
CORPORATE GOVERNANCE



Foreword

Corporate Governance is all about good management and its supervision. This Corporate Governance Code sets out Avebe's roles, values, principles and strategic objectives.

We invite customers, members, employees and other stakeholders to read this code. Responses, questions and comments will be gratefully received; please contact Avebe. T: +31(0)598 66 42 08 or E: info@avebe.com.

Your feedback will make it possible for us to continuously improve our performance and continue to develop as a socially responsible cooperative.

The executive committee of Coöperatie AVEBE U.A.

Contents

Foreword	2
1. Mission, vision and strategic objectives	4
2. Our Corporate Governance vision	4
3. Roles and how we lead the company	4
3.1 The role of members	4
3.2 The role of the Supervisory Board	5
3.3 The role of the Board of Directors	5
3.4 The role of the executive committee	5
3.5 The role of the group company boards	5
4. Communication on Governance	5
4.1 Compliance Statement	5
5. Relationships with stakeholders	6
5.1 Connect to our stakeholders	6
5.2 Members	6
5.3 Customers	6
5.4 Employees	6
5.5 Suppliers	7
5.6 Residents near factories	7
6. Values and core competencies for our conduct	8
7. Business principles	8
7.1 Transparency and Reports	8
7.2 Employees, union relationships and diversity	9
7.3 Anti-intimidation policy	9
7.4 Forced and child labour	10
7.5 CSR and Sustainability	10
7.6 Quality, safety and the environment	10
7.7 Business Ethics	11
7.8 Whistleblower policy	12
7.9 Science and Technology	13
7.10 Competition	13
7.11 Food safety, quality and compliance	13
7.12 Social Media	13
7.13 Risk policy	13
7.14 Economic starting points for the policy	14

1 Mission, vision and strategic objectives

Avebe is a market-oriented cooperative of starch potato farmers which concentrates on extracting starch and protein from potatoes. Innovative technologies are used to ensure that we will, in due time, also be able to extract other valuable constituents from the potato.

We have a positive effect on the lives of more than 500 million consumers by promoting their health, well-being, prosperity, and environmentally friendly lifestyle. We increase our turnover by 75 million Euro by growing in food ingredients and by reducing our impact on the environment by 12%.

We have 5 core elements in our new strategy to help us meet our targets for 2023. They are the ingredients we use to achieve our responsible growth.

‘Cooperation for the client’ is the foundation of our new strategy.

It supports the three pillars - growth in good food, market-led sustainable potato cultivation and reducing our ecological footprint. These three pillars carry the roof of the Avebe house, or the aim that we pursue - **more value**.

2 Our Corporate Governance vision

Our aim is to have our cooperative develop more sustainably. This entails carefully balancing the interests of various stakeholders in the choices we make. We measure all of our choices, whether they concern a change to our strategy or a day-to-day decision, against our shared values and principles.

Our Corporate Governance Code comprises the following elements:

- ✓ Mission and strategic objectives: the reason for our existence as a company, how we create value and the future direction;
- ✓ Corporate Governance roles: how we lead the company and what the various roles are;
- ✓ Relationship with stakeholders: how we approach our stakeholders (customers, members, employees or their representatives, suppliers, the people living close to our production facilities, politicians, public authorities and the media and society in general) to create the right conditions for Avebe’s sustainable continuity;
- ✓ Core values: the fundamental convictions that guide our behaviour and our decisions;
- ✓ Business principles: how we put these values into everyday practice.

3 Roles and how we lead the company

Given below are a few of the key aspects of how Avebe and its group companies are managed, based on the current articles of association of Coöperatie AVEBE U.A. and the relevant internal schemes and regulations.

3.1 The role of members

Members have a right of say on important subjects such as the appointment of members of the Supervisory Board, the adoption of the annual financial statements and decisions on subjects laid down in the articles of association. The members’ council also takes part in talks about fundamental changes to the company.

