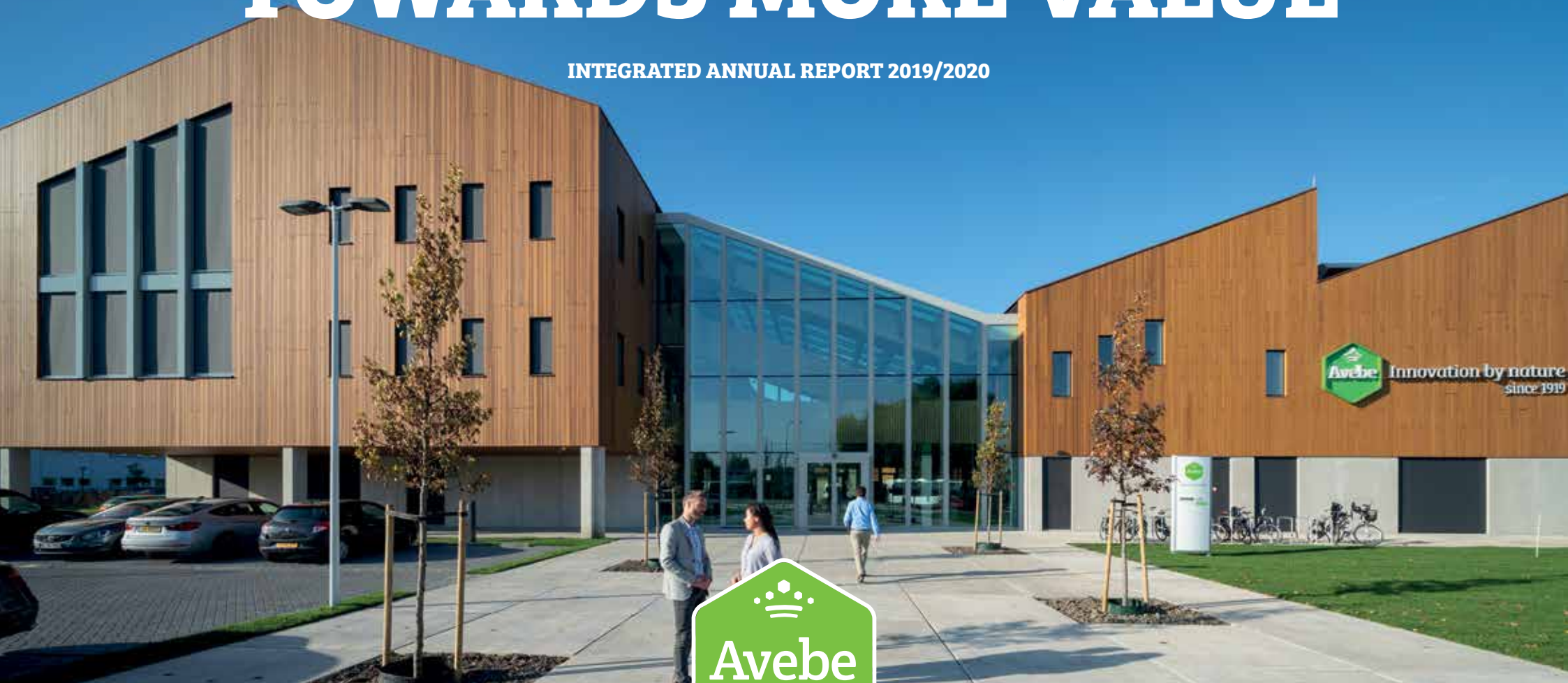


THE NEXT STEP TOWARDS MORE VALUE

INTEGRATED ANNUAL REPORT 2019/2020





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READING GUIDE

Avebe publishes an annual report each year to inform its stakeholders about its financial results. In mid-2018 we closed the previous strategic period and in 2018 our new strategy was brought to the fore: 'Binding and Building 2.0 – the next step towards more value.' With this new strategic direction we aim to create more value for our most important stakeholders: members, customers and employees, both now and in the future. This is only possible if, in addition to our financial results, we also take account of our impact in other areas. *Sustainably binding* means connecting *people, planet* and *profit* together and entering into sustainable relationships. *Sustainably building* means working sustainably on a solid and future-proof cooperative with products that offer added value for our customers. In short, as a cooperative, we believe that the social interest must be in balance with the financial interest.

This integrated annual report is twofold. On the one hand, we account for our financial results for the past year and, on the other, we tell you all about our ambitions and results in the area of sustainability. We share our progress and tell you about our plans for the future.

Report on the 101st financial year of
Coöperatie AVEBE U.A.,
Veendam, to be released at
the General Members' Meeting
on 10 December 2020



AVEBE INNOVATION CENTER GRONINGEN

In 2018, Avebe opened its new Innovation Center on the Zernike Campus in Groningen. This center works on innovations in the field of potato starch and potato protein. There is also space for start-ups in the field of agrifood. As well as various laboratories, the building houses a test facility, offices and a customer innovation center. Innovation is in Avebe's DNA and helps us to achieve a good return for our members, not only today but also in the future. With this Innovation Center surrounded by knowledge and educational institutions, Avebe is now able to do this faster, better and more efficiently.



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This is the Royal Avebe's integrated annual report for the financial year 2019/2020. This is the second time we have combined financial reporting with a report on our sustainability strategy.

With this new report, we are taking the next step giving our stakeholders even more information about what we have achieved. Much is going well, but there are some aspects that could be improved. Our Binding and Building 2.0 strategy is in essence a follow-up to the strategy we have pursued since 2013. In the course of time we have firmed up what we do and do not want to do. We have also become more ambitious. In that respect it is important to focus sharply on market developments and make adjustments on that basis without losing sight of our objective.

On 11 November 2019 Avebe celebrated its 100th anniversary with various festive activities throughout the year. We ended this wonderful anniversary year with a symposium on 14 November during which we were granted the Royal Warrant. A title we are very proud of!

During this year, which was also marked by the impact of the corona pandemic, we paid a great deal of attention to communication with our members and employees, but also to our customers, suppliers, works councils and the trade unions. We have always put everyone's health first. I am impressed by the tremendous commitment of our members and personnel to get through this crisis together as best we can. Despite a poor harvest and the outbreak of the Covid-19 virus, Avebe's performance this year has been outstanding.

Bert Jansen

CEO Avebe

WE ENDED THIS WONDERFUL
ANNIVERSARY YEAR WITH A SYMPOSIUM
ON 14 NOVEMBER DURING WHICH WE
WERE GRANTED THE ROYAL WARRANT. A
TITLE WE ARE VERY PROUD OF!



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ROYAL

In honour of Avebe's centenary, His Majesty King Willem-Alexander granted the company the Royal Warrant. The Royal Warrant was presented during a celebratory symposium on 14 November 2019 by René Paas, the King's Commissioner in the Province of Groningen, to Chairman of the Board Bert Jansen.

From left to right: Mayor of the municipality of Veendam Sipke Swierstra, CEO Avebe Bert Jansen, Chairman of the supervisory board Avebe Marijke Folkers, CFO Avebe Rob van Laerhoven and King's Commissioner in the Province of Groningen René Paas.



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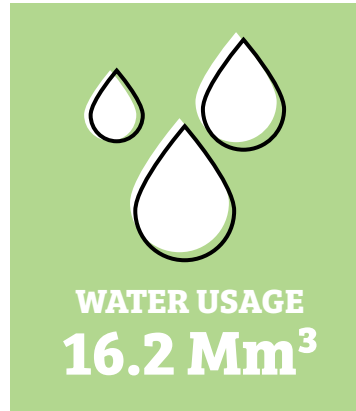
Cooperative of



2,280
GROWERS



DUCAM up and running in Ter Apelkanaal



CARBON EMISSION
IN TONNES

207,605

CARBON EQ
PER TONNE OF
PRODUCT

0.200

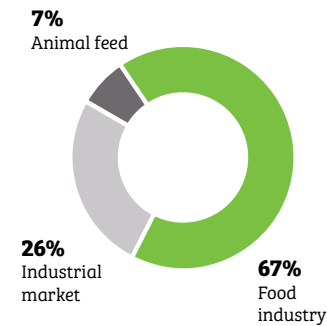
€ 96.15
per tonne



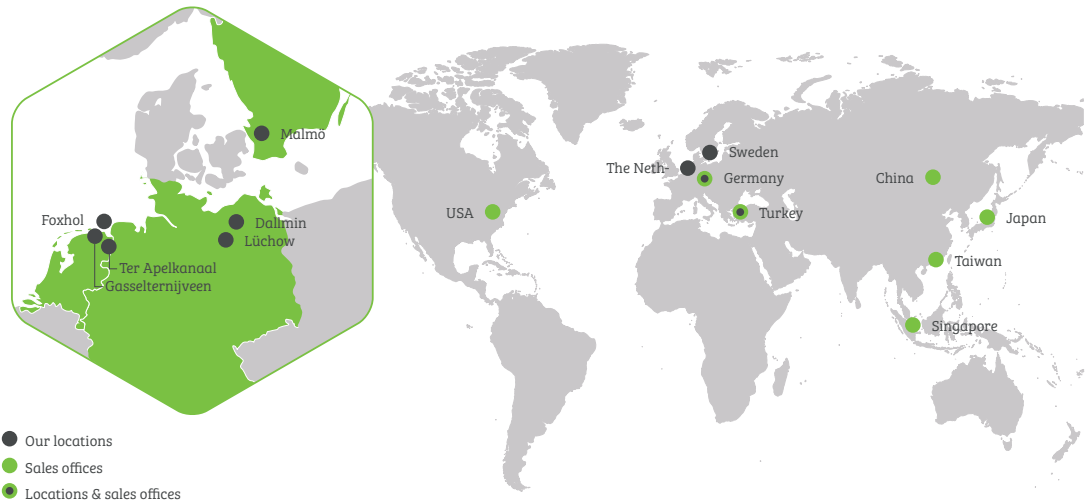
PERFORMANCE PRICE

BIGGEST AND MOST INNOVATIVE
PRODUCER OF POTATO
STARCH AND PROTEIN
IN THE WORLD

1,326
SUSTAINABLE
EMPLOYABLE AND
COMMITTED
EMPLOYEES



23%
THE VALUE OF THE
FOOD INGREDIENTS
USED IN THE PLANT-
BASED AND
ENVIRONMENTALLY
FRIENDLY END PRODUCTS
IS NOW 23% OF
ALL FOOD
PRODUCTS





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- **ABOUT AVEBE (INCL. BINDING AND BUILDING 2.0.)**
- **MATERIALITY**
- **HOW AVEBE ADDS VALUE, NOW AND IN THE FUTURE**



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ABOUT AVEBE

Avebe is an international cooperative of starch potato growers. Our innovation is aimed at developing high-value ingredients based on potato starch and potato protein for the food industry, animal feed and industrial applications. Our ambition is to contribute in this way to making these sectors more sustainable. Together with our employees, members, growers, customers and other stakeholders, we work on this every day.

OUR MEMBERS

Our members are potato growers in the Netherlands and Germany that we work closely with to achieve the best quality starch potatoes. Cooperative Avebe focuses on the economic and ecological continuity of the business and on its members' farming operations.

OUR CLIENTS

Avebe develops and produces ingredients based on potato starch and protein for three markets: food, feed and industrial applications. This is how we meet the need for sustainable and healthy products for humans and animals.

OUR PRODUCTS

Potato starch is by far our most important raw material. But the potato contains much more, such as protein, which is a valuable raw material for many products. For example, it is a plant-based substitute for meat and dairy products and confectionery. It is also an alternative to soy in food and animal feed products. Go to www.avebe.com/producten for a complete overview of all brands and ingredients.





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REFINEMENT AND CROP OPTIMISATION

To achieve all sustainability ambitions for the market and the environment, our growers need the best varieties of starch potatoes that are suitable for their soil, cultivation processes and are resistant to external weather conditions and the presence of diseases and pests. To meet this need, Averis Seeds B.V. - a subsidiary of Avebe - focuses on the development, propagation and sale of starch potato varieties most suitable for cultivation in the Netherlands and Germany.

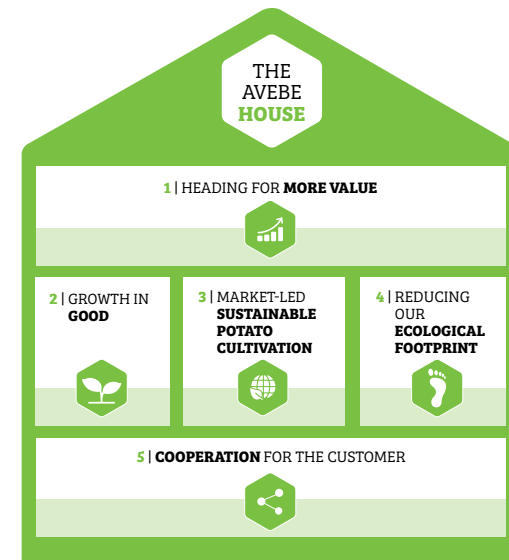
Avebe also supports growers with the Optimeel crop optimisation program. By means of crop registration, study groups and trial and demo fields Optimeel focuses on improving the yield of starch potato cultivation. Together with the new starch potato varieties developed by Averis, Avebe is working on making cultivation more sustainable and achieving good business results for its members.

BINDING AND BUILDING 2.0.

The need to reduce the footprint of food production is prompting more and more people and companies to consciously choose plant-based foods and ingredients. This is an important stimulus for the value creation that Avebe aims to achieve. Our Binding and Building 2.0 strategy sets the course for sustainable growth in the years to come.

Our strategic goal is to increase the performance price for our members to 95 euros per tonne of potatoes by 2023. This is an objective in average weather conditions, i.e. without outliers that affect the harvest positively or negatively. Our aim is to achieve this goal through cross-functional cooperation between the various departments within Avebe. We also work together with all stakeholders involved to offer the best solutions to

our customers in food, animal feed and industrial applications. This collaborative foundation has three pillars: growth in good food, market-led sustainable potato cultivation and reducing our ecological footprint, with clear objectives for 2023. Our purpose, foundation and pillars together form the Avebe House in which all pillars worked together in 2019/2020 to pursue the Binding and Building 2.0 strategy. From page 15 onwards, our efforts for each pillar are described in this annual report.



OUR AMBITION FOR 2023

In 2023 we will have a positive effect on the lives of more than 500 million consumers by promoting their health, well-being, prosperity, and environmentally friendly lifestyle.



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FIVE INGREDIENTS FOR RESPONSIBLE GROWTH



1 | HEADING FOR **MORE VALUE**

In the five years preceding the current strategic period we have managed to add 10 euros per tonne of potatoes to the performance price. We also intend to process the same volume of potatoes in the years to come because we are not looking to grow in volume but in value. In the coming years, we plan to further stimulate the rise in the performance price by developing innovative products with a higher value. That way, we aim to achieve the highest return for all stakeholders such as our growers, our customers and our employees. We at Avebe call this 'shared value'. This is the overall theme of our strategy up to 2023.

OBJECTIVE 2023 | INCREASE THE PERFORMANCE PRICE TO 95 EUROS PER TONNE OF POTATOES UNDER NORMAL HARVEST CONDITIONS.



2 | GROWTH IN **GOOD FOOD**

We are growing particularly strong as a supplier to the food industry. We are doing this in markets with high added value. Our healthy, nutritious, environmentally friendly and plant-based potato ingredients add value as an alternative to animal ingredients. We will also continue to keep an eye on our other core markets for animal feed and industrial applications.

OBJECTIVE 2023 | THE VALUE OF FOOD INGREDIENTS USED IN PLANT-BASED AND ENVIRONMENTALLY FRIENDLY END PRODUCTS WILL INCREASE FIVEFOLD COMPARED TO 2017/2018.*

* The target for innovation has not yet been made measurable. As soon as there is a baseline measurement available, that year is used as the reference year.

** We no longer report on our target of reusing 40% of the potato juice as process water by 2023. We will of course continue to address ways of extracting process water from potato juice and this will be included in other objectives.



3 | MARKET-LED **SUSTAINABLE POTATO GROWING**

Our raw material, the starch potato, is cultivated by our own members. This gives us a unique position that we seek to expand further. We focus on a high-quality raw material that is produced sustainably and transparently. We plan to increase member income per hectare of starch potatoes by 500 euros by reducing carbon emissions and use of crop protection products and by producing more starch per hectare.

OBJECTIVE 2023 | 10% LESS ENVIRONMENTAL IMPACT PER HECTARE. 10% MORE POTATO STARCH AND PROTEIN FROM ONE HECTARE. 10% REDUCTION IN CARBON EMISSIONS PER TONNE OF POTATOES. 3.000 HECTARES ARE EAR-MARKED FOR NEW VARIETIES.



4 | REDUCING OUR **ECOLOGICAL FOOTPRINT**

We are reducing our ecological footprint in line with the national and international targets for 2030 in the areas of energy, water and waste. Our growth in value is responsible. We achieve this by means of clean production and socially responsible business operations. To reduce our own emissions and those of our customers, we focus on making our energy consumption more sustainable, reducing water consumption and less waste streams from tare and purification sludge.**

OBJECTIVE 2023 | 12% REDUCTION IN CARBON EMISSION PER TONNE OF PRODUCT COMPARED TO 2017/2018. 20% LESS WATER USAGE IN TOTAL COMPARED TO 2017/2018. 25% REDUCTION OF BOTH TARE AND SLUDGE WASTE STREAMS COMPARED TO 2017/2018.



5 | **COOPERATION** FOR THE CUSTOMER

We put the customer at the heart of everything we do. A shared performance is paramount in our working method. We achieve this with healthy and vital employees. Our processes are completely in sync and we all pursue the same aims and objectives.

OBJECTIVE 2023 | >7.5 SCORE ON BOTH EMPLOYEE ENGAGEMENT AND ENTHUSIASM. AN ACCIDENT FREQUENCY INDEX BELOW 0.5. EIGHT CRITICAL INTEGRATED PROCESSES HAVE BEEN IMPROVED SINCE 2018/2019.



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MATERIALITY



TOWARDS MORE VALUE

Performance price

Key financial indicator of the cooperative result and the potato money for the members.



GROWTH IN GOOD FOOD

Innovation

Product innovation focuses on more value, particularly in the food market, and on good food.

Good nutrition

To promote a healthy and environmental friendly lifestyle with plant-based food ingredients.



MARKET-LED SUSTAINABLE POTATO CULTIVATION

New varieties

The development of potato varieties that produce more starch and protein and are more resistant to disease and drought.

Sustainable production chain

The optimal use of sustainable fertilizers and crop protection methods, cycles and precision technologies in potato cultivation and optimisation of the yield per hectare.



REDUCING OUR ECOLOGICAL FOOTPRINT

Sustainable production chain

Improving our production processes by focusing on energy saving and greening, reducing water consumption and reducing waste flows such as tare and sludge.



COOPERATION FOR THE CUSTOMER

Customer satisfaction

When all of us within Avebe - from grower to sales employee - put the customer at the heart of our operations, we will be successful. We do this by means of key account management, among other things, and by entering into long-term cooperation projects with customers.

Employee engagement

Working together and looking beyond the boundaries of your own field of expertise is an important starting point. Enthusiastic and vital employees are essential in this respect and we pay attention to sustainable employment.

Effective organisation

Achieving more value for all stakeholders through better cooperation. Cross-functional working between departments, optimising innovation processes and efficient production are central to this.

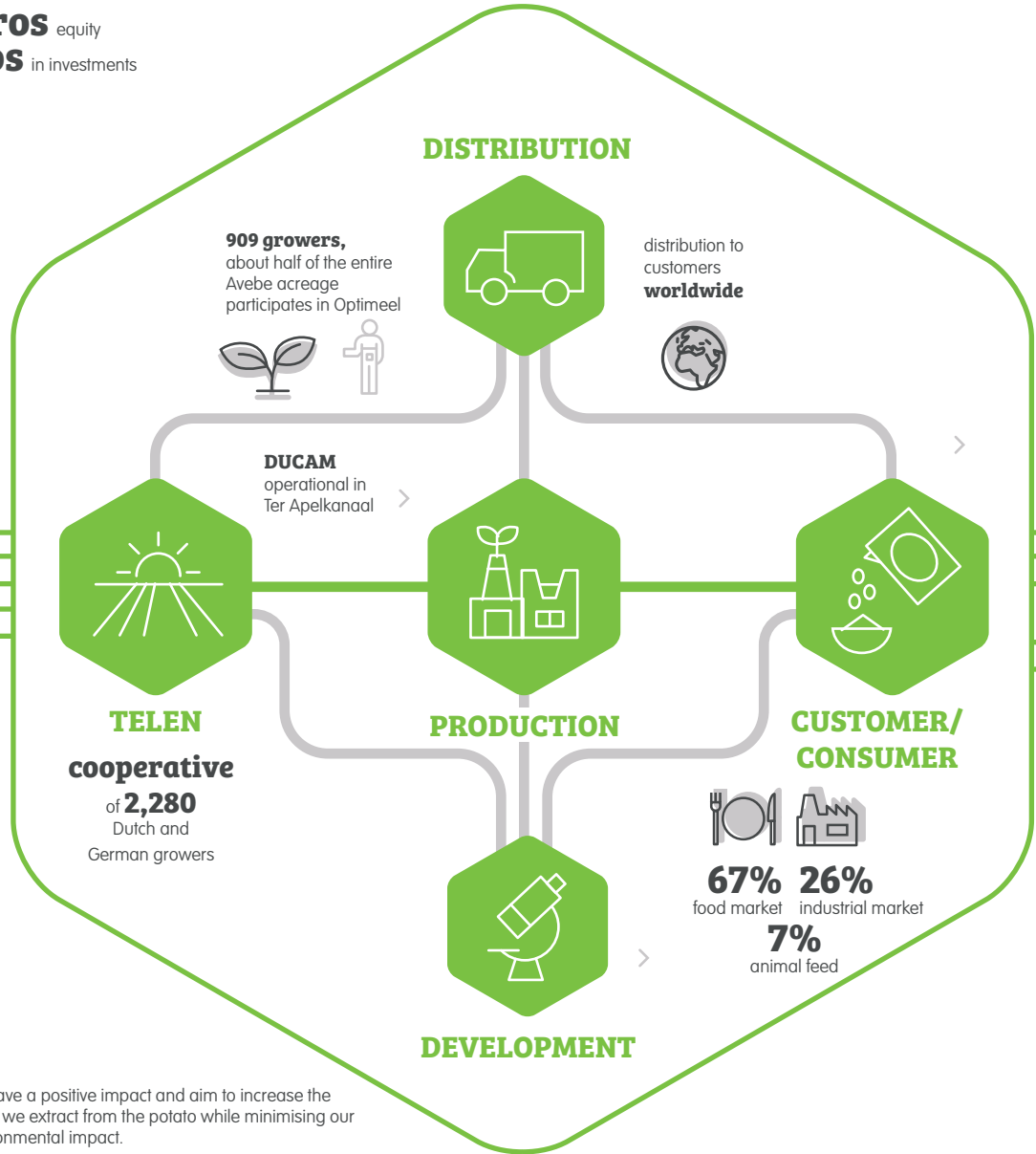
Safety at work

We work safely and offer safe working conditions within our own organisation.

HOW AVEBE ADDS VALUE, BOTH NOW AND IN THE FUTURE



205.5 million euros equity
39.1 million euros in investments



FINANCIAL

HUMAN
1,326

PRODUCTION
6 production locations

SOCIAL
collaborations and contact with important stakeholders

NATURALLY
water usage, 37% renewable energy and responsible purchasing

TOWARDS MORE VALUE
96.15 euros performance price

GROWTH IN GOOD FOOD
Innovation and the development of food ingredients used in plant-based and environmentally friendly end products

MARKET-LED SUSTAINABLE POTATO CULTIVATION
Focus on reducing environmental impact and carbon emissions on land and growing acreage of new Averis varieties

REDUCED ECOLOGICAL FOOTPRINT
Commitment to reducing carbon emissions, water consumption and waste streams in production

COOPERATION FOR THE CUSTOMER
Sustainably employable and committed employees, a safe working environment and satisfied customers

We have a positive impact and aim to increase the value we extract from the potato while minimising our environmental impact.



