

The next step towards more value.

Integrated annual report 2020/2021

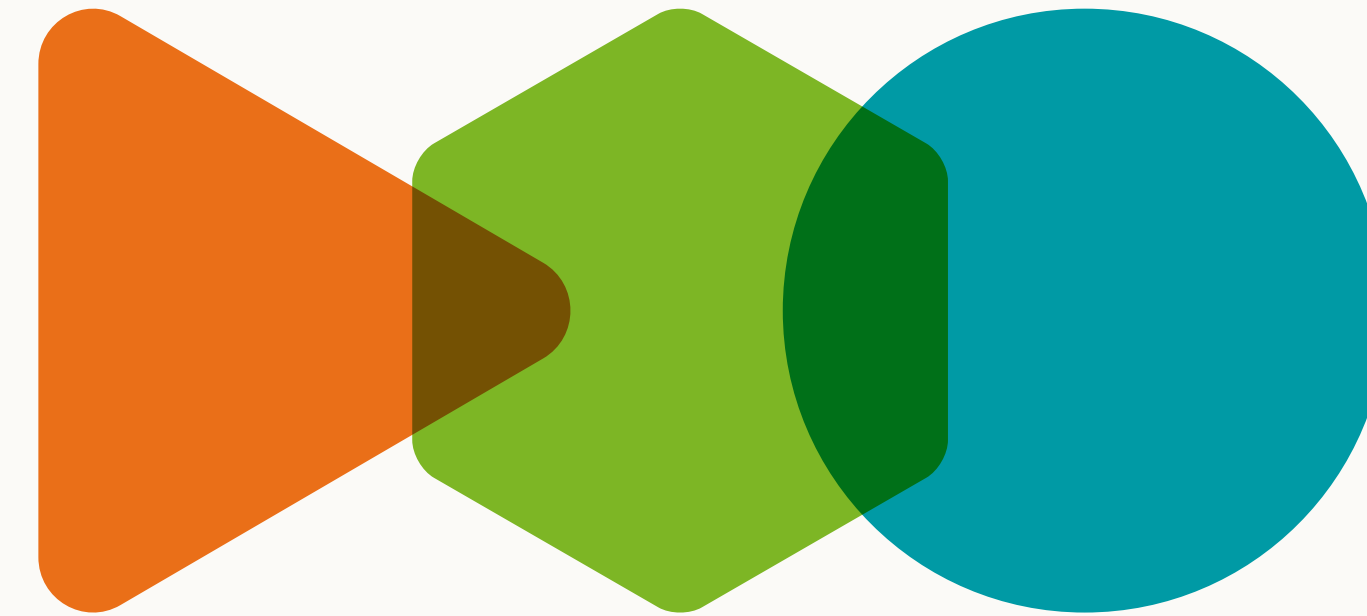


Reading guide

Royal Avebe publishes an annual report each year to inform its stakeholders about its financial results. Our Binding and Building strategy sets out a clear vision of what we want to achieve in 2023 and beyond.

We are building on the current strategy that has been running since 2018. New ambitions have been added. With this strategic direction we aim to create more value for our most important stakeholders: members, customers and employees, both now and in the future. Sustainably binding is all about our ambition of connecting people, planet and profit together and creating sustainable relationships. Sustainably building means working sustainably on a solid and future-proof cooperative with products that offer added value for our customers.

In this integrated annual report, we account for our financial results for the past year. We also tell you all about our sustainability ambitions and results.



Our visual identity

We added the crown to our logo after receiving the Royal Warrant in 2019. This year we have updated our visual identity, with more focus on innovation and our role in society.

Cooperative

The green and the hexagon shape represent the cooperative, which has existed for over 100 years. And for the raw material that is the basis for all of Royal Avebe's innovative products: the starch potato.

Innovation

The orange arrow is a metaphor for Avebe's innovative character. Because we want to create value for our members, customers, employees and society.

Sustainable future

Finally, the blue circle represents the planet and the increasing awareness of sustainability, health and nutrition. We contribute to a sustainable future by making the best use of the world's most versatile crop.

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Foreword



Foreword

This is Royal Avebe's annual report for financial year 2020/2021. In this integrated annual report, we have once again taken a step forward in terms of transparency about our results, strategy, sustainability and risk management.

Transparency about what we have achieved, what went well and what went less well, and what quantitative goals we have set for the future, is part and parcel of what we do. We believe this creates a connection with all stakeholders. It also keeps us on our toes.

**It was a wonderful time,
I wouldn't have missed it
for the world.**

Of course, this year's operation has been greatly affected by the corona crisis. Avebe has taken a cautious approach from the start and put the health of its employees first. It is remarkable that the company performed so well despite all the restrictions we faced. This goes to show that everyone has made an enormous effort to go the extra mile where necessary. Our results were good, despite price pressure on commodities due to increased supply. Our strategy based on the combination of sustainability and innovation makes Avebe increasingly resilient to such market movements.

This is my last annual report as CEO of Royal Avebe. On 1 October 2021 I will be leaving Avebe after more than thirteen years. It was a wonderful time, I wouldn't have missed it for the world. I would like to take this opportunity to thank all members and colleagues for their commitment, efforts and trust. I wish my successor David Fousert all the very best.

Bert Jansen
CEO Royal Avebe



Report of the board of directors



Report of the board of directors

The past financial year was a notable one for Royal Avebe on several fronts. The outbreak of the coronavirus and the resulting crisis increased the demand for some of our products during the first wave. Restaurants were closed, but the demand rose for long-life products, such as frozen pizzas containing our ingredients.

Impact of the corona crisis

We were able to keep the virus at bay for a long time, but in the second wave the number of infections among employees went up. Fortunately, we can report that, at the time of writing, all employees who had previously tested positive are doing well. The crisis presented us with higher costs and reduced transport availability to and from Asia and North America. There were also less commodities and packaging materials. Despite that, we managed to get our products to the customer, sometimes with some delay. During the lockdowns, efforts were made to maintain customer contact via video conferencing as much as possible. The transport problems resulting from the corona crisis delayed our deliveries, but ultimately all orders were delivered. In the two previous years, the much smaller harvests led to scarcity and a sharp rise in market prices.

Changing market conditions

Another important development was the greatly increased availability of native starch and protein for animal feed. Last year's harvest was better than the previous dry years. This was true not only for us, but also for our competitors.

Last year's harvest was better than in the previous dry years. This was true not only for us, but also for our competitors.

The expansion of capacity and acreage also led to an increase in native starch on the market. The higher performance prices in the two previous financial years were largely influenced by the scarcity resulting from the extreme drought in those years. The much larger volumes offered during this financial year put the market prices for native starch and protein intended for animal feed under strong pressure.





Avebe's strategy is to create more added value through innovative products. This reduces our dependence on commodities.

Performance price on target

Despite the impact of the corona crisis and market conditions, Avebe achieved a performance price of 93.30 euros per tonne in the 2020/2021 financial year. This is lower than in the previous financial year (96.15 euros per tonne). The financial year was concluded with a cooperative profit of 9.2 million euros. With this performance price Avebe meets the targets set in the strategic plan Binding and Building. The substantial increase in the contribution of our innovative products, such as food protein and starch-protein blends, cushioned the decline in the performance price. The rapidly rising demand for plant-based products for meat and dairy substitutes played an important role in this. Strict cost control also prevented the performance price from falling. Finally, the performance price was supported by one-off income.

- The euro/dollar exchange rate was unfavourable for most of the year.
- The campaign price was fractionally lower at 72.50 euros.
- The total potato money paid out rose by 14%.

Growth in harvest and acreage

The total harvest was clearly larger and the combination of this higher volume and the added value meant higher average sales for the members. For some members the results were disappointing due to regional differences in growing conditions. Total acreage increased slightly in this fiscal year, making it the largest acreage since 2012, the year after the abolition of subsidies.

The total volume of starch produced was 17% higher than in the previous financial year.

Starch production at a good level

The total volume of starch produced was 17% higher than in the previous financial year and was at the level targeted by our strategy. The quality of the potatoes was good. The starch percentage came to 19.5%, which was 0.5% below the long-term average. At our location in Gasselternijveen we produce protein for human consumption. To produce as much food protein as possible, we processed potatoes in Gasselternijveen until 15 May 2021, the longest campaign ever. Production continued for a total of 271 days. In short, the output of our production lines was at a good level. The World Class Operations Management (WCOM) programme is making an increasing contribution to this. Despite the constraints caused by the corona crisis, our employees managed to further step up productivity. We take responsibility for everyone working at our sites. That is why a lot of attention was once again paid to industrial safety. The number of incidents resulting in absence for our own employees is such that we can measure up

to the best in the industry. Also, more and more attention is being paid to raising our contractors to that level.

The bulk of the innovation investments concerned the expansion of the production capacity for protein.

Investments

Total investments amounted to approximately 66 million euros. This included 'catching up' on planned investments that we were unable to make in the previous financial year due to lockdowns. The bulk of the innovation investments related to the further expansion of the production capacity for Solanic protein in Gasselternijveen, the construction of a new protein plant at our factory in Dallmin (Germany) and the expansion of the capacity for paper derivatives in Foxhol. We also opened a new distribution centre in Ter Apelkanaal in July 2021. We now have more storage capacity so we need fewer external warehouses. This allows us to both reduce costs and raise quality to a higher level. Solvency fell slightly to 35% due to the higher level of investments and inventories. We expect to return to a solvency level of more than 40% in the coming years, despite the high investments.



Forecast of the board of directors

At the start of fiscal year 2021/2022, the coronavirus continues to play a significant role. In particular, the sharp increase in purchase prices and the complicated situation with regard to international container transport are operational challenges to which we must respond. It is unavoidable that these higher costs will have to be compensated in the selling prices.

At the time of writing this forecast it is still unclear how this way of working will develop. We assume it will be a hybrid model of working from home and working on site. The effects of a cool and wet 2021 summer on harvest are still uncertain. However, it is certain that there will not be an above-average harvest.

Sustainability and innovation

Royal Avebe's strategy is to create added value by combining sustainability and innovation. Where sustainability is concerned, we are guided by the objective of using as little energy as possible in our factories and at the same time making them as green as possible. As a result, we believe we can meet the requirements set for a company like Avebe by both the European Commission and the Dutch implementation of the European strategy.

In terms of cultivation, we are committed to the development of new potato varieties that require the minimum of crop protection agents. In that context, we see the cooperation with Solynta, with the objective of being able to use hybrid breeding as quickly as possible, as crucial. In addition to reducing the use of crop protection products, this also reduces carbon emissions

and the need for nitrogen fertiliser. This approach has been extensively discussed with the Avebe members' council and is supported.

7th Action Programme Nitrate Directive

The Ministry of Agriculture, Nature and Food Quality has published a plan (the 7th Action Programme Nitrate Directive) containing measures to improve water quality in the Netherlands. If these measures are implemented in this way, the acreage of our growers will be reduced and this will affect our growers and therefore also Avebe. In short, fewer starch potatoes will be available and consequently less potato starch and protein will be produced. Avebe, its members, the arable sector and other chain partners are joining forces with the Ministry of Agriculture to amend the measures in such a way that our growers and the cooperative are not limited in their entrepreneurial activities. The focus is on effective and more area-specific measures instead of generic ones, which means that the desired water quality objective can still be achieved.



Growth in healthy food

In addition to sustainability, we want to make a major contribution to the growth of healthy food. By converting more and more potato protein from feed to food, we support the development of, for example, plant-based meat substitutes and dairy substitutes. We do this by developing our highly functional Solanic protein as an ingredient, but also in the form of blends with specific starch derivatives.

Clearly, our strategy should lead to a continuous increase in the performance price under normal conditions for our members in the short and long term. After all, the pressure on growers caused by increasingly stringent regulations requires us to pay sufficient compensation.

During the 2020/2021 financial year, we undertook a mid-term review of our Binding and Building strategy. Our forecasts show that a performance price of 95 euros per tonne of potatoes at 19% starch is achievable in 2023 under normal conditions. We have also set ourselves the target of achieving a performance price of 100 euros per tonne by the financial year 2024/2025. Our strategy assumes that we will not grow in volume. After all, more raw materials means more products with low added value, certainly in the short term, and does not support our aim of creating more added value and a higher income for our members. Moreover, the debate on biodiversity and soil health in the Netherlands is such that more intensive use of the acreage is not realistic, at least in the Netherlands.

Investments

In the financial year 2021/2022, the investment level is around 60 million euros, which can be borne from current own resources and external funding. It is important that we strive for a good balance between

investments in the replacement or improvement of existing means of production and investments in innovations. The reduction in carbon emissions, water and waste is central in the development of new technologies for our innovations. We have made the factory in Malmö completely climate-neutral through (for example) installing an electric boiler running on green electricity. This increase in sustainability is also planned for our Dutch factories. Avebe is also focusing on the sustainable deployment of its employees. For the coming year, it is anticipated that further automation and the efficiency measures already implemented in the business processes, combined with the natural outflow of staff, will result in a slight decrease in staffing levels.

The reduction in our footprint by reducing the carbon emissions of our factories is so far on track. The investment in DUCAM technology in Ter Apelkanaal will also be applied in our other factories so that we can convert more and more potato juice into process water. This technology not only reduces the use of water but also energy consumption, as less and less potato juice needs to be evaporated.

To conclude

Apart from short-term effects due to poor and good harvests, Royal Avebe is on track to achieve the targets set in its strategic plan. We move ahead with confidence.