3.2 The role of the Supervisory Board

The Supervisory Board oversees the cooperative's management and policy and business and group companies related to the cooperative. The Supervisory Board also has an advising role, both on the request of the board of directors and on its own initiative. The Supervisory Board is responsible for the appointment, dismissal and remuneration of members of the board of directors. The Supervisory Board is responsible for approving the budget and for other important decisions and signs the annual financial statements.

3.3 The role of the board of directors

The board of directors is charged with managing the cooperative and is responsible for the cooperative's objectives being met, for the strategy and the results. The board of directors is accountable to the Supervisory Board.

3.4 The role of the executive committee

The executive committee is appointed by the board of directors and consists of a managing director (CEO, and chairman of the board), and the finance director (CFO, and vice chairman of the board) and the directors of Commerce, Operations, Agriculture, Human Resources and Corporate & Legal Affairs. These directors are responsible for the company's day-to-day operations and for formulating and pursuing the strategy.

3.5 The role of the group company boards

The management of each group company operates Avebe's business strategy and policy rules. This is overseen by Avebe's executive committee.

4 Communication on Governance

Corporate Social Responsibility (CSR) forms an integral part of our business operations. We consider CSR as the creation and pursuance of shared values for all stakeholders, with regard of the surroundings in which we operate. This Corporate Governance Code is a fundamental instrument for the creation of value with important stakeholders such as members, customers, employees, residents close to our factories, future employees and suppliers

**CSR forms an integral part
of our business operations**

4.1 Compliance Statement

We report on our objectives and activities and the results of our efforts towards the sustainable development of our cooperative. We do this by publishing information about our performance on financial and social aspects and matters related to health, safety and the environment. Also, the management signs an annual statement on the extent to which it has acted in complying with this Corporate Governance Code, the internal Code of Conduct and the Competition Law Manual.

5 Relationships with stakeholders

5.1 Connected to our stakeholders

An ongoing dialogue with all stakeholders is one of Avebe's most important pillars for a successful cooperative. We set out to enter into durable and transparent relationships with parties interested in and/or important to Avebe. Support, mutual respect, transparency and reliability are vital aspects of this.



We take our responsibility in the chain from the growing of starch potatoes to the sale of starch and proteins. We pursue our activities sustainably and in a socially responsible manner, acting in conformity with the laws of the countries in which we operate. Avebe puts safety, health and the environment first. We advocate fundamental human rights.

5.2 Members

Our strategy is aimed at (under normal circumstances) achieving an optimum performance price for our members and thus guaranteeing continuity for members and employees alike. Our members and suppliers play the most important role in our integrated sector. We set out to achieve an optimum potato price for our members. Optimising the growing process enables members to make their contribution to this aim.

5.3 Customers

Market orientation is an important pillar underlying our strategy. We set out to offer our customers added value by providing them with the required mix of quality, reliability of delivery, innovation, sustainability and price.

**We take our responsibility in the
chain from the growing to sale**

5.4 Employees

We work towards the sustainable, flexible and dynamic deployment of our personnel. We do this by offering good, safe and healthy working conditions and competitive conditions of employment. Our business culture is based on the strength of trust. Respect, taking responsibility and development are the most important core competencies.

5.5 Suppliers (including contractors)

Our aim is to enter into lasting supplier relationships that are beneficial to both parties. As well as quality at the lowest possible cost, we expect our suppliers to contribute to achieving our sustainability objectives. Suppliers (including contractors) and their employees are expected to act in conformity with Avebe's safety regulations. Internal regulations are applicable to all employees in order to maintain the professionalism of the relationship with suppliers. They are (in principle) not permitted to accept any gifts or invitations from suppliers if they have a value of more than 50 euros.

We expect our suppliers to contribute to meeting our sustainability objectives.

5.6 Nearby residents

We also attach importance to the relationship with residents who live near to Avebe, especially near to our factories. We therefore maintain close contact with those around us and ensure that the relationship is as transparent as possible. We also set out to make a sustainable connection by guaranteeing Avebe's continuity and developing and retaining jobs.