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PIJLER	INPUT	STRATEGY	OUTPUT	IMPACT
<p>TOWARDS MORE VALUE</p>	<p>€205.5 million equity €39.1 million in investments</p>	<p>We aim to find the best solution for all our stakeholders: our growers, our customers and our employees. We call that 'shared value'</p>	<ul style="list-style-type: none"> • €96.15 performance price • €8.7 million cooperative result after taxation • 41.9% solvency 	<p>8. Decent work and economic growth</p>
<p>GROWTH IN GOOD FOOD</p>	<p>Ingredients Plant-based alternatives</p>	<p>Adding more and more value with our healthy, nutritious, environmental friendly and plant-based potato ingredients</p>	<ul style="list-style-type: none"> • Sale of patent-protected products doubled since 2010 • The value of the food ingredients used in plant-based and environmental friendly end products is now 23% of all food products 	<p>2. No more hunger 12. Responsible consumption and production</p>
<p>MARKET-LED SUSTAINABLE POTATO CULTIVATION</p>	<p>2,280 members Digital Demo Fields Breeding company Averis New varieties Cultivation optimisation Programme Optimeel</p>	<p>We stand for a sustainable food chain in which our members grow a high-quality raw material sustainably and transparently</p>	<ul style="list-style-type: none"> • -1.7% environmental impact of crop protection products per hectare* • 10-year average starch yield per hectare fell by 2.9% • Carbon emissions per tonne of starch fell by 1.5%* • Acreage of new Averis varieties is 121 hectares • Acreage participating in Optimeel is 52.9% 	<p>2. No more hunger 9. Industry, innovation and infrastructure 15. Live on the land</p>
<p>SHRINKING OUR ECOLOGICAL FOOTPRINT</p>	<p>16.2 Mm³ water consumption 37% renewable energy Solar panels for generating solar power Responsible purchasing</p>	<p>Our growth is responsible, based on sustainable production and responsible business operations</p>	<ul style="list-style-type: none"> • 207,605 carbon emissions (in tonnes) • 0.200 Carbon EQ per tonne of product • 119,000 sludge in gross weight (in tonnes) • Tare is 4.4% of the potato weight 	<p>6. Clean water and sanitary facilities 7. Affordable and sustainable energy 9. Industry, innovation and infrastructure 12. Responsible consumption and production</p>
<p>COOPERATION FOR THE CUSTOMER</p>	<p>6 production locations 1 head office 8 sales offices 1,326 employees and knowledge Talent management Cross-functional teams Collaborations Contact with important stakeholders</p>	<p>Committed and motivated employees who keep learning and collectively learn and together put the customer first</p>	<ul style="list-style-type: none"> • Sustainably employable and committed employees • Accident frequency index is 1.1 • 3 critical integrated processes improved • 309 customer complaints 	<p>8. Decent work and economic growth 17. Partnership to achieve objectives</p>



SHARED VALUE SUSTAINABLE DEVELOPMENT GOALS



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Avebe aims to have a positive impact in the short and long term. We focus on long-term value creation with our activities in the supply chain and strategic objectives for 2023. We link the long-term impact we have to the United Nations (UN) Sustainable Development Goals (SDGs).



2 NO HUNGER

Everyone should have access to safe, nutritious and sufficient food. Our ambition to continue to grow in good food and plant-based applications contribute to this. We are also committed to sustainable growing methods, a sustainable food system and resilient agriculture.



6 CLEAN WATER AND SANITARY FACILITIES

Avebe considers it important to make efficient use of water. The water used for production is well purified. We also re-use some of the water as process water. We continue to strive for higher efficiency in water use.



7 AFFORDABLE AND SUSTAINABLE ENERGY

We are committed to renewable energy through our solar parks. This is how we improve access to sustainable energy. We also aim to further reduce carbon emissions.



8 DIGNIFIED WORK AND ECONOMIC GROWTH

Avebe attaches importance to growers and employees being able to work under good conditions, now and in the future. We accept our responsibility for this and work on sustainable production chains.



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

We optimise our processes to develop cleaner and more environmental friendly technologies. We invest in innovations and improve our processes. That way, we not only create sustainable production, but also work on the digital exchange of information.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Avebe considers it important to treat raw materials and energy sustainably and efficiently. We focus on the reuse of residual flows, sustainable energy and reduction of water consumption. Our product development, focused on plant-based, also contributes to a more sustainable diet.



15 LIFE ON THE LAND

Together with our growers, we work on the most sensible and efficient use of the available land.

Our ambitions to reduce the environmental impact of cultivation contribute to this.



17 PARTNERSHIP TO ACHIEVE OBJECTIVES

Avebe works actively with governments, knowledge institutions and other organisations to achieve its sustainability ambitions. This is how we can collectively achieve SDGs at local, regional, national and international level.



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OUR RESULTS



TOWARDS
MORE VALUE



GROWTH IN
GOOD FOOD



MARKET-LED
POTATO
CULTIVATION



REDUCED
ECOLOGICAL
FOOTPRINT



COOPERATION
FOR THE
CUSTOMER



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TOWARDS MORE VALUE



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TOWARDS MORE VALUE

Value creation for our growers, customers and employees is Avebe's overarching goal. We do this in a market-led, innovative and sustainable way. As a cooperative of growers with our own breeding company and innovation centre, we play an important role throughout the supply chain: from the field to the customer. This is how we work together to further increase the performance price.

PERFORMANCE PRICE

The performance price reflects the net realisable value per tonne of potatoes. It is one of the most important indicators of the result that the cooperative achieves for its members. To compare the performance price of different years and to exclude variables such as different starch contents, the calculation is benchmarked each year on a standard quantity of potatoes with a starch percentage of 19%.

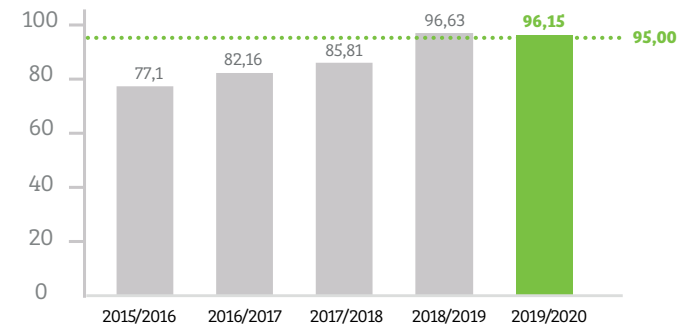


Avebe bases the performance price on three components:

- Potato money: the money Avebe pays to all members for the potatoes they deliver, including all related performance components and discounts.
- Cooperative result: the financial result of the cooperative
- Other performance components such as the storage fee and full delivery bonus and loading and transport costs.

Based on these three components, the performance price in 2019/2020 was 96.15 euro.

PERFORMANCE PRICE PER TONNE OF POTATOES



OBJECTIVE 2023

INCREASE THE PERFORMANCE PRICE TO 95 EUROS PER TONNE OF POTATOES UNDER NORMAL HARVESTING CONDITIONS



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SPECIALTIES, WITH ADDED VALUE

Avebe has 100 years of experience with starch potatoes: from growing and breeding our special potato varieties, via the grower who achieves an optimal yield with an increasingly smaller footprint, to our factories where we isolate starch and protein and make them suitable as valuable ingredients for hundreds of applications among our customers. Potato starch was once a commodity, but now it is a specialty. How come?

- We deliver more added value for the customer and more sustainable and healthier solutions for various stakeholders.
- Transparent and traceable: we control the entire process of growing, cultivating and processing the potato into starch and protein.
- Innovation and optimisation: necessary for growth in value because land, energy, water and labour are becoming increasingly scarce and therefore more expensive.
- Knowledge development: our technologists in R&D, Operations and our breeding company *Averis* know all there is to know about the potato.
- More with less: we create ecological and economical added value with less environmental impact.
- Measuring and reporting: we measure our climate footprint and publish our results and ambitions. This increases our knowledge of products and necessary actions and thus improves the potato price.

Transparent reporting on our social impact in relation to our financial performance forms the basis for a sustainable partnership with customers and suppliers. Our partnerships with ABN AMRO and Rabobank are good examples of this.

“Transparent reporting on our social impact in relation to our financial performance forms the basis for a sustainable partnership with customers and suppliers.”

Peter-Erik Ywema, Sustainability Director, Avebe





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A SUSTAINABLE PARTNERSHIP BASED ON THE FIRST INTEGRATED ANNUAL REPORT

ABN AMRO and Rabobank are joint sustainability coordinators of Avebe. As such, they provide Avebe with financing based on sustainability criteria. This led to refinancing being agreed in September 2020, partly on the basis of Avebe's integrated reporting.

The Dutch banking sector is world leader in this type of financing for organisations whose earnings model is based on sustainability. Companies that appreciate the importance of the social context in which they operate are increasingly coupling non-financial, sustainable targets to their commercial ambitions. "Transparent reporting on corporate processes, targets and results becomes ever more vital in this context", explains Floor van der Heijden, Associate Director Sustainability Advisory at ABN AMRO. "An integrated annual report is an important instrument in this process. The message given by such a company is that financial and social results are equally important. Avebe is emphasising this message even more strongly by relating concrete sustainability targets to financing." Maarten Biermans, Head of Sustainable Capital Markets at Rabobank, agrees and adds: "An integrated report is an effective indicator of the durability of the business model. By integrating financial and social ambitions, you gain better control of the sustainable earnings potential of the company. Avebe is not afraid to define dilemmas and to connect concrete management measures." They signed up for a sustainable partnership which enhances the relationship and contributes to a better world.





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GROWTH IN GOOD FOOD



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GROWTH IN GOOD FOOD

The growing world population means that the demand for food is increasing. Prosperity is also growing, which is leading to large groups of consumers eating more food that exerts greater environmental pressure such as meat, fish and other animal products. The focus on nutrition and health is increasing, particularly in developed consumer markets in North America and Europe. This is in response to allergies, beliefs or a conscious lifestyle. Transparency, replacing animal and allergenic ingredients and sustainable production: that's what makes food good food.

INNOVATION

The starch potato is a rich source of sustainable ingredients for various food categories: from meat substitutes to plant-based dairy and confectionery products and protein-rich drinks and foods.



R&D and innovation are the basis for fully exploiting the potential of the starch potato.

PATENTS

Sales of products protected by patents have doubled since 2010. It is important to continuously improve processes and products. That is why we are constantly adding to our patents.

GOOD NUTRITION

Awareness of the importance of a healthy and sustainable diet is growing, and has even been boosted by the corona crisis. The question is how this will continue in the long term. The underlying focus on healthy and sustainably produced food and the need to offer solutions more quickly remain as topical as ever.

Allergen-free and clean label

As well as people with food allergies, more and more consumers who do not have allergies choose foods without added E-numbers. These are natural or synthetically produced substances added to a product to improve its flavour, appearance or shelf life. Manufacturers that add no artificial substances, or who list natural substances on the label by name rather than as an E-number, give their food a 'clean label' that conscious consumers understand much better. Avebe uses innovative processes to extract specific starch products and proteins from potatoes. These can replace traditional ingredients to which many people are allergic, such as gluten. Avebe also supplies food ingredients for the production of foods without E-numbers.



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Plant-based proteins for human food

Good food is not only healthy but is also sustainably produced. Consumers, producers and retailers know the challenges of feeding and housing a growing world population. Since plant-based food has a significantly lower environmental footprint than food from animal production chains, Avebe focuses its innovation on the development of plant-based alternatives to animal products (dairy and meat) and plant-based gelatine replacement. As well as the functional properties of plant-based protein as a sustainable alternative, this protein also has a high nutritional value. As we know, protein is important for building and restoring muscles. This also offers opportunities for potato protein as a high-quality component of food with a high nutritional value. All product development based on potato protein and potato starch is subject to the condition that the taste and properties are maintained or improved.

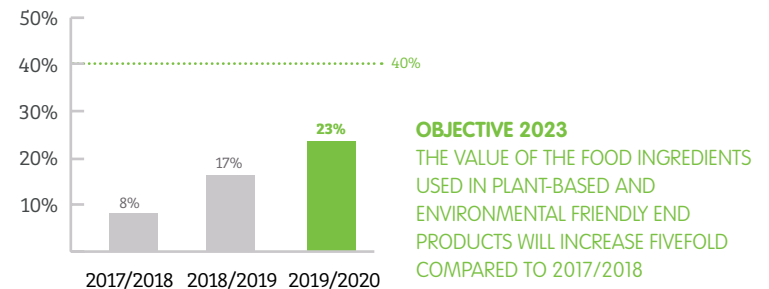
Food Ingredients Europe

In December 2019, at the largest European food fair 'Food Ingredients Europe' in Paris, we presented various functional solutions based on potatoes for healthy, nutritious and sustainable food. Some 300 companies showed their interest at our stand displaying nutritional innovations. We set out plant-based feta, cream cheese and desserts made with Perfectasol. This is our brand name for food ingredients based on potato starch and protein that give plant-based dairy the right product properties and allow us to replace gelatine in confectionery without compromising on taste and texture. We also showed the first prototypes of plant-based burgers made with textured potato proteins, which, in addition to a 'meaty' texture, also offer a high nutritional value.

GOOD FOOD

In 2019/2020, the value share of good food rose to 23%. This is the result of our efforts in recent years to come up with healthier and sustainable solutions for plant-based alternatives to meat, dairy, cheese and confectionery. We have developed unique concepts for plant-based burgers, pâté and sausages, for instance. The aim is to increase the value of food ingredients used in plant-based and environmental friendly end products fivefold in 2023 compared to 2017/2018. That is why we will continue our product development in this area in the coming years.

VALUE OF PRODUCTION IN PLANT-BASED AND ENVIRONMENTAL FRIENDLY END PRODUCTS



The value refers to the sales profit of the defined Good Food products in the relevant financial year expressed as a percentage of the sales profit of all Food products in reference year 2017/2018.



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PRODUCT DEVELOPMENT TOGETHER WITH CUSTOMERS: INSPIRING AND INNOVATIVE

Azelis Canada Inc./Chemroy is Avebe's exclusive distribution partner in Canada. Their sales team visited the Innovation Center in Groningen in February 2020 and were given intensive training on Avebe, its strategy and applications based on starch and protein. This provides a solid basis from which to offer Avebe's specialties and solutions to customers in various segments of the Canadian market. The segments Avebe focuses on include plant-based dairy/cheese, confectionery and bakery products. "The training gave us excellent technical information, but even more important were the sessions in the laboratory where we experienced how prototypes are made and the sensory product properties such as texture that are achieved," says Shirley Irvine, Director of Food Ingredient Sales at Azelis. "This experience strengthens confidence in the product, which provides a very strong sales argument."

Avebe also contributed to a seminar on plant-based dairy products organised by Azelis. By participating in this seminar Avebe offered direct support by answering customer questions.

The cooperation between Azelis and Avebe resulted in increased market and sales opportunities for Avebe solutions, especially in plant-based dairy products such as plant-based cheese.

" This experience strengthens confidence in the product, which provides a very strong sales argument."

Shirley Irvine, Director Food Ingredient Sales, Azelis





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LCA SUSTAINABLE SUPPLY CHAIN

Avebe helps its customers to carry out a life cycle analysis (LCA) to calculate the environmental impact of the end products. The LCA method is used to establish the environmental impact of a product. This method analyses all raw products, the materials used and the processes for each product from the field to the customer (cradle-to-factory gate).

We have been sharing our environmental data for the past few months. To give an example, we have shared data with a customer who wants to reduce the impact of adhesives and with another customer who makes meat alternatives based on our products.

The transition from animal or fossil to plant reduces the environmental footprint of consumer products. Our protein often directly replaces chicken protein in the final product, for instance. We have calculated that with our 'Good Food' ingredients we have achieved a reduction of around 120,000 tonnes of CO₂ in the food industry over the past year by replacing animal proteins with potato protein and potato starch. That is more than half of the CO₂ that Avebe itself produces in a year.

It is not only our 'Good Food' ingredients that ensure a carbon reduction in consumer products. Other food ingredients also replace animal ingredients such as gelatine. Products for technical applications based on potato starch are also used for the replacement of synthetic products in the market. We have calculated that with all our products we reduce more CO₂ in the chain each year than we emit ourselves. Because the calculation of ecological footprints is becoming increasingly important, we are constantly improving the methods through better measurement and recording. We have also spoken to some suppliers about the footprint of chemicals we use in our processes.





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MARKET-LED SUSTAINABLE POTATO CULTIVATION



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MARKET-LED SUSTAINABLE POTATO CULTIVATION

Together with its members, the cooperative is working on a future-proof starch potato crop that structurally meets market demand with innovative products and added-value ingredients. The starting point for cultivation is a higher yield with fewer crop protection agents and lower emissions.

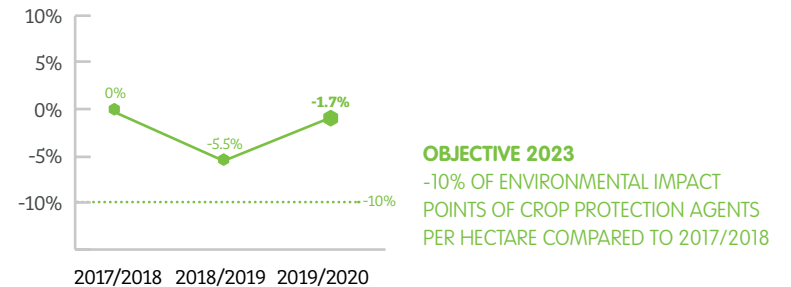
SUSTAINABLE PRODUCTION CHAIN

Together with the growers, we have set the following goals for 2023:

- In 2023 10% less water per tonne of potatoes processed compared to 2017/2018.
- Achieve 10% more potato starch and protein of one hectare in 2023 compared to 2017/2018.
- In 2023, 10% less carbon emissions per tonne of potato starch compared to 2017/2018.



ENVIRONMENTAL IMPACT OF CROP PROTECTION PRODUCTS PER HECTARE



The environmental impact of crop protection products is calculated annually by WER (Wageningen Economic Research) on the basis of CLM's Environmental Yardstick. The values for aquatic life, soil life and groundwater have been converted to an index. The environmental burden is mainly related to the pressure of disease due to weather conditions, the susceptibility of varieties to disease and the choice of crop protection agents used. It has been established on the basis of the cultivation records that in 2019/2020 there is a slight decrease in the environmental impact compared to 2017/2018.



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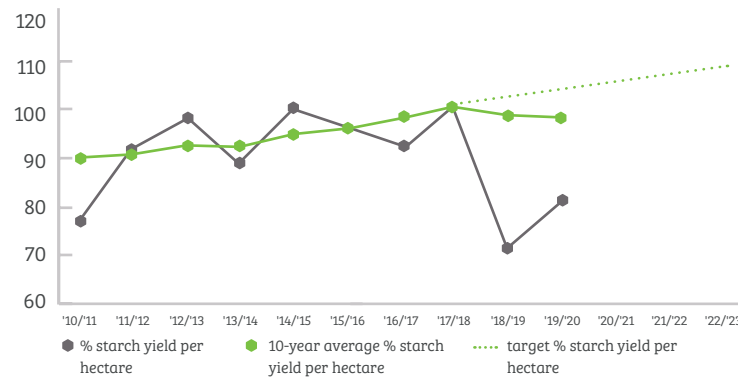
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STARCH YIELD PER HECTARE

(% COMPARED TO 2017/2018)



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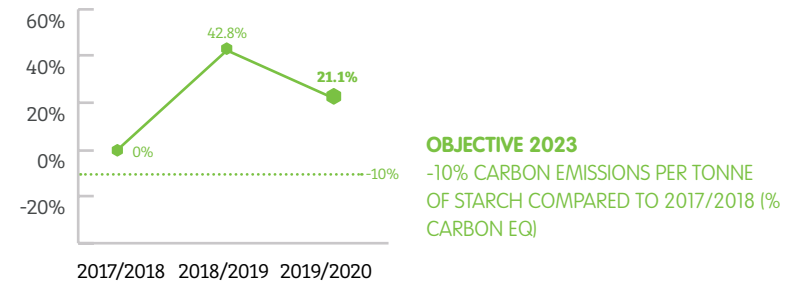
10% HIGHER STARCH YIELD PER HECTARE COMPARED TO 2017/2018

The annual harvest, and therefore the starch yield per hectare, is subject to fluctuations. Crop year 2017 had an above-average starch yield per hectare. On the other hand, growing conditions in 2018 were poor due to the extreme drought combined with high temperatures, resulting in a sharply declining starch yield. In 2019 the yield was again seriously affected by the weather.

To analyze the trends within potato cultivation, it is common to use a moving average. Avebe's ambition is to improve the average starch yield by 10% through financially higher yielding varieties and improved cultivation. Despite the disappointing years 2018 and 2019, we remain committed to working with growers to optimise the cultivation of starch potatoes.

The carbon emission per hectare was calculated using the Cool Farm Tool on the basis of the cultivation registration data. Emission per tonne

CARBON EMISSIONS PER TONNE OF STARCH



OBJECTIVE 2023

-10% CARBON EMISSIONS PER TONNE OF STARCH COMPARED TO 2017/2018 (% CARBON EQ)

of starch increased due to the moderate starch yield per hectare and irrigation as a result of the drought. This shows that optimal productivity is crucial for sustainable potato cultivation. However, carbon emission per hectare has fallen slightly.

NEW VARIETIES

Market-led and sustainable potato cultivation combines the best of both worlds: the efficient production of crops and products for which there is demand, and a reduction in environmental impact. Averis' breeding techniques also combine the best of both worlds: more starch and protein yield, less use of crop protection agents and higher yields from the fertilisers used. The aim of this is to develop innovative and high-quality ingredients based on combinations of starch and protein from potatoes for human nutrition and for applications in animal feed and industrial processes.

This is in the interest of our members, and that is what Averis' R&D focuses on.



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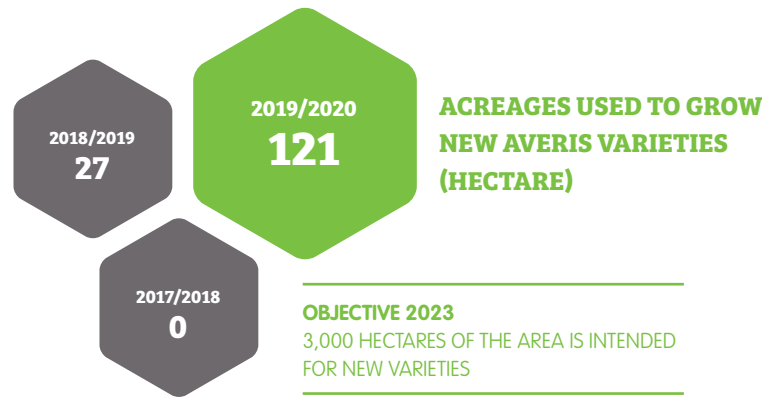
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When introducing new varieties in the field, we expect exponential rather than linear growth.



RESISTANCE

Averis develops starch potato varieties that are resistant to plant diseases. Avenger, for example, is a variety with a high starch yield that was introduced in 2020 and is resistant to phytophthora, potato fatigue and wart disease. Next year will see the arrival of Avamond, a high-yielding variety that is also highly resistant to potato fatigue and wart disease. Our breeding programme also focuses on the development of potato varieties that are more resistant to changing weather conditions and that can be stored for longer.

Averis currently has more varieties under development. We are working with the technology of DNA markers, which speeds up the process enormously. That way we know immediately whether seedlings are resistant to plant diseases. Without this technology it would take three to five years. This allows us to test more varieties in the field. We then perform susceptibility tests in the laboratory to determine the exact level of resistance.

EFFICIENT FERTILIZATION

Sustainability and finding ways of reducing nitrogen make efficient fertilization even more important. Potatoes need nitrogen to grow and the potato plant converts a substantial part of the nitrogen into protein and amino acids that are beneficial to people and animals through our products. Efficient fertilization is all about using precisely the amount of nitrogen that allows the potato plant to do this as well as possible. This nitrogen efficiency aspect is crucial for us. We know which varieties need more or less nitrogen for maximum yield. The relationship between nitrogen requirement and yield (starch and protein) per variety is a subject of research at Averis and Avebe Agro.

We are also investigating the minimum amount of nitrogen with which a potato plant can still grow optimally. Last year, we tested the cultivation of various varieties with the best nitrogen yield on a number of demo fields in the Netherlands and Germany. Results from previous years show that a number of varieties including Axion are doing well with a lower nitrogen yield. Because the starch percentage is higher, the starch yield remains the same while fertilizer costs and carbon emission are reduced. We also monitor protein yield.

DIGITAL DEMO FIELDS

Avebe has five trial and demonstration fields: two in the Netherlands (Valthermond and Laren) and three in Germany (Haren, Lathen and Woltersdorf). These are also the locations where Avebe regularly organises growers' meetings. Since physical field meetings are currently not possible due to the corona crisis, the German and Dutch Agro teams made all the information about the trial and demo fields available online in May 2020. This makes it possible for starch potato growers to still gain all the knowledge and information they need about new varieties, fertilisation and sustainability. During the growing season they can follow the developments in the field online per location.