For the board of directors

D.P.C. Fousert

R.P.F. van Laerhoven



David Fousert new CEO of Royal Avebe

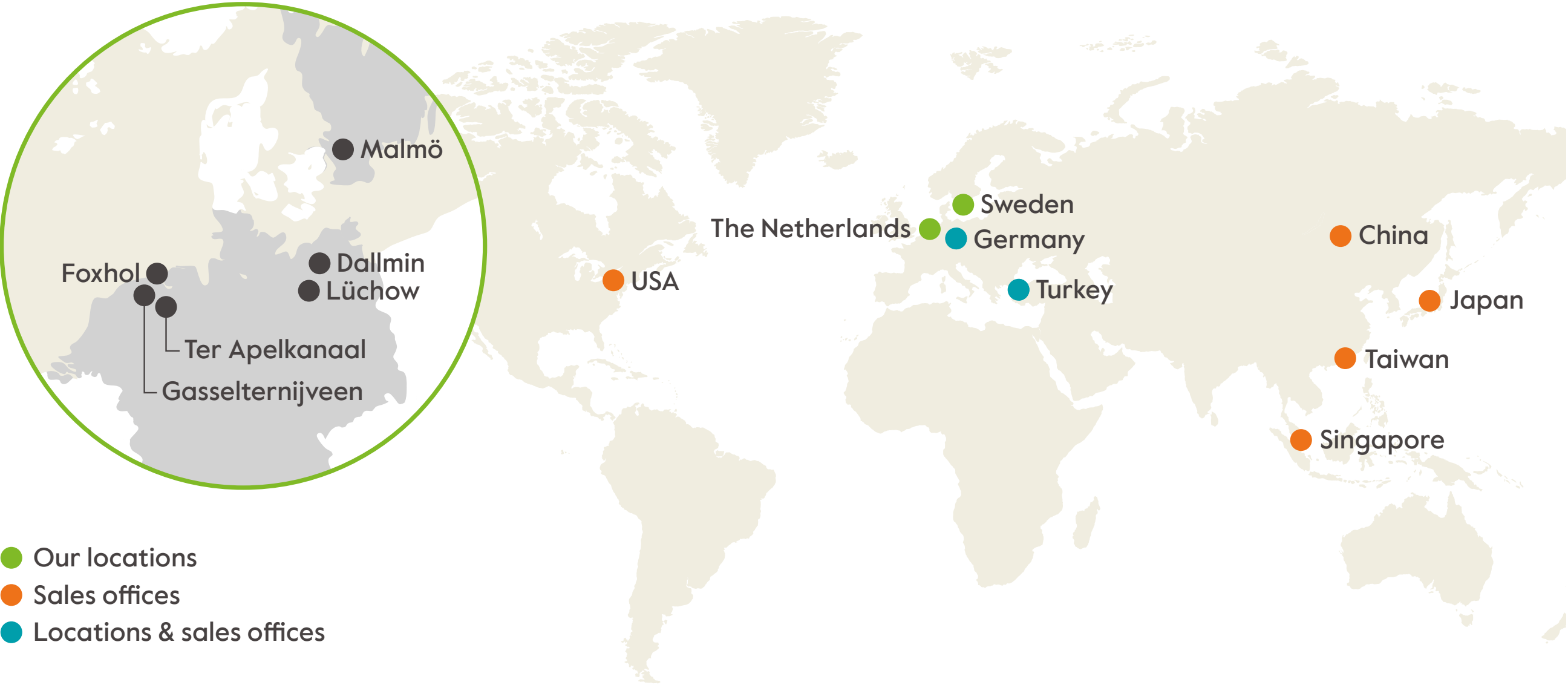
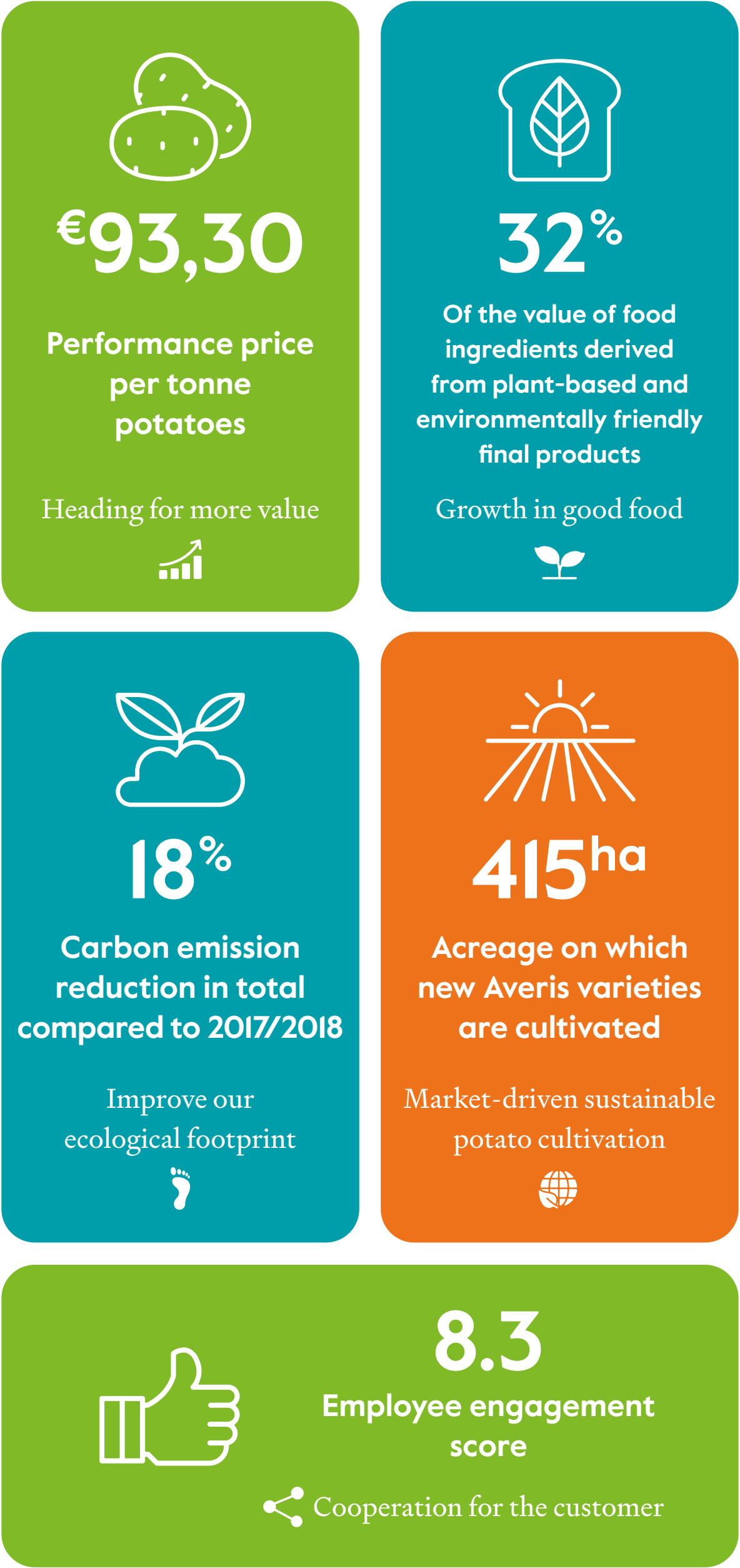
On 1 October 2021, David Fousert was appointed by the supervisory board as the new Chairman and CEO. David Fousert has gained ample experience from various international managerial positions in the agrifood sector at Cargill and ForFarmers.

As CEO of Royal Avebe, he will be devoting that experience to driving the strategic direction towards more value for growers, customers and employees. Marijke Folkers-in 't Hout, Chair of the supervisory board: 'We are ambitious and want to grow in value while reducing our impact on the environment. David Fousert's passion for the agrifood sector and sustainability, his enthusiasm, ability to connect and result-driven nature make him the best candidate to continue Avebe's development. We are delighted to see him taking over the baton from Bert Jansen.'

Key figures



Key figures



About Royal Avebe



➔ About Royal Avebe

About Royal Avebe

Royal Avebe is an international cooperative of starch potato growers. Our innovation is aimed at developing valuable ingredients based on potato starch and potato protein. We work on a sustainable food system together with our employees, members, growers, customers and other stakeholders.

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.

We meet the need for sustainable and healthy products for humans and animals.

Our markets

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. All these markets are in flux.

Nutrition

The global market for healthy and plant-based food ingredients is growing. In emerging economies, the issues are availability, affordability and sustainability.

North America and Europe focus more on requirements in respect of food safety, health and sustainability.

Our ingredients offer unique solutions and opportunities to grow in sustainable, plant-based alternatives to meat and dairy. A sustainable and transparent production chain is an absolute condition for this.

Animal feed

The global livestock sector faces major challenges to meet the slightly growing demand for animal protein with less environmental impact. The specific segment of pet food is experiencing strong growth. This market is expected to continue to grow strongly. With our potato starch and protein portfolio we offer solutions for improved nutritional value and texture of pet food.

Industrial applications

Potato starch is used in various paper and other industrial products. Most of these markets are consolidated, with the exception of the construction segment. This sector has recovered from the economic recession and is increasingly using special products that fit in with 'greener construction' and that make it easier to process building materials. The paper market is generally declining, but we do see potential growth in the food packaging segment.



➔ About Royal Avebe



Refinement and crop optimisation

To achieve all sustainable ambitions for market and environment, our growers must have the best starch potato varieties at their disposal. Our subsidiary Averis Seeds B.V. focuses on the development, propagation and sale of starch potato varieties most suitable for cultivation in the Netherlands and Germany. In 2021 we started a partnership with Solynta, a company from Wageningen specialised in hybrid potato breeding. With its innovative Hybrid True Potato Seed, the company has developed a technique that allows us to better control progress in variety traits. Avebe also supports growers with the Optimeel crop optimisation programme. This is how Avebe works to make the cultivation more sustainable and to achieve a good commercial result for its members.

Binding and Building 2.1.

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.

The Avebe house

In order to achieve our strategic goals, five priorities have been identified. They are the ingredients we use to achieve our responsible growth. ‘Cooperation for the customer’ is the foundation of our new strategy. It supports the three pillars - growth in good food, market-driven sustainable potato cultivation and improve our ecological footprint. These three pillars carry the roof of the Avebe house, or the aim that we pursue: more value. This annual report describes our efforts per pillar from [page 21](#) our efforts are described in this annual report.



➔ [About Royal Avebe](#)

Five ingredients for responsible growth



1. Heading for more value

We are not growing in volume, but we are in value. We do this by striving for the best solution for our stakeholders; we call this 'shared value'. This is the overarching theme of our strategy.



2. Growth in good food

We are growing particularly as a supplier to the food industry. We are doing this in markets with high added value. Our healthy, nutritious, environmentally friendly plant-based potato ingredients add value, for example as alternatives to dairy and meat. Tried and trusted markets, such as bakery and confectionery products, noodles, soups and sauces will be maintained at the same level.



3. Market-driven sustainable potato cultivation

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 want to increase the members' income per hectare of starch potatoes by 500 euros, focusing on a high-quality raw material that is grown in a sustainable and transparent manner.



4. Improve 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.



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 sustainably employable employees who work together cross functionally. This is to achieve together the common goal of Avebe and its customers. Our processes are completely in sync and we all pursue the same aims and objectives.

➔ About Royal Avebe

Objective 2023

Increase of the performance price to 95 euros* per tonne of potatoes under normal harvest conditions.

*In 2024 performance price of 100 euros

Objective 2023

The value of food ingredients used in plant-based and environmentally friendly end products will increase fivefold compared to 2017/2018.

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 potato starch.*
- 3,000 hectares are earmarked for new potato varieties.

* Compared to 2017/2018

Objective 2023

- 12% reduction in carbon emissions per tonne of product compared to 2017/2018.
- 20% less water consumption in total compared to 2017/2018.
- 25% reduction in both tare and sludge waste streams compared to 2017/2018.

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.

Value creation model



How Royal Avebe adds value. Both now and in the future.



Pillar	Input	Strategy	Output	Impact on SDGs
Heading for more value 	<ul style="list-style-type: none"> • €205.5 million equity capital • €66 million in investments 	We aim to find the best solution for all our stakeholders: our growers, our clients and our employees. We call that ‘shared value’.	<ul style="list-style-type: none"> • €93.30 performance price • €9.2 million cooperative result after taxation • 35% solvency 	8 Decent work and economic growth
Growth in good food 	<ul style="list-style-type: none"> • Ingredients • Plant-based alternatives 	Adding more and more value with our healthy, nutritious, environmentally friendly and plant-based potato ingredients.	<ul style="list-style-type: none"> • An increasing share of the turnover is covered by current patents. In the strategic period, this share has grown by 50%. Of this, 76% relates to good food. • The value of the food ingredients used in plant-based and environmentally friendly end products is now 32% of all food products. 	2 No more hunger 12 Responsible consumption and production
Market-driven sustainable potato cultivation 	<ul style="list-style-type: none"> • 2,249 members • Digital demo fields • Breeding company Averis • New varieties • Crop optimisation programme Optimeel 	We stand for a sustainable food chain in which our members grow a high-quality raw material sustainably and transparently.	<ul style="list-style-type: none"> • -21.1% environmental impact of crop protection products per hectare* • 10-year average starch yield per hectare fell by 2.2%* • Carbon emissions per tonne of starch rose by 7.6%* • Acreage of new Averis varieties is 415 hectares • Acreage participating in Optimeel is 61.9% 	9 Industry, innovation and infrastructure 15 Life on the land
Improve our ecological footprint 	<ul style="list-style-type: none"> • 46% renewable energy • Solar panels for generating solar power • Responsible purchasing 	Our growth is responsible, based on sustainable production and responsible business operations.	<ul style="list-style-type: none"> • 206.914 tonnes of carbon emissions • 0.187 tonnes of carbon per tonne of product • 114,000 tonnes gross weight of sludge • Tare is 4.4% of the potato weight • 15.3 Mm3 water consumption 	6 Clean water and sanitary facilities 7 Affordable and sustainable energy 9 Industry, innovation and infrastructure 12 Responsible consumption and production
Cooperation for the customer 	<ul style="list-style-type: none"> • 6 production locations • 1 head office • 8 sales offices • 1,328 employees and knowledge • Talent Management • Cross-functional teams • Collaborations • Contact with important stakeholders 	Committed and motivated employees who continue to learn and together put the customer first.	<ul style="list-style-type: none"> • Sustainably employable and committed employees • Accident frequency index is 1.0 • 4 critical integrated processes improved • 38% fewer customer complaints* • Of all customer enquiries, 76% relate to our strategic pillar of good food. 	8 Decent work and economic growth 17 Partnership to achieve objectives

* compared to 2017/2018

1. Heading for more value





1. Heading for more value

Value creation for our growers, customers and employees is Royal Avebe's overarching goal. We do this in a market-oriented, innovative and sustainable way. As a cooperative of growers and with factories, our own breeding company and innovation centre, we play an important role in the entire chain: from the field to the customer. This is how we work together to further increase the performance price. Our target for 2023 is to achieve a performance price of at least 95 euros per tonne of potatoes under normal harvesting conditions.

Performance price

The performance price reflects the net realisable value per tonne of potatoes. It is one of the most important indicators of the results 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%.