6 Values and core competencies for our conduct

The following values describe the essence of Avebe's rationale. Sustainably **binding** forms the core of our organisation. Binding represents Avebe's ambition: binding People, Planet and Profit. Together with our stakeholders we connect economic and social values and create shared values. Binding also represents our strong commitment to the region, the members and our customers.

**Sustainably binding forms
the core of our organisation**

We want to **build** sustainably on a solid and future-proof cooperative with products that offer our customers a large measure of added value. That is what we continuously set out to achieve. Building stands for the progressive and innovative capacities of Avebe and its employees. By stimulating and using the knowledge and creativity of our employees we constantly seek new and sustainable solutions for customer and social requirements.

**Building stands for the progressive and
innovative capacities of Avebe**

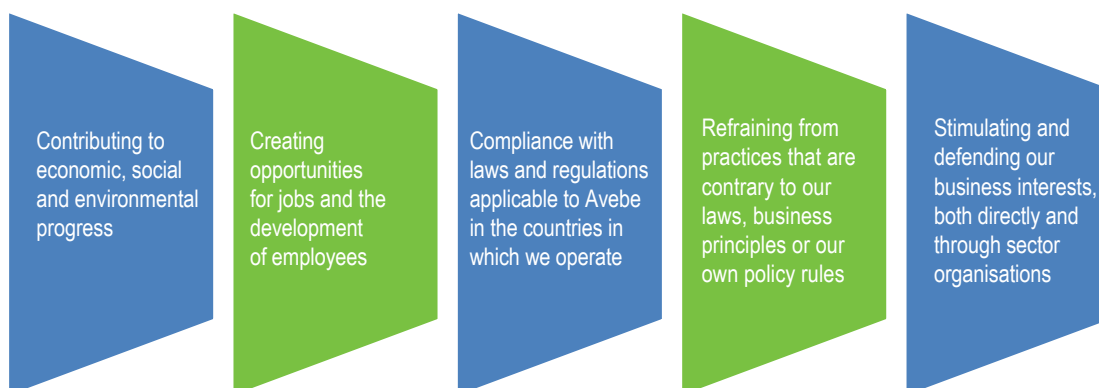
Our internal culture is based on the strength of trust. The following core competencies form the foundation of our conduct:

- **Respect:** adapting and listening
- **Accepting responsibility:** being result-driven, leading and convincing
- **Development:** organising and coaching

7 Business principles

The business principles of Avebe are:

- ✓ contributing to economic, social and environmental progress, aimed at sustainable development;
- ✓ respecting human rights that can be affected by Avebe's activities in any country, in keeping with international obligations;
- ✓ stimulating the creation of human capital by providing job opportunities and enabling employees continue to develop;
- ✓ supporting and maintaining sound corporate governance principles and developing and applying best corporate governance practices;
- ✓ increasing awareness among employees of compliance with Avebe's business principles and policy rules by correctly distributing and explaining them;
- ✓ refraining from taking discriminatory or disciplinary measures against those who make reports to the management or to the competent authorities on practices that are in violation of the law, our business principles or our own policy rules;
- ✓ stimulating and defending our legitimate and commercial interests by cooperating with public authorities and other regulatory authorities, both directly and through sector organisations;
- ✓ acting in conformity with the laws and regulations applicable to Avebe, especially those relevant to employees, production, storage, transport and sale in the countries where we operate.



7.1 Transparency and Reports

Avebe sets out to be transparent about its business objectives, activities, structure and financial and operating results. We attach value to the high quality of publication, bookkeeping and audits and apply comparable standards to non-financial information for which there is a statutory obligation, such as the environmental and social reports. Our reporting standards are based on the Generally Accepted Accounting Principles (Dutch GAAP).



Other than in cases involving commercial sensitivity, information about risk factors that could affect stakeholders is publicised.