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OBJECTIVELY MEASURING CROP GROWTH WITH DRONES

We work with innovative technologies to improve cultivation, such as drone technology that allows us to measure crop growth objectively. This works much better than the traditional way of scoring crops on trial fields. A drone recording does not depend on human judgement and objectively measures how green the fields are. This in turn can be linked to relevant cultivation characteristics. We also use Artificial Intelligence (AI) to analyse drone images into objective data that we use to promote R&D and innovation.

OPTIMEEL

Optimeel is Avebe's crop optimisation programme aimed at improving the efficiency of starch potato cultivation. This is done through crop registration, study groups, trial and demo fields and the introduction of new starch potato varieties developed by Averis. Crop registration provides an insight into cultivation practices. The participants in this programme exchange knowledge by working up and comparing data.

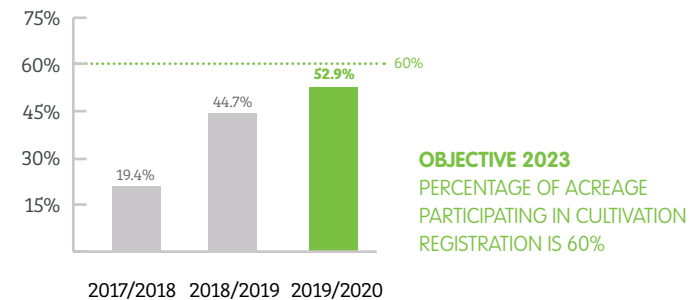
CROP REGISTRATION PARTICIPATION

	2015	2016	2017	2018	2019
Participants	159	208	630	793	909
Plots	318	479	1,699	3,911	4,442

Source: Optimeel Cultivation Report 2019/2020

In 2019, the number of growers participating in Optimeel crop registration rose by more than 14%. The number of participating Dutch growers rose slightly, while the German potato growers are catching up. Just over half of the Dutch growers and some 10% of the German growers participate in Optimeel. The total number of 909 participants in 2019 represents about half of the total Avebe acreage. In 2023 we aim to have the participants representing 60% of the acreage.

DEVELOPMENT OF PARTICIPATION IN CULTIVATION REGISTRATION AS A PERCENTAGE (HA/HA)



In 2019, Avebe also organised eight Optimeel study groups on improving crop yields. In addition, Avebe organised two field meetings (on 31 May and 5 September), a 'Weeds Day' (28 May) and the 'Starch Potato Day' on 10 July. In the first half of 2020 it was not possible to organise any physical field meetings because of the coronavirus. Growers were able to use the digital alternative to visit the demo fields at their own convenience.



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ARABLE FARMER JAN-WILHELM SCHORLING (GERMANY): “TOGETHER WE'LL ACHIEVE MORE”

Jan-Wilhelm Schorling has two arable farms: his family farm of 120 hectares in Lower Sachsen where he mainly grows potatoes - both consumption and starch potatoes - and a partnership of 1200 hectares in Sachsen-Anhalt. Apart from starch potatoes and sugar beet, the crop plan consists of barley, wheat, rye and maize. He has been a supplier of Avebe since 2013. To make his company fit for the future, he is participating in Optimeel since 2018.

Sustainable soil management

Both arable farms have left the plough in the shed since 1990, and the German arable farmer has opted for sustainable soil management with a sophisticated plan of crop rotation and the use of ground cover and green manure. “We build up organic matter, bind carbon, improve soil life and ensure that the soil is better able to retain water, although we sometimes have to irrigate when there’s not enough rain,” says Jan-Wilhelm Schorling. “In recent years we have used specific tillage based on soil maps for targeted fertilization. That is getting good results. A next step is direct sowing without prior tillage.”

Retaining returns

Jan-Wilhelm Schorling knows all about the challenges facing arable farming. “Restrictions on the use of crop protection products and strict fertilizer legislation have a big impact,” he explains. “We are also noticing climate change, so we aim to achieve the best possible result from an efficient use of resources. Fortunately, Avebe helps with excellent guidance, both in the field and in logistics. Avebe maintains returns for potato growers through meaningful product development and marketing, and through Optimeel Avebe helps its growers to operate more sustainably.”

Knowledge exchange

Jan-Wilhelm Schorling has been participating in Optimeel since 2018. “This is a great opportunity for us to further optimise our potato cultivation,” he says. “The extensive collection and analysis of data are valuable sources of information. This also applies to the digital demonstration fields. I can view them on line without having to travel. That promotes the exchange of knowledge. During the corona outbreak this was a good alternative for the field meetings with other potato growers that I always experience as being very valuable. Because together we achieve more!”



“Avebe ensures that potato growers maintain their returns through meaningful product development and marketing and through Optimeel, Avebe helps its growers to operate more sustainably.”

Jan-Wilhelm Schorling, farmer, Sachsen-Anhalt, Germany



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REDUCING OUR ECOLOGICAL FOOTPRINT



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REDUCING OUR ECOLOGICAL FOOT-PRINT

Avebe is reducing its ecological footprint by using new technology, renewable energy and improving the efficiency of our processes. Innovations such as the DUCAM technology, which results in a significant reduction in energy consumption, contributes achieving this objective. But there are also times when innovation leads to new products which, while significantly reducing our customers' ecological footprint, consume more energy in our own production process. As well as reducing our carbon emissions, minimising our water consumption and reducing waste streams are important objectives to reduce our ecological footprint.





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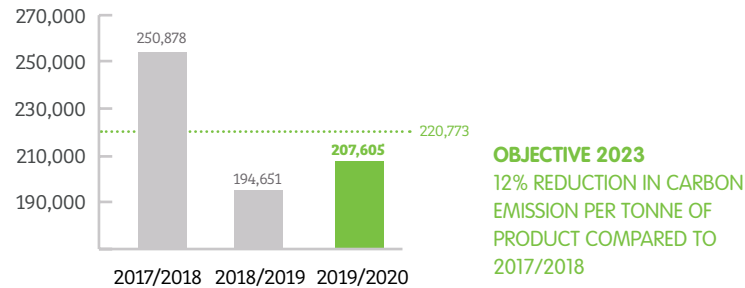
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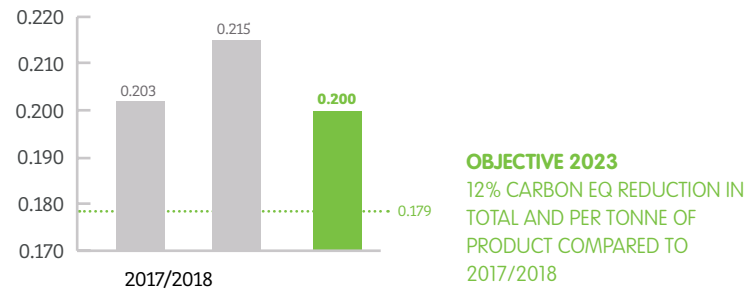
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CARBON EMISSIONS (IN TONNES)*



* This concerns the carbon emission (scope 1 and 2) corrected for what is produced for third parties (other companies on site). The emission factor for Guarantees of Origin for green electricity has been set at 0.

CARBON EQ PER TONNE OF PRODUCT**



** This concerns the carbon EQ in tonnes scope 1 and 2 (see above definition, excluding the carbon EQ for exported electricity) compared to the quantity of products produced.

Due to the poor harvest of the past two years, the figures do not present a satisfactory image. This is what caused the sharp fall in absolute emission. More derivatives have also been produced in relation to the quantity of native starch. This increases the average emission per tonne of product.

REDUCTION OF CARBON EMISSIONS

To reduce our carbon emission we are operating a twin-track policy. Where possible, we reduce the use of energy. We also purchase electricity from renewable sources.

This year, we see for the first time a slight decrease of carbon emission per tonne at a relatively low production level. This means that we have succeeded in producing more efficiently. We expect this trend to continue next year as DUCAM will be running for the entire campaign period.

SOLAR PARKS

Since the summer of 2020, Avebe has leased out its former flow fields to the company Solarfields for the realisation of solar park Hollandia in Nieuw-Buinen. Over a third of the land for this park belongs to Avebe. On a plot of approximately 100 hectares 300,000 solar panels will be installed on a raised structure above ground level. This means that ordinary grass can continue to grow, sheep grazing remains possible and the field retains its function as a waste water buffer for Avebe's production location in Gasselternijveen. The solar park is surrounded by a dike which hides it from view. The soil released from the potatoes during the production process (tare) is incorporated in this dike.

After being commissioned in December 2020, the Hollandia solar park will have a capacity of 120 megawatts, equivalent to more than 30,000 households. The location of Avebe in Gasselternijveen will be using 37% of this solar energy. We are working on a similar but smaller project of 11 megawatts together with the company PowerField at our location in Ter Apelkanaal. In addition to sustainable energy, this also provides additional jobs, especially in the construction of the park.



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Before setting up solar parks, we test them against the 'solar ladder': the government's order of preference when permitting new solar parks. That way, together with others, Avebe contributes to the generation of sustainable electricity, while we spare valuable natural and agricultural land.

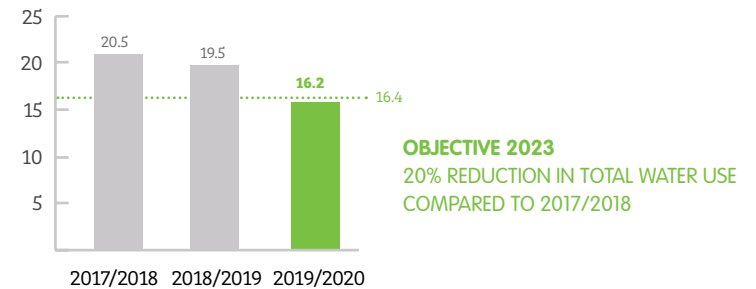
WATER: A STRATEGIC RESOURCE

Water is an important resource for Avebe. Our goal is to use 20% less water in 2023 compared to 2017/2018.

We use about 80% of all our water in Ter Apelkanaal. That is why we focused on this location in the first place. A significant part of the water consumption in Ter Apelkanaal is dilution water. We have to dilute the purified but still saline water in such a way that it does not have an adverse impact on the environment. By transferring the production of a number of starch derivatives to our location in Foxhol, where we efficiently integrated them, we were able to close a production line in Ter Apelkanaal and are now saving approximately 3 million m³ of dilution water a year. Also in Ter Apelkanaal, we use our new energy-saving technology DUCAM (see page 39 in this report) to generate a further 350,000 m³ of good quality water that we do not need to source from elsewhere.

Our water consumption has decreased spectacularly. This is mainly because we moved part of the production from Ter Apelkanaal to Foxhol to reduce our need for dilution water. Water reduction remains an important point of attention at all locations.

WATER CONSUMPTION (MM³)*



* The total water consumption in Mm3 is expressed as the total drinking water, spring water and surface water of the six production sites of Avebe.

In the coming years we will continue to actively reduce the use of dilution water and work actively with local authorities such as the Water Board. We also use new chemical processes so that we produce less salt and therefore need less dilution water. We have already modified the process for a number of small products and now we plan to do this for the largest product. As a result, and by focusing on the water consumption that we measure across the board, we expect to achieve substantial savings of approximately 750,000 m³ of water per year, step by step.



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REDUCING TARE AND SLUDGE

Avebe aims to reduce the two waste streams of sludge and tare. We want to reduce both streams by 25% compared to 2017/2018.

SLUDGE

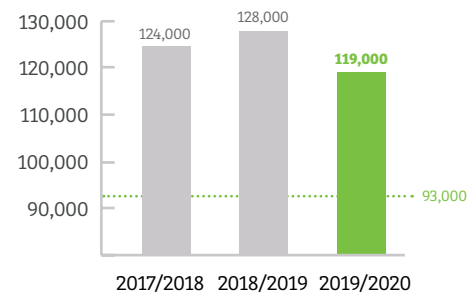
Avebe's waste water contains residues of potato juice, protein and starch from the production process. Sludge is left behind after the waste water is purified. The reduction of sludge requires specific efforts, because our commitment to more products for good food leads to more polluted water and therefore more sludge.

Our aim is to compensate for such side-effects in order to achieve our waste stream reduction targets. Initiatives have therefore been launched at a number of locations, such as Avebe KPW, where we are concentrating sludge, resulting in a 75% reduction in volume in Germany last year compared to the reference year 2017/2018. In the Netherlands, the first initiatives will be launched during the 2020 inter campaign. For example, we are adapting the waste water treatment plant in Gasselternijveen so that this waste water is processed better and produces less sludge. We are also installing measuring equipment in the waste water streams that will enable us to carry out operational improvement programs in (World Class Operations Management - WCOM) in 2021.

The amount of sludge we produced in 2019/2020 was higher than originally expected. In Foxhol this was caused by the higher output of products for the paper industry and in Gasselternijveen because the water treatment plant had insufficient capacity to process the required amount of waste water properly. Next year we expect a positive effect compared to this year due to the investments made in the inter-campaign.

SLUDGE

SLUDGE (gross weight of sludge in tonnes)



OBJECTIVE 2023
25% REDUCTION OF BOTH TARE AND SLUDGE WASTE STREAMS COMPARED TO 2017/2018



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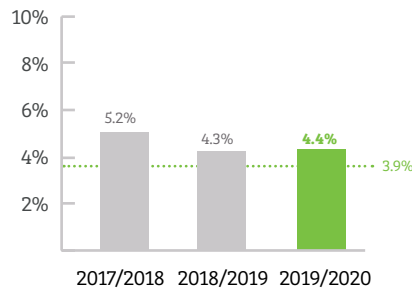
TARE

The potatoes that arrive at our factories often still have soil attached to them. We call this tare. To reduce the quantity of tare, in 2019 we adjusted our agreements with the growers on the supply of potatoes, making it more attractive to supply cleaner potatoes. We incorporate a small amount of the tare in the landscape wall around the solar park in Nieuw-Buinen. We are also looking for machines that clean better than the current ones and that meet requirements in terms of cost, weight and so on. A better standard machine has not yet been found. We are holding talks with machine builders on this subject.

Tare in 2019/2020 is virtually unchanged from 2018/2019. Due to the relatively favourable harvest conditions and increasing attention to tare reduction, the percentage was lower than in the reference year 2017/2018.

TARE

TARE (% tare of potato weight)



OBJECTIVE 2023
25% REDUCTION OF BOTH TARE AND SLUDGE WASTE STREAMS COMPARED TO 2017/2018





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FACTORY OF THE FUTURE

To celebrate its 100th anniversary, Avebe organised the Student Challenge at the end of 2019. Avebe challenged students from different disciplines and universities to design the factory of the future. The objective: see to the complete transformation of the potato into a range of high-quality products that make the plant-based transition possible. Use smart processes that require minimal use of energy, chemicals and water.

About 70 students got down to work in multidisciplinary teams. An expert jury assessed the entries. The level and ideas of the students made a big impression. "The winning team has designed a new factory that takes all sorts of aspects into account. From solutions for sustainable energy use and the conversion of fibres and fats to a 3D design of the new plant. The team worked out each process step by carrying out extensive analyses," says Marc Laus, R&D manager Product Technology at Avebe and organiser of the Student Challenge. Avebe will be testing a number of proposed ideas for practical usability.

"It was a great experience," says Connor Calnan, fourth-year Chemical Engineering student at Hanze University of Applied Sciences on behalf of the winning team. "Not only did I learn to work well in a team, I also got to know Avebe better and now have a clearer idea of the application options for the markets industry, human food and animal feed. From now on I'll be describing the potato as a protein plant."

Each of the three students in the winning team received a year's tuition fees.



"Not only did I learn to work well in a team, I also got to know Avebe better and now we have a clearer idea of the application options for the industrial, human food and animal feed markets. From now on I'll be describing the potato as a protein plant."

Connor Calnan, fourth-year Chemical Engineering student
at Hanze University of Applied Sciences
Groningen



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NITROGEN

AN IMPORTANT ADDITIVE

In January 2020, Avebe commissioned its new nitrogen installation for the DexTAK dextrin plant in Ter Apelkanaal. This plant produces dextrin (carbohydrates based on starch) for the glue industry and for the food industry. A safe process requires nitrogen, which Avebe used to supply in liquid form. The new plant produces nitrogen on site in the form of gas, which can be used immediately. As a result, there is no longer any need to have nitrogen supplied by third parties. This saves more than 700 freight trips a year and, despite the fact that the process itself leads to more energy consumption for Avebe, results in an enormous carbon reduction in the chain.

Wouter Kok, Team Leader of the DexTAK factory: "The nitrogen installation not only reduces our carbon emissions: it also saves more than half a million euros a year. Buying nitrogen is a lot more expensive than if we produce it ourselves." An added advantage is that the continuity of the production process is guaranteed because nitrogen is always available. Meme Kruijer, Main Operator at the factory, continues: "I also feel a lot safer in the factory because the risk of explosions has been significantly reduced."

Thanks to good cooperation between the supplier and employees, the project was completed in less than six months. The nitrogen plant was developed with the company Air Products.

Nitrogen is a subject that is given negative coverage in the social debate. The nitrogen compound ammonia and NOx are central in this discussion. Our nitrogen plant removes nitrogen (N₂) from the air, which already contains 80% N₂, and therefore has nothing to do with the social nitrogen debate.

"The nitrogen installation not only reduces our carbon emissions: it also saves more than half a million euros a year."

Wouter Kok, Team Leader of the DexTAK factory





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DUCAM

UP AND RUNNING IN TER APELKANAAL

This year, the DUCAM project (Sustainable Concentration of Potato Juice with Membranes) became operational at our location in Ter Apelkanaal. Avebe started the development of this project about four years ago. DUCAM focuses on reducing energy consumption when extracting proteins from potato juice.

Extracting protein from potatoes is an energy-intensive process. The potato juice is brought to the boil, causing the protein to flocculate. Once the protein has been separated, the remaining water is evaporated. In this new innovative and efficient production process, we use two membrane technologies: ultra-filtration (UF) and reverse osmosis (RO). This method means that we first concentrate the potato juice with membranes so that only a third of the juice has to be boiled. It also halves the quantity to be evaporated. The process ensures that water from the potato juice can be reused as process water.

Erik Koops, Programme Manager CO₂ reduction at Avebe: “The potential energy savings are huge. By using less energy, the carbon emissions from the starch factory in Ter Apelkanaal will be reduced by 23%, making a substantial contribution to our ambition to reduce carbon emissions by 12% for the whole of Avebe by 2023.”

He continues: “It is also expected that, if Avebe runs a full campaign with DUCAM next year, some 0.4 million m³ of water can be saved annually.” That represents a 12% saving on the process water in Ter Apelkanaal and 2.7% on the total water consumption in Ter Apelkanaal.

DUCAM is a unique and efficient process that enables us to meet the additional energy savings demanded of us under the 2013 National Energy Agreement in one go.

This project is a collaboration with Wafilin Systems B.V. It was carried out with subsidies from the Ministry of Economic Affairs, National schemes, Economic Affairs subsidies, Top Sector Energy through the Netherlands Enterprise Agency.

“The potential energy savings are huge. By using less energy, the carbon emissions of the starch factory in Ter Apelkanaal can be reduced by 23%, thus making a substantial contribution to our ambition to achieve the target of reducing carbon emission of 12% for the whole of Avebe by 2023.”

Erik Koops, Programme manager CO₂-reduction, Avebe





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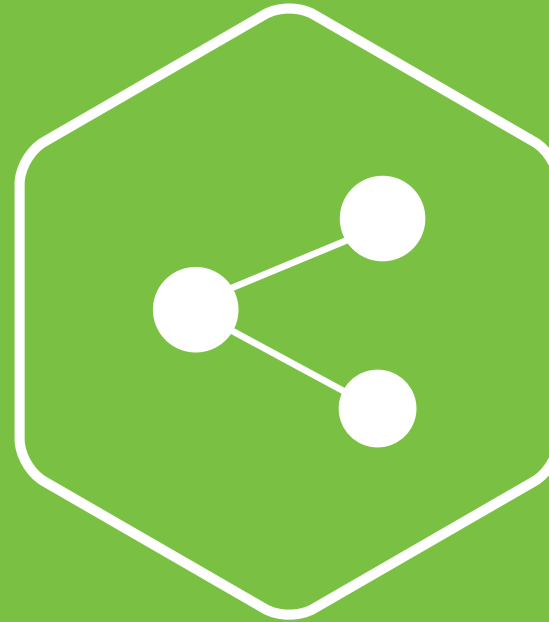
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COOPERATION FOR THE CUSTOMER



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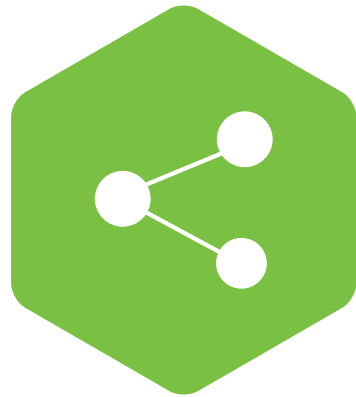
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COOPERATION FOR THE CUSTOMER

At Avebe the customer comes first. We work with our members, customers, research institutions and other stakeholders to produce healthy, nutritious and environmentally friendly ingredients. We believe it is important to do this under responsible conditions for people and the environment. Engaged employees are crucial for this. Chain responsibility and being a good employer are therefore very important to us.

SUPPLY CHAIN

RESPONSIBLE PURCHASING

Avebe purchases in a socially responsible way. Traditionally, purchasing was about the right product or service for the right price, but now it is an important aspect of our Binding and Building 2.0 strategy. "We need the knowledge and innovation of our suppliers to take the next step in



sustainability. Together we create value for ourselves and for the planet," says Bas Wijnbergen, Director of Procurement at Avebe. "Our customers and suppliers assess our sustainability performance, because the carbon reduction achieved by Avebe is relevant to the sustainability of the end product. For example, we use soda ash in an 8% solution, which means that we transport 92% water. If we buy dry soda instead, we save transport costs and reduce our carbon emissions." Avebe has also committed itself to the use of only sustainably certified (RSPO) palm oil. This is a challenge because not all derivatives and fractions are yet available as RSPO-certified."

Avebe aims to provide an insight into its performance and that of its suppliers via monitoring systems such as Ecovadis and Sedex. "On that basis, we started developing our Responsible Sourcing Policy (RSP) in 2019," says Wijnbergen. "This policy sets out our guiding principles regarding people and the environment. By 2021, all our suppliers must have signed up to these RSP principles"

GOOD EMPLOYMENT PRACTICE

TALENT MANAGEMENT

It is important that our employees can continue to develop so that they remain employable both now and in the future. We at Avebe see employee development as a continuous process. As well as acquiring substantive knowledge, we also support employees in the development of their skills. For example, we invest in the development of management skills, project management skills and personal leadership. We do this by



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increasingly talking to employees about their (future) employability, interests, passions and career ambitions. We are currently running a pilot with a Talent Scan within the Innovations department. Employees can indicate the areas in which they want to increase their knowledge and skills. In this way we continue to support them in developing their talents. Operations is currently working with training matrices that clarify the knowledge and skills (competencies) a person currently possesses and what he or she still has to do to remain employable in the future. All this to make sure that together we 'extract everything to be had'.

EMPLOYEE ENGAGEMENT

We believe that it is important for our employees to be fit and healthy, able to develop and feel engaged with Avebe. This in an approach in which cooperation, togetherness and connection with the strategic goals of the cooperative are important pillars. We regularly check the engagement of our employees through an employee satisfaction survey. The most recent survey was held in September 2020.* During the first half of 2020 we looked into how our employees experienced Avebe's policy during the initial period of the corona crisis. This survey was completed by 51.2% of employees in the Netherlands. It showed that our employees are very satisfied with the cooperation with colleagues and - for employees who work from home - with the IT facilities for working remotely. Remote collaboration is highlighted as an area for improvement.

* In 2023 we aim to achieve a score of >7.5 on both employee engagement and enthusiasm. We will report on this in our next annual report.

Fortunately, since the outbreak of the corona crisis, we have still been able to man all production lines and do the work needed to keep our members and customers satisfied. This is down to huge commitment on the part of our employees, as evidenced by a sharp drop in sickness absence at Avebe.





SOCIAL KEY FIGURES



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NUMBER OF EMPLOYEES

Figures are based on head count with the reference date 31 July 2020.