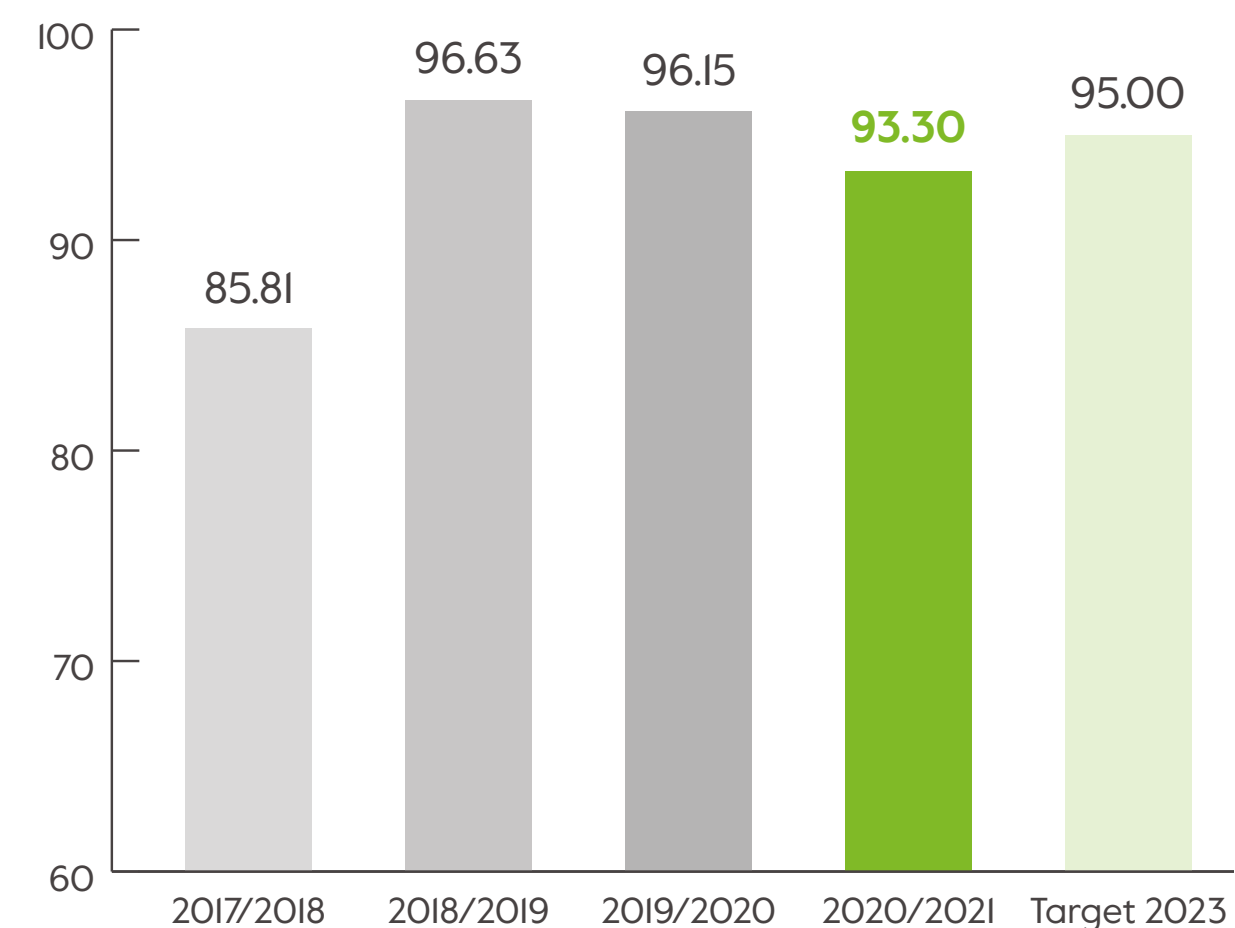
Heading for more value

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 (such as the storage fee and full delivery discounts).
- Costs of loading and transport.
- Cooperative result: the financial result of the cooperative.

Based on these three components, the performance price in 2020/2021 was 93.30 euros.

Performance price per tonne of potatoes



Target 2023

Increase of the performance price to 95 euros per tonne of potatoes under normal harvest conditions. Objective 2024 an increase in the performance price to 100 euros per tonne of potatoes under normal harvest conditions.



'This award is recognition of the strategic direction we have taken.'



In November 2020, Royal Avebe became the proud winner of the first DACT Treasury Award. Avebe garnered the most votes from the members of the Dutch Association of Corporate Treasurers (DACT). ASML and Royal Schiphol Group came second and third respectively.

Criteria

The DACT Treasury Award was presented for the first time in 2020. DACT members were able to nominate financial projects and transactions for this election. All entries were judged on several criteria: innovation, inspiration and *environment, sustainability & governance* (ESG). With this annual award, DACT is setting out to showcase exceptional achievements in the treasury area, while at the same time bringing the field and activities of treasurers to the attention of a wider audience.

Avebe is one of the forerunners in this market.

Forerunner

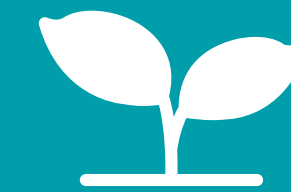
A jury of various professionals from the field ultimately singled out Avebe's project 'Refinancing 2020 linked to sustainability'. From the jury report: "Directly linking ESG targets to the credit margin it pays makes Avebe one of the leaders in this market. That is why Avebe is the rightful winner of the DACT Treasury Award."

Recognition

Rob van Laerhoven, CFO of Royal Avebe: "In 2018, we launched our Binding and Building 2.0 strategy - the next step towards more value for our growers, customers, employees and the society we form part of. We seek a balance between financial results for our members and making our business operations more sustainable. This award is recognition of the strategic direction we have taken."



2. Growth in good food



2. Growth in good food

The world population is growing and so is the demand for food. And as prosperity increases, more consumers eat food with a greater environmental impact such as meat, fish and other animal products. The focus on nutrition and health is increasing, particularly in consumer markets such as North America and Europe. Sustainability and animal welfare are also growing in importance, as highlighted by the increasing demand for plant-based products. The corona crisis has even given this development an extra boost.

We help our customers make a life cycle analysis (LCA). 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). The transition from animal to plant reduces the environmental footprint of consumer products.

Potato protein is a healthy, nutritious alternative to animal ingredients.

Innovating for the protein transition

The aim of the strategic pillar 'Growth in good food' is to create more value with potato protein and potato starch products that can be used in plant-based alternatives for dairy and meat. Potato proteins are in fact a healthy, nutritious alternative to animal ingredients, with a much

lower footprint. That is why we innovate and invest heavily with our potato protein in healthy, plant-based alternatives. We also develop clean label starches to support the trends in healthy nutrition.

We are growing particularly as a supplier to the food industry. The target for 2023 is a five-fold increase in the value of food ingredients used in plant-based and environmentally friendly end products compared to 2017/2018.

Innovation is at the heart of fully exploiting the potential of the starch potato and ensuring sustainable processes to achieve this. We also support our customers in creating maximum value by developing distinctive products and solutions. This is what our R&D department is committed to every day. An increasing share of the turnover is covered by current patents. In the strategic period, this share has grown by 50%.





Of this, 76% relates to good food. It is important to continuously improve processes and products. That is why we are constantly adding to our patents.

Good nutrition

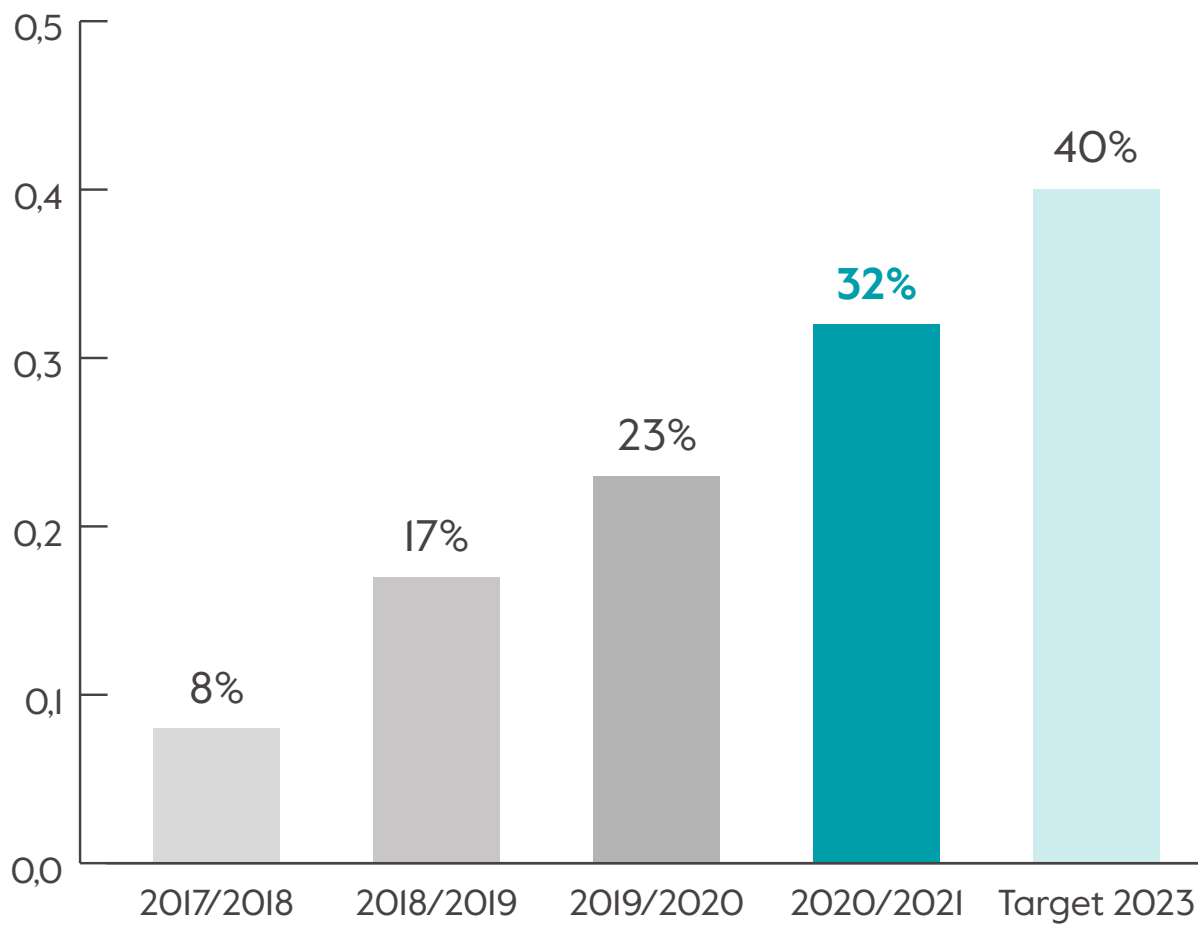
Plant-based

Since plant-based food has a significantly lower environmental impact than food from animal production chains, Avebe is focusing its innovation on developing plant-based alternatives to animal products such as dairy and meat, and replacing animal ingredients such as gelatine. In the past year, we have developed several new concepts, such as meat alternatives used in plant-based hamburgers of various European and American suppliers. We also developed a plant-based pâté, dairy alternatives and a plant-based alternative for gelatine in confectionery. Our contribution to the market for plant-based cheese is also developing strongly.

Clean label

Food producers want to make their ingredient labels as clear as possible for the consumer. This is done by preferably removing all kinds of 'chemical' sounding ingredients or E numbers from their recipes. This gives the end products a clean label. It is a major challenge to develop new production processes in which the starch functionality is comparable to the chemically modified variants. Last year we succeeded in developing a clean-label starch that can be used for soups and sauces, puddings, dairy and dairy-free products, meat products and meat substitutes. To respond to changing consumer demand, we work with food producers and suppliers to quickly create new solutions.

Value of products in plant-based and environmentally friendly final products (good food)



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

Target 2023

The value of the food ingredients used in plant-based and environmentally friendly end products will increase fivefold compared to 2017/2018.

Healthy

Good food is also about healthy food. Avebe is not only focusing on meat substitutes, but also on improving and innovating dairy and meat products. Last year we developed new blends of different potato starches and proteins. This can be used to reduce or completely replace the fat in full fat yoghurt, for example, without changing the texture. The product is cholesterol free, has a low saturated fat content and high polyunsaturated fat composition. And that's not all: our products are also anti-allergenic. This means that our potato protein and starch do not cause an allergic reaction.

In 2020, the growth of plant and environmental products in our good food portfolio has stabilised as a result of the corona crisis. However, many new product development projects have been started with customers and many new concepts are in the pipeline, ready to be launched as soon as the corona crisis is behind us.

We bring employees together through platforms to share knowledge about healthy nutrition.

Scaling up capacity

At the production site in Gasselternijveen, Avebe has been producing potato proteins for human consumption under the name Solanic since 2007. Over the past two years, the production capacity of the current lines has been increased and production has grown by 33%. The market for plant-based dairy and meat applications is growing and further capacity expansion is required.

We started this in early 2021 and expect the new production capacity to be operational from November 2021.

Developing knowledge

The knowledge of our employees is very important to our ability to innovate quickly and achieve a short 'time-to-market'. That is why we pay a lot of attention to the development of employees and why we also look at where external knowledge is needed. Since 2020, we have been bringing employees together through platforms to further develop and increase knowledge and insights about healthy food. These include plant-based meat and dairy products, confectionery, bakery products and sauces.

Innovation with the customer

By being transparent towards its customers and partners, Avebe creates more engagement. In 2020, we were able to maintain our customer contacts well, despite travel restrictions. Customer projects are set up and executed entirely virtually. From our (online) Food Experience Center we support customers with their recipes, demonstrate new concepts and provide training to customers and distributors.



'Perfectasol™ C: The perfect solution for plant-based confectionery.'

*Gertjan Klijnsstra with colleague Wybren Bakker
in the confectionery lab*



From the strategic pillar of good food, Royal Avebe has a strong focus on plant-based alternatives to animal ingredients. Gertjan Klijnsstra is Avebe's Business Development Manager. He advises and assists clients in the development of plant-based confectionery products. Gertjan explains the latest developments within Avebe's product line Perfectasol™ C, an ingredient for use in confectionery.

Plant-based sweets

In the confectionery industry, plant-based is a topic that has been around for some time. This is because gelatine is used in confectionery, a product that can be made from collagen from, for example, animal skin, bones and cartilage. Growing consumer awareness of health, environment and animal welfare issues has led to an increasing demand for alternatives to animal ingredients, such as gelatine, egg white and dairy. Consumers are also looking more and more critically at what's on the label. 'The desire of manufacturers to put confectionery with the claim 'veggie' or 'plant-based' on the shelves has grown significantly in recent years. First we saw this mainly in Europe, but now there are more and more applications from the United States', says Gertjan Klijnsstra, Business Development Manager at Avebe.

Gelatine replacement

However, gelatine is difficult to replace due to its special functionalities. Gertjan explains: 'The texture of a sweet is determined by the degree of foaming and gelling, properties for which gelatine is used. Perfectasol™ C was developed to provide a plant-based alternative. The perfect plant-based solution for confectionery'. The potato-based ingredient mimics the textural functionality of gelatine, both in terms of foaming and gelling. There are several products within the Perfectasol™ C line, all of which mimic a different texture, from 'chewy' wine gums to airy marshmallows.

From 'chewy' wine gums to airy marshmallows.