We will be transparent about our governance structure, as well as policy rules that are important to external target groups. Finally, Avebe's commercial information system is based on the principle of a single data source. That is beneficial to the uniformity and reliability of the figures and makes it possible to produce reports quickly.

7.2 Employees, union relationships, diversity

Avebe ensures that all of its employees receive fair pay. We also respect the right of unions and other bodies to represent our employees. In this context we enable authorised employee representatives to negotiate on collective conditions of employment and give them the freedom to consult on matters of shared importance with representatives of the management.

Prior to the negotiations we provide the employee representatives with relevant information. For that purpose we seek consultation and cooperation between Avebe, its employees and their representatives. We inform them about the performance of the individual group companies and departments or Avebe as a whole. Where there are no statutory regulations, we set our working method separately for each individual case.

At Avebe and its subsidiaries there is no discrimination based on race, skin colour, sex, religion, political opinion, national origin, sexual orientation or social origin, unless such selectivity is intended to promote government policy aimed at creating more equal opportunities on the labour market. Avebe respects the privacy of all of its employees and collects and stores the information about employees that is legally required for the effective operation of the company. Avebe has implemented policy rules and procedures that protect private information about employees.

Avebe respects the privacy of all employees

Avebe subscribes to the importance of a good ratio of men and women at its organisation. This will be taken into account when appointments are made. Avebe sets out to offer various groupings in the labour market opportunities to take up an attractive job. Within the current staffing plan we want to encourage young people to apply for jobs, allow women to grow to managerial positions and give people with a disadvantage on the labour market the opportunity to gain work experience.

7.3 Anti-intimidation policy

We expect our employees to contribute to a good working atmosphere in terms of their attitude and conduct; Avebe's standing rules include an "anti-bullying protocol". Sexual harassment, racist remarks, discriminatory behaviour, swearing, verbal abuse, physical aggression and threatening and insulting behaviour are unacceptable and will not be tolerated.

All employees with a problem or complaint concerning intimidation at the place of work must (if possible) start by discussing it with a colleague. That colleague can then mediate with the aim of resolving the issue. If this does not result in the problem or complaint being solved, the employee should report this to his or her manager (unless that is the person involved) or the relevant HR manager or director. It may be decided under consultation to refer a complaint about intimidation to the complaints committee. The committee opens an investigation into the complaint.

The investigation is professionally conducted by at least two people. The identity of the person who has made the accusation, potential witnesses and the accused person will be protected. If the investigation establishes that intimidation has actually taken place, measures will be taken against the person or people responsible. Depending on the findings of the investigation, these measures can range from counselling to disciplinary measures and dismissal. Avebe has appointed an external counsellor who can be approached to discuss matters concerning intimidation.

7.4 Forced and child labour

Avebe is aware that there is forced and child labour in certain countries. We do not accept this and will ensure that our organisation does not become involved in forced and child labour. We will also do everything in our power to ensure that our suppliers and other business partners do not make use of forced and child labour.

7.5 Corporate Social Responsibility (CSR) and sustainability

CSR and sustainability form an integral part of our strategy and business operations. That means that we work on finding the right balance between People, Planet and Profit. Avebe has identified nine work areas: safety, energy, cultivation, water, personnel, systems, market, transport and connection with stakeholders. There is rising demand among stakeholders for quantitative CSR information. To meet that information requirement we publish a CSR report that is in conformity with internationally accepted standards.

7.6 Health, safety and the environment

Avebe's policy is aimed at having sustainable business operations that ensures the health and safety of its employees, customers and other stakeholders, also protecting the environment as much as possible and minimising the use of natural resources.

This is subject to the following objectives to the extent that they are reasonable feasible:

- ✓ creating an injury- and accident-free workplace;
- ✓ preventing work-related health problems;
- ✓ controlling and minimising the risks associated with our products;
- ✓ making sparing use of resources and energy;
- ✓ evaluating and improving our processes and products;
- ✓ complying with the statutory regulations applicable to Avebe.

