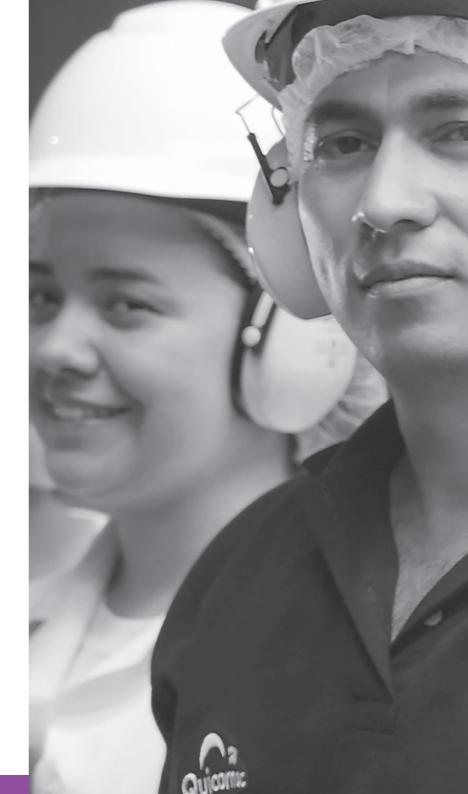


## CORPORATE GOVERNMENT

Always seeking sustainability throughout our value chain, our corporate governance structure enables us to make decisions based on our organization's culture. We follow strict ethical and responsible practices and are accountable to our stakeholders.

Quicornac is governed by the General Shareholders' Meeting, the Board of Directors, and the General Management. Each area has a manager, focused on the company's annual strategic objectives.

Our governance structure strengthens and promotes active participation and accountability of each member of our company.





## ETIBASE CODE

The Base Code of the Ethical Trading others to drive improvements in working Initiative (ETI) is a set of internationally recognized labor standards, based on ILO conventions. It is used by ETI members and

conditions around the world.

www.ethicaltrade.org



Employment is freely chosen.



Freedom of collective expression will be respected through the committees.



Working conditions are safe and hygienic.



Child labor shall not be used.



Labor will be compensated with a decent wage.



Working hours are not excessive



No discrimination is practiced.



A regular employment is provided.



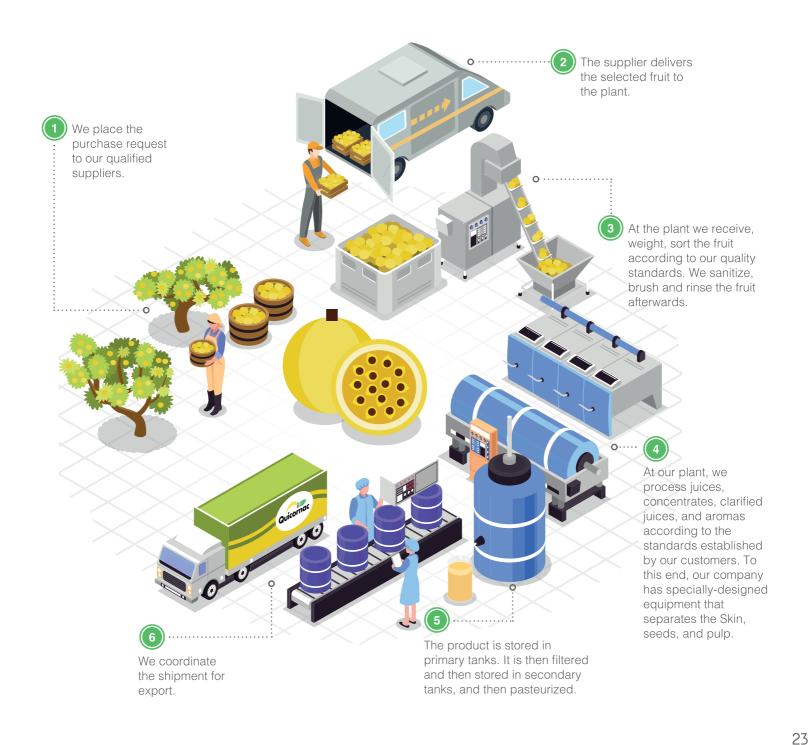
No harsh or inhumane treatment is allowed.