Cooperation with the customer

With Perfectasol™ C, Avebe is constantly looking at ways to replicate the properties of gelatine in confectionery, such as elasticity and clarity. Since the Avebe team is involved in the early stages of product development, specific requirements can be taken into account to develop the right recipe. 'Here it is important to understand exactly the customer wants. For example, a client recently asked for a cloudier product, for a more natural look, while Perfectasol™ C - like gelatine - results in a very transparent product. That's why we want to work intensively with customers from the very beginning. This way we get the right feedback in time and we can anticipate. A good relationship with the customer is of course crucial here.'

3. Market-driven sustainable potato cultivation



3. Market-driven sustainable potato cultivation

Together with its members, Royal Avebe is working on making starch potato farming more sustainable in order to structurally serve the market with innovative products and ingredients. The starting point for the cultivation is a higher yield with simultaneously less impact on the climate and the environment.

Together with the growers, we have three 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.

We also aim to have 3,000 hectares of land used for growing new potato varieties, developed by our breeding company Averis, by 2023.

Sustainable cultivation programme

In 2018, a sustainable cultivation programme was established to work with our members to achieve the three '10%' targets. Achieving the targets should also mean an extra EUR 500 per hectare for our growers. We therefore call our programme the '3 × 10 = 500 programme'. The first years of the sustainable cultivation programme focused on research into measurement methods and practical implementation in the field.

Last year, the emphasis was on communication and support for the measures needed to achieve the targets.

The implementation focuses on growing the best, most resistant varieties, using less nitrogen fertiliser, reducing the number of movements in the field and making a more conscious choice of crop protection products. On our trial and demo fields in the summer of 2020 we showed that this is realistic and achievable.

Cool Farm Tool helps to calculate the carbon footprint of starch potato growing.

Training for growers

Online training on the use of the Cool Farm Tool was provided in the spring of 2021. This tool helps to calculate the carbon footprint of starch potato cultivation and to determine improvement opportunities. We have also produced a set of maps for growers showing the environmental impact of various permitted crop





protection agents, so that growers can actively choose the least harmful agent. These themes and working methods also fit in with the European Union's new Common Agricultural Policy and prepare our members for this. In all our member contacts we communicate about the importance of the *3x10 = 500 approach* and share best practices.

To calculate our results we use our own crop optimisation programme Optimeel, the Cool Farm Tool and CLM's Environmental Yardstick, which is used annually by Wageningen Economic Research.

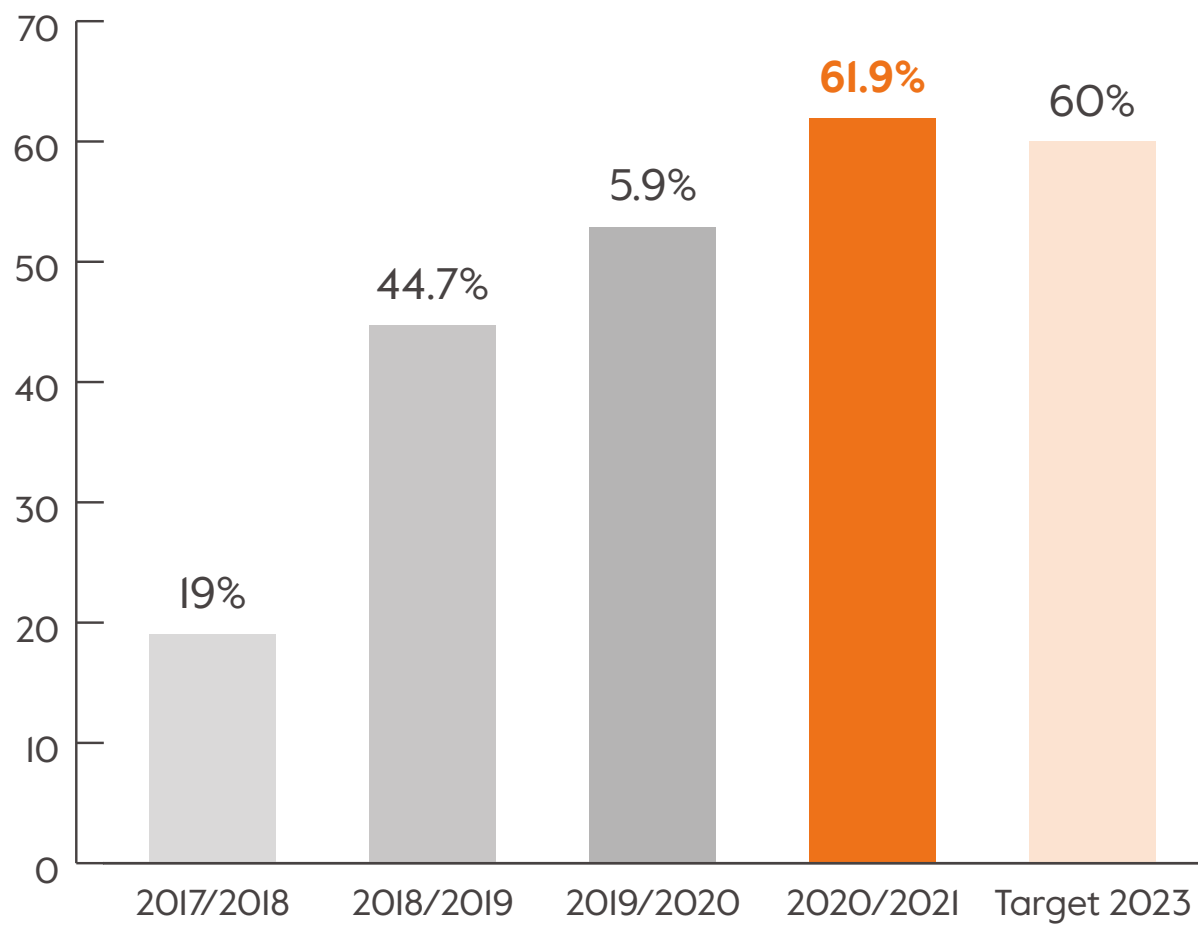
Optimeel focuses on improving the efficiency of starch potato cultivation.

Optimeel

Optimeel is Avebe's crop optimisation programme. The programme focuses on improving the yield 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.

Last year we launched an information and recruitment campaign to increase the number of participants. Optimeel participation continued to increase during the fiscal year to 62% of the total crop area. Despite the corona crisis, study groups and member meetings continued (online) and a video library of best practices was put online for members. Ample use is being made of this.

Development of participation in crop registration in percentage (hectare/hectare)



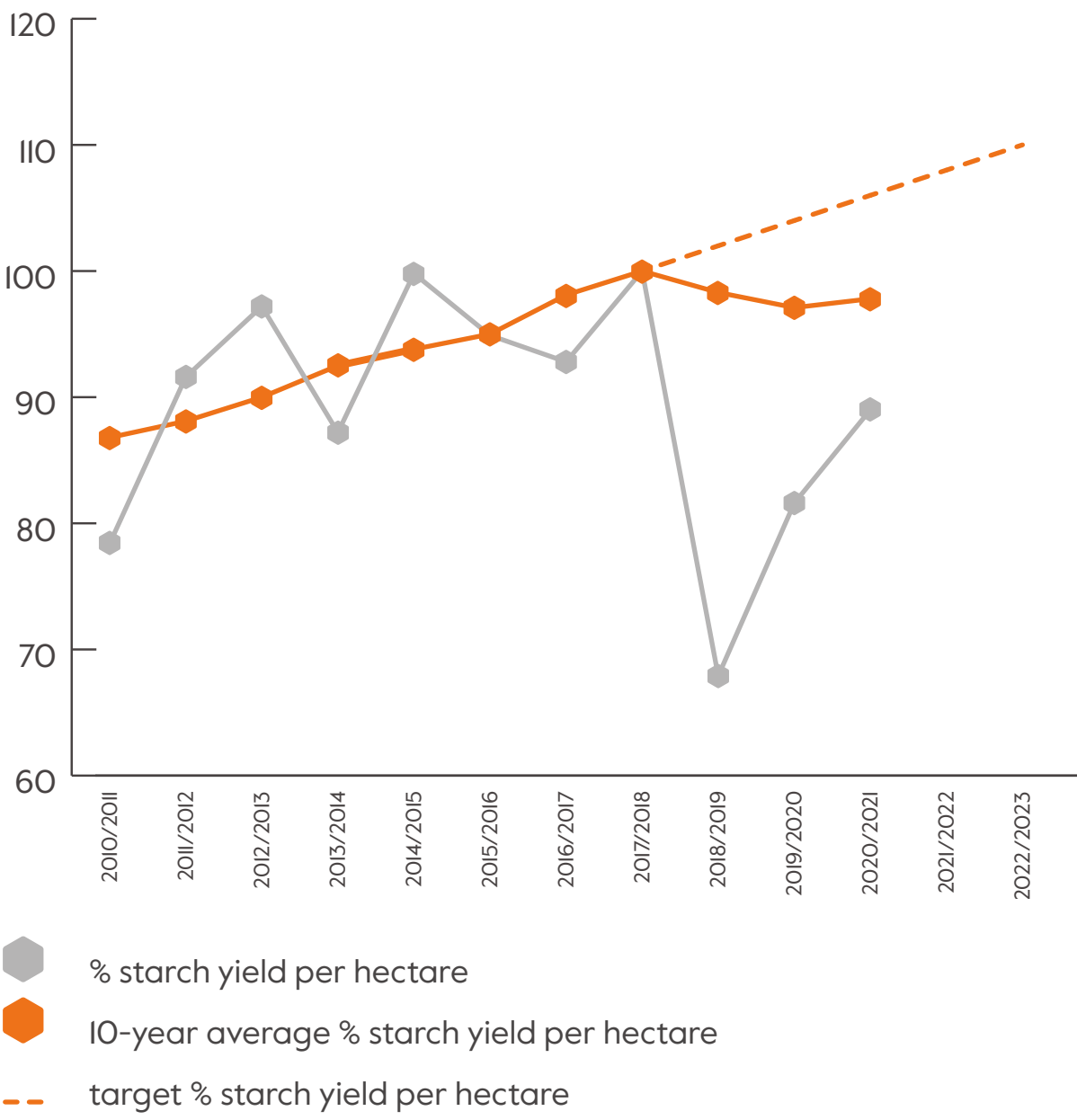
Target 2023

Percentage of acreage participating in crop registration is 60%.

Results

The starch yield is influenced by the weather during the growing season, as well as the choice of varieties and cultivation measures. The growing conditions during the 2020 season were much better than the two previous years in most of the Avebe area. The share of new varieties has also increased. As a result, we saw starch yields per hectare in the 2020/2021 financial year of 89% compared to 2017/2018. This is higher than the previous year, but still 11% lower than the very good reference year 2017/2018. In that year the starch yield was exceptionally high.

Starch yield per hectare (% compared to 2017/2018)

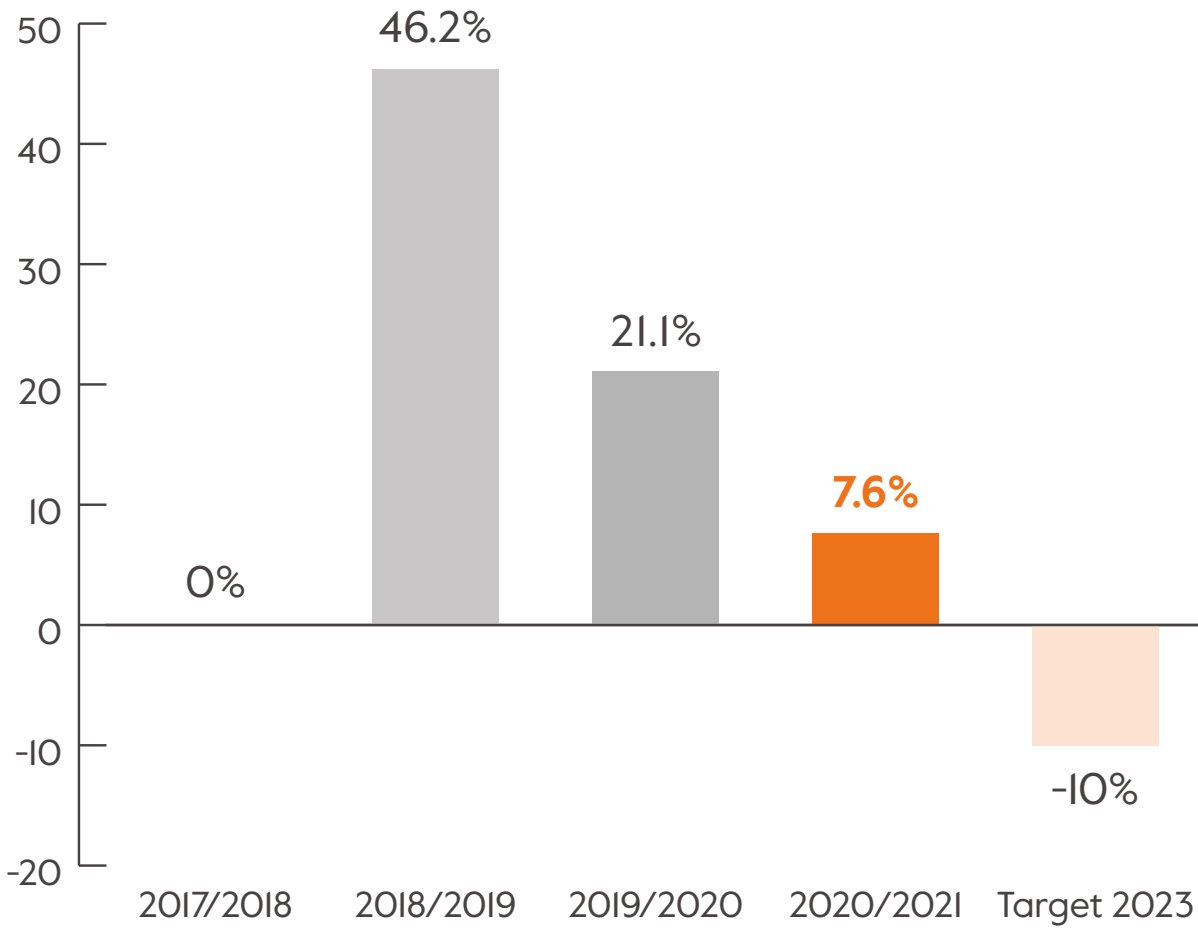


Target 2023
10% less water per tonne of potatoes processed compared to 2017/2018.

The carbon footprint of the crop is mainly determined by the yield, the amount of nitrogen fertiliser and fuel consumption per tonne (starch produced). This year, 7.6% more carbon equivalents were emitted per tonne of starch than in the reference year. In 2019, this was 20.2%* more. Emissions per tonne are going down, but need to go down even more to meet our 2023 target of -10%.