We take the health of our employees seriously. We give our employees the opportunity to improve their health and fitness. Information about the health of individual employees is treated with the greatest care and extremely confidentially. Our aim is to achieve zero safety and environmental incidents at our locations, also in cases where our employees carry out work at other locations.



We encourage transparent reports on any incidents that do take place and operate a no blame policy in this area. Incidents are carefully investigated and measures are taken to prevent their repetition.

Our aim is to achieve zero safety and environment incidents

To protect the safety of its employees Avebe prohibits its employees from taking violent or other deliberate actions intended to harm another person.

Avebe prohibits the possession, use and concealment at Avebe's offices and sites, including its own parking spaces, pavements, etc., of all firearms or other weapons, including knives or other instruments that can be used in physical fights.

We monitor and report on our performance concerning health, safety and the environment in such a way that our performance in these areas is constantly improved. Appropriate targets are agreed and resources are made available to achieve them. We offer training courses, instruction sessions and support for our employees.

We constantly work on improving our performance in the areas of health, safety and the environment by making improvements to existing processes and making use of innovative or alternative technologies. By way of example, we consider new and existing products to establish how we can reduce our environmental impact by producing less waste, for instance.

Avebe's executive committee has adopted internal QESH (Quality, Environment, Safety and Health) standards to ensure that performance is consistent and optimal and that we learn from best practices. These standards are periodically updated and made available to all personnel. A QESH Review Board consisting of members of the executive committee and relevant staff department managers has been instituted at Avebe.

To meet its responsibility to its employees, customers and others, Avebe maintains a healthy and productive work environment. It is absolutely prohibited to make incorrect use of regulated substances or to sell, make, distribute, possess, use or be under the influence of drugs at the workplace and/or offices and/or sites of Avebe. Employees are obliged to inform HR or their line manager if for medical reasons they are obliged to be in possession of or use medicines that could affect their ability to work. Employees of Avebe are prohibited from being under the influence of alcohol and/or from consuming alcohol when working for Avebe and/or if they are in the offices or on the sites of Avebe.

7.7 Business Ethics

Avebe recognises that trust, integrity and honesty form the foundation of its business operations. It is important that all employees understand their position in the area of business ethics and corruption. Making use of procedures and training programmes we set out to make employees aware of our anti-corruption policy and act accordingly. This is set out in detail in the internal code of conduct.

Trust, integrity and honesty form the basis of our business operations

The following are some key points of the code of conduct:

- ✓ only commercial considerations may be considered when making business decisions;
- ✓ all employees must avoid creating the impression among third-parties that the giving of business gifts of any nature whatsoever could be rewarded with a privileged position;
- ✓ gifts or invitations of parties with a commercial or other interest in Avebe and which have a value of more than 50 euros must not in principle be accepted;
- ✓ employees who are offered a gift that appears to be a bribe or concealed commission are advised to follow the whistleblower procedure (See section 7.8).

Our management monitoring systems are intended to rule out bribery and other corrupt practices. Nor do we pay a contract price (or part of it) or provide services without a legitimate consideration, laid down in writing, or accept requests to this effect.

Our rules of conduct for financial and fiscal bookkeeping and audits rule out the possibility of “shadow” or secret accounts being kept or the ability to produce reports presenting an incorrect depiction of the transactions to which they relate.

Finally, Avebe does not make any donations to political parties or organisations whose activities involve representing party interests. The internal code of conduct, which lays down aspects such as a procedure for accepting gifts and/or invitations, must be complied with by all employees.

7.8 Whistleblower policy

Avebe operates a whistleblower policy. The policy is aimed at investigating complaints about an employee’s possible violation of internal or external regulations. This covers everything contrary to our values and business principles and potentially illegal bookkeeping practices and internal accounting audits.