	The Netherlands*	Germany	Sweden	Other information	Total
Number of employees	1,086	133	71	91	1,381
% fulltime employees	84%	94%	99%	88%	86%
Employee gender					
% male	84%	76%	86%	53%	81%
% female	16%	24%	14%	47%	19%
% employees with a permanent contract of the total number of employees					
% male	75%	70%	85%	52%	73%
% female	15%	24%	14%	46%	18%
% employees with a fixed-term contract of the total number of employees					
% male	3%	6%	1%	0%	3%
% female	1%	0%	0%	1%	1%
% temporary workers and external workers	6%	0%	0%	1%	5%
% of employees covered by the collective agreement	93%	99%	99%	25%	89%
Male/female ratio management	21%				
Absence through sickness	5.6%				

* including external parties



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SAFETY AT WORK

A safe working environment for all employees is very important and is given continuous attention. A safe workplace calls for technical measures, a safety management system and the creation of safety awareness among our employees.

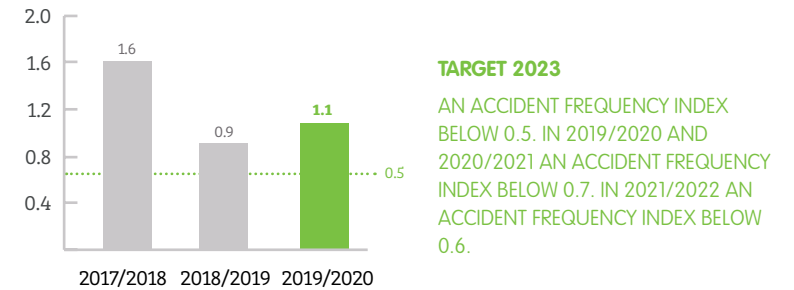
That is why we organise annual safety days and provide training courses that focus on safety issues. The Safety by Nature programme was launched in 2018. We continued to roll out this programme in the organisation last year. The programme increases safety awareness among our employees by focusing on behaviour. Employees are encouraged to create a safe working environment themselves by encouraging each other to behave safely. Also, safety studies are underway to identify and control hazards on the work floor. We are continuing to work on improving the work permit process in order to promote safety when working on systems.

ACCIDENT INDEX

We measure safety using the accident frequency index (TRIFR; Total Recordable Injury Frequency Rate, an international standard). We include all employees at our locations, including employees of external parties who work at our locations. We feel responsible for everyone who works at our locations.

Last year there were 12 accidents. As a result, the accident index is 1.1 and we have not achieved our 2019/2020 target. Most incidents are caused by people falling, tripping and slipping or being crushed. Every

ACCIDENT INDEX



industrial accident is one too many. That is why we aim for zero incidents. We identify the unsafe situations that precede incidents and consider how we can prevent them in order to minimise the risk of subsequent incidents and injuries. We also continue to raise safety awareness among our employees, carry out safety checks to identify and control hazards and improve the work permit process in order to work safely on our systems. This will remain a high priority in the coming years.

When the corona crisis broke out, Avebe quickly took action to ensure the health and safety of its employees. Many employees now work at home for longer periods of time. For those employees who could not work from home, a safe workplace was created with guidelines for hygiene, walking routes and meeting and workstations. This is not only important for us



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internally, but also for our suppliers who come to our locations. We also regularly inform our clients about the developments concerning corona at Avebe. We appreciate personal contact with customers, but due to these exceptional circumstances online consultation turned out to be a good alternative.

TEAMWORK

CROSS-FUNCTIONAL TEAMS

Cooperation at Avebe is important to achieving the best result for the customer. We focus sharply on the alternatives presented by a natural product such as the starch potato to provide a good answer to constantly changing customer demand. Within Avebe, representatives from different departments work together in cross-functional teams to develop solutions. For example, ways of solving external factors such as changing weather conditions that negatively influence the harvest or devising innovative applications based on starch and protein. A vital aspect of this form of cooperation is that the employees have a common interest and aligned goals.

EFFECTIVE ORGANISATION WITH THE XFHP PROGRAM

The XFHP programme is an example of cross-functional collaboration for the customer. XFHP stands for Drive Cross Functional High Performance. Launched in January 2019, the programme aims to identify and improve the most critical integrated processes for the realisation of the strategy. We also want to create a continuous improvement cycle with the program. We analyse these processes and propose improvements.



IMPROVEMENT OF KEY INTEGRATED PROCESSES

OBJECTIVE 2023
8 CRITICAL INTEGRATED PROCESSES
IMPROVED SINCE 2018/2019

Last year we selected three processes with the greatest improvement potential.

- **Project export document 'Certificate of Origin'**
The aim was to reduce the number of complaints related to this document. We produced a clearer division of roles and responsibilities, new work instructions that make it clear when a certificate of origin document is needed, and updated the master data. This helps employees to apply for these documents.
- **Project follow-up of product related customer complaints**
We aim to respond to complaints as quickly as possible. To this end, we implemented a new intake protocol last year with work instructions, structural consultations between various departments and updated the master data.



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- **Project container availability and quality of 40ft High Cube containers**

To reduce problems in ordering and loading containers and to minimise errors in the execution of orders, we drew up clearer work instructions based on updated master data. In 93% of the cases the right container is used straight away. This used to be 40%.

The projects were overseen by the project leaders involved. The cross-functional teams consisted of team members who are also involved in these processes in their normal work, so that they see immediate results.

The processes for next year are now being identified so that we can start up the new projects in good time.

S&OP PROCESS

With around twenty production lines at six production sites and 800 different products, it is important to set up the production process in such a way that we are able to align expected sales, stock levels and production. We use S&OP (Sales & Operations Planning) for this purpose. This is an integrated process in which we bring these different departments together. The operation of S&OP is a great example of how cross-functional teams create value together. Challenges such as drought and a lower harvest or (unexpected) peaks in demand are identified in good time. During periodic consultations we discuss the consequences and the measures needed to take early action.

CUSTOMERS

CUSTOMER SATISFACTION

We strive for satisfied customers. Each year, Avebe receives various questions from customers on many different subjects. The Customer Service department gives all these customers the answers they are looking for. This also calls for good cooperation between various departments. Employees are becoming increasingly aware of their role in this process and proactively look for solutions, especially since the Binding and Building 2.0 strategy was launched. This leads to better cooperation and an efficient process.

The Customer Service department is quick to identify emerging trends. "We function as the central station at Avebe," says Tineke Frans, who works in the Customer Service department. "The questions that come in clearly show what issues are topical in society. Some years ago, for example, we saw the strong emergence of sustainability as we received more and more questions about carbon emissions and our supply chain responsibility." This enables Avebe to stay ahead of the curve and anticipate increasingly questions frequently asked by customers.



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Despite our efforts to make sure our customers are satisfied, there are still times when we get complaints. In 2020, the number of customer complaints fell slightly to 309. This is a fall of 33% compared to 2017/2018. We attach great importance to ensuring that the number of complaints goes down and set up the processes in such a way that we prevent them.



The number of customer complaints is defined as complaints that, after investigation, have turned out to be justified, excluding the smaller damaged bags complaints (under 250 euros).





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PRODUCT DEVELOPMENT TOGETHER WITH CUSTOMERS: **INSPIRING AND INNOVATIVE**

In industrial applications, such as adhesives, inks and textiles, Avebe develops solutions based on potato starch that are a full substitute for oil-based raw materials.

The paper industry produces paper or cardboard that absorbs little or no oil or fat and is used, for example, for packaging hot food such as fried fish. Fluorine-containing chemicals are often used in the production of this paper or cardboard. By using our starch, the same product properties can be achieved without the use of these harmful chemicals. It is also possible to seal this paper or cardboard. This does away with the need for non-renewable synthetic polymers.

Avebe achieves this sustainability by working in cross-functional teams. Sales maps out whether more sustainable products are necessary or desirable for industrial applications. In close cooperation with the customer, Innovations then selects a suitable product that is more sustainable, without compromising important product properties such as processability in the customer's machines. "It feels good when our joint efforts within Avebe lead to a more sustainable end product for the customer," says Anna Marie Dijk-van Delden, Technical Service Manager Industrial.

"It's a good feeling when our joint efforts at Avebe lead to a more sustainable end product for the customer"

Anna Marie Dijk-van Delden, Technical Service Manager Industrial, Avebe





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ESCAPE ROOM FOR THE RECRUITMENT OF YOUNG TALENT

After the student challenge we received many requests from universities and colleges to give presentations and workshops to students. For that reason Avebe developed an Escape Room together with consultancy firm Frisse Blikken to recruit new young talent. "This is a trendy way to introduce students to Avebe," says Giëna Klaassens, Director of Talent Management at Avebe. Avebe uses the Escape Room on career days for intermediate and higher professional education colleges. It's an exciting and accessible way to inform students about the challenges and opportunities in the potato chain and the interesting job opportunities that Avebe offers when they complete their studies. The cases they see in the Escape Room demonstrate the importance of good cooperation between different disciplines and the socially relevant issues about sustainability.

Giëna Klaassens continues: "This Escape Room also works very well as an aid for teambuilding with us internally. The cases are challenging and call for varied expertise and skills. Cross-functional collaborations are a necessity." The Escape Room will be put into use at the end of 2020.

"This is a trendy way to introduce Avebe to students"

Giëna Klaassens, Talent Management, Avebe





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- **REPORT OF THE BOARD OF DIRECTORS**
- **RISKS AND UNCERTAINTIES**
- **FORECAST OF THE BOARD OF DIRECTORS**
- **ORGANISATIONAL STRUCTURE**



REPORT OF THE SUPERVISORY BOARD



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A YEAR OF CHALLENGES

REVIEW

The strength of the cooperative comes to the fore in the face of the biggest challenges. After crop year 2018, a year marked by extreme drought, a normal year was expected. The weather conditions in 2019 again caused a disappointing harvest among our members. Avebe faced the challenge of achieving a good performance price with insufficient raw materials. Cost efficiency and responding well to market opportunities were the main focus points.

It is becoming increasingly likely that raw materials will not be available in sufficient quantities owing to the scarcity of agricultural land and climate change. Ensuring that the cooperative can also perform well with a disappointing potato harvest is one of the scenarios the board of directors has developed. The supervisory board considers these scenarios very important for the continuity of Avebe and for its ability to structurally offer its members a good potato price.

The corona crisis, which came unexpectedly and quickly, has demonstrated Avebe's agility. During this period, contact between the supervisory board and the board of directors was intensified. Avebe has shown that it is able to respond well to changes; the risk management system provided sufficient structure to keep the impact of this crisis manageable. Various forces came into play in adjacent markets and Avebe had to take a number of measures to protect the collective. Short-term opportunities can have a huge impact in the longer term.

Corona has affected everyone in the world, and everyone reacts to this in their own way. The employees of Avebe have shown that they are very loyal and committed to Avebe. Working from home and keeping to the established guidelines has ensured that Avebe has so far remained corona-free and that absenteeism was even lower than the same period last year.

With a performance price of 96.15 euro per ton, Avebe has again performed well. However, for the second year in a row the balance of our members is not high enough for everyone: the reduced yield has not been compensated with this price. The supervisory board considers it important that we continue to work hard to keep potato growing an attractive option for our members.

THE ROAD TO MORE VALUE

The Binding and Building 2.0 strategy is intended to ensure through various programmes that the balances of our members increase and that the environmental impact of our activities is reduced.

A lot of hard work is being done on the various strategic programmes. The investment in DUCAM is a good example in which various goals are taking shape. The supervisory board has also approved investments to expand the production of high-quality proteins. Plant-based food is an attractive market that Avebe can serve better and better. We are greatly encouraged by the innovative strength that Avebe has developed. Making use of this strength and combining it with the existing knowledge contributes more and more to the result.



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Last year we frequently looked at how further growth could be financed. This was regularly discussed with the supervisory board, but also with the members' council. Keeping the solvency in balance, while still being able to invest sufficiently, calls for a realistic approach. Staying focused on risk management and costs is important to avoid stumbling when trying to move quickly ahead. The supervisory board considers it important that Avebe is and remains a solvent company.

SUSTAINABILITY SEEKS DIRECTION

Sustainability is a license to operate. We see that political demands are increasing in a playing field in which more and more people are exerting influence on how agriculture should be made more sustainable. The Green Deal alone has a huge impact. Avebe's activities cover the entire chain of starch potatoes, and this offers enormous opportunities.

We see that the strategic programmes for making growing operations more sustainable and reducing waste are falling behind. As a cooperative, Avebe does not aim to play the entrepreneur, but the supervisory board does consider it important that Avebe plays a leading role for its members and draws up a plan in the coming period in which Avebe can give direction to its members and other stakeholders.

OUR ROLE

We as the supervisory board supervise the policy of the board of directors: both the policy within the company and the policy within the cooperative. We also provide the board of directors with advice. These tasks take into account the interests of all internal and external stakeholders. There are many formal tasks, but ultimately the most important role of the supervisory board is to act as sounding board for the board of directors. As well as its supervisory task, the supervisory board acts as the employer of the board of directors. In this role, we hold annual performance interviews with the members of the board of directors.

The supervisory board has a number of committees to fulfil its various duties. These committees examine the content of various subjects and give advice to the supervisory board as a whole.

The audit committee considers aspects such as the financial reporting and the audit components for the auditor in the financial statements, e.g. checking that the performance price has been established correctly. This committee also looks at the risks that Avebe is exposed to and what Avebe is doing to recognise and manage them. Avebe has paid a great deal of attention to risks over the past few years. We saw this reflected in how the cooperative dealt with the corona crisis. A sound approach ensures that the effects of the crisis are minimised.

The appeals committee assesses appeals submitted by its members. In view of the increasing number of appeal cases resulting from drought and market price developments, the decision systems used at Avebe for the imposition of penalties has been examined. The supervisory board considers it extremely important to ensure that fines are imposed objectively.

The supervisory board's duties as an employer are prepared by the selection, remuneration and appointments committee. One of the tasks of this committee is to discuss the terms of employment for the board of directors and to select members for nomination to the members' council. During the past financial year, efforts were made to nominate an additional member of the supervisory board for the members' council during the general members' council in July. This additional appointment was in anticipation of Kasper de Graaf stepping down at the end of 2020. However, the corona crisis prevented the procedure from being completed as desired. The nomination has therefore been postponed until the annual meeting in December 2020.



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RESULT

The supervisory board has reviewed the financial statements for 2019/2020 and has received an explanation of the figures from the auditor. The supervisory board is of the opinion that the financial statements are complete and of sufficient quality.

	Audit Committee	Appeals Committee	SRB Committee
Marijke Folkers			(chair)
Dirk Kloosterboer			
Hans-Wilhelm Giere			
Magda Veenendaal			
Johan Emmens		(chair)	
Robert Smith	(chair)		
Peter Poortinga			
Martin Möllering			
Kasper de Graaf			

The supervisory board supports the board of directors in the decisions it has taken in the past year. The supervisory board approves the board of directors's proposal regarding the appropriation of the result.

The members' council is requested to:

- Adopt the financial statements for about 2019/2020.
- Approve the result appropriation for 2019/2020.
- Grant discharge to the board of directors for the policy it has conducted.
- Discharge the supervisory board from liability in respect of its supervision.

MOVING FORWARD TOGETHER

Economic and ecological efficiency are important to everyone who is directly involved with Avebe. However, we see that the corona pandemic and increasing political pressure are weighing down on everyone as individuals. That is why it is important to stay connected to each other. We have taken many steps together in the past year, not all of which can please everyone. Some developments are too slow for some and in the wrong direction or too fast for others. Despite that we can all agree that there are enormous opportunities to move forward together within the entire chain in which Avebe operates. Let us seize them together!

Marijke Folkers-in 't Hout

Chair of the supervisory board



REPORT

OF THE BOARD OF DIRECTORS



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In financial year 2019/2020 Avebe achieved a performance price of 96.15 euro per tonne. This is comparable to the previous year (96.63 euro). We concluded the financial year with a cooperative profit of 8.7 million euro.

The financial year was strongly influenced by two important developments: the second consecutive year of extreme drought in the summer resulting in another very poor harvest, and the outbreak of the corona pandemic in March 2020.

Two consecutive bad harvest years: that is not something we see often. The corona crisis caused a major shift between sales via retail and via food service. Many products marketed by Avebe are used in convenience food and it was precisely these products that were in great demand. On the other hand, Avebe also sells to food service customers, especially in Asia. Here, there was a fall in demand. The campaign price was 76.50 euro a tonne (80 euro a ton in the previous year).

The dollar exchange rate was favourable for most of the year, but by the end of the financial year it had clearly deteriorated. Once again we managed to keep costs well under control, for example by not filling vacancies for the time being due to the uncertain circumstances.

2019 HARVEST

The acreage was stable in this financial year. The drought in combination with the very high temperatures meant that we had

substantially less raw material available. The final harvested volume did however exceed the level of 2018. The quality of the potatoes was generally good, with the starch percentage slightly below the multiannual average of 19%.

The potato starch factories in Germany and in Ter Apelkanaal had a short campaign. The factory in Gasselternijveen produced until the first week of May in order to obtain as much potato protein as possible that we sell under the Solanic brand.

When corona broke out in March in Europe and the Netherlands, the various governments instituted lockdowns. By far and away the worst impact on the consumer foodservice industry. The demand for French fry potatoes collapsed. Avebe was unable to process any extra potatoes so late in the campaign. On the one hand this was because of the short response time and, on the other, because a lot of extra starch would disrupt the market. This would have had a negative impact on the performance price for our members. We discussed our approach intensively with our (members' council) members and agreed on the best approach to take. Because this approach works out differently for the various members, we have decided to reduce the full volume that gives entitlement to a premium by 10%. It is expected that the developments surrounding French fries potatoes will continue to affect pricing in that segment in the years to come.



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MARKET

The scarcity caused by lower harvests in many European countries led to relatively higher prices, especially for native starch. Nevertheless, we were able to provide our strategic customers - the ones that determine our future - with sufficient products.

The demand for food protein is increasing. The market for meat substitutes is growing rapidly and our protein is also increasingly being used in other markets as a substitute for animal ingredients, such as dairy and plant-based gelatine substitutes. Combined applications of our starch and protein are also successful. This is how our most important products reinforce each other.

The corona crisis created a difficult situation regarding transport to customers in Asia and North America. In the end, we were able to deliver all the orders, albeit sometimes with some delays. Our ultimate aim is to be a reliable supplier for our customers, even in these exceptional circumstances.

PRODUCTION

A few years ago we implemented the World Class Operations Management (WCOM) programme. Continuous improvement in combination with leadership focused on change is central to this. We are making good progress here.

During the financial year, corona had a significant impact on the production environment. Working at a distance of one and a half metres from each other calls for a lot of discipline. There was less room to organise education and training. A positive side effect was the full focus on the quality and output of the production, which resulted in a higher production volume.

Once again there were fewer complaints from customers, and the focus on this over the years has clearly yielded results.

In terms of safety, we did not meet our target. It remains important to bring working safely to the attention of our employees and third parties who work at our locations.

INVESTMENTS

Total investments were below budget and amounted to approximately 40 million euros. This was not due to planned savings. There have been delays in some projects, partly due to corona. We have accepted this delay because we do not want to make any concessions to the quality of the investments.

The DUCAM plant in Ter Apelkanaal has been taken into operation. The most important investments started this year concern the construction of a new protein extraction plant at our factory in Dallmin (Germany), the expansion of the production capacity for special paper products in Foxhol and the modification of the energy supply in Gasselternijveen. The latter is necessary in order to expand capacity for the production of food protein. At the end of the financial year, approval was given for a major expansion of this capacity, the most important investment for the financial year 2020/2021.

All in all, the amount that we want to invest in the coming years will increase significantly. Even more reason to continue to vigorously stimulate the rise in the performance price in the coming years. The investments for the coming years will be financed on the one hand by the operating cash flows and on the other through the refinancing with the banks which was effected on 16 September 2020. With a solvency of 41.9% on 31 July 2020, Avebe has a healthy balance sheet.



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ROYAL

Avebe celebrated its centenary during the financial year. A year of celebratory activities to mark 100 years of Avebe! The connection between our members and employees was central to all the activities. There was a starch potato day, an anniversary festival, a sponsored bicycle ride for the Make a Wish foundation, and an anniversary book was published. At the closing centenary symposium, Avebe was awarded the Royal Warrant.

STRATEGY

Avebe's strategy is based on a stable volume of raw material. By subsequently investing in sustainability and innovation, the added value increases significantly. That ensures that the performance price can rise further and our members can generate more income. We made good progress on this ambition during the financial year.

When it comes to sustainability we have a multifarious task. It starts with committed employees who are encouraged by Avebe to stay motivated both now and in the future. Sustainability is of course also about our climate ambitions. Naturally, our aim is to reduce the carbon emissions of our production companies in such a way that we can meet the targets for industry in the Netherlands. The emphasis here is on reducing energy consumption by making potato juice suitable for use as process water by means of filtration in all potato starch factories, so that we need to condense much less. We are also investing in new drying techniques requiring less energy consumption.

By focusing on the development of ingredients for meat substitutes, we can make a major contribution to improve the ecological footprint of our customers in the chain. Although this contribution of Avebe is not included in the calculation of our footprint in the Netherlands,

we believe it is very important to make a significant contribution to the chain. We also want to significantly reduce our residual flows. The concept of recycling takes the lead in this respect.

We have set concrete sustainability goals for market-led sustainable potato cultivation. And we intend to firm them up even more in due course. An intensive and complex social debate is taking place in the Netherlands and Germany about the future of agriculture in our country. Regarding the cultivation of starch potatoes, this discussion mainly concerns limiting crop protection agents, improving soil health, the efficient use of water and reducing carbon emissions.

By taking major steps, we can make the chain much more sustainable, with many measures also reducing costs. We ensure the cultivation of a good and sustainable future by having a constructive discussion that leads to concrete steps.

Our breeding company Averis, which is engaged in the development of new potato varieties that have better disease resistance, require less nitrogen fertilization and achieve a better yield per hectare, is of great importance.

In summary, we can look back on a year with a much lower volume of potatoes and many complications due to corona. The fact that we were nevertheless able to maintain the performance price proves that Avebe can cope well with strongly fluctuating external circumstances. In this sense, our growers and employees deserve a big compliment. We strongly believe in the principles of our cooperative: it is only through cooperation that we get where we want to be.



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RISKS AND UNCERTAINTIES

Pursuing the cooperative's objectives and implementing the business activities involves certain risks. Avebe sets out to identify these risks timely, analyse them and manage and/or financially cover them effectively and efficiently. In this way we are better able to embed, monitor and implement the strategy within the organisation.

Risk management at Avebe is the responsibility of the Manager Internal Audit, who is accountable to the CFO. The risk specialist, who is responsible for driving the risk management process, facilitating risk sessions and providing the reports, works in the Internal Audit department and reports to the Internal Audit. Risk management is carried out along three pillars: strategy, projects and process/compliance. Periodic reports are submitted to the board and the audit committee. That way, the audit committee and - ultimately - the supervisory board are kept informed about risk management.

This section outlines the main risks and the accompanying control measures identified in the risk management process. This selection was made on the basis of estimates of the probability that the risk will manifest itself and the possible impact if it does.





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STRATEGIC RISKS

Risk	causes and effects	control measures
<p>Not achieving strategic objectives (raising the performance price, growth in <i>good food</i>, sustainable agriculture and improvement ecological footprint)</p>	<ul style="list-style-type: none"> • Extreme weather conditions (drought or rainfall) and soil diseases that are difficult to control can lead to a considerable reduction in the supply of starch potatoes. • Legislation and regulations in relation to the use of crop protection products are becoming increasingly stringent. • Insufficient funding for the necessary investments can lead to not meeting our targets. • Because the market is extremely dynamic, the translation of investments into relevant and well-timed products has to be extremely precise. • Sustainability requires sufficient awareness. Without that, there is no urgency and investments are placed under pressure. <p>This could lead to the failure to (timely) achieve one of the strategic objectives, reputation damage, loss of turnover, customers, members, suppliers and employees.</p>	<ul style="list-style-type: none"> • We have drawn up a management plan based on scenario analyses (such as what to do in case of extreme drought or excessive rainfall). • Optimisation of the crop yield per hectare. • (Further) development of new resistant starch potato varieties. • Putting the customer first and striving for optimal customer satisfaction. • Focus on the quality of our project management in order to complete projects on time, within budget and in accordance with quality requirements. • Innovation policy based on market needs and the right balance between short and long term innovation. • Implementation of measures through transparent project management with measurable KPIs. • Monitoring of the effect of our implementation strategy by an internal strategic agency. • Since 2019, the Sustainability department has been set up to raise awareness of sustainability. • Sustainability is translated into clear KPI's and monitoring is part of the planning & control cycle. Sustainability is embedded in our policies for operations, investments, etc.