* Due to a recalculation, the proportion carbon equivalents per tonne has changed from 42.8% to 46.2% in 2018/2019 and from 21.1% to 20.2% in 2019/2020.

Carbon footprint per tonne of starch



Target 2023
-10% carbon emissions per ton of starch compared to 2017/2018 (% CO₂-eq).

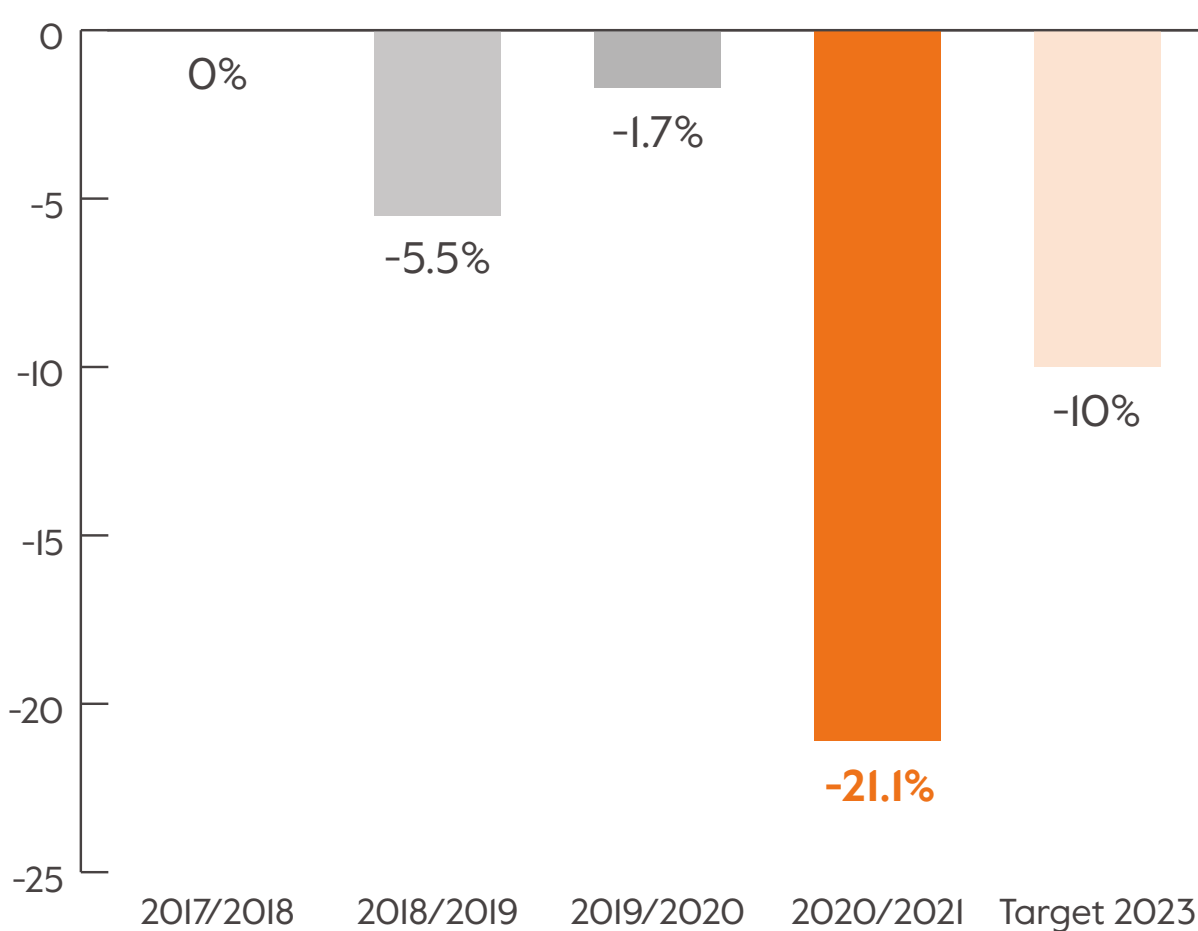
In addition to the carbon footprint, we also strive to reduce the environmental impact. The environmental impact is determined by the type and quantity of crop protection products used. Increasing awareness of the impact, better varieties and improvements in spraying techniques have led to a reduction in environmental pressure of 21.1%* compared with our reference year. This is far beyond our 2023 target of 10%. Although the use of crop protection products is highly dependent on weather conditions, it shows how seriously and proactively our growers take this.

* The 21.1 % reduction in environmental pressure is an extrapolation of Wageningen Economic Research's (WER) basic figures for Dutch starch potato production and Avebe's own Optimeel data. The 2020 figure for the WER's environmental impact is not yet available and may be updated next year.





Environmental impact of crop protection products per hectare

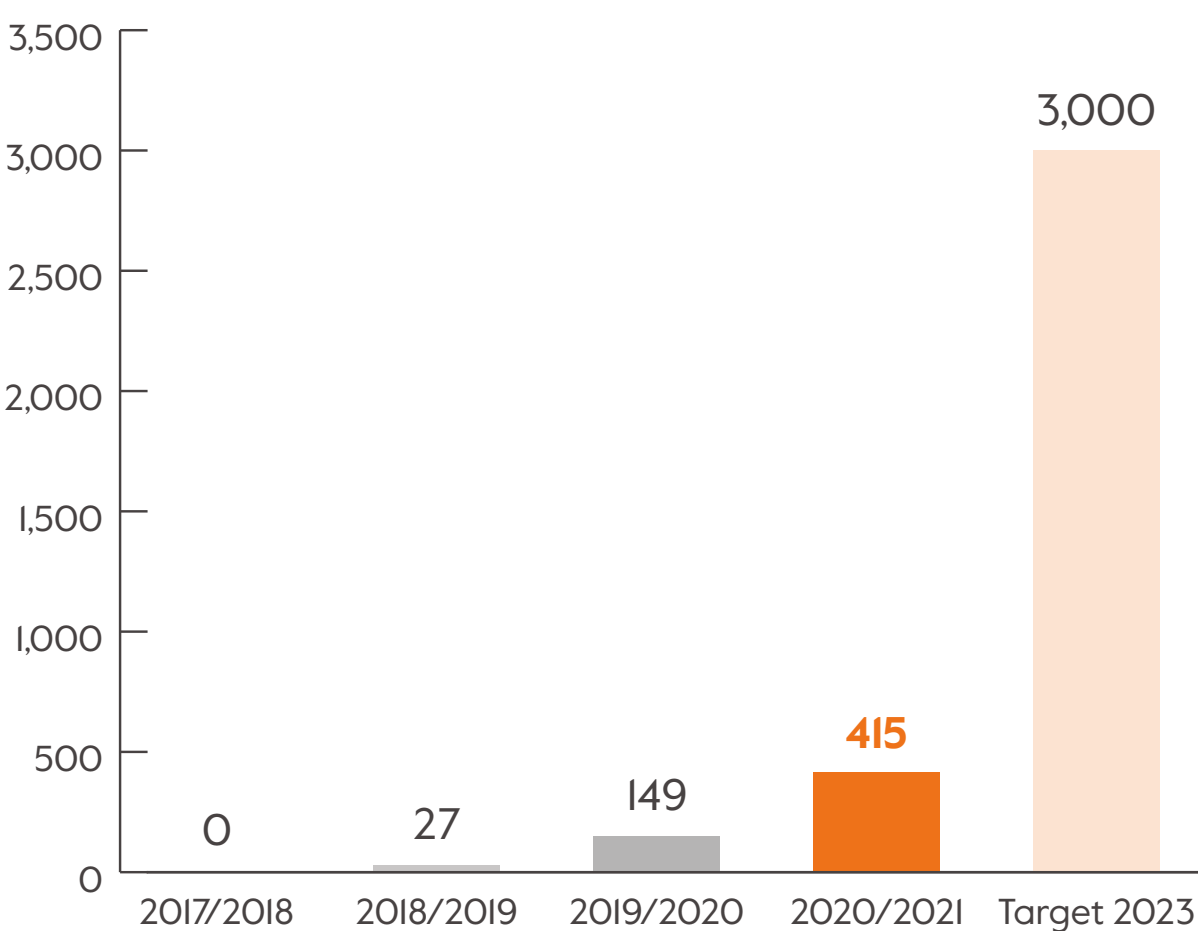


Target 2023

-10% of environmental load points of crop protection products per hectare compared to 2017/2018.

From our communication and information efforts to members at the beginning of the 2021 crop year, we expect to see the results of our 3×10 goals in the next harvest year.

Acreages used to grow new Averis varieties (hectare)



Target 2023

3,000 hectares are earmarked for new varieties.

New potato varieties

Starch potatoes have to meet many different requirements. The starting point for the cultivation is a high starch yield and as few crop protection agents and emissions as possible during cultivation. Potatoes must also be resistant to diseases such as potato cyst nematodes and wart disease. Averis is therefore involved in the development of new potato varieties. All this is to guarantee sufficient and high quality potatoes as raw material for Avebe.

Future-proof potatoes

An important development is hybrid breeding. In 2021 we started a partnership with Solynta, a company from Wageningen specialised in hybrid potato breeding. With its innovative Hybrid True Potato Seed, the company has developed a technique that allows us to better control progress in variety traits. In this cooperation we focus specifically on the starch potato crop for the Avebe growers.

The faster breeding of better varieties improves the yield of potato starch and protein.

Hybrid breeding brings several advantages. In combination with the DNA-marker technique that we have developed, naturally occurring characteristics, such as resistance to drought, pests and diseases, can be quickly crossed in without reducing other characteristics. The result is a shorter development process and faster progress with the properties that are of value to Avebe's growers. By breeding better varieties more quickly than with conventional breeding, less pesticides need to be used, the yield of potato starch and protein improves and fertilisers are used more efficiently. This is how we contribute to making the cultivation of starch potatoes more sustainable and to achieving our strategic goals.

Resistant new varieties

Every year new crossbreeds are made between parent breeds that contain the desired properties and that can pass them on to their offspring for the breeding programme. In 2021, for the first time, Avebe was able to select all seedlings resulting from these crosses for the four main diseases: potato cyst nematodes, wart disease, phytophthora and Y-virus. That is a big step towards the sustainable production of seed and starch potatoes.

In 2020, Avenger, a high starch yielding variety that is resistant to phytophthora, was introduced to the market, saving 60% or more on the use of crop protection. This means less environmental impact and less labour and carbon emissions due to fewer tractor movements. We also expect the new variety Avamond to grow considerably based on our variety value programme. In this programme, six trial growers in the Netherlands and Germany test new varieties at scale, so that we can gain insight into how they experience them. In 2022 we will see the first harvests of Avamond on a large acreage.

These developments mean that 415 hectares will be filled with new potato varieties by 2020. This area will grow rapidly as early as in 2021 to reach the target of 3000 hectares in 2023.



**'Getting together
with other growers,
I learn a lot
from that.'**

Rik Buiter
Farmer



In Odoorn, in the Province of Drenthe, lies the farm of the Buiter family. Sugar beets, cereals and potatoes have been grown here for five generations. Half of these potatoes are starch potatoes for Royal Avebe. The 32-year-old Rik Buiter runs the arable farm together with his parents. He is also a participant in the Optimeel programme.

Sustainable cultivation

'Sustainability is important to us. A few years ago some 860 solar panels were installed, generating enough energy for between eighty and one hundred households. We are self-sufficient in terms of energy needs, such as for cooling and drying potatoes. And what's more, the solar panels yield a nice cost saving,' explains Rik.

Crop rotation also plays a role in sustainable cultivation. As part of this, Rik exchanges parts of the land with other farmers in the region who grow a different crop, such as corn, hemp or grass. This 'land swap' broadens the crop rotation and ensures that the soil remains in good condition.

Natural pest control and more biodiversity

To keep the use of pesticides as low as possible, field margins are sown with various flowers and herbs. This attracts parasitic wasps and ladybirds, natural enemies of lice for example. These natural fringes are also a feeding ground for birds and other animal species, and some places have been specially laid out for the common spadefoot toad. Rik: 'The field fringes have many purposes and so we let nature do its work.'

Rik is hoping for as many insights as possible to further increase his yield.

Yield optimisation

As a participant in Optimeel, Rik keeps online records of all growing activities. Avebe is using this data to look into ways of improving the yield of starch potatoes. Rik is hoping for as many insights as possible to further increase his yield. The organised study groups are also valuable, according to Rik. 'Getting together as a group of growers under the guidance of Avebe, sharing experiences and doing trial harvests, I learn a lot from that as a grower'. This also applies to the demo fields where growers' meetings are organised. Because of the corona crisis, this information was shared via vlogs last year. Valuable, says Rik, 'but I did miss the atmosphere of being together on the field with colleagues. Fortunately, that is now possible again.'



4. Improve our ecological footprint





4. Improve our ecological footprint

Royal Avebe is reducing its ecological footprint by using new technology, renewable energy and improving the efficiency of our processes. Innovation is important in achieving this objective, but sometimes it results in the production of new products which, although they are used by our customers, lead to a significant reduction in carbon emissions for our customers, but that consume more energy for our own production process.

Nevertheless, it is our ambition to emit less carbon, both in absolute terms and per tonne of product produced. We are therefore working towards two targets for 2023: 12% reduction in carbon emissions in total and per tonne of product (compared to reference year 2017/2018).

As well as reducing our carbon emissions, cutting back our water consumption and reducing waste streams are important objectives to reduce our ecological footprint.

Reducing carbon emissions

To reduce our carbon emissions, we focus on reducing our energy consumption and using sustainable energy. We highlight a number of projects.

In February the gas fired boiler at our production location AB Stalex in Sweden was replaced by an electric boiler. Green electricity is purchased for this purpose, so that the steam produced is carbon-neutral. Green gas is used for the remaining gas consumption.

This makes Stalex's energy supply Avebe's first factory to be completely carbon-neutral (read more on this at [page 43](#)).

With electric boilers, part of the steam production can be electrified with green electricity.

For our production locations in Gasselternijveen and Ter Apelkanaal, we have received an SDE++ subsidy for electric boilers in the past year. The plan is to install electric boilers here, as in Sweden. This will allow part of the steam production to be electrified with green electricity. A significant proportion of this power will come from the solar parks at these locations, which have been operational since this spring. From 2022/2023 onwards, the electric steam boilers in Gasselternijveen and Ter Apelkanaal will make a major contribution towards achieving the carbon emission reduction targets.