The employee is responsible for complying with our values and business principles and all other applicable internal and external regulations and laws and must report possible violations in compliance with the whistleblower procedure. Employees are given the opportunity to submit complaints confidentially and anonymously.

We do not allow any negative or detrimental measures to be taken against employees or individuals who report a possible violation of a regulation or law in good faith or express their concerns about potentially dubious bookkeeping or accountancy issues. No reprisals will be tolerated in any form whatsoever. All alleged reprisals must be reported straight away and will be investigated immediately.

People sufficiently familiar with the issue in question carry out the investigation. If necessary we will engage third parties to investigate the complaints. These third parties will comply with the whistleblower policy and the procedure for whistleblowers.

The whistleblower policy and the procedure for whistleblowers are operated throughout Avebe.



7.9 Science and Technology

We take an active approach to laying down rules of conduct that facilitate the transfer and rapid incorporation of technologies and knowledge, with due observance of the protection of intellectual property rights and commercial effectiveness.

To meet the demand of local markets we carry out scientific activities and develop technology where applicable. We expect our employees to act in accordance with our policy and other rules governing the use and disclosure of knowledge.

7.10 Competition

We refrain from making or implementing competition-restricting agreements with competitors, e.g. by fixing our prices or making pricing or other agreements on quotations (e.g. a mutual agreement on a tender between the tendering companies). Our employees are expected to read and act in accordance with the Competition Compliance Manual.

7.11 Food safety, quality and compliance

Avebe does its utmost to guarantee that its products are safe and in conformity with the legal requirements and the wishes of customers. For this purpose we use food safety and quality assurance systems to guarantee food safety and the quality of our products wherever possible. These systems are regularly evaluated and updated.

Avebe's suppliers form part of the system for the management of food safety and are continuously monitored by means of surveys and checks. Only suppliers that act in accordance with our standards are engaged for services or deliveries. The ability to trace our products forms part of our food safety management system and this is regularly tested by means of a simulated recall with the active cooperation of customers and suppliers. Avebe's executive committee has adopted internal QESH standards to ensure that the company's performance in the food safety and quality area is consistent and optimal and that best practices are taken on board. These standards are periodically updated and made available to all personnel.

Developments in laws and regulations concerning product safety, food safety, quality, the environment and other relevant laws and regulations are systematically monitored and integrated where necessary in the company's processes and procedures. Avebe sets out to act in keeping with a number of quality standards that are independently certified.

7.12 Social Media

Avebe has formulated do's and don'ts for how its employees use social media. The starting point is that we expect Avebe employees to observe normal rules of decency and to take a cautious approach to communicating on the subject of - or in relation to - Avebe employees.

7.13 Risk policy

Pursuing the cooperative's objectives and implementing the business activities involves certain risks. In a general sense, Avebe sets out to identify these risks, analyse them and manage and/ or financially cover them effectively and efficiently. Risk management therefore forms a vital aspect of our policy.

Each company division has its own risk owner and risk coordinator. They share responsibility for assessing and weighing up the risks and coordinating the actions needed to manage them.

All risk management activities are discussed in the Risk Committee, comprising various members of the executive committee and relevant staff department managers.

Avebe has a procedure for the settlement of contingencies both at site level and a procedure for cross-location contingencies.

7.14 Economic starting points for the policy

A healthy financial basis is of vital importance to the company's continuity. The cooperative's financial result is paid out to as great an extent as possible to the members/shareholders, taking account of the cooperative's long-term financing requirements, the ability to pursue its strategy, make investments and meet the social and sustainability conditions. The cooperative's result is a measure of the company's effectiveness and the value that end-users attribute to our products and services.

Investment decisions are based on economic, social and sustainability considerations.

Contact

Do you have any questions or comments about this Corporate Governance Code? If so, please contact Avebe by email or telephone.

Coöperatie AVEBE U.A.
P.O. Box 15
9640 AA Veendam
The Netherlands

t (+31) (0) 598 66 42 08

e Info@avebe.com
www.avebe.com