TACTICAL RISKS

Risk	causes and effects	control measures
<p>Pandemic</p>	<ul style="list-style-type: none"> • A pandemic in a general sense. • A second wave of infection by COVID-19. <p>This could lead to infections among staff, downtime in production processes and delayed investment projects. It can also have an effect on the continuity of deliveries to our customers and loss of turnover.</p> <p><i>With regard to the effects, it should be borne in mind that Avebe is considered a vital business as it supplies to the food industry.</i></p>	<ul style="list-style-type: none"> • Crisis management organisation. • This crisis management organisation has a cross-functional task force that monitors the effects and makes adjustments where necessary. • Concrete management plans have been drawn up on the basis of scenario analyses (both worst-case scenarios and most likely scenarios).



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TACTICAL RISKS

Risk	causes and effects	control measures
Cyber security risk	<ul style="list-style-type: none"> • High level of automation in the primary business processes. • Insufficient security in software, hardware and networks can lead to security risks. • Insufficient awareness of cyber security risks among employees. <p>This can lead to hacked systems, downtime in production processes, theft of crucial data, reputational damage, loss of market lead and financial damage.</p>	<ul style="list-style-type: none"> • We have drawn up and implemented an IT security and privacy policy and appointed an IT Security Officer. • Timely updating of software and hardware. • We have reinforced our firewalls. • Raising awareness among staff by actively raising their awareness of online risks. • We check for non-compliant behaviour • We perform external security checks and penetration tests. • Only authorised employees have access to the server rooms.
Failure of data centre/IT systems	<ul style="list-style-type: none"> • A disaster at the location of our data centre, for example due to a power failure, explosion or flooding. • A facility in the data centre that fails due to technical or process causes. <p>This can lead to the full or partial failure of operational production, networks at office locations and network connections to foreign locations.</p>	<ul style="list-style-type: none"> • We have installed fire and extinguishing facilities. • We have set up a backup power supply. • We have extra systems in the data centre to cope with system failure (redundancy). • We carry out efficient maintenance of the data centre. • We make backups of office data at a location other than the data centre. • We have drawn up a disaster recovery plan. • Only authorised employees have access to the server rooms.
Increase in the number of employees who are not sufficiently able to do their work for Avebe	<ul style="list-style-type: none"> • Changing working conditions through new processes, technology or organisational structure. • Staff sickness, partly due to the ageing of the workforce. • Lack of clarity among employees because the performance targets are not sufficiently concrete. • Performance interviews that are not held on time. • Insufficient information/insight for managers to steer on the competences and training wishes of employees. <p>This can lead to lower productivity, more production errors and limited insight into training requirements and wishes. Insufficient alignment of the training of employees to the needs of the organisation leads to incorrect strategic staff planning.</p>	<ul style="list-style-type: none"> • Interventions by company social work. • We offer our employees a PME (Periodic Medical Examination). • We use the TTC methodology (Time Task Competency) to gain an insight into the cause of absenteeism or inadequate performance. • We set up strategic staff planning and use it as a means of control. • At the production sites, we use an employability matrix to determine workplace suitability. • We use a digital learning platform (LMS) for training and education. • We will closely monitor the interview cycles with employees. • Talent management has been given a prominent place since the recent organisational change in the HR department.



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OPERATIONAL RISKS

Risk	causes and effects	control measures
Personal safety	<ul style="list-style-type: none"> Open production processes: e.g. maintenance/cleaning of washing drums and vacuum dryers. Risk assessment is not up-to-date which creates possible causes for injuries Changes to procedures are not always correctly implemented Risk culture with regard to hazardous chemicals and machinery is low. <p>This can lead to personal accidents, sanctions by the Labour Inspectorate (and related reputational damage), business interruption or (civil) lawsuits.</p>	<ul style="list-style-type: none"> An emergency response organisation has been set up for each location. Avebe has installed safety zoning at the production sites and introduced procedures for personal protective equipment and periodic safety rounds. We run a safety awareness programme. Contractors and suppliers receive safety instructions. Unsafe situations are reported and followed up in Primecase. We carry out safety studies in the form of HAZOP studies and Risk Inventories and Evaluations (RI&Es). We provide Explosion Safety Documents (EVDs).
Contamination of products (within production process or storage)	<ul style="list-style-type: none"> Insufficient food safety in the production of our products If the security of external silos fails, criminals can gain access. Terrorists or criminals who contaminate or poison our products ('food fraud'). <p>Contamination leads to loss of value of Avebe products and reputational damage. In the worst case, it can lead to the processing of contaminated Avebe product with all the (health) risks involved and the recall of products.</p>	<ul style="list-style-type: none"> Avebe is AEO and FSSC22000 (food safety) certified through internal and external audits. We invest in measures that guarantee food safety. Periodically updating the food fraud risk assessment. We have set up several standard procedures (e.g. for recalls and complaint handling).

FINANCIAL RISKS

Risk	causes and effects	control measures
Financial risks¹	<ul style="list-style-type: none"> Variable interest rate on the credit facility. Investments in and loans to foreign group companies. Foreign currency purchases and sales. Credit risk on outstanding receivables. <p>This concerns all causes from the regular operations of Avebe and can lead to financial risks.</p>	<ul style="list-style-type: none"> We use Interest Rate Swaps (IRS) in order to convert the interest on short-term debts into a fixed interest rate. We use forward exchange contracts and currency call options to hedge the company's risks involving the buying and selling of foreign currency. Taking out credit insurance to reduce the credit risk on sales. Intensive monitoring of the requirements of the bank agreement related to external financing.

¹See pages 82 and 83 of this report for a detailed explanation of the financial risks.



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COMPLIANCE RISKS

Risk	causes and effects	control measures
Avebe works with foreign agents	<ul style="list-style-type: none"> In countries without their own sales organisation, Avebe engages foreign agents. <p>This can lead to higher risks of corruption as the agent's activities fall outside the direct (internal) management environment of Avebe.</p>	<ul style="list-style-type: none"> Contracts with agents are drawn up on the basis of a fixed standard, including a 'right to audit'. We conduct background checks for both new and existing agents. The commissions received by foreign agents for their work are consistent with the activities carried out by the agent. Our foreign agents must comply with our anti-corruption policy.
Fraud and corruption	<ul style="list-style-type: none"> There is a risk of theft of resources and knowledge of the organisation (such as tools, copper, patents and competition-sensitive product information). Reporting fraud Fraud relating to products within the food industry ('food fraud'). <p>This can lead to various consequences such as financial damage and reputational damage.</p>	<ul style="list-style-type: none"> We share all codes with employees (Corporate Governance - Code, Whistleblower Procedure, Internal Code of Conduct and Competition Manual). We organise workshops for external employees. We have drawn up and implemented an IT security and privacy policy and appointed an IT Security Officer. Segregation of duties in processes, we explicitly separate the management positions from the decision-making positions. We periodically update our fraud risk analysis and related control measures are tested by means of internal audits.
Non-compliance with laws and regulations	<ul style="list-style-type: none"> "Besluit Risico Zware Ongevallen (BRZO)"/Seveso: failure to comply with the requirements set out in the Decree. ATEX (dust explosion): <ul style="list-style-type: none"> Backlog in necessary ATEX changes; No ATEX based design/materials/ tools in change maintenance. <p>This could lead to temporary loss of the Licence to Operate at the production sites.</p>	<ul style="list-style-type: none"> We have implemented a safety management system at our production sites that meets the requirements of BRZO/Seveso. Periodic internal and external audits are carried out on the safety management system. We provide Explosion Safety Documents (EVDs). We increase ATEX awareness by training our employees. Reduced dust formation is a constant focus of attention during maintenance and adjustment of the production process. Cleaning procedures and safety inspection rounds.
Changing legislation and regulations	<ul style="list-style-type: none"> The processing of potatoes results in a number of waste streams. The potato waste stream that Avebe provides to farmers to use as manure for their land no longer meets the permit requirements and the applicable laws and regulations. <p>This could increase the costs for processing and, in extreme cases, may result in loss of the Licence to Operate.</p>	<ul style="list-style-type: none"> We focus on bringing all critical problems and changes in legislation and regulations to the attention of the authorities in a timely manner and making agreements with them on the permit conditions over time. Agro account management will, in cooperation with the farmers, draw up an optimal planning for the potato waste stream (supply/delivery).



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FORECAST

For a cooperative like Avebe much depends on the weather. The year's harvest was preceded by late night frost in May, drought in May and June, a wet July month, a long heat wave and another drought in early August. At the time of writing this report it is therefore not yet clear how this will affect the 2020 harvest. The volume appears to be somewhat higher than in the last two years, but is likely to be below the long-term average. In the coming year, too, we will once again find the right solutions through good internal cooperation and in close consultation with our customers.

More and more innovative starch derivatives and the larger available quantity of food protein which reduces dependence on more generic products makes Avebe more resilient and less sensitive to price fluctuations in the market.

We continue to respond to the trend towards more high-quality, plant-based food and can make a major contribution to this. We also focus sharply on clean label products, which are made without the use of chemicals and therefore meet the wish of our customers to significantly reduce the number of E-numbers in their products.

Sustainability remains central to all that we do. We consistently implement the projects designed to reduce the footprint of our production process. We will be paying more attention to what our members can contribute to a more sustainable crop. Avebe plays a guiding role in this. This will regularly lead to intensive discussions about what should and should not be done, but we are convinced that now is the time to act.





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We will invest more in the development of new potato varieties based on the most modern breeding techniques.

A starch potato is a natural product and its cultivation is partly dependent on weather conditions. Worse and better harvests will alternate. Ultimately, it is about optimising the income we can offer our members, both in absolute terms and in comparison with alternative crops. Increasing costs of cultivation must be taken into account.

In the past financial year, the impact of the corona virus on our business operations was minimal. How the virus will develop in fiscal year 2020/2021 and what its effects will be remains uncertain. We do not expect any irregularities in our business operations and are committed to the health of our employees.

Our strategic objective - to increase the performance price - has been adjusted from 95 to 100 euro per tonne under normal conditions in 2024. To achieve this, we are increasing our investment budget to 60 million euro over five years, at least half of which is earmarked for sustainable innovation.

A gradual increase in the performance price is also possible in the longer term. Avebe has considerable innovative potential in every way. Combined with the commitment and adaptability of our employees, we are confident that we can continue to achieve our objectives in the short and longer term.

The road ahead is likely to be bumpy. After all, innovation is a process in which certainties are exchanged for uncertainties. That is never easy, but is badly needed. Achieving growth in turnover by sustainably increasing added value through highly employable and committed employees is the path we intend to confidently follow.

For the board of directors

B.C. Jansen

R.P.F. van Laerhoven



ORGANISATIONAL STRUCTURE



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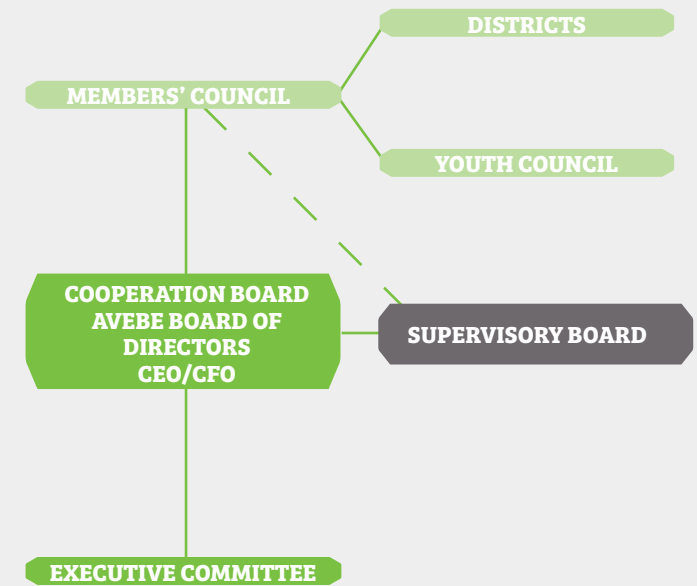
MEMBERS' COUNCIL

As a cooperative of starch potato growers, the members' council forms the highest body in Avebe. The members have a right of say on important subjects such as the appointment of members of the supervisory board, the adoption of the financial statements and decisions on subjects laid down in the articles of association. The members' council also serves as a sounding board for the board of directors. The members' council is composed of members elected by district. The members' council also has a youth council. The Youth Council is a breeding ground for administrative talent within the cooperative. The members of this council represent the prospective and young members.

SAFEGUARDING BINDING AND BUILDING 2.0

Fifteen programmes have been set up to give substance to the strategic objectives. Several teams, led by the Strategic Business Owners and programme managers, have been tasked with carrying out these programmes. They roll out concrete projects and report progress to the executive committee. Peter-Erik Ywema, director of Sustainability, monitors the progress of the sustainability objectives and reports to the CEO. The executive committee is ultimately responsible for the entire strategy and therefore for making Avebe more sustainable.

Cooperative governance model



MEMBERS
 NON-MEMBERS
 MEMBERS AND NON-MEMBERS



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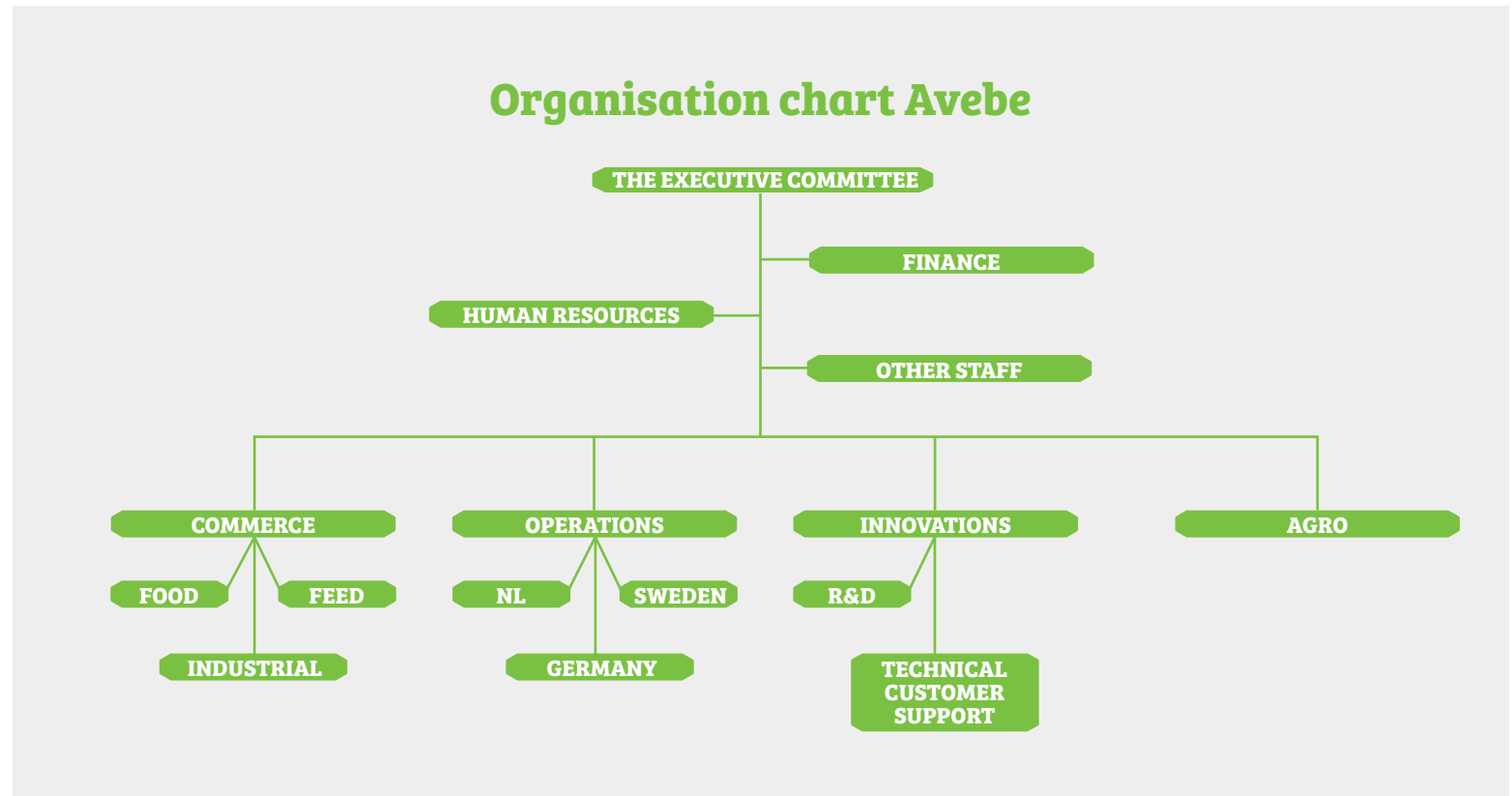
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CORPORATE GOVERNANCE

The cooperative is known as a transparent and democratic form of enterprise with a long-term strategy. That is why Avebe applies principles and best practices as included in the Governance Code of the National Cooperative Council. This is how we increase the transparency and quality of the management and supervision of our cooperative.

More information about the organisational structure, the standards of conduct we operate regarding our stakeholders and our values and business principles can be found in the Integrity Package. Avebe also operates a whistleblower policy. This was not used in 2019/2020.





COOPERATIVE BOARD AND EXECUTIVE COMMITTEE



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The (co-operative) board, consisting of Bert Jansen (chairman and also CEO) and Rob van Laerhoven (member and also CFO), represents the cooperative and implements the decisions of the members' meeting (members' council) and the supervisory board. The board, together with the directors of HR, Agro, Commerce, Innovations and Operations, form the executive committee. The executive committee is responsible for safeguarding the strategy and the tactical and operational aspects of the policy.



B.C. Jansen, 1959
chairman and CEO
*appointment confirmed on
1 September 2008. Focus areas:
Operations, Commerce, Agro,
Innovations, HR, Communication,
Sustainability and Public Affairs*



N.D. Buijs, 1967
Acting Global HR Director*



M.T. Puttman, 1963
Managing Director Commerce



M.E. Tettelaar, 1959
Managing Director Operations



R.P.F. van Laerhoven, 1967
CFO
*appointment confirmed on 1 August
2017. Focus areas: Finance, ICT,
Corporate & Legal Affairs, Energy
Efficiency and Auditing*



J.L. de Rooij, 1967
Agro Director



G. ten Bolscher, 1968
Managing Director Innovations

*as at 1 November 2019 J.M. Niessen until 1 May 2020



SUPERVISORY BOARD



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The supervisory board of Avebe consists of nine members, five of whom are members of the cooperative. The supervisory board oversees the management and pursuance of the strategy, the policy of the cooperative and its subsidiaries. It is also responsible for the remuneration and appointment of board members (as the board's employer) and approving financial statements and the budgets. The supervisory board members are appointed by the members' council and it elects a chairman from among its members. In addition to its formal role, the supervisory board also provides solicited and unsolicited advice on the strategy to be pursued and the cooperative's policy.



M. Folkers-in 't Hout, 1983
Chairperson¹
appointed in 2016



D. Kloosterboer, 1954
Vice-chair
appointed in 2018



K.A. de Graaf, 1967
appointed in 2008



R.P. Smith, 1960
appointed in 2018



H.W. Giere, 1959
Vice-chair
appointed in 2014



J. Emmens, 1969
appointed in 2015



M. Möllering, 1964
appointed in 2016



P. Poortinga, 1961
appointed in 2013



M. Veenendaal, 1956
appointed in 2012



L. van der Ree, 1975
Secretary
appointed in 2018

¹ appointed as chairperson on 1 November 2018.



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DISTRICT COUNCILS

NORTH

G.J. Laarman, chair¹
S. Wieringa, (vice) chair⁴
D.D. Bouwman
E.H. Emmens
H.J. Hoiting
A.H. Houwing, vice chair⁵
C. Kamphuis
K. de Jonge²
J. Smant
S.P. Spanninga
H.J. Takens

EAST

K. Bakker, chair
L. Tammes, vice-chair
H.G. Begeman
D.P.J.R. Beuling
P. Boonman
J. Deuring
H.W. Kaiser
J.R. Kunst
H. Migchels
J. Nieboer Jzn.²
A.G. de Vries¹

CENTRAL

J.R. Oosting, chair¹
J.A. Daling, chair⁴
R.H. Roosjen, vice-chair
A. de Boer
W. van Dalen ²
H. van der Horst
H. Houwing
R.H. Kunst
R. Otten
H.J. Prins
B.F.J.M. van der Sterren

SOUTH

H.G. Herbert, chair
J.H. Kersten, vice-chair
P.J. Evenhuis
M.J.H. Koopman
R. Kuper
W.H. Meijerink
D.J. Meinen
B. Michel
A.J. van Roekel
D. Woestenenk

KPW

D. Möller, chair
F. Schröder, vice-chair
C. Basedau
H. Dammann
M. Dralle
O. Glühe
H.G. Harms
B. Kaufmann
J. Meyer²
H. Saucke¹
S. Schwedt³

WESER-EMS

R. Bruns, chair¹
B. Specken, (vice) chair⁴
C. Kaiser, vice chair⁵
J. Kruse
G. Lehmkuhl
C. Möller
L. Pott²
R. van Werde

¹ stepped down as of 12 December 2019

² as of 13 December 2019

³ stepped down prematurely on 13 May 2020

YOUTH COUNCIL

NORTH

H. Kammer, chair
A. Groenwold
A. Vegter

EAST

B. Schuitema
R. Speelman
G.H. Sterenberg

CENTRAL

R. Buitter
J. Kunst
M. Wolf¹

SOUTH

E. Bakker
W. Katerberg²
J. Klumpers

KPW

M. Hennings
J. Keil
S. Riemer

WESER-EMS

M. Harren
M. Krüssel
M. Schulte

⁴ chair as of 13 December 2019

⁵ vice-chair as of 13 December 2019



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ALL AMOUNTS ARE GIVEN IN THOUSANDS OF EUROS UNLESS OTHERWISE STATED.



CONSOLIDATED BALANCE SHEET AS AT 31 JULY 2020



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ASSETS	31-7-2020	31-7-2019	Ref
Fixed Assets			
Intangible fixed assets	124	277	2
Tangible fixed assets			
Land and buildings	35,894	35,353	3
Plant and machinery	143,964	149,533	
Other fixed assets	19,326	9,336	
Assets under construction	40,940	40,951	
	240,124	235,173	
Financial fixed assets			
Other participating interests	151	151	4
Other loans	1,539	1,495	
	1,690	1,646	
Current assets			
Inventories			
Starch	41,315	35,149	5
Derivatives	82,476	73,295	
By-products	21,150	13,444	
Other products	26,800	27,658	
	171,741	149,546	
Receivables			
Trade receivables	68,554	79,279	6
Other receivables	7,192	6,263	
Prepayments and accrued income	127	156	
	75,873	85,698	
Cash at bank and in hand	865	1,036	7
Total assets	490,417	473,376	



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LIABILITIES

	31-7-2020	31-7-2019	Ref
Group equity			
Equity capital	205,493	203,689	8
	205,493	203,689	
Provisions			
Reorganisation	922	1,821	9
Deferred tax liabilities	66	137	
Pensions	1,486	1,470	
Others	10,432	9,734	
	12,906	13,162	
Current liabilities			
Amounts owed to credit institutions	162,644	153,747	10
Trade creditors	58,990	55,585	
Pension liabilities	5,974	4,278	
Taxes and social security	8,334	967	
Other amounts payable	25,842	31,119	11
Accruals and deferred income	10,234	10,829	
	272,018	256,525	
Total liabilities	490,417	473,376	



CONSOLIDATED STATEMENT OF OPERATING INCOME AND EXPENDITURE



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	2019/2020	2018/2019	Ref
Gross turnover	611,204	610,588	12
Direct selling expenses	40,567	36,321	
Net turnover	570,637	574,267	
Movement in stocks of finished goods	23,053	-13,398	
Capitalised production	1,769	1,319	
Other operating income	4,745	9,025	13
	29,567	-3,054	
Total operating income	600,204	571,213	
Raw materials and consumables	332,948	312,437	
Salaries	85,361	80,961	14
Social security charges	25,645	26,037	
Depreciation, amortization and impairment	34,311	34,118	15
Other operating expenses	108,208	106,245	
Total operating expenses	586,473	559,798	
Operating result	13,731	11,415	
Interest income and similar income	68	103	
Interest expenses	-3,758	-5,357	
Net finance expenses	-3,690	5,254	
Result on ordinary activities before taxation	10,041	6,161	
Income tax expense	-1,363	-937	16
Cooperative result after taxation	8,678	5,224	



CONSOLIDATED CASH FLOW STATEMENT



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		2019/2020	2018/2019	Ref
Cash flow from operational activities	Cooperative result after tax	8,678	5,224	
	Adjustments for: Depreciation and other devaluations	34,311	34,118	15
Movements in working capital	Changes in stocks	-22,195	7,214	5
	Movement in receivables	9,825	-2,401	6
	Movement in current liabilities	6,473	2,765	
		-5,897	7,578	
	Additions to provisions	2,307	2,702	
	Withdrawal from provisions	-2,549	-3,387	
	Movement in provisions	-242	-685	9
Gross operating cash flow		36,850	46,235	
Cash flow from investment activities	Investments in fixed assets	-39,057	-45,389	23 4
	Divestments in fixed assets	93	17	
	Other movements in fixed assets	-44	-418	
		-39,008	-45,790	
Net operational cash flow before financing activities		-2,158	445	
Cash flow from financing activities	Final payment to members	-3,174	-2,883	21
	Movements in loans to member-suppliers	-	-	
	Reimbursement of share premium	-1,522	-1,521	21
	Return on share premium	-436	-529	21
	Share premium received	2	64	
	Others	149	307	
		-4,982	-4,562	21
Net cash flow		-7,139	-4,117	
	Exchange rate and conversion differences	-1,929	-88	
Change in net debt		-9,068	-4,205	
Composition of the net debt				
	Net debt to banks on 1 August	152,711	148,506	
	Movement in net debt	9,068	4,205	
	Net debt to banks on 31 July	161,779	152,711	



NOTES GENERAL



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ACCOUNTING PRINCIPLES BASIC OBJECTIVE

OBJECTIVE

The objective of Coöperatie AVEBE U.A. is to meet the needs of its members in accordance with the contracts entered into with the enterprises they conduct or have conducted for that purpose. Avebe sets out to achieve this objective by processing raw products into starch and other derived products.