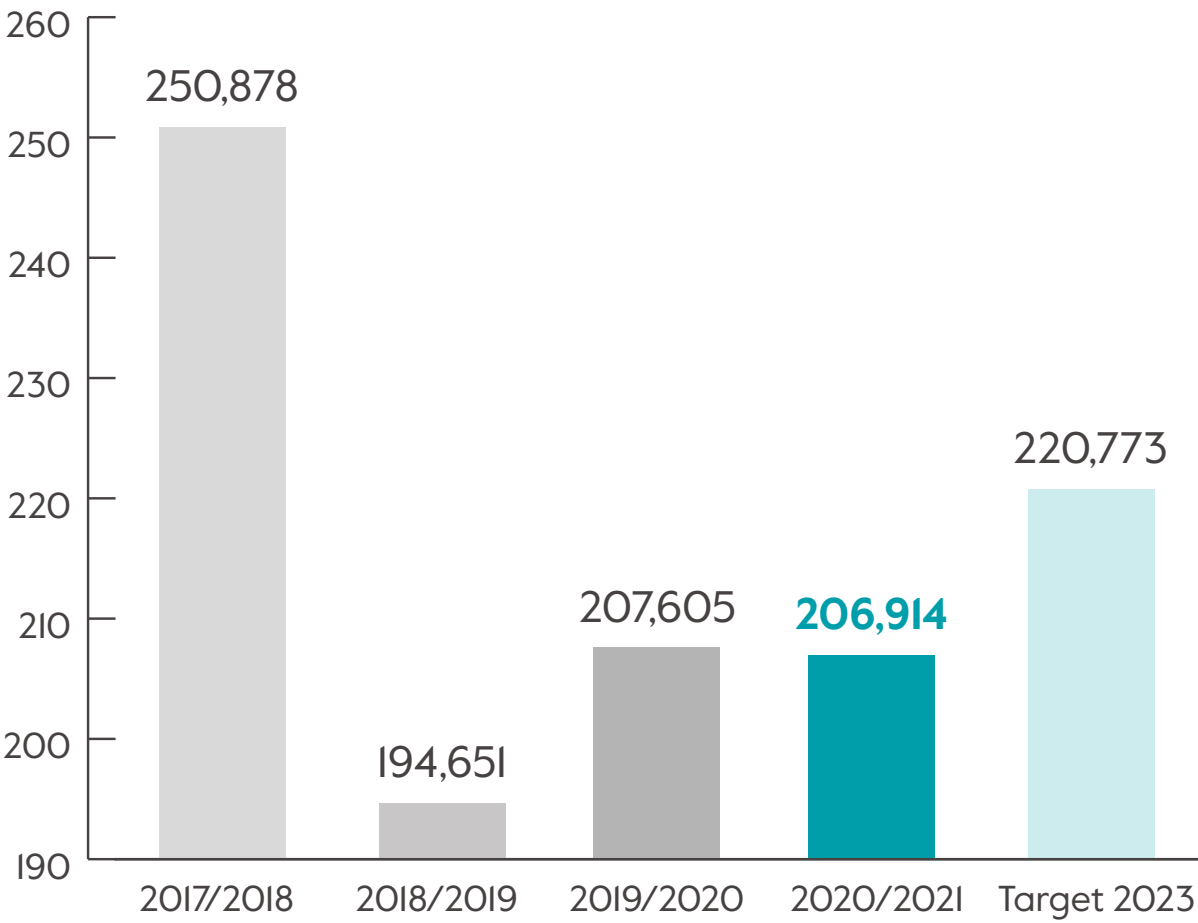


In addition, an SDE++ subsidy application is being prepared for an electric steam boiler at the production site in Foxhol.

Membrane technology achieves significant energy savings, carbon emission reduction and reuse of water.

In recent years, together with Wafilin Systems, we have developed the unique 'DUCAM' process, short for Sustainable Concentration of Potato Juice with Membranes. DUCAM achieves significant energy savings, reduces carbon emissions and ensures that water - filtered from potato juice - can be reused. The membrane technology became operational at our Ter Apelkanaal site in 2020. In early 2021, we also received the Innovator of the Year 2021 award during the Water Vision 2021 conference. With the energy savings achieved in Ter Apelkanaal, Avebe has also fully met its obligations as a participant in the MEE covenant (Long-term Energy Efficiency Agreement), which ended at the end of 2020. Next year, the DUCAM technology will also be implemented at the Protamyl plant in Dallmin and at the Solanic protein plant in Gasselternijveen. We expect to reduce carbon emissions by more than 10% with this.

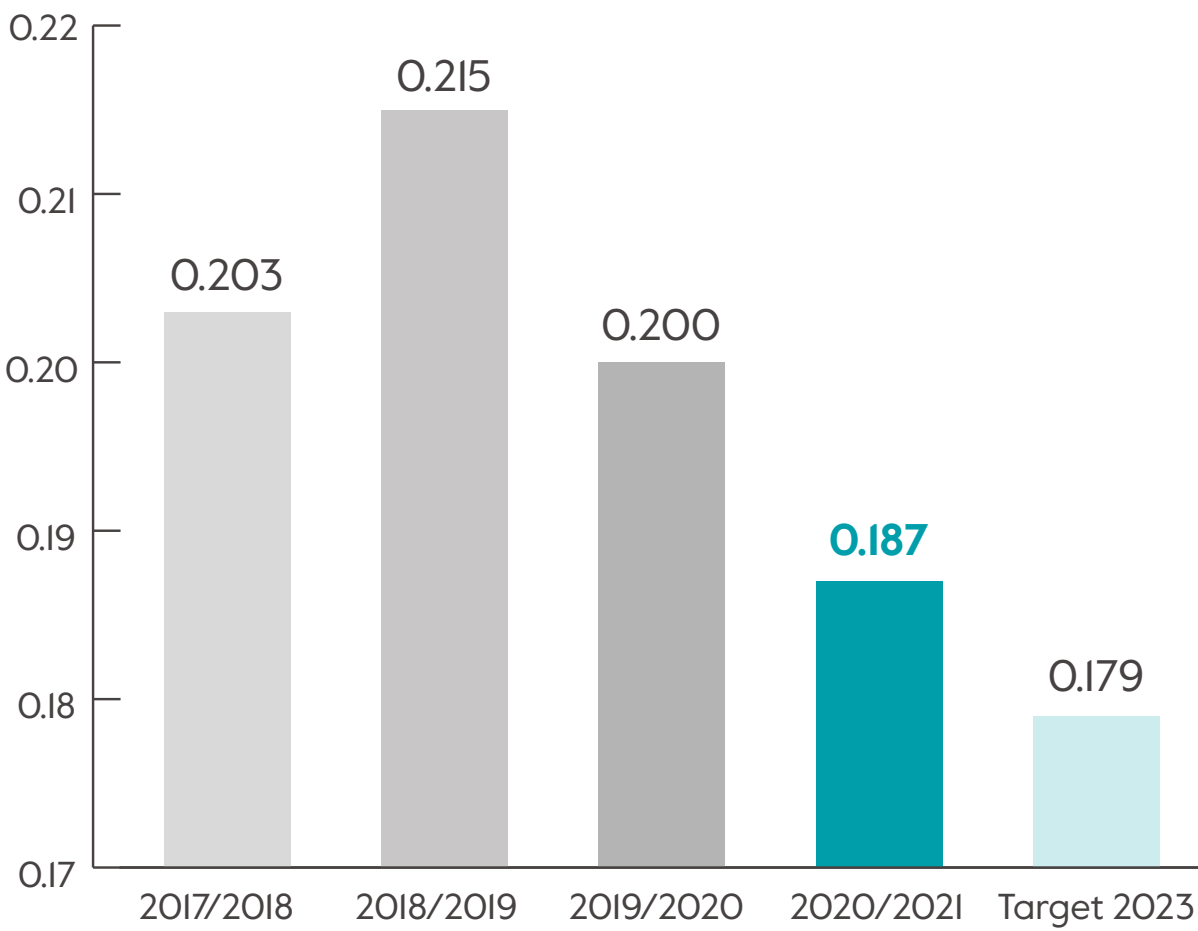
Carbon emissions (in tonnes)*



Target 2023
12% reduction in carbon emissions per tonne of product compared to 2017/2018.

* This concerns the carbon emissions (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 emission per tonne of product**



Target 2023
12% reduction in carbon emissions per tonne of product compared to 2017/2018.

**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 emissions. More derivatives have also been produced in relation to the quantity of native starch. This increases the average emission per tonne of product.

Because the harvest in 2020/2021 is at a similar level as in the reference year 2017/2018, we can make a better comparison with the reference year compared to the past two years.

The percentage of renewable electricity increased last year from 37% to 46%. The Guarantees of Origin of the solar parks at Ter Apelkanaal and Gasselternijveen are purchased by Avebe.



Innovative cooperation leads to unique solar park

On 21 May 2021, His Majesty the King Willem-Alexander officially opened the Hollandia Nieuw-Buinen Solar Park. Royal Avebe, Avitec and Solarfields started the development of the solar park in 2017. The solar park has a unique dual function. For example, the solar panels are located

above the former Avebe irrigation fields. This area is also used as a buffer basin for the water treatment plant of Avebe's potato starch factory in Gasselternijveen. For the dike around the solar park soil has been used which is brought in by potatoes from Avebe.

This project has the capacity to supply sustainable energy to over 35,000 households thanks to annual energy production of 120 megawatts. The 300,000 panels, spread over 100 hectares, will save over 45,000 tons of carbon a year. Avebe buys more than 36% of the green electricity.

The park was created in consultation with local residents and nearby companies and takes innovative approaches to making the energy supply more sustainable.



Water: a strategic resource

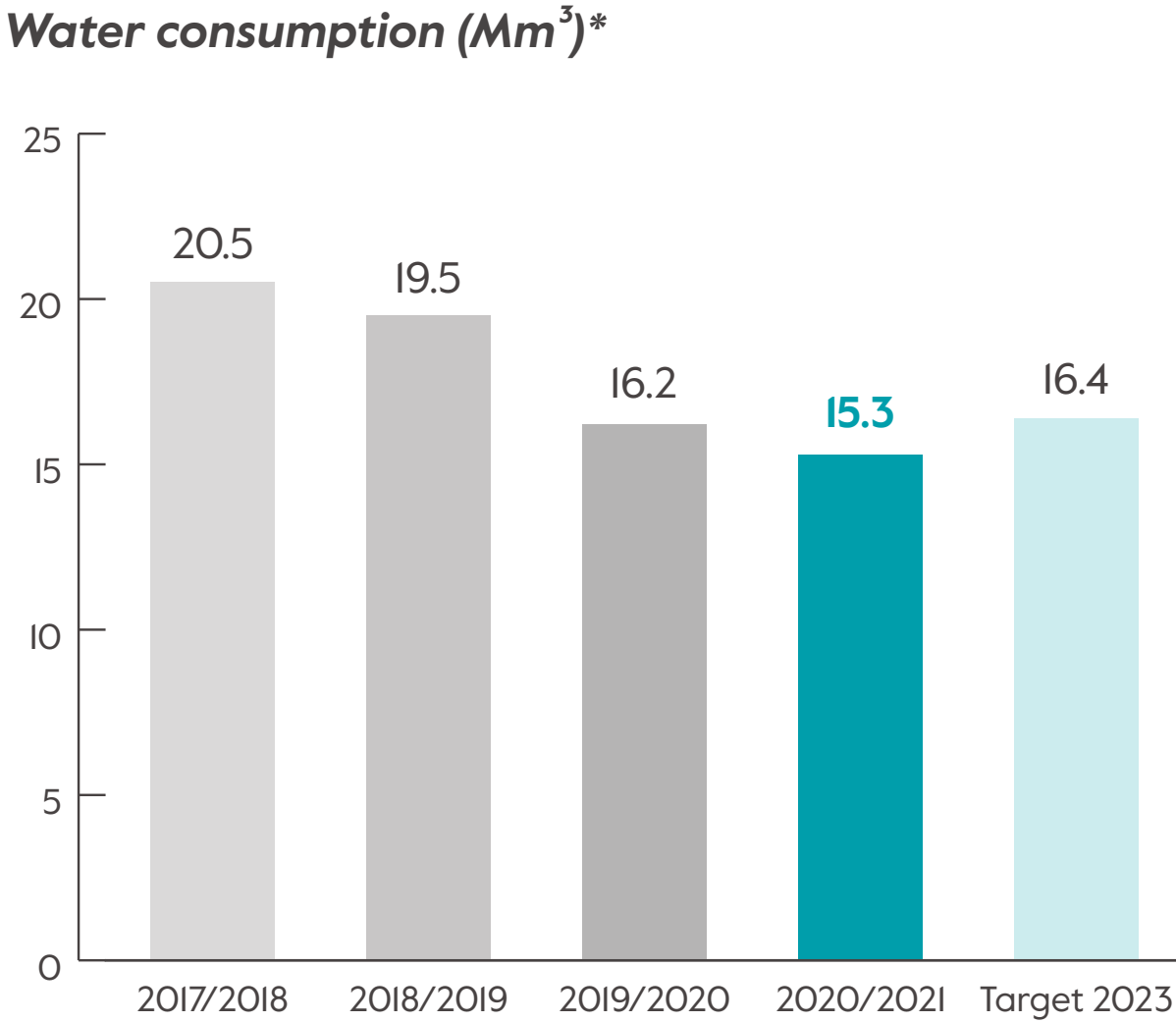
Water is an important resource for Avebe. We use water in our six factories to process the potatoes into starch and protein. Our goal is to use 20% less water in 2023 compared to 2017/2018. Approximately 59% of our water is used in Ter Apelkanaal. That is why we focused on this location in the first 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.

Thanks to a number of measures, Avebe has already reached its water saving target for 2023. This has been achieved primarily through awareness and savings projects. We expect to maintain this reduction over the remaining strategy period. However, this does not mean that we no longer have any challenges when it comes to reducing our water consumption. Due to volume growth of a number of products that entail higher water consumption, we have to take measures to compensate for this.

**For the longer term,
we are working on
scenarios to reduce our
dependence on water.**

It has also recently become clear that we have to take more account of periods of water surplus or water shortage. The Hunze and Aa's Water Board explicitly addresses this in its Water Management Programme 2022-2027. Part of the solution has to do with measures such as making water buffers available. This has been

given attention and we are working together with the region on this. For the longer term, we are working on scenarios to reduce our dependence on water. We are considering the use of other methods for the production of derivatives. We are working out these scenarios in preparation for the next strategy period.



Target 2023
20% less water use (Mm3) in total production compared to 2017/2018.

* The total water use in million m3 (Mm3) is expressed as the total of drinking water, well water and surface water of the six production sites of Royal Avebe.

Reducing tare and sludge

Waste reduction is the third way to reduce our ecological footprint. Avebe concentrates on the two waste streams sewage sludge and tare. For both streams, we are aiming for a 25% reduction compared to 2017/2018.