# CHAIN OF SUSTAINABLE PRODUCTION



of Passion fruit received per day (depending on the time of year).

# 7%

of rejected fruit every year considered unfit for consumption.



of Passion fruit processed per year approximately.



includes small and medium size farmers.



Passion fruit seed use for production of extra virgin oil and flour.



to make sure that 100% of the fruit substance-free.



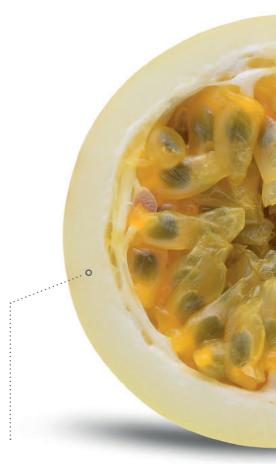
# FULL USE OF PASSION FRUIT

As a company of Swiss origin, we strive for efficiency throughout our value chain, seeking to reach zero-waste indicators in all of our lines.

Throughout the years and after multiple research we discovered that the fruit could be fully used. Thus, in our industry, the processing of Passion fruit is a 100% sustainable and integral process.

#### SKIN:

At the beginning we used to discard the Skin. Later research revealed its positive organoleptic properties applicable to livestock. Now the Skin is used as cattle feed, and is highly appreciated due to the effects it has in these animals.



#### SEED:

In order to turn it into oil, it is subjected to a press process. Currently, Quicornac markets Passion fruit oil for the pharmaceutical and cosmetics industries.

A Passion fruit refined oil called Passola has been marketed for several months to Ecuador's final consumer market. Because of its properties, Passola is considered a gourmet product.



Passion fruit oil is marketed in several countries of Europe, Asia, and also in Brazil. This market is still considered virgin as it is a relatively new product and feasibility studies are just now being carried out.

Its benefits include exotic taste and a culinary experience with greater added value than that of other products of this range.

## OUR COMPETITIVE ADVANTAGE



At Quicornac, innovation is a fundamental part of our value chain. We are constantly in search of mechanisms that allow us to create new products. We do this through strategic alliances with suppliers that allow us to develop new forms of production.

Throughout 2017 and 2018 we designed products that allow us to take full advantage of our fruit and add value to its components. These are some of our main innovations:







CHOCOLATE BAR with Passion fruit seed.

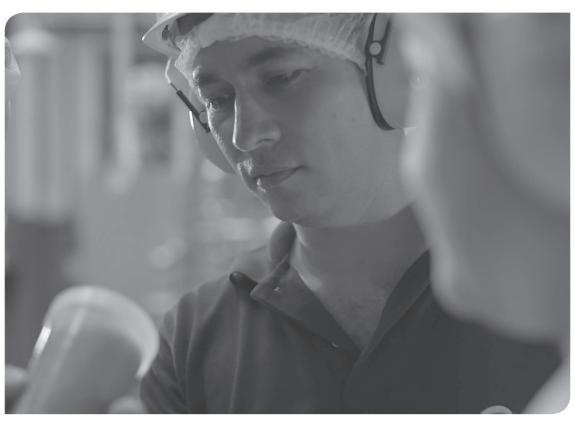


SOAP BASE (cosmetic).



PASSION FRUIT SEED OIL (COSMETIC): used in personal care products.







## OUR PHILOSOPHY ON QUALITY

Our commitment to serving international markets means delivering quality products that are safe. We can ensure the integrity of our products through our:

- Quality management and food safety systems in place
- Qualified suppliers
- Standardized and validated processes
- · Specialized staff and trained workers
- · Externally-calibrated equipment

Both in Peru and Ecuador, we have voluntarily joined several certification guilds and international associations that promote codes of conduct and best practices as demanded by foreign markets.

- AIJN (European Fruit Juice Association)
- FSSC 22000
- HACCP
- GMP
- SMETA 4-Pillars
- BASC
- SGF / IRMA
- Kosher / Parve
- NON GMO Project Verified
- HALAL
- · OHSAS 18001









## 500

PEOPLE WORK DIRECTLY IN OUR PROCESSING PLANTS IN ECUADOR AND PERU.

MORE THAN

FARMERS BENEFIT FROM OUR SOCIAL PROGRAMS.

100%

EMPLOYEES FROM ECUADOR AND PERU TRAINED IN OCCUPATIONAL SAFETY.