REGISTERED OFFICE, LEGAL FORM AND REGISTRATION NUMBER AT THE CHAMBER OF COMMERCE

Coöperatie AVEBE U.A. has its actual registered office at Prins Hendrikplein 20, 9641 GK in Veendam, the Netherlands and is registered with the trade register under number 02300804.

CONSOLIDATION PRINCIPLES

The consolidation includes the financial information of Coöperatie AVEBE U.A. together with its group companies and other legal entities over which it exercises control or which it centrally manages. Group companies are legal entities in which Coöperatie AVEBE U.A. can exert direct or indirect dominant control because it holds the majority of the voting rights or is able in any other way to control their financial and operational activities. This includes potential voting rights that can be directly exercised on the balance sheet date. The group companies and other legal entities over which Coöperatie AVEBE U.A. can exert dominant control or which it centrally manages are included in full (100%) in the consolidation. The share of third-parties in the equity

capital and the results are stated separately. Intercompany transactions, intercompany profits and mutual receivables and debts between group companies and other legal entities included in the consolidation are eliminated if the results are not achieved through transactions with third-parties outside of the group. Unrealised losses on intercompany transactions are also eliminated other than in cases where a special devaluation has taken place. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies. Reference is made to page 96 for a list of consolidated group companies .

CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. The net debt in the cash flow statement consists of debts to banks less the cash at bank and in hand. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. The return on the share premium and the repayment of share premium are included under cash flow from financing activities.

Transactions not resulting in inflow or outflow of cash, such as entering into a financial leasing agreement, are not recognised in the cash flow statement. Investments in fixed assets are based on the statement of changes in the fixed assets and not in cash flow form. This is due to the fact that amounts at supplier level cannot be traced back to investments or costs.



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FOREIGN CURRENCY

FUNCTIONAL CURRENCY

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are drawn up in euros; this is both the functional and the presentation currency of Coöperatie AVEBE U.A.

CONVERSION OF FOREIGN CURRENCY

Assets and liabilities denominated in foreign currency are translated at the rate of exchange prevailing at the balance sheet date. Income and expenses are translated at average exchange rates during the financial year. Exchange rate differences arising from the conversion are charged to or debited from the result. Assets and liabilities of foreign participating interests are converted at the rate on the balance sheet date; the items in the statement of operating income and expenditure are converted at the average exchange rate for the financial year.

Exchange rate differences related to converting the equity of foreign participating interests and loans to or debts of participating interests in the nature of equity are charged to the equity as a statutory reserve.

AFFILIATED PARTIES

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the Company are considered to be a related party. In addition, the board of directors of Avebe are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

VALUATION AND RESULT DETERMINATION PRINCIPLES

CHANGE OF ACCOUNTING POLICIES

There has been a change of accounting policies as a result of changes in reporting rules relating to the processing of costs of major maintenance (RJ 212). In previous financial years, if the underlying assets had not yet been fully written down, costs of major maintenance were recognised in the year in which they occurred. As from financial year 2019/2020, the costs of major maintenance are capitalised on the basis of the component approach and written down according to the applicable depreciation periods. The change of accounting policies has been processed prospectively and therefore has no impact on the comparative figures. The impact of the change of accounting policies on the result for the current financial year is nil.

COMPARISON WITH THE PREVIOUS YEAR

The valuation principles and method of determining the result are the same as those used in the previous year, with the exception of the changes in accounting policies as set out in the relevant sections.



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GENERAL

The financial statements are prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, income statement and the cash flow statement, references are made to the notes.

GOING CONCERN

The accounting policies used are based on the going concern assumption.

CORONA

Although the financial impact of the future developments of the coronavirus was not entirely clear at the time these financial statements were prepared, we are of the opinion that, based on the information currently available, given the measures taken in the meantime and the existing liquidity buffer, there is no impact on the going concern assumption used in the preparation of these financial statements.

ESTIMATES

In applying the principles and policies for preparing the financial statements, the executive committee of Coöperatie AVEBE U.A. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the true and fair view required under Book 2, article 362, paragraph 1,

the nature of these estimates and judgments, including assumptions related to the uncertainties, is disclosed in the notes to the relevant financial statement items.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are valued at their acquisition price, less depreciation. Account is taken of impairments, which are entered if the book value of the asset (or the cash-flow generating unit to which the asset belongs) is higher than its realisable value. With regard to the determination as to whether an intangible fixed asset is subject to an impairment, please refer to the section "Impairment of fixed assets".

Research and Development expenditure

Expenditure on research into new products and new production techniques is accounted for as costs. Development expenditure is only capitalised if it is incontrovertibly demonstrated that an identifiable asset has been created that will yield a future economic benefit for Coöperatie AVEBE U.A.

Goodwill

Goodwill resulting from acquisitions is capitalised at the acquisition price and amortised on a straight-line basis over the estimated economic life.

Goodwill is calculated as the difference between the acquisition price and the share in the value of the equity capital according to the valuation principles operated by Coöperatie AVEBE U.A., taking into account market value, reorganisation costs and corresponding taxation. Internally created goodwill is not valued by Coöperatie AVEBE U.A.



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Software

Software is valued at the acquisition price less depreciation based on the anticipated useful economic life. Software is depreciated over a period of five years.

TANGIBLE FIXED ASSETS

Tangible fixed assets are valued at the acquisition price plus accompanying depreciation or manufacturing price, less depreciation. No amortization is applied to land. Government subsidies granted for investments are deducted from the acquisition price. Annual straight-line depreciation is based on the estimated useful life of buildings, which is twenty-five years for buildings and ten years for plant and machinery. The other fixed assets are amortized over five years or less, depending on the type of asset.

Major maintenance costs on assets that have been fully depreciated is capitalised and depreciated according to the depreciation period for the type of asset in question, provided that this extends the life cycle.

Impairment losses expected on the balance sheet date are taken into account. To establish whether there is any impairment on tangible fixed assets, reference is made to the section on impairments.

FINANCIAL FIXED ASSETS

Participations (associates), over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence. The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied. If the valuation of

an associate based on the net asset value is negative, it will be stated at nil. If and insofar as Coöperatie AVEBE U.A. can be held fully or partially liable for the debts of the associate or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value. Other receivables presented under financial assets include issued loans and other receivables as well as purchased loans that will be held to their maturity date. These receivables are initially measured at fair value and subsequently carried at amortised cost. If loans are issued at a discount or premium, the discount or premium is recognised through profit or loss over the maturities of the loans using the effective interest method. Also transaction costs are included in the initial valuation and recognised through profit or loss as part of the effective interest method. Impairment losses are deducted from amortised cost and expensed in the income statement.

IMPAIRMENT OF FIXED ASSETS

Coöperatie AVEBE U.A. ascertains on each balance sheet date whether there are indications that an asset could be subject to a special downward value adjustment. If such indications are present, the realisable value of the asset is established. If it proves impossible to ascertain the realisable value of the individual asset, the realisable value of the cash flow generating entity to which the asset belongs is ascertained instead. A special downward valuation is applied if the book value of an asset is higher than its realisable value; the realisable value is the higher of the sale value and the going-concern value. The sale value is calculated with the aid of the active market. In cases where there is a lack of clarity about market data and/or future cash flows, the book value of assets is set at zero.



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A special downward valuation loss is charged directly as a loss to the statement of operating income and expenditure. If it is established that impairments shown in the past no longer exist or have decreased, the increased book value of the asset in question is not set higher than the book value that would have been calculated if no impairment had been shown for the asset.

In determining the value in use, an estimate is made of the future net cash flows from the continued use of the asset/cash-generating unit; these cash flows are then discounted to their present value using a discount rate. The discount rate does not reflect risks that have already been taken into account in the future cash flows.

For financial instruments the company carries out an assessment on each balance sheet date to establish whether there are any objective indications for impairments on a financial asset or a group of financial assets. If there are objective indications of impairments the company determines the extent of the loss based on the impairments and immediately incorporates this in the statement of operating income and expenditure.

INVENTORIES

Raw materials and consumables are valued at their acquisition price as calculated on a 'first-in, first-out' basis, less a provision for obsolescence or, if applicable, at their lower realisable value. Starch, derivatives and by-products are valued at cost price, if necessary less a provision for obsolescence or, if applicable, at a lower net realisable value. The realisable value is the estimated selling price less the directly attributable selling costs. The portion for potatoes included in the integral cost price is the approximate cost price based on the long-term average purchase price of central wheat for which Coöperatie AVEBE U.A. has made estimates for the average production per hectare and the

variable costs. The fixed-cost mark-up incorporated in the cost price is based on a standard production level for each financial year.

RECEIVABLES

Receivables are valued at the fair value of the consideration upon being processed for the first time. Receivables are valued at the amortised cost price after being processed for the first time. If the receivable is deferred on the basis of an agreed extended payment term, the fair value is based on the cash value of the anticipated receipts and interest income is written to the statement of operating income and expenditure on the basis of the effective interest rate. Provisions for bad debt are deducted from the book value of the receivable. Other securities shown under the receivables are valued at their fair value.

CASH AT BANK AND IN HAND

Cash at bank and in hand consists of cash, bank credits and deposits with a term of less than twelve months. Current accounts at banks are shown under debts to banks under current liabilities. Cash at banks and in hand is carried at nominal value.

STATUTORY RESERVE

The statutory reserve relates to unrealized exchange results on net investments in foreign group companies and issued loans, as well as exchange results on forward exchange contracts concluded to hedge the exchange risk on the aforementioned investments and loans.

PROVISIONS

General

Provisions are formed for legally enforceable or actual commitments existing on the balance sheet date for which it is likely that an outflow of resources will be required and the level of which can be reliably



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estimated. The provisions are valued at the best estimate of the amounts needed to settle the commitments on the balance sheet date. In the absence of statement to the contrary, the provisions are valued at the nominal value of the expenditure that will probably be required to meet the commitments.

Restructuring

The restructuring provision relates to the estimated costs of restructuring plans incurred before the end of the financial year concerning certain sections of the organisation, which have been communicated before the financial statements were drawn up. In addition, this relates to employees with whom agreements are being or have been made at individual level.

Deferred tax

Deferred tax positions are calculated on the basis of the difference between the fiscal valuation of the assets and liabilities and the commercial book value at the end of the financial year at the applicable tax rates. Deferred tax assets and liabilities can be set off within the same fiscal unit. Deferred tax assets are included if it is likely that future profits will be available to compensate losses and set-off options. Deferred tax assets are shown under the financial fixed assets and deferred tax liabilities under the provisions.

Pensions

Dutch pension schemes are subject to the provisions of the Dutch Pensions Act and the compulsory, contractual or voluntary premiums are paid to pension funds and insurance companies by Coöperatie AVEBE U.A. The premiums are shown as personnel expenses as soon as they are payable. Prepaid premiums are shown as prepayments and accrued income if this leads to a refund or to a reduction in future payments. Premiums not yet paid are shown in the balance sheet as a

commitment. Coöperatie AVEBE U.A. has processed all pension schemes in accordance with the obligation approach. The premiums payable over the reporting year are included as a charge.

Changes to the pension provision are also processed in the statement of operating income and expenditure. The amount shown as the pension liability is the best estimate of the not yet financed amounts required to settle the relevant commitments on the balance sheet date. Pension schemes of foreign subsidiaries that are comparable with how the Dutch pension system is organised and operates are also processed according to the obligation approach. For foreign pension schemes that are not comparable a best estimate is made of the commitment on the balance sheet date, based on an actuarial valuation method generally accepted in the Netherlands.

Other

The other provisions pertain to the provision for anniversary bonuses, demolition costs and other liabilities and risks that are related to the operational activities. The anniversary provision is recognised at the present value of the expected benefits during the period of employment. The calculation of the provision takes into account, among other things, expected salary increases and the likelihood of staying. For discounting purposes, the market rate of 0.4% for high-grade corporate bonds was used as the discount rate.

The provision for demolition charges is based on the anticipated costs of the planned demolition of buildings and machinery during the next five years. The other provisions are formed for commitments and risks related to the business operations and are shown at their nominal value.

The provision for long-term illness is formed in respect of obligations existing on the balance sheet date to continue to pay salaries in the future to employees who, on the balance sheet date, are expected to be



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permanently or unable to perform work due to illness or incapacity for work. This provision also includes any severance payments due to these employees. The provision for long-term illness is recognised at the present value of the expected salary payments during the period of employment.

ACCRUALS

Liabilities are valued at the fair value upon being processed for the first time. Transaction charges that can be directly attributed to the acquisition of the accruals are included in the valuation upon being processed for the first time. After being initially processed accruals are valued at amortised cost price, which is the amount received taking account of share premium or discount and less transaction costs.

The difference between the book value determined and the ultimate repayment value is incorporated in the statement of operating income and expenditure as an interest charge based on the effective interest rate during the estimated term of the debts.

LEASING

Lease contracts in which a large proportion of the advantages and disadvantages of ownership are not borne by Coöperatie AVEBE U.A. are accounted for as operational lease. Commitments based on operational leasing are processed on a straight-line basis on the statement of operating income and expenditure over the term of the contract.

DETERMINATION OF RESULTS

General

The result is determined as the difference between the realisable value of the delivered goods or services and the costs and other expenses over the year. The proceeds of transactions are shown in the year in which they were realised.

Sale of goods

Proceeds from the sale of goods are entered as soon as all important rights and risks related to the ownership of the goods have been transferred to the buyer.

Net turnover

Net turnover is the proceeds of goods supplies less discounts, etc., freight charges and tax on sales, following the elimination of group transactions.

Operating result

The operating result consists of net sales, the costs of raw and auxiliary materials, salaries and wages, depreciation costs, the costs of outsourced work and other external costs.

Raw materials and consumables

This concerns the costs of raw materials and consumables of the sold products, or the costs of obtaining the sold products. The costs of raw materials and consumables are calculated on the basis of the FIFO (first-in, first-out) method. The amount shown under this item for the purchase of starch potatoes is based on the campaign price plus the premiums and plus or less the effect of the calculation of the potato component in the finished product. Reference is made to the inventories item on page 78 for the valuation principle.



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Salaries and wages

Wages, salaries and social security charges are shown in accordance with the employment conditions in the statement of operating income and expenditure to the extent that they are payable to employees respectively the tax authority.

Exchange rate differences

Exchange rate differences arising on settlement or conversion of monetary items are shown in the statement of operating income and expenditure in the period in which they arise unless hedge accounting is applied.

Depreciation on intangible and tangible fixed assets

Intangible fixed assets including goodwill and tangible fixed assets are amortised from the date they are available for use over the estimated future useful life of the asset. Land and investment property are not amortised. If there is a change in the estimate of the future useful life, the future depreciation is adjusted accordingly.

Book profits and losses from the incidental sale of property, plant and equipment are included in the depreciation expenses.

Interest income and expenses

Interest income and expenses are shown in proportion to time, taking account of the interest rate and the relevant assets and liabilities.

The transaction expenses and loans received are taken into account for the incorporation of interest charges.

TAX ENTITY

Coöperatie AVEBE U.A. forms a fiscal unity for corporation tax with its 100% Dutch participating interests. Under the standard conditions the company and its affiliated subsidiaries are jointly and severally liable for

the tax payable by the consortium and its incorporation within the tax entity. The parent company settles on the basis of the subsidiaries taxable results with due observance of the assignment of the benefits of the fiscal unity to the various group companies forming part of it.

INCOME TAX EXPENSE

Taxation on the operating result for each country is calculated over the result before taxation in the statement of operating income and expenditure, taking account of the losses from previous financial years that can be set off against tax (if not included in the deferred tax receivables) and exempted profit components, and following the addition of non-deductible costs. Account is also taken of changes to the deferred tax receivables and deferred tax liabilities resulting from changes to the tax rate being operated. Tax adjustments are processed within the fiscal unity in Coöperatie AVEBE U.A.

RESULT FROM PARTICIPATING INTERESTS

The result is the amount by which the book value of the participation has changed since the previous annual accounts as a result of the result achieved by the participation, insofar as this is attributable to Coöperatie AVEBE U.A.

GOVERNMENT SUBSIDIES

Subsidies on investments in tangible fixed assets are deducted from the relevant asset and included as part of the depreciation in the statement of operating income and expenditure.

FINANCIAL INSTRUMENTS

The treasury activities, including currency and interest management as well as the financing of the group and its operating companies, are centrally coordinated from the Netherlands. The policy approved by the board of directors is aimed at hedging currency positions related to buying and selling in foreign currency.



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Currency call options and currency forwards contracts are used as hedging instruments. It is not permitted to adopt speculative positions. Derivative financial instruments (forward exchange transactions, currency call options and interest rate swaps) are concluded exclusively from financial institutions that issue credit to Coöperatie AVEBE U.A. Derivatives are initially recognized in the balance sheet at fair value, the subsequent measurement of derivative financial instruments ("derivatives") depends on whether the underlying derivative is listed or not. If the underlying derivative is listed, the derivative is stated at fair value. If the underlying derivative is unlisted, the derivative is shown at its cost price or lower market value. The method of accounting for changes in the value of derivative financial instruments depends on whether or not hedge accounting is applied with the derivative financial instrument.

Coöperatie AVEBE U.A. applies hedge accounting. Records are kept as soon as a hedge relationship is entered into. Coöperatie AVEBE U.A. periodically assesses the effectiveness of the hedge relationship by carrying out a test. This can be done by comparing the critical features of the hedge instrument with those of the hedged position, or by comparing the change in the hedge instrument's fair value and the hedged position. The foreign currency risks on a net investment of a business operation abroad are hedged, whereby the exchange differences are recognized in the reserve for conversion differences in equity.

Conversion hedging

Coöperatie AVEBE U.A. hedges the currency risk on net investments in foreign group companies and issued loans by means of forward exchange contracts where this is possible in view of the associated costs. These forward exchange contracts are subject to net-investment hedge accounting, with exchange differences being incorporated in the revaluation reserve for the effective component of the hedge

relationship. The non-effective component of the hedge relationship is accounted for directly in the statement of operating income and expenditure.

Transaction hedging

Positions not shown in the balance sheet are hedged with options and forward contracts. Coöperatie AVEBE U.A. applies cost-price hedge accounting for these derivative financial instruments. Hedge instruments are not revalued until the hedged position has been incorporated in the balance sheet. For the options, the difference between the spot rate applicable when the derivative is concluded and the forward rate at which the derivative will be settled is capitalised and will be amortised over the term of the contract. The non-effective component of the hedge is accounted for directly in the statement of operating income and expenditure.

Option premiums paid are capitalised under trade receivables and are amortised over the term of the option contract. The amortisation costs of the option premium are shown in the statement of operating income and expenditure under gross turnover. Forward contracts are valued at the rate applicable on the balance sheet date. Realized profits or losses on derivative financial instruments used to hedge positions not shown in the balance sheet, are deferred until the time at which the profits or losses on the hedged positions are accounted for in the statement of operating income and expenditure.

Interest risk hedging

Coöperatie AVEBE U.A. applies cost price hedge accounting for the interest swaps used to ensure that the interest paid on variable interest-bearing credit facilities are converted into fixed interest. The non-effective component of the change of value in the interest swaps is accounted for in the statement of operating income and expenditure under the financial income and expenditure.



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Currency risk

Currency risks related to procurement and sales are hedged on the basis of the anticipated period in which they will occur. Currency risks based on investments in foreign group companies established outside of the euro region are also covered by means of financial instruments in the currency of the country where the foreign group company is established.

Interest risk

The purpose of the interest policy is to limit the risk of interest rate fluctuations. Coöperatie AVEBE U.A. uses financial instruments (interest swaps) to convert the interest on short-term debts into a fixed interest rate.

Credit risk

Coöperatie AVEBE U.A. has concluded credit insurance with a reputed insurance company to mitigate its sales credit risk. In principle, sales only take place to customers who meet the credit worthiness assessment. This rule can be deviated from in individual cases, but additional security will generally have to be obtained in those cases.



NOTES TO THE CONSOLIDATED BALANCE SHEET

AS AT 31 JULY 2020



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Fixed Assets

2 Intangible fixed assets

Movements in the value of the intangible fixed assets over the financial year are as follows:

Book value as at 31 July 2019	277
Investments	-
Amortization	-153
Book value as at 31 July 2020	124
Acquisition value as at 31 July 2020	4,374

3 Tangible fixed assets

Movements in the value of the tangible fixed assets over financial year are as follows:

	Land and buildings	Plant and machinery	Other fixed Assets	Assets under construction	Total
Book value as at 31 July 2019	35,353	149,533	9,336 4	0,951	235,173
Investments	2,635	22,856	13,587	-20	39,057
Exchange rate differences	31	87	18	9	145
	38,019	172,475	22,941	40,940	274,375
Book value of disposals	-54	-39	-	-	-93
Impairments	-	-846	-	-	-846
Depreciation	-2,070	-27,627	-3,615	-	-33,312
	-2,124	-28,512	-3,615	-	-34,251
Book value as at 31 July 2020	35,895	143,963	19,326	40,940	240,124
Acquisition value as at 31 July 2020	106,927	679,146	66,199	40,939	893,211



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Based on developments in the potato starch market and price developments in the energy market, some of Coöperatie AVEBE U.A.'s assets in this financial year or previous years have been devalued to their realisable value.

As a result of changes in reporting rules relating to the processing of costs of major maintenance (RJ 212), there has been a change in accounting policy. As from financial year 2019/2020, the costs of major maintenance are capitalised on the basis of the component approach and written down according to the applicable depreciation periods. The change of accounting policies has been processed prospectively and therefore has no impact on the comparative figures.. The impact of the change of accounting policies on the result for the current financial year is nil.

4 **Financial fixed assets**

	31-7-2020	31-7-2019
A Other participating interests	151	151
B Other loans	1,539	1,495
	1,690	1,646

Movements of these items are as follows:

	A	B
Book value as at 31 July 2019	151	1,495
Interest	-	44
Book value as at 31 July 2020	151	1,539

The other loans relate to a loan issued to JoinData U.A. and the issued mortgages related to sale of land for the establishing of solar parks. The term of the loan to JoinData U.A. is 7.5 years. The interest rate is 3.25%.

The other loans include a mortgage loan. The term of the mortgage loan is twenty years. The interest rate is 0%. Mortgage and pledge rights have been established on these lands.

The amounts are valued at nominal value. The discount rate ratio is 3.5%.

5 **Inventories**

Inventories valued at a lower realisable value had a book value of EUR 6.8 million on the balance sheet date. The provision on stocks is EUR 7.2 million (previous year EUR 8.5 million). The provision relates to products made as a pilot product, products that do not meet the prescribed product requirements or products that are provided for on the basis of the age of the product.

6 **Receivables**

All receivables have a remaining term of less than one year. A provision for bad debt has been deducted from the trade receivables in the amount of EUR 4.5 million (previous year EUR 4.7 million). This provision is determined on the basis of the age of the outstanding receivables. The fair value of the other receivables approaches the book value based to their short-term character.



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7 **Cash at bank and in hand**

Cash at bank and in hand consists of cash, bank credits and deposits with a term of less than twelve months. Current accounts at banks are shown under debts to banks under current liabilities.