Sludge

Avebe's wastewater contains residues of potato juice, protein and starch from the production process. Sludge is left behind after the waste water is purified. Because our commitment to growth in products for good food leads to more polluted water and therefore more sewage sludge, reducing this makes heavy demands.

A number of new activities were launched last year. An internal communication campaign was started to raise awareness of the waste reduction programme. Also, dashboards have been created at the Ter Apelkanaal and Gasselternijveen production locations that show the daily losses of starch, protein and potato juice.

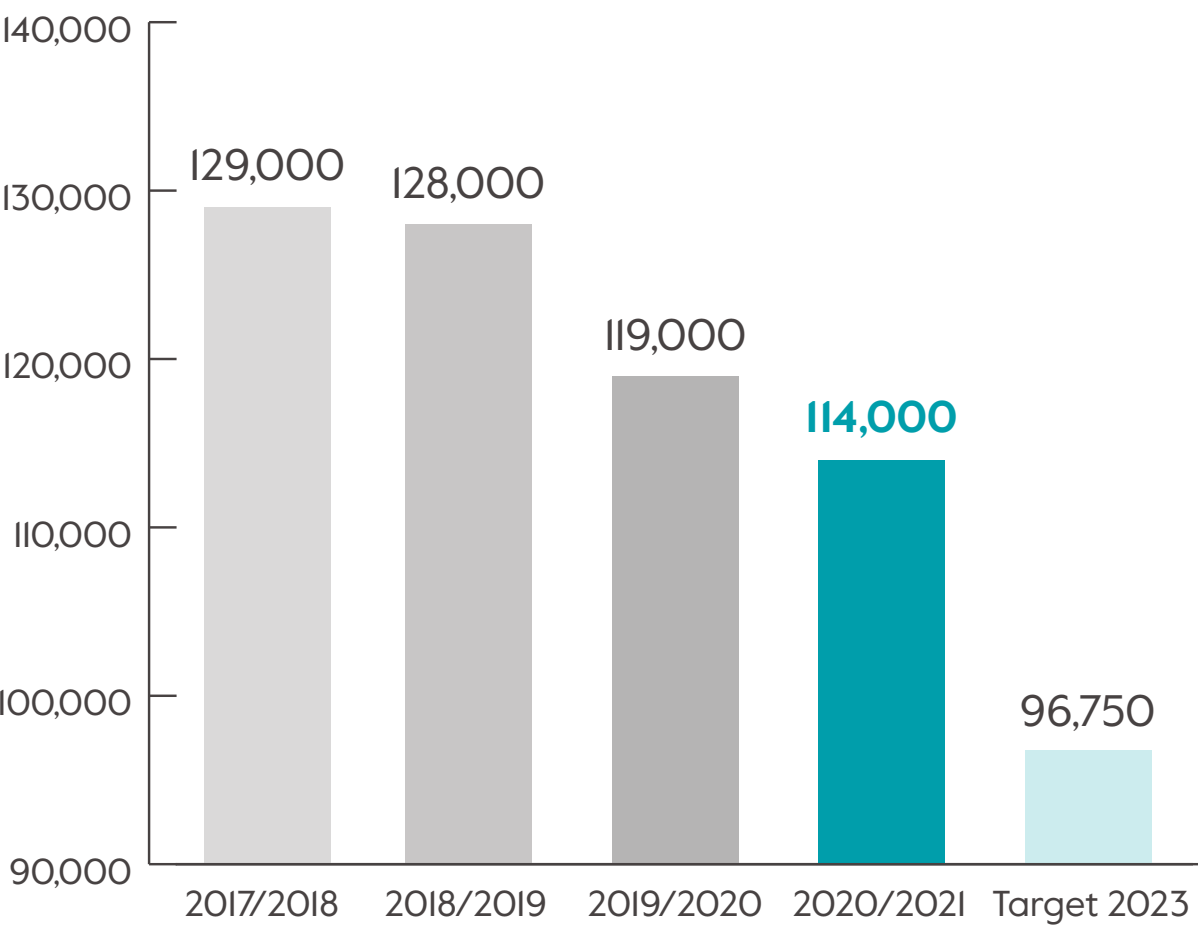
Measuring equipment has also been installed in the waste water pipe from the food factory in Ter Apelkanaal, so that starch loss can be charted. Next year we will be able to start with WCOM (World Class Operations Management) activities to actually reduce the losses. We are also investing in a study in the potato starch factory.

The waste water treatment plant in Gasselternijveen has been upgraded so that it processes waste water better and produces less sludge. This has resulted in 13% less sludge production in Gasselternijveen compared to the 2017/2018 reference year, while our good food product Solanic has actually increased the production of wastewater. This has resulted in a significant improvement. During the intercampaign (the period

between two processing campaigns) more adjustments will be made to the treatment plant so that it can efficiently process a further increase in production.

Thanks to these measures, the amount of sludge produced by Avebe in 2020/2021 was 12% lower than in 2017/2018. With the plans for next year, we expect to achieve a further reduction.

Sludge (gross weight in tonnes)



Target 2023
25% reduction in both tare and sludge waste streams compared to 2017/2018.



Tare

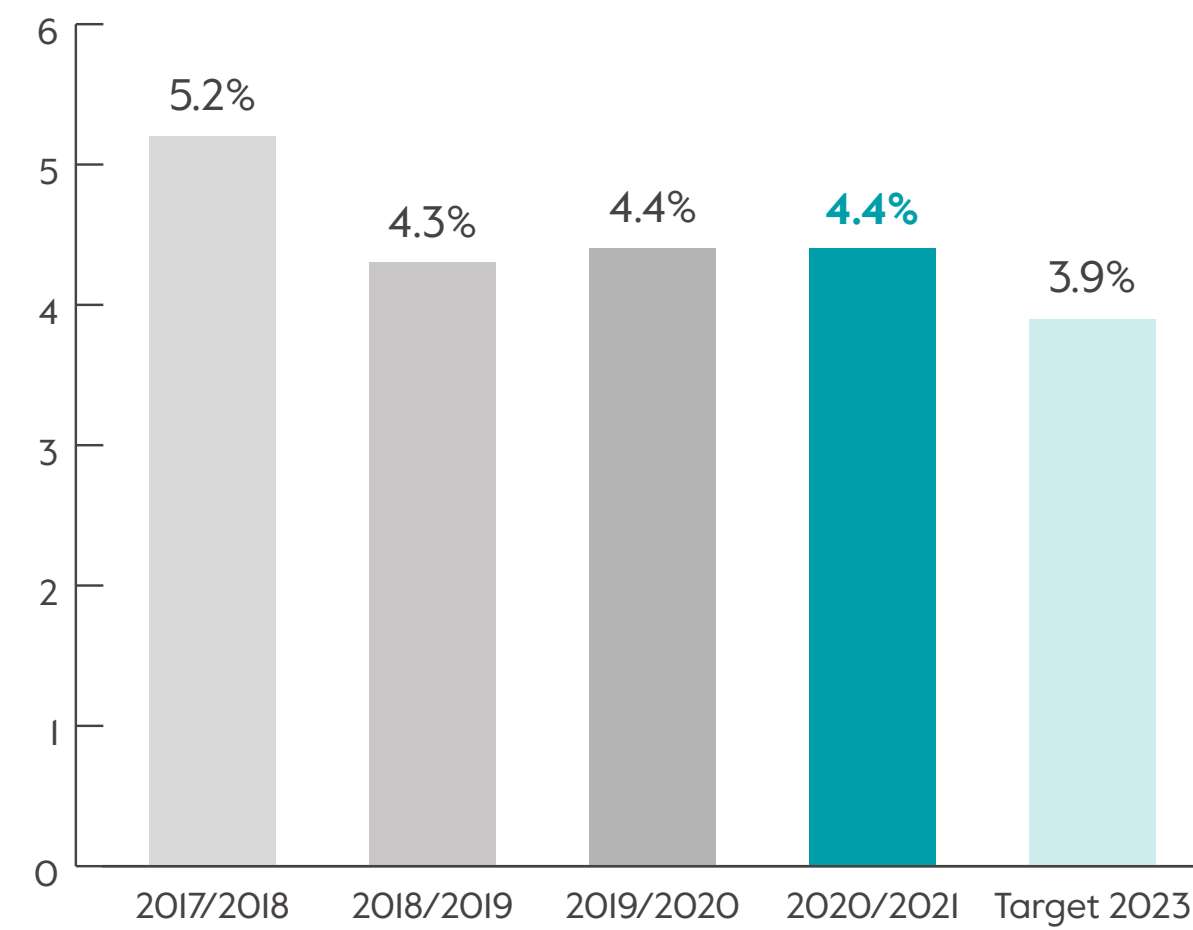
The potatoes that arrive at our factories often still have soil attached to them. Leaves and stones also come from the land to our factories. We call this tare. To reduce the amount of tare, in 2019 we have adjusted our agreements with growers on the potatoes to be delivered. As a result, it is now financially more attractive to deliver cleaner potatoes. For the coming year, stricter agreements with regard to stones will be added.

In Germany, a trial is being conducted with a new machine to clean the potatoes better.

The search for machines that clean better than the current ones and that meet requirements in terms of aspects such as cost and weight has not led to the desired result. The machines are usually too expensive to buy and use. A trial is being conducted with a new machine at our location in Germany. We are also holding talks with machine builders about smaller adaptations to the existing 'cleaners' in order to reduce the share of tare at lower costs.

Despite these challenges, the tare rate in 2020/2021 was about 15% lower than in the 2017/2018 reference year. This puts the programme and the meeting of our objectives on track.

Tare (% tare of potato weight)



Target 2023
25% reduction in both tare and sludge waste streams compared to 2017/2018.



'We are proud of Avebe and our sustainability goals.'

Our Swedish location, AB Stadex, is right in the middle of Malmö. It is Royal Avebe's smallest location, but the sustainability ambitions are high. Avebe's overarching carbon reduction target of a 12% reduction by 2023 is paramount. The site also follows the targets set by the Swedish government and the city of Malmö to achieve full carbon neutrality by 2030.

Technical manager Håkan Nebréus, responsible for sustainability at AB Stadex, and his team are taking a big step towards reducing carbon emissions by installing an electric boiler.

Electric boiler

Hakan: 'The steam we use in our production process was first produced in a boiler running on fossil natural gas. We wanted to change this to carbon neutral electricity. More than 50% of energy production in Sweden comes from hydropower. A year ago we therefore decided to install an electric boiler, which means that steam can now be produced in the factory using water power,' explains Hakan. The Swedish energy programme 'Klimatklivet' subsidised 40% of the project. The earn-back time is good because Sweden has a high tax on fossil fuels. Also, the e-boiler is more efficient in terms of energy consumption. The cost savings thus achieved contribute to the performance price. The result: reduction in carbon emissions of 4450 tons a year, or 1.7% of Avebe's total. AB Stadex has reduced its energy consumption by a total of 30%.

Record time

'The project was completed in record time,' Hakan recalls. 'We got the 'green light' for our boiler in the middle of the first corona wave in 2020 and we had it operational within eight months, from ordering and installation to power. 'This was made possible by the team. We love change and identifying improvement opportunities. Together we form the improvement team. And because we are a small team, we can also act quickly. And that's exactly what we want. We are proud of Avebe and our sustainability goals.

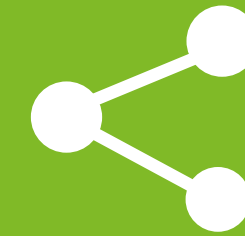
We want to connect and build, and so we need to learn from each other.

Binding and Building

Electric boilers will also be installed at the Dutch locations in Gasselternijveen and Ter Apeldkanaal in 2022. Hakan and his team shared the insights gained with their Dutch colleagues. Hakan: 'We want to bind and build, and so we need to learn from each other.' Best practices are shared, but they also look at what could be improved. 'With a larger e-boiler, for example, energy consumption could be better matched to peak energy consumption times in the region,' Hakan said. Good input for the ambitious team that is already working on the next goal: energy savings of 50% compared to reference year 2017/2018.



5. Cooperation for the customer



5. Cooperation for the customer

We work with our members, customers, research institutions and other stakeholders to produce healthy, nutritious and environmentally friendly ingredients. We achieve this with sustainably employable, vital and committed employees.

We are working to achieve the following goals by 2023:

- A score on employee satisfaction and engagement of higher than 7.5
- An accident frequency index lower than 0.5
- Improving 8 critical integrated processes

Good employment practice

Talent management

At Royal Avebe we see employee development as a continuous process. As well as acquiring substantive knowledge, we support employees in the development of their skills. For example, we invest in the development of management skills, project management skills and personal leadership.

In 2020/2021 we started a talent management process centring on the ambition of employees and the objectives of Avebe. We offer ambitious employees the opportunity to talk to a mentor from senior management.

These meetings make it possible to discuss personal growth, but also issues at Avebe and ways of tackling them. Because we focus on development, we are seeing more vacancies being filled by our own personnel

and therefore we are an attractive employer. We have significantly reduced our recruitment costs by employing our own recruitment manager. We also use social media to bring Avebe to the attention of the labour market.

Employees are empowered to take control of their own careers.

We work on transparent growth paths within the various disciplines so that employees can take control of their own careers. We are 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. This is how we work on sustainable employability.





Employee engagement

We believe that it is important for our employees to be fit and healthy, able to develop and feel engaged with Avebe. Cooperation, togetherness and commitment to our strategic goals 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, in the midst of the corona crisis. The response rate to the survey was 55.4%. The challenge for the next survey will be to increase the response rate in order to receive an even more representative picture of the organisation as a whole. This survey focused on engagement, involvement, employability and efficiency.

Results of the September 2020 employee satisfaction survey



Target 2023

Higher than a 7.5 for involvement and engagement.

With these scores Avebe achieved its goal to score higher than 7.5 on engagement and commitment. These figures are also higher than those of other sectors. Avebe received the 'World Class Workplace' quality mark from Effectory as the highest scoring organisation in the Production & Industry sector. That is something to be justifiably proud of, but also, and above all, something to hold on to.



Social key figures

Number of employees

Figures are based on head count with the reference date 31 July 2021.

	The Netherlands	Germany	Sweden	Other	Total
Number of employees	1,094*	168	69	58	1,389
% Fulltime employees	89%	95%	97%	96%	90%
Employee gender					
% Male	85%	69%	84%	60%	82%
% Female	15%	31%	16%	40%	18%
Employees with a permanent contract of the total number of employees					
% Male	75%	64%	84%	57%	73%
% Female	14%	30%	16%	36%	17%
Employees with a fixed-term contract of the total number of employees					
% Male	5%	5%	0%	2%	5%
% Female	1%	1%	0%	2%	1%
% Temporary workers and external workers	5%	0%	0%	3%	4%
% Employees covered by the collective agreement	93%	95%	99%	41%	79%
% Female in management	16%				
Absence through sickness	5%				

* including external parties

Safety

Safety calls for and is given continuous attention within Avebe. We strive for an accident-free workplace. We can only achieve this by continuously improving our awareness and making our processes and production lines technically safer.