We owe our success to our people. Our commitment to excellence at each link of our value chain drives us to offer our team the best in matters of safety, health, and lifelong learning.

For 30 years, we have been concerned because they are the reflection of our values and in them we seek to capture virtues that make them grow becoming better professionals and human beings.





## OUR FARMERS

### 8.000

SUPPLIER AND
FARMERS FROM
ECUADOR AND
PERU, PROVIDE US
WITH THE BEST
PASSION FRUIT FOR
THE WORLD.

Taking advantage of extensive crops in the Ecuadorian and Peruvian farmlands, Quicornac provides assistance, resources, and technology to the owners of farms that grow Passion fruit.

There are approximately 8,000 farmers in Ecuador and Peru who provide us with the best fruit for export. 80% of them are small farmers who solely depend on this economic activity.

Our relationship includes educational, partnering, and cooperative programs which allow them to stay at the forefront of market demands. For example, in Ecuador, we continuously conduct refresher courses on safety, quality, social and business ethics standards.

We feed our value chain with free training programs. We hold workshops and dynamic training sessions, directly on the farms in order to explain special Passion fruit agricultural techniques and good agricultural practices in general.





## OUR TEAM

Our history shows a highly competitive, constantly evolving and developing Quicornac, firmly focused on reaching the top and staying at the forefront of

the international markets. This requires capacity to expand, to seek new horizons, to grow, and to provide continued training.



WE ARE THE
5TH COMPANY
IN ECUADOR
ON BECOMING
A SPACE 100%
SMOKE-FREE.
IN PERU, THIS
STANDARD APPLIES
SINCE 2011, IN ALL
OUR FACILITIES.





OF OUR TEAM
MEMBERS ARE
TRAINED IN GOOD
PRACTICES, FOOD,
AND JOB SAFETY.

Our team receives continued training. Our training programs are reviewed annually jointly with managers and area managers. Each area manager analyzes the training to be offered to the team which is designed to meet the staff needs as well as Quicornac's strategic objectives for that year.

Headquarters (Guayaquil)			
2017	2018		
82	88		

Vinces Processing Plant (Guayaquil)				
2017 2018				
174 174				

Olmos Processing Plant (Peru)			
2017 2018			
199	174		

#### **TEAM TRAINING PROGRAMS**

2017	2018
On the job risks	Update on the FSSC V 4.1 standard
Biosecurity at work	Specialized training for purchasing managers
BPM and ISO 22002-1	Strategic management in purchases and negotiations with suppliers
Safety for the handling and storage of chemicals	BPM standards
BASC V4-2012 internal auditors standard Update	BASC internal auditors standard Update
Cross contamination	Training of BASC internal auditors
Pest control	Container inspections
Food Industry Microbiology	Update of the FSSC 22000 V 4.1 standard
Training of brigade members	Training of internal auditors ISO 45001
Code of ethics	Training of internal auditors SMETA

## OUR COMMITMENT TO THE ENVIRONMENT

We seek to build an intelligent value chain, reducing waste to a minimum level making full use of the whole fruit. We follow the principle of the 3Rs (Reduce, Reuse, Recycle) that allows us to generate waste

responsibly. This reduces environmental risks, creates efficiency and is a matter of priority interest to our stakeholders.





#### IN PERU.

WE REUSE THE
CONDENSED
WATER FROM THE
PASSION FRUIT
EVAPORATION
PROCESS, AND USE
IT TO RINSE THE
FRUIT.

We seek to optimize resources throughout our value chain by recycling inputs such as scrap, paper, carton, and plastic.

From the processing of the Passion fruit, we utilize the seed, which becomes a by-product that can be used in different presentations.

In terms of energy, we have chosen to install environmentally-friendly LED lamps at our facilities in Ecuador and Peru. Likewise, our team members, fully aware of the importance of saving energy, follow special procedures in all the activities we carry out.

In some spaces at our plant in Peru we have installed a partially skylight in order to take advantage of natural sunlight during the day. We are also replacing old engines with new eco - efficient equipment.

By next year, our facilities will be equipped with more efficient machinery in order to optimize energy consumption.

### POWER CONSUMPTION IN KW/H

2017	2018
4.355,89	4.207,18







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