Cash at banks and in hand is carried at nominal value. The cash at bank and in hand are placed at the free disposal of the Coöperatie AVEBE U.A.

Group equity

8 **Equity capital**

For notes on the group equity reference is made to the company financial statements.

9 **Provisions**

The provisions are long-term unless otherwise stated.

Movements in the provisions over the financial year are as follows:

	Reorganisation	Deferred tax positions	Pensions	Other	Total
Position as at 31 July 2019	1,821	137	1,470	9,734	13,162
Movements charged to the profit and loss account	597	-	107	1,603	2,307
Withdrawals	-1,496	-97	-51	-905	-2,549
Exchange rate differences	-	26	-40	-	-14
Position as at 31 July 2020	922	66	1,486	10,432	12,906

The current part of the provisions amounts to EUR 2.3 million.

Pension commitments

Based on the implementation agreement with the pension fund and the pension agreement with the employees, there are no extra commitments in the context of extra payment, back service commitments, extra administration charges, extra pension claims, losses on individual value transfers. Neither are there any pledged reimbursements, excess interest, profit appropriation or gains on individual value transfers in the favour of Coöperatie AVEBE U.A. Pension is accrued under the average salary system, with a maximised payable contribution based on Collective Defined Contribution.

The coverage ratio of Stichting Pensioenfonds Avebe on 31 December 2019 was 118.2% ("beleidsdekkingsgraad" is 118.1%).

The provision for the foreign companies relates to a 'reserve deficit' and pledged schemes.. This concerns commitments to be financed in the future. The amount involved in this is EUR 1.3 million (last year EUR 1.2 million).



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Other provisions

The other provisions are specified as follows:

	Anniversary payments	Demolition and asbestos costs	Total
Position as at 31 July 2019	5,079	4,655	9,734
Movements charged to the profit and loss account	765	838	1,603
Withdrawals	-486	-419	-905
Position as at 31 July 2020	5,358	5,074	10,432

The anniversary benefits are governed by the internal regulations.

The provision for demolition and asbestos clearance costs is formed for the anticipated costs of the planned demolition and asbestos clearance of a number of buildings and machines at Avebe locations in the Netherlands in the next 5 years. The cost estimate for this is based on standard rates and quotations received.

10 Current interest-bearing liabilities

	31-7-2020	31-7-2019
Debts to credit institutions	162,643	153,747

In 2016 Coöperatie AVEBE U.A. concluded a credit facility with its house bankers. This credit facility of EUR 225 million has been concluded for a period of five years and is based on the following agreements:

- Minimum solvency of 40%, and
- A maximum net Debt/EBITDA ratio of 4.0 on the balance sheet date.

Specific rules for calculating the ratios have been agreed with the banks. On the balance sheet date Coöperatie AVEBE U.A. met all of the conditions.

The credit facility can be broken down as follows:

- A five year committed line of EUR 60 million.
- A line based on accounts receivable and inventory totalling EUR 160 million, also committed for five years.
- A line for guarantees of EUR 5 million.

Within the credit facility there is an Accordion facility of EUR 50 million. In financial year 2019/2020, Coöperatie AVEBE U.A. established EUR 40 million from the Accordion facility, evenly spread over EUR 20 million Asset based line and EUR 20 million Term Loan. The capitalised facilities fall within the terms and conditions of the credit facility. The total credit facility on 31 July 2020 was EUR 265 million.

The interest rate agreed in the financing contract is based on 1-month LIBOR. This variable interest rate has been partly converted into a fixed interest rate through a number of interest rate swaps.

Current liabilities that are interest-bearing have a remaining term of less than one year. The fair value of the current liabilities approaches the book value owing to their short-term character.



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The term of the current credit facility runs until 24 November 2021. However, as of 16 September 2020 Coöperatie AVEBE U.A. has agreed a new credit facility with its house bankers, replacing the current financing.

This new facility has a term of 3 years with an option for extension of 2 years and can be broken down as follows:

- A three-year committed line of EUR 140 million.
- A line based on accounts receivable and inventory totalling EUR 220 million.
- A line for guarantees of EUR 15 million.
- Accordion facility of EUR 100 million.

Other debts

This item includes a debt to members of EUR 5.3 million (previous year EUR 5.2 million). The debt to members consists of the following components:

	31-7-2020	31-7-2019
Final payment to members	3,297	3,174
Return on premium	436	529
Share premium repaid	1,522	1,521
Repayment on depositary receipts	12	14
	5,267	5,238

The other debts and accruals and deferred income have a term of less than one year. EUR 0.9 million is of a long-term nature. The fair value of the other debts approaches the book value owing to their short-term character.

The other debts item includes an interest item of EUR 2.1 million in connection with the settlement of two interest rate swaps. This is a liability item with a term of 1.5 years.

Off-balance sheet commitments

Coöperatie AVEBE U.A. has provided the following securities to the banks: mortgage on the property in the Netherlands; and pledging of inventories and receivables in the Netherlands and Germany.

The long-term commitments relating to operational lease and rental agreements amount to 78.3 million euros, 10.2 million of which matures within one year. A sum of EUR 33.0 million which matures within five years and a sum of EUR 35.1 million which matures after more than five years. The amounts included in the 2019/2020 profit and loss account for lease and rental agreements amount to EUR 9.9 million.

Guarantees have been issued for 1.0 million euros.

Coöperatie AVEBE has entered into commitments in the worth of EUR 14.2 million in the context of current investments.

Up to and including 1992 Coöperatie AVEBE U.A. has made use of bills of exchange for the payment of potato money. During this period a sum of approximately NLG 1.3 million (EUR 0.6 million) in bills of exchange had not yet been collected. These bills of exchange are still subject to interest commitments.



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Off balance assets

In 2008 Coöperatie AVEBE U.A. was allocated, free of charge, a certain number of emission rights concerning the annual carbon emission. These emission rights are freely negotiable. The actual emission and the emission rights obtained are reviewed retrospectively each year. If the actual emissions exceed the obtained emission rights, purchase and penalty clauses apply. Coöperatie Avebe U.A. expects the actual emission to be lower than the available emission rights and has not valued the current surplus of emission rights.

11 Financial instruments

The 'notional amounts' given in the statement below are the underlying values for which contracts have been entered for financial instruments. The market values indicate how much will be paid to or received from independent counterparties in exchange for the termination of the contracts on the balance sheet date without any further obligations. This market (actual) value of the instruments reflects the unrealised result upon revaluation of the contracts at the exchange rates on the balance sheet date.

	Notional amount	Market value
Forward exchange contracts	12,993	61
Currency call options	75,952	3,035
Interest Rate Swaps	100,000	-3,621
Floor	100,000	892

The fair values given above have been calculated by external parties on the basis of the market information available and generally accepted valuation methods.

All of the hedge instruments held by Coöperatie AVEBE U.A. on 31 July 2020 are entirely effective, no fair value changes are shown in the statement of operating income and expenditure.



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NOTES TO THE CONSOLIDATED STATEMENT OF OPERATING INCOME AND EXPENDITURE

12 Gross turnover

The breakdown of gross turnover by sales category is as follows:

	2019/2020	2018/2019
Starch	146,789	155,938
Derivatives	388,526	393,877
By-products	75,889	60,773
	611,204	610,588

Breakdown of gross turnover by geographical regions:

	2019/2020	2018/2019
European Union	49%	52%
Rest of Europe	2%	2%
Rest of the world	49%	46%
	100%	100%

13 Other operating income

The other operating income item in the company statement of operating income and expenditure is made up as follows:

	2019/2020	2018/2019
Result on assets sold	668	1,172
Commissions, seed potatoes and other	4,077	7,853
	4,745	9,025

14 Personnel

The average number of people employed during the financial year averaged 1,326 (previous year 1,313). Of this number, 294 (previous year 293) work outside the Netherlands. The social security charges amount to EUR 12,533 (previous year EUR 13,117) of pension charges. The average number of employees can be broken down according to the establishment at Coöperatie AVEBE U.A. as follows.

	2019/2020	2018/2019
Operations	1,045	1,038
Commerce	64	61
Group	217	214
	1,326	1,313



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15 Depreciation, amortization and impairments

This item in the consolidated statement of operating income and expenditure comprises the following components:

	2019/2020	2018/2019
Depreciation tangible fixed assets	33,312	33,028
Impairment on tangible fixed assets	846	853
Amortization intangible fixed assets	153	237
	34.311	34.118

Audit fees

The following audit fees were expensed in the income statement in the reporting period:

	2019/2020	2018/2019
Audit of the financial statements	320	318
Other audit services	25	26
Non-audit services	3	3
Tax services	-	-
	348	347

The fees listed above relate to the procedures applied to the Company and its consolidated group entities by accounting firms and external auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('*Wet toezicht accountantsorganisaties - Wta*') as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

These fees relate to the audit of the 2019/2020 financial statements, regardless of whether the work was performed during the financial year.

16 Income tax expense

The tax on result of EUR 1.4 million is the balance of taxation paid and payable abroad and movements in relation to deferred tax positions. The remaining offsettable losses and the temporary differences (totalling EUR 61.0 million, previous year EUR 62.3 million) between the business-economic financial statements and the tax return have not been valued owing to the uncertainty about future setoff options. That is why the tax burden (14%) is different from the nominal tax rate (25-35%).



COMPANY BALANCE SHEET

AS AT 31 JULY 2020

(FOLLOWING PROPOSED PROFIT APPROPRIATION)



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ASSETS	31-7-2020	31-7-2019	Ref
Fixed Assets			
Intangible fixed assets	124	277	17
Tangible fixed assets			
Land and buildings	24,153	23,657	18
Plant and machinery	89,341	89,326	
Other fixed assets	16,541	7,334	
Assets under construction	35,339	39,247	
	165,374	159,564	
Financial fixed assets			
Participating interests in group companies	136,857	134,953	19
Other participating interests	150	150	
Receivables from group companies	58,630	69,299	
Other loans	1,526	1,482	
	197,163	205,884	
Current assets			
Inventories			
Starch	28,562	26,544	
Derivatives	73,551	65,158	
By-products	16,311	6,135	
Other products	23,573	25,367	
	141,997	123,204	
Receivables			20
Trade receivables	57,580	68,001	
Other receivables	4,063	3,293	
Prepayments and accrued income	126	154	
	61,769	71,448	
Cash at bank and in hand	267	290	
Total assets	566,694	560,667	



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LIABILITIES

31-7-2020

31-7-2019

Ref

Shareholders' equity

Share capital	23,030	23,030	21
Share premium	24,411	25,932	
Other reserves	158,052	154,727	
	205,493	203,689	

Provisions

Reorganisation	922	1,821	22
Others	9,838	9,357	
	10,760	11,178	

Current liabilities

Debts to credit institutions	163,318	154,314	
Trade creditors	48,766	47,552	
Group companies	91,873	100,881	
Pension liabilities	5,501	3,827	
Taxes and social security	9,016	874	
Other amounts payable	22,615	28,277	23
Accruals and deferred income	9,352	10,075	
	350,441	345,800	

Total liabilities

566,694

560,667



COMPANY STATEMENT OF OPERATING INCOME AND EXPENDITURE



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	2019/2020	2018/2019	Ref
Gross turnover	588,172	587,560	24
Direct selling expenses	44,904	45,859	
Net turnover	543,268	541,701	
Movement in stocks of finished goods	20,587	-14,200	
Capitalised production	1,766	1,319	
Other operating income	2,364	6,382	
	24,717	-6,499	
Total operating expenses	567,985	535,202	
Raw materials and consumables	361,737	336,178	
Salaries	66,532	62,798	25
Social security charges	20,643	21,133	
Depreciation, amortisation and impairments	23,188	23,307	26
Other operating expenses	83,888	81,304	
Total operating expenses	555,988	524,720	
Operating result	11,997	10,482	
Interest income and similar income	490	445	
Interest expenses	-3,771	-5,369	
Net finance expenses	-3,281	-4,924	
Result on ordinary activities before taxation	8,716	5,558	
Income tax expense	-1	-1	27
Result from participations	-37	-333	
Cooperative result after taxation	8,678	5,224	



NOTES TO THE COMPANY BALANCE SHEET

AS AT 31 JULY 2020



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General

The same principles are operated for the valuation of the result for the corporate financial statements and for the consolidated financial statements. Reference is made for the principles to the explanatory notes on page 74 and further. Notes to the balance sheet items below are given if they are different from the amounts shown in the consolidated balance sheet.

18 Tangible fixed assets

Movements in the value of the tangible fixed assets over the financial year are as follows:

	Land and buildings	Plant and machinery	Other fixed Assets	Assets under construction	Total
Book value as at 31 July 2019	23,657	89,326	7,334	39,247	159,564
Investments	2,022	18,876	11,909	-3,908	28,899
	25,679	108,202	19,243	35,339	188,463
Book value of disposals	-54	-	-	-	-54
Impairments	-	-846	-	-	-846
Depreciation	-1,472	-18,015	-2,702	-	-22,189
	-1,526	-18,861	-2,702	-	-23,089
Book value as at 31 July 2020	24,153	89,341	16,541	35,339	165,374
Acquisition value as at 31 July 2020	67,061	469,991	48,598	35,339	620,989

19 Financial fixed assets

	31-7-2020	31-7-2019
A Participating interests in group companies	136,857	134,953
B Other participating interests	150	150
C Receivables from group companies	58,630	69,299
D Other loans	1,526	1,482
	197,163	205,884



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Movements of these items are as follows:

	A	B	C	D
Book value as at 31 July 2019	134,953	150	69,299	1,482
Capital contribution	-	-	-	-
Loans issued	-	-	-6,863	-
Share in net result after taxation	-37	-	-	-
Dividend received	-	-	-	-
Exchange rate differences	-1,865	-	-	-
Value adjustment	3,806	-	-3,806	-
Interest	-	-	-	44
Book value as at 31 July 2020	136,857	150	58,630	1,526

The item value adjustment relates to a provision in relation to the nil valuation of group companies with a negative net asset value.

Coöperatie AVEBE U.A. has direct interests in the following participations:

		Holding in %
Aktiebolaget Stadex	Malmö	100.00
Avebe America Inc.	Princeton (actually Cranbury)	100.00
AVEBE Asia Pacific Holding B.V.	Veendam	100.00
Avebe European Sales Centre GmbH	Meerbusch	100.00
Avebe (Far East) PTE Ltd.	Singapore	100.00
AVEBE Food Investments B.V.	Veendam	100.00
Société Avébé France SARL	Evry	100.00
Avebe (Shanghai) Co. Ltd.	Shanghai	100.00
Avebe Italia S.r.l.	Milan	100.00
Avebe Japan Co. Ltd.	Yokohama	100.00
Avebe Kartoffelstärkefabrik Prignitz/Wendland GmbH	Dallmin	100.00
Avebe Nederland B.V.	Veendam	100.00
Avebe Nisasta Sanayii ve Ticaret Limited Sirketi	Izmir	100.00
Avebe North America Inc.	Dover (actually Cranbury)	100.00
Avebe S.A.	Barcelona	100.00
Avebe UK Ltd.	Goxhill	100.00
Averis Saatzucht GmbH	Visbek	100.00
Averis Seeds B.V.	Veendam	100.00
B.V. Livadia	Veendam	100.00
GFL Anlagen KG	Lüchow	100.00
GFL mbH	Lüchow	100.00
Solanic B.V.	Veendam	100.00
Coöperatie JoinData U.A.	Amersfoort	7.14



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20 Receivables

All receivables have a term of less than one year.

21 Equity capital

Share capital

	Number of shares	
Position as at 31 July 2019	101,455	23,030
Correction for cancelled shares	-	-
Position as at 31 July 2020	101,455	23,030

During the financial year 5,981 shares were transferred to other shareholders with the approval of the board of directors.

All issued shares have been fully paid up. The company has 508 shares under its own management.

Share premium reserve

Balance at 31 July 2019	25,932
Received upon transfer of shares	1
Repayment from proposed profit appropriation 2019/2020	-1,522
Position as at 31 July 2020	24,411

The share premium comprises two components: A free share (EUR 19.8 million, previous year EUR 19.8 million) and a share that is related to the issued shares (EUR 4.6 million, previous year EUR 6.1 million). When the share is transferred the related share premium will also transfer to the new owner.

Under the following conditions a maximum of 10% a year of the premium related to the shares can be repaid by Coöperatie AVEBE U.A. to the members:

- If the Debt/EBITDA ratio is at a maximum of 3.5; and
- The solvency ratio is at least 40%.

The aforementioned conditions only come into consideration after processing of the dividend on the share premium and the normal final payment.

The deposited share premium qualifies for a share premium dividend of 6% if:

- The result after taxation is more than EUR 2 million;
- The Debt/EBITDA ratio is at a maximum of 3.5; and
- The solvency ratio is at least 40%.

Statutory reserves

Position as at 31 July 2019	-
Exchange rate result of hedging financial fixed assets	95
Conversion differences foreign group companies	-1,865
Transfer from other reserves	1,769
Position as at 31 July 2020	-



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Other reserves

Position as at 31 July 2019		154,727
Transfer to statutory reserve		-1,769
Cooperative Result 2019/2020	8,678	
Return on share premium	-436	
Final payment to members 2019/2020	-3,297	
		<u>4,945</u>

Payment received in relation to the surrender of shares to the cooperative and other		149
Position as at 31 July 2020		158,052

The balance of the statutory reserve conversion differences in the other reserves is minus EUR 15.6 million (prev. yr. negative EUR 13.8 million)

22 Provisions

The provisions are long-term unless otherwise stated.

Movements in the provisions over the financial year are as follows:

	Reorganisation	Other	Total
Position as at 31 July 2019	1,821	9,357	11,178
Movements charged to the profit and loss account	597	1,386	1,983
Withdrawals	-1,496	-905	-2,401
Position as at 31 July 2020	922	9,838	10,760

The current part of the provisions amounts to EUR 2.0 million.

Other provisions

The other provisions are specified as follows:

	Anniversary, payments	Demolition and asbestos costs	Total
Position as at 31 July 2019	4,769	4,588	9,357
Movements charged to the profit and loss account	548	838	1,386
Withdrawals	-487	-418	-905
Position as at 31 July 2020	4,830	5,008	9,838

The anniversary benefits are governed by the internal regulations.

The provision for demolition and asbestos clearance costs is formed for the anticipated costs of the planned demolition and asbestos clearance of a number of buildings and machines at Avebe locations in the Netherlands in the next 5 years. The cost estimate for this is based on standard rates and quotations received.

23 Other debts

The other debts and accruals and deferred income have a term of less than one year. EUR 0.9 million is of a long-term nature.



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Off-balance sheet commitments

Coöperatie AVEBE U.A. has provided the following securities to the banks: mortgage on the property in the Netherlands; and pledging of inventories and receivables in the Netherlands and Germany. These securities remain in place.

Guarantees have been issued for EUR 1.0 million. Of the issued guarantees, EUR 0.6 million relates to consolidated participating interests.

Coöperatie AVEBE U.A. forms a fiscal unity for corporation tax with a number of Dutch group companies stated in the financial statements. Under the standard conditions the company and its affiliated subsidiaries are jointly and severally liable for the tax payable by the consortium.

The long-term commitments relating to operational lease and rental agreements amount to 72.3 million euros, 9.2 million of which matures within one year. For EUR 32.2 million the term is longer than five years. The remaining amount of EUR 30.9 million matures within five years.

Coöperatie AVEBE U.A. has entered into commitments worth EUR 6.5 million in the context of current investments.

Declaration of liability

Coöperatie AVEBE U.A. has issued a declaration of liability for the subsidiaries included in the consolidation as provided for in Section 2:403 of the Dutch Civil Code. The declaration of liability relates to Averis Seeds B.V. in Veendam and Solanic B.V. in Veendam.

Off balance assets

In 2008 Coöperatie AVEBE U.A. was allocated, free of charge, a certain number of emission rights concerning the annual emission of carbon. These emission rights are freely negotiable. The actual emission and the emission rights obtained are reviewed retrospectively each year. If the actual emission exceeds the emission rights, additional purchase and penalty clauses will come into effect. Coöperatie AVEBE U.A. expects the actual emission to be lower than the available emission rights and has not valued the current surplus of emission rights.



NOTES TO THE COMPANY PROFIT AND LOSS ACCOUNT



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24 Gross turnover

The breakdown of gross turnover by sales category is as follows:

	2019/2020	2018/2019
Starch	144,879	152,258
Derivatives	367,879	374,906
By-products	75,414	60,396
	588,172	587,560

Breakdown of gross turnover by geographical regions:

	2019/2020	2018/2019
European Union	51%	54%
Rest of Europe	2%	2%
Rest of the world	47%	44%
	100%	100%

25 Personnel

The average number of people employed in the Netherlands during the financial year averaged 1,009 (previous year 996). The number of employees at year-end was 996 (previous year 974). None of these employees work abroad. The social security charges include EUR 11,140 (previous year EUR 11,843) of pension charges. The average number of employees can be broken down according to the establishment at Coöperatie AVEBE U.A. as follows.

	2019/2020	2018/2019
Operations	746	738
Commerce	46	44
Group	217	214
	1,009	996

26 Depreciation and other impairments

This item in the individual statement of operating income and expenditure comprises the following components:

	2019/2020	2018/2019
Depreciation tangible fixed assets	22,189	22,248
Impairment of fixed assets	846	853
Amortization intangible fixed assets	153	206
	23,188	23,307



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27 Income tax expense

The tax on result of EUR 1 million is the balance of setoffs within the tax entity. The remaining offsettable losses and the temporary differences (totalling EUR 61.0 million, previous year EUR 62.3 million) between the business-economic financial statements and the tax return have not been valued owing to the uncertainty about future setoff options. That is why the tax burden is different from the nominal tax rate (25%).

Remuneration of directors and members of the supervisory board

Remuneration for the board of directors amounted in 2019/2020 to EUR 1,264 (previous year EUR 1,145). Remuneration for the Supervisory board amounted to EUR 285 (previous year EUR 295).

Distribution of results

In anticipation of this being adopted by the Members' Council, the board of directors has proposed with the approval of the supervisory board to divide the cooperative result after taxation as follows:

Return on premium in accordance with contract	436
Final payment members 2019/2020	3,297
Additional payment members	-
Addition to other reserves	4,945
	<hr/>
	8,678

The proposed profit appropriation has been incorporated in the 2019/2020 annual accounts. The addition to the other reserves is intended in part for the repayment of the share premium. See 'Other information' on page 102.



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OTHER INFORMATION

Liability of the members

By virtue of article 27 of the articles of association the obligation of members and former members of the cooperative to contribute to a deficient upon dissolution of the cooperative has been eliminated.

Appropriation of net result

According to article 23 of the articles of association, a credit balance is placed at the disposal of the general members' meeting.

Share premium reserve

In keeping with the board decision of 17 December 2009, a 10% share premium was repaid on the basis of the result and the balance sheet on 31 July 2020.

This repayment of EUR 1,522 has been incorporated in the 2019/2020 financial statements.



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AUDIT OPINION OF THE INDEPENDENT AUDITOR

To the board of directors and the supervisory board of Coöperatie AVEBE U.A.

REPORT ON THE FINANCIAL STATEMENTS 2019/2020

OUR OPINION

In our opinion, the financial statements of Coöperatie AVEBE U.A. ('the Cooperative') give a true and fair view of the financial position of the Cooperative and the Group (the cooperative together with its subsidiaries) as at 31 July 2020, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

WHAT WE HAVE AUDITED

We have audited the accompanying financial statements 2019/2020 of Coöperatie AVEBE U.A., Veendam. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 July 2020;
- the consolidated and company statement of operating income and expenditure for the year then ended; and
- the notes, comprising the accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

THE BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.

We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of Coöperatie AVEBE U.A. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics)



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REPORT ON THE OTHER INFORMATION INCLUDED IN THE INTEGRATED ANNUAL REPORT 2019/2020

In addition to the financial statements and our auditor's report thereon, the integrated annual report 2019/2020 contains other information that consists of:

- About Avebe;
- Our results;
- Governance and Assurance;
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code; and
- Annexes consisting of:
 - Materiality analysis;
 - Stakeholder dialogue and cooperation;
 - About the report; and
 - GRI table.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Cooperative's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Cooperative or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the Cooperative's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Cooperative's financial reporting process.



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OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Zwolle, 27 October 2020

PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.E. Zeephath RA



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- **MATERIALITY ANALYSIS**
- **STAKEHOLDER DIALOGUE AND COOPERATION**
- **ABOUT THE REPORT**
- **GRI TABLE**



ANNEX 1

MATERIALITY ANALYSIS



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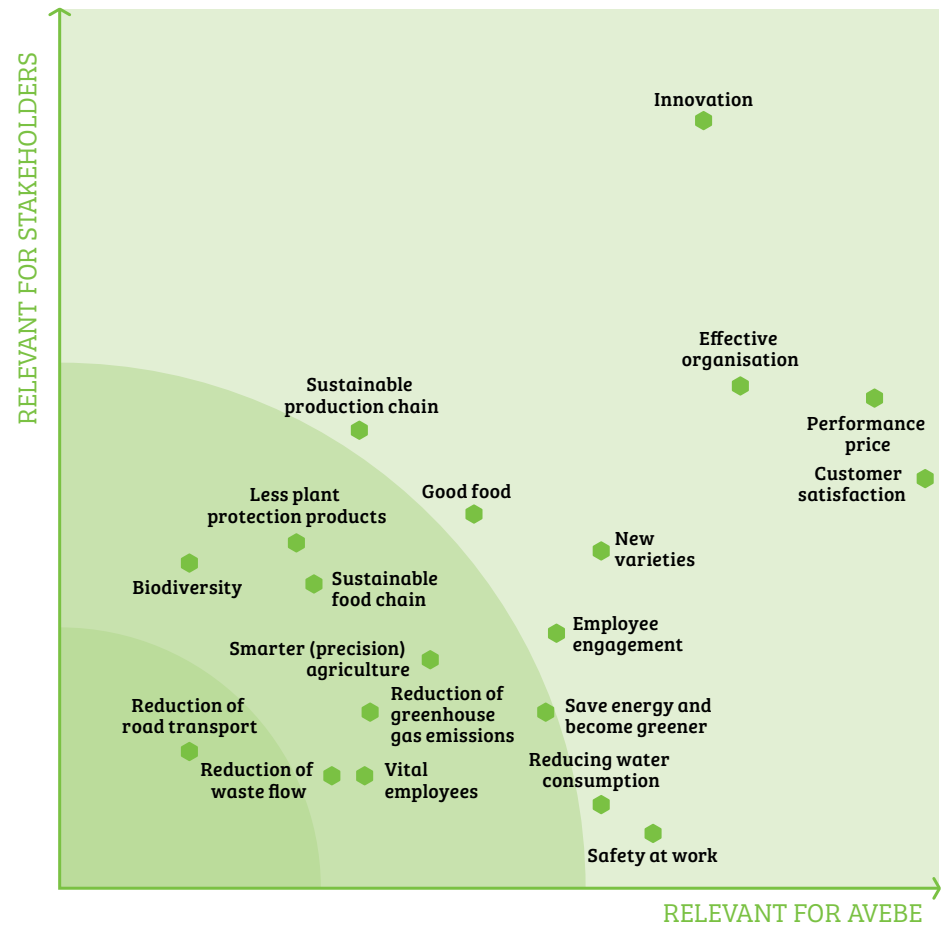
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We attach importance to knowing which topics internal and external stakeholders find most relevant for Avebe. In the run-up to our new strategy, we discussed this with internal stakeholders. In 2019, we also conducted a materiality analysis to look into which topics are most relevant to Avebe. Thirty colleagues from various departments, such as the executive committee, Agro, Commerce, Operations and HR, and twelve external stakeholders, including growers, customers, NGOs, one local resident and scientists, completed an online survey for this purpose. We also spoke to five stakeholders about their views on Avebe. This integrated annual report covers the topics that emerged from the analysis as the most material for Avebe.

The materiality matrix shows the relationship between the various subjects and their relevance for Avebe. The higher the subject on the vertical axis, the more relevant it is to external stakeholders. The further to the right on the horizontal axis, the more relevant it is to Avebe's business success.





ANNEX 2 STAKEHOLDER DIALOGUE AND COOPERATION



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In the course of the year, Avebe holds talks with various stakeholders, such as civil society organisations, governments and cooperation partners on relevant themes. The choice of stakeholders is based on our relationship, our focus or their role in our sector in general. This continuous dialogue ensures sustainable and transparent communication with stakeholders and contributes to the achievement of our objectives.

When developing the Binding and Building 2.0 strategy in 2018, we consulted various stakeholders. We believe it is important to keep talking to these stakeholders and in 2019 and 2020, for example, we spoke to them about our focus and achieving the objectives. Our sounding board group has also been a source of information, conversation and external feedback for decades.

Stakeholder Group	Method and frequency of contact	Subject	Discussed SDGs	Follow-up (short and long term)	Attendees of Avebe
Members <i>Growers</i>	Via the members' council twice a year, dozens of district and regional meetings and (digital) demo fields	Cultivation sustainability, CO ₂ , environmental impact of crop protection and once a year on annual financial report	6, 7, 12 and 15	Sustainable cultivation programme; (implementation of) strategy, cultivation related issues.	Cooperative Board/ company management Agro Director Account Managers Agro
Customers <i>Industrial, feed and food customers</i>	Annual interviews, customer days and customer visits Branch organisation (food industry customers; FNLI)	Including food waste, ICSR and climate agreement	2, 9, 12 and 17	Producing and delivering various footprints on our products; calculating our impact with the customer.	Director of Commerce Sales and account managers Manager Public Affairs



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Stakeholder Group	Method and frequency of contact	Subject	Discussed SDGs	Follow-up (short and long term)	Attendees of Avebe
Internal <i>Sounding board group</i>	11 October 2019 (physical)	2019: Good soil quality contributing to biodiversity 2020: Developments in the protein transition	6, 7, 9, 12, 15 and 17	The sounding board group functions as a test of Avebe's strategy. This is also to keep an eye on political and social changes that may affect Avebe's business operations. A meeting often results in the expansion of the stakeholder network and insights into political and social developments. As a result of the last sounding board group, an agreement has been reached with the Province of Gelderland about the input in the protein transition and in the Brussels round talks will be held with the Experts Nationals Detachés (END) Karel van Bommel.	2019: Bert Jansen (CEO) Johan Russchen (PA) Marijke Folkers (supervisory board) Martin Berg (Cooperative member) Peter Bruinenberg (PA)
	12 June 2020 (MS Teams)				
Partners <i>Transporters</i>	Annual interviews	Reduce waste (tare) and ongoing trials	12	Loading machines will have to be converted in due course. New method of loading; reduction in tare content.	At technical level, Agro



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Stakeholder Group	Method and frequency of contact	Subject	Discussed SDGs	Follow-up (short and long term)	Attendees of Avebe
Knowledge institutions					
<i>Wageningen University & Research</i>	Various ad hoc discussions about cultivation and innovation	Environmental pressure on cultivation	15	Evaluation and monitoring of the use of plant protection products.	Manager Averis
<i>Hanze University of Applied Sciences</i>	3-4 times	Avebe Student Challenge and sustainability	6, 7, 9, 12 and 17		Director Sustainability
<i>University of Groningen</i>	3-4 times	Avebe Student Challenge and sustainability	6, 7, 9, 12 and 17		Innovations, Product Technology Manager
<i>UMCG</i>	A few times	Protein study	2, 9, 12 and 17	Potato protein as a preventive agent against COVID-19. Trials are running now.	Innovations, Product Technology Manager
Neighbours					
<i>Residents' association Foxhol; entrepreneurs association Zernike</i>	3 times	Noise nuisance/ transport and shared cars	7 and 9		Site Manager Foxhol Site Manager Innovation Centre/ Director Sustainability
Civil society organisations and NGOs					
<i>World Wildlife Fund</i>	3-4 times (including Biodiversity Monitor Steering Group)	How to measure biodiversity in arable farming?	6, 15 and 17	This process is ongoing. Development of a national tool to measure biodiversity in arable farming.	Director Sustainability
<i>Agricultural Nature Association East Groningen and Drenthe</i>	4 times a year	In Regiegroep Innovatie Veenkoloniën, programme: Regional Deal. About greening agriculture.	15	There is a project subsidy scheme Regio Deal in the province of Drenthe. A new project has been formulated under the umbrella of the Regiegroep Innovatie Veenkoloniën and will be submitted in Q3 2020.	Public Affairs (Regiegroep Innovatie Veenkoloniën) and Agro department



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Stakeholder Group	Method and frequency of contact	Subject	Discussed SDGs	Follow-up (short and long term)	Attendees of Avebe
Government					
<i>Ministry of Agriculture, Nature and Food Quality and Economic Affairs</i>	1 to 1: national protein strategy	Protein transition: from animal to plant-based proteins	2	Parties learn from the positive impact and contributions of Avebe's strategy.	Public Affairs, CEO
<i>Provinces of Drenthe and Groningen</i>	Regularly	Innovation peat colonies, protein transition, agricultural policy and energy transition (Regional energy strategy)	2	Avebe has written a letter to the province of Drenthe and the municipalities about the use of farmland versus roofs for solar panels.	Public Affairs
Sector association					
<i>Association for Energy, Environment and Water (VEMW)</i>	4 times a year	Electricity, heat and water for industry	6 and 7	Role of CHP in energy transition and sustainable alternatives to heat generation.	Public Affairs, Utilities
<i>Association for the Dutch Chemical Industry (VNCI)</i>	4-8 times a year	Climate agreement and sustainable (green) chemistry	7, 9 and 12	Position chemical industry with respect to ETS agreement, NI CO ₂ tax and innovation chemistry up to 2050.	Director of Operations, Public Affairs,
<i>Dutch Food Industry Federation (FNLI)</i>	4-8 times a year	ICSR, Food waste and Climate agreement	7, 9, 12 and 17	Position of the food industry at ETS and climate agreement.	Public Affairs
<i>Arable farming sector organisation (BO Arable farming)</i>	4 times a year	Sustainable agriculture	6 and 15	Participation Action Plan Plant Health, reduction of plant protection and development Biodiversity monitor.	Director Agro, Public affairs, Director Sustainability
<i>Association of Dutch starch manufacturers (VNZ)</i>	2 times a year	Healthy food and climate agreement	2, 7, 9 and 12	Sugars/carbohydrates in food, starch industry as plant-based protein producers and carbon reduction.	CEO, Public Affairs
<i>Nutrient Platform EN</i>	3 times a year	Fertilization and soil health	15	Animal and fertilizer, and circular farming.	Public Affairs



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Stakeholder Group	Method and frequency of contact	Subject	Discussed SDGs	Follow-up (short and long term)	Attendees of Avebe
<i>Starch Europe</i>	4 times a year, participation EXCO, Public Affairs	Healthy food, ETS, Green Deal and F2F	6, 7, 8, 9 and 12	Positioning for European policies, Green chemistry and biobased economy. Starch industry as protein producer. ETS and starch industry.	Director Innovation, Public Affairs
<i>Biobased Circular Business Platform (BCB)</i>	3 times a year	Circular agriculture and organic raw materials availability	15	Positioning of circular agriculture; proposals for the inclusion of scope 3 in climate agreement.	Director Innovations, Public Affairs

Other memberships

- Noorderlink administrative office*
- BUNDESVERBAND der Stärkekartoffelerzeuger*
- Cool Farm Alliance*
- Dutch Agri Foodweek (FFP)*
- Dutch Biorefinery Cluster*
- Eurosac*
- EVO / EVOFENEDEX (business association for logistics and export)*
- Industrial Federation Fund*
- Innovation hub East Groningen*
- Leatherhead*
- NCR (National Cooperative Council for Agriculture and Horticulture)*
- Province of Groningen "Er gaat niets boven Groningen"*
- Thomson Reuters*
- U.F.E./CESPU (Union of potato starch factories in EU)*
- Association of Dutch starch manufacturers*
- Association AgriNL*
- VLK (Glues and Cements Association)*
- VNO-NCW*



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The scope of the annual report covers Avebe Group as a whole: growers, factories, head office, sales offices, the Avebe Innovation Centre and subsidiary Averis Seeds. Avebe Group reports annually on the financial and sustainability information via the integrated annual report. This annual report presents information about the performance of Avebe Group, the social impact of that performance and the financial results. The content of the main chapters is based on the material subjects and on the information needs of stakeholders.

This annual report relates to the financial year 2019/2020: from 1 August 2019 to 31 July 2020. The previous annual report was published on 12 December 2019.

There were no significant acquisitions and updates during this period in terms of size, structure and ownership. The chain also remained largely the same as last year.

GUIDELINES AND VERIFICATION

This report was prepared in accordance with the statutory requirements for annual reports from Book 2 of the Dutch Civil Code Title 9, Article 391, and in accordance with the standards of the Global Reporting Initiative (GRI). It is in line with GRI Standards level 'Core'.

The report was adopted by the members' council at the members' council meeting on 10 December 2020.

We are also working towards making the sustainability information externally verifiable. To achieve this objective, we made a start this financial year with internal testing of the sustainability information by the Internal Audit Department.



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GRI Standard

Page reference

Omission

GRI 101: FOUNDATION 2016

GRI 102: GENERAL DISCLOSURES 2016

ORGANISATIONAL PROFILE

GRI Standard	Description	Page reference	Omission
102-1	Name of the organisation.	Cover, p.1 Editing, design and production, p. 121	
102-2	Activities, brands, products and services.	About Avebe, p. 7	102-7 No information is available on the number of products or services offered, but the percentage of sales in different markets is given.
102-3	Location of the head office.	Addresses, p. 122	
102-4	Branches and locations.	Highlights, p. 6 Addresses, p. 122	
102-5	Ownership structure and legal form.	Organisational structure, p. 64 Editing, design and production 121	
102-6	Markets and customers.	Highlights, p. 6 About Avebe, p. 7 Value creation model, p. 12	
102-7	Size of the organisation.	About Avebe, p. 7 Value creation model, p. 12	102-7 No information is available on the number of products or services offered, but the percentage of sales in different markets is given.
102-8	Information about personnel and other employees.	Good employment practice, p. 41	
102-9	Information on the supply chain.	Value creation model, p. 12 The chain, p. 41	
102-10	Significant changes in the organisation and its supply chain during the reporting period.	Annex 3 About this report, p. 113	
102-11	Explanation of the precautionary principle.	Risks and uncertainties, p. 57	



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GRI Standard		Page reference	Omission
102-12	External initiatives that the organisation supports or to which the organisation is affiliated.	Annex 2 Stakeholder dialogue and cooperation, p. 108	
102-13	List of important memberships (such as trade associations and/or national and international interest groups).	Annex 2 Stakeholder dialogue and cooperation, p. 108	
STRATEGY			
102-14	Declaration by the highest decision-maker on the relevance of sustainable development to the organisation and its strategy.	Report of the board of directors, p. 54	
102-15	Description of main impact, risks and opportunities.	Risks and uncertainties, p. 57	
ETHICS AND INTEGRITY			
102-16	Description of core values, principles, standards and behavioural norms.	Organisational structure, p. 64	
GOVERNANCE			
102-18	Governance structure: The governance structure of the organisation, including committees under the highest governing body. And the committee responsible for decision-making on economic, environmental and social issues.	Organisational structure, p. 64	
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups engaged by the organisation.	Annex 2 Stakeholder dialogue and cooperation, p. 108	
102-41	Percentage of employees covered by a collective bargaining agreement.	Good employment practice, p. 41	
102-42	Principles for the identification and selection of stakeholders.	Annex 2 Stakeholder dialogue and cooperation, p. 108	
102-43	The method by which stakeholders are engaged, including the frequency with which they are engaged by type and group of stakeholders.	Annex 2 Stakeholder dialogue and cooperation, p. 108	
102-44	Main topics and issues that have emerged from stakeholder consultations and how the organisation has responded to them, including through its reporting.	Annex 2 Stakeholder dialogue and cooperation, p. 108	



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GRI Standard

Page reference

Omission

REPORTING PRINCIPLES

GRI Standard	Description	Page reference	Omission
102-45	Overview of all companies included in the consolidated financial statements that are not covered by this report.	N/A	
102-46	Process for determining the content and specific demarcation of the report and the principles used for this purpose.	Annex 1	materiality analysis, p. 107
102-47	Material issues identified during the process of determining the content of the report.	Annex 1	materiality analysis, p. 107
102-48	Consequences of any rewording of information provided in a previous report and the reasons for such rewording.	Good Food, p. 22	Since this financial year, the objective for good food has been based on the reference year 2017/2018 and the Sales Profit of all Food products in that year. The results of 2018/2019 have been updated on this basis.
		Sustainable production chain, p. 26	A target for the environmental impact of cultivation has been formulated.
		New varieties, p. 27	An objective has been formulated for the development of new varieties.
		Optimeel, p. 29	Since this financial year, participation in Optimeel has been based on the acreage and no longer on the number of participants. The objective has also been adjusted.
		Reducing our ecological footprint, p. 31	The pillar on reducing the ecological footprint no longer concerns road transport.
		Reduction of carbon emissions, p. 33	The CO ₂ calculations have been firmed up. .



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GRI Standard

Page reference

Omission

Water: A strategic resource, p. 34
The target for process water is no longer reported. However, this will continue to be given attention and will be taken into account in other objectives.

Reduction of tare and sewage sludge, p. 35
The calculation of the target for tare and sludge has been firmed up.

Safety at work, p. 44
Since this financial year, the accident index has been based on both our own and external employees. The comparative figures have been adjusted accordingly.

Cross-functional teams, p. 45
An objective has been formulated for effective organisation

102-49	Significant changes from previous reporting periods in scope and delineation.	N/A
102-50	Period covered by the report.	Annex 3 About this report, p. 113 01 August 2019 to 31 July 2020
102-51	Date of publication of the most recent previous report.	Annex 3 About this report, p. 113 12 December 2019
102-52	Reporting cycle.	Annex 3 About this report, p. 113
102-53	Contact point for questions about the report or its contents.	Editing, design and production, p. 121 communication@avebe.com
102-54	GRI application level.	Annex 3 About this report, p. 113
102-55	GRI table.	Annex 4 GRI table, p. 114



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GRI Standard	Disclosure	Page reference	Omission
MATERIAL TOPICS			
PERFORMANCE PRICE			
GRI 103 Management approach 2016	103-1 Explanation of the materiality of the subject and the delineation.	Towards more value p. 16 Materiality, p. 11	
	103-2 Management's explanation of the topic and its various aspects.	Towards more value p. 16 Report of the board of directors, p. 54	
	103-3 Management evaluation of the topic.	Report of the board of directors, p. 54	
GRI 201: Economic performance 2016	201-1 Direct economic value including the performance price paid to growers.	Towards more value p. 16 Report of the board of directors, p. 54	
INNOVATING			
GRI 103 Management approach 2016	103-1 Explanation of the materiality of the subject and the delineation.	Growth in good nutrition p. 20 Materiality, p. 11	
	103-2 Management's explanation of the topic and its various aspects.	Growth in good nutrition p. 20	
	103-3 Management evaluation of the topic.	Growth in good food, p. 20	
GRI 201: Economic performance 2016	201-1 Growth of profitable turnover.	Growth in good nutrition p. 20	
Own indicator	-		No indicator or target has yet been set for this.
GOOD NUTRITION			
GRI 103 Management approach 2016	103-1 Explanation of the materiality of the subject and the delineation.	Growth in good nutrition p. 20	
	103-2 Management's explanation of the topic and its various aspects.	Growth in good nutrition p. 20	
	103-3 Management evaluation of the topic.	Growth in good nutrition p. 20	



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GRI Standard	Disclosure	Page reference	Omission
Own indicator	The value of the food ingredients used in plant-based and environmentally friendly end products.	Growth in good food, p. 20	
NEW VARIETIES			
GRI 103 Management approach 2016	103-1 Explanation of the materiality of the subject and the delineation.	market-led sustainable potato cultivation p. 25 Materiality, p. 11	
	103-2 Management's explanation of the topic and its various aspects.	market-led sustainable potato cultivation p. 25	
	103-3 Management evaluation of the topic.	market-led sustainable potato cultivation p. 25	
Own indicator	Percentage of potato starch yield per hectare.	market-led sustainable potato cultivation p. 25	
Indicators	Proportion acreage area intended for new varieties.	Market-led sustainable potato cultivation p. 25	
SUSTAINABLE PRODUCTION CHAIN			
GRI 103 Management approach 2016	103-1 Explanation of the materiality of the subject and the delineation.	Reducing our ecological footprint p. 31 Materiality, p. 11	
	103-2 Management's explanation of the topic and its various aspects.	Reducing our ecological footprint p. 31	
	103-3 Management evaluation of the topic.	Reducing our ecological footprint p. 31	
GRI 305: Emissions 2016	305-5 Reduction of greenhouse gases in cultivation per tonne of potato starch.	Reducing our ecological footprint p. 31	
	305-5 Reduction of greenhouse gases in production per tonne of product manufactured.	Reducing our ecological footprint p. 31	
GRI 303: Water and residual flows 2018	303-5.	Reducing our ecological footprint p. 31	
CUSTOMER SATISFACTION			
GRI 103 Management approach 2016	103-1 Explanation of the materiality of the subject and the delineation.	Cooperation for the customer, p. 40 Materiality, p. 11	



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GRI Standard	Disclosure	Page reference	Omission
	103-2 Management's explanation of the topic and its various aspects.	Cooperation for the customer, p. 40	
	103-3 Management evaluation of the topic.	Cooperation for the customer, p. 40	
Own indicator	Number of customer complaints.	Cooperation for the customer, p. 40	
EMPLOYEE ENGAGEMENT			
	103-1 Explanation of the materiality of the subject and the delineation.	Cooperation for the customer, p. 40 Materiality, p. 11	
	103-2 Management's explanation of the topic and its various aspects.	Cooperation for the customer, p. 40	
	103-3 Management evaluation of the topic.	Cooperation for the customer, p. 40	
Own indicator	Score on biennial employee satisfaction survey.	Cooperation for the customer, p. 40	The employee satisfaction survey was not carried out this financial year. This will follow next financial year. However, a survey was conducted among employees about their experiences in the first months of the corona crisis.
SAFETY AT WORK			
GRI 103 Management approach 2016	103-1 Explanation of the materiality of the subject and the delineation.	Cooperation for the customer, p. 40 Materiality, p. 11	
	103-2 Management's explanation of the topic and its various aspects.	Cooperation for the customer, p. 40	
	103-3 Management evaluation of the topic.	Cooperation for the customer, p. 40	
403: Employee health 2018	403-9 Work-related injuries. Accident index.	Cooperation for the customer, p. 40	
EFFECTIVE ORGANISATION			
GRI 103 Management approach 2016	103-1 Explanation of the materiality of the subject and the delineation.	Cooperation for the customer, p. 40 Materiality, p. 11	
	103-2 Management's explanation of the subject and its various aspects.	Cooperation for the customer, p. 40	
	103-3 Management evaluation of the topic.	Cooperation for the customer, p. 40	
Indicators	Number of critical integrated processes improved.	Cooperation for the customer, p. 40	



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Coöperatie AVEBE U.A.

P.O. Box 15
9640 AA Veendam
The Netherlands
Tel (31) 598 66 91 11
E-mail info@avebe.com

EUROPE

Avebe European Sales Centre GmbH

Postfach 2145
40644 Meerbusch
Mollsfeld 3
40670 Meerbusch-Osterath
Germany
Tel (49) 21 59 52 40

AMERICA

Avebe America Inc.

Two Tower Center Boulevard
Floor 10th
East Brunswick, NY 08816
USA
Tel (1) 609 865 8981

ASIA PACIFIC

Avebe (Far East) PTE Ltd.

51 Bras Basah Road
5 One Central #04-06
Singapore 189554
Tel (65) 6238 2673

Avebe (Shanghai) Co. Ltd.

C/O Thinkbridge Business Consulting Co.,
Ltd Unit 03-06, 9F Baohua Center
355 Guangzhong West Road, JingAn District
Shanghai 200072
P.R. China
Tel (86) 21 6375 8318

Avebe (Far East) PTE Ltd. – Taiwan Rep. office

11F., No. 136, Sec. 3
Zhongxiao E. Road, Daan District
Taipei City 106
Taiwan
Tel (886) 2 7730 3378 Ext. 8162

Avebe Japan Co. Ltd.

Crescendo Bldg. 3F
3-4 Shin-Yokohama 2 Chome Kohoku-ku
Yokohama-Shi, Kanagawa 222-0033
Japan
Tel (81) 45 478 1815

TURKEY/MIDDLE EAST/INDIA

Avebe Nisasta Ltd. Sti.

Atatürk Organize Sanayi Bölgesi
10.008 Sokak No. 17 35620 Çigli-Izmir
Turkey
Tel (90) 23 23 76 76 40



Het keurmerk voor
verantwoord bosbeheer

Publication date 10 December 2020

This annual report is a publication of Avebe and is also available in a German and Dutch (PDF) version.

Text: Avebe and Schuttelaar & Partners

Concept and design: Avebe and Schuttelaar & Partners

For more information, please contact: communication@avebe.com

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