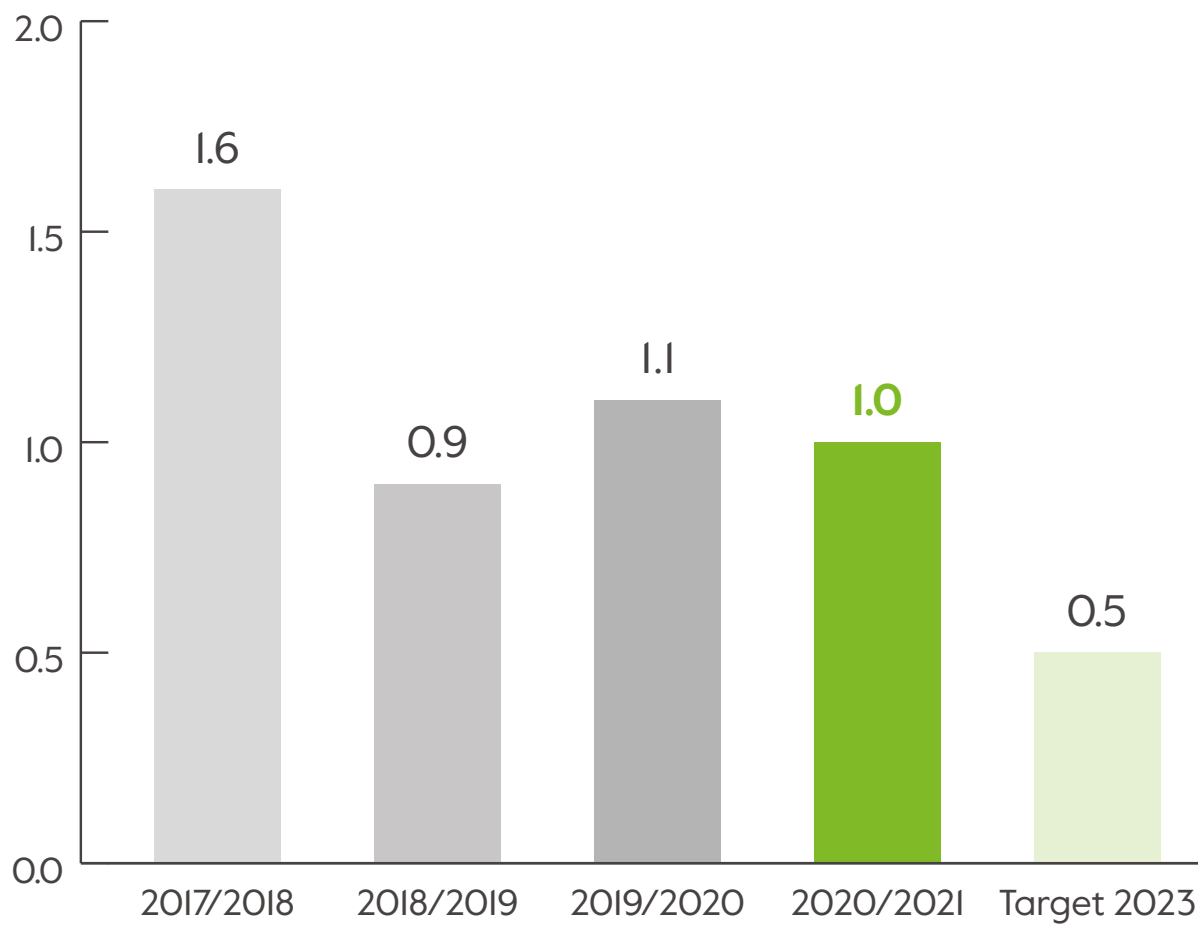
We strive for an accident-free workplace.

Accident index

We measure safety using the accident frequency index (TRIFR; Total Recordable Injury Frequency Rate), an international standard based on 200,000 labour hours. The strategic target is 0.5 by 2023. We include all employees, including those of external parties who work at our locations. We take responsibility for everyone who works at our locations. Unfortunately, the past financial year saw some accidents, mainly due to the incorrect use of equipment. That takes the accident index to 1.0 and we have not achieved our 2020/2021 target. There were no fatalities or accidents with serious consequences involving a recovery period of more than six months.

The central safety team looked at where the safety system could be improved and what we could strengthen together. An example of this is a new approach to incidents and near-incidents in order to take more effective action. Reporting incidents is important, but only taking the right action will lead to a safer working environment. Each location has its own safety teams, with a delegation from the employee participation body. These teams discuss the safety topics at the location several times a year.

Accident index



Target 2023

An accident frequency index below 0.5. In 2019/2020 and 2020/2021 an accident frequency index below 0.7. In 2021/2022 an accident frequency index below 0.6.



Safety training

All employees are trained on safety topics at least once a year. Depending on the position or responsibility, additional courses and training are provided.

We assume that next year we will go 'back to normal' with partial working from home remaining possible.

Last year, many of our colleagues worked mainly from home in order to reduce the spread of the coronavirus. Colleagues have experienced this in different ways. We assume that next year we will go 'back to normal', with partially working from home remaining possible. This centres on the individual to ensure that we get the best out of our employees.

In addition to safety, we actively focus on our employees' health. We organise the Van Waarde Scan every two years. This is a Periodic Medical Examination combined with a questionnaire on sustainable employability. Employees can participate in this on a voluntary basis. The anonymous results are included in safety studies. As well as this, employees can always consult the company doctor and other specialists of our occupational health and safety service.

Working together in cross-functional teams

Cross-functional teams

Cooperation at Avebe is important to achieving the best result for the customer. We focus sharply on the alternatives presented by the starch potato to provide a good answer to constantly changing customer

demand. At Avebe we work in cross-functional teams to develop innovative solutions. A vital aspect of this form of cooperation is that the employees have a common interest and aligned goals.

Effective organisation with the XFHP programme

The XFHP strategic programme focuses on improving cross-functional collaboration for the customer. XFHP stands for Drive Cross Functional High Performance. Partly as a result of the corona crisis, the emphasis last year was on the development of hybrid working and the adjustments necessitated by the corona crisis. The goal of this programme is to address eight critical integrated processes by 2023. Last financial year three processes were improved (see previous annual report), this year one more process was added: optimise line filling.

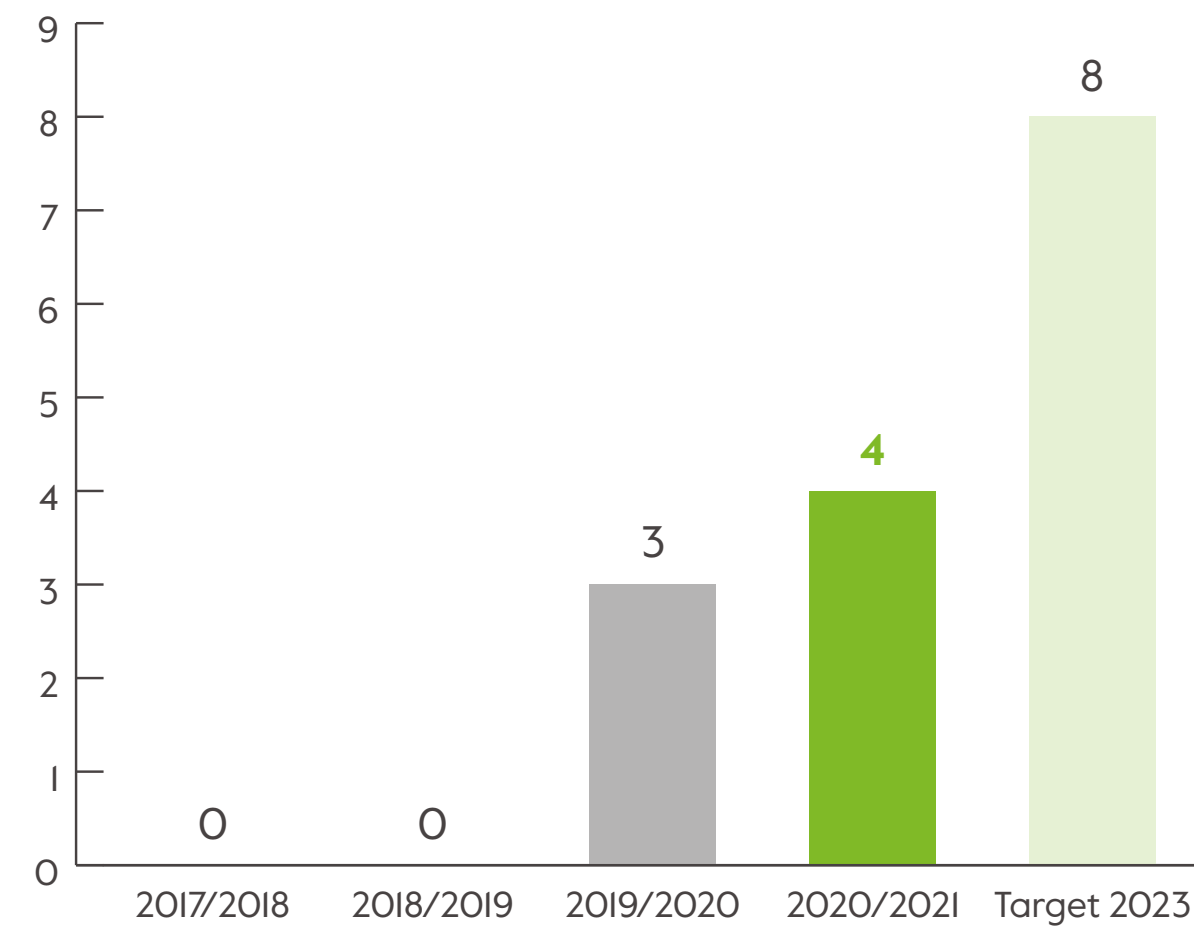
Under 'optimise line filling' a method has been developed to optimise individual production lines, whether under- or over-staffed. Production and sales are responsible for the line's contribution to the margin. And a new approach has been introduced that takes account of the occupancy of multiple lines and even locations.

Focus on shared goals

Last year, the necessary steps were taken to further deepen this strategic programme. Mindset and behaviour are identified as essential factors in cross-functional collaboration. This is strongly influenced by establishing shared goals within cross-functional teams. This type of team should pursue the same goal. This is not always how things are: departments are often judged on the output of their own department or column. Ultimately, this should lead to the best result for our business operations and customers. World Class Operations Management (WCOM) is an important tool for cross-functional

working at our factories. Next year we will start with a number of pilot processes to further promote the principles of shared goals and creating the right mindset.

Improving critical integrated processes



Target 2023
Eight critical integrated processes have been improved since 2018/2019.



Customers

Customer satisfaction

We strive for satisfied customers. To that end it is important to listen carefully to our customers and to solve complaints in a professional way. We do this by responding quickly to complaints and take the right preventive actions to prevent an incident from happening again. That's how we work and create value for our customers.

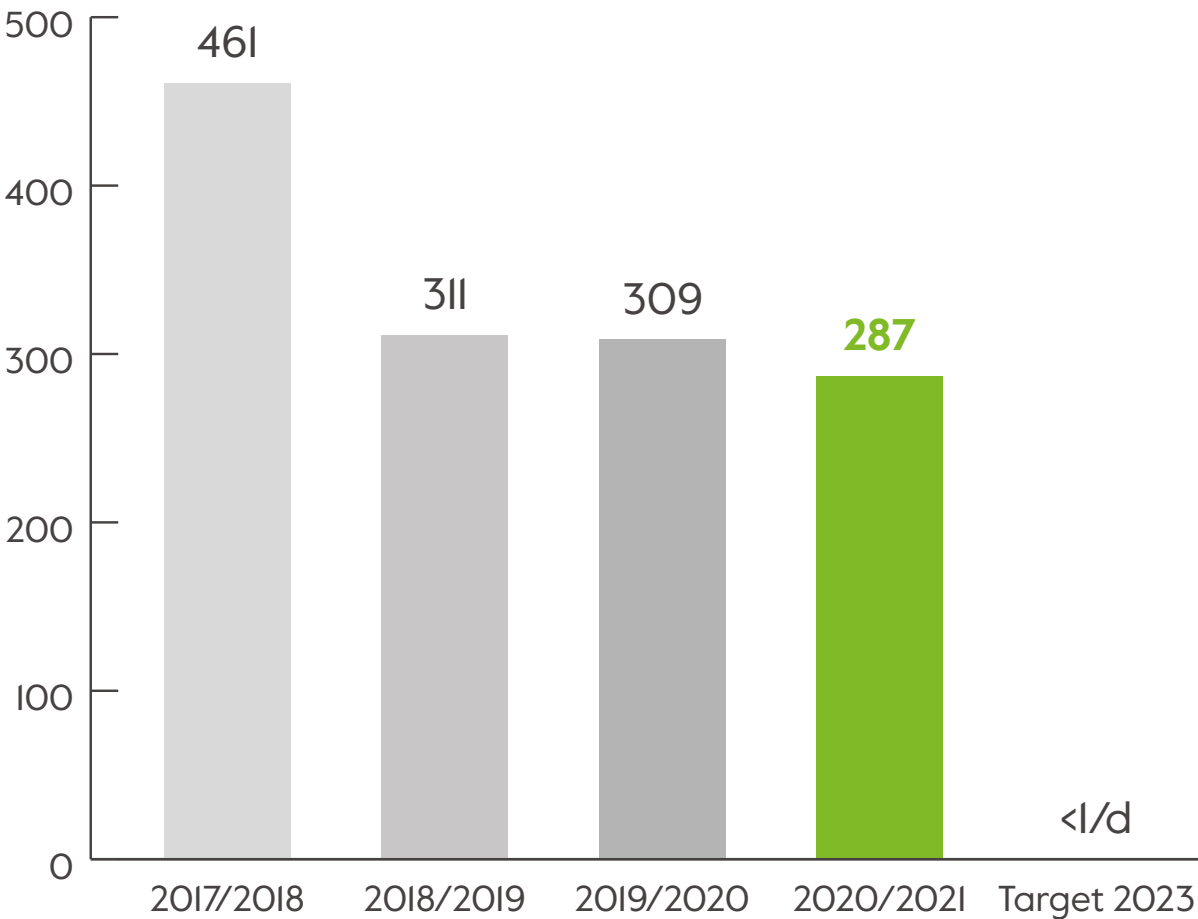
Last year was a special year, which is also reflected in the complaints.

To achieve our target of less than one customer complaint per day, we must continue to focus on cooperation. Last year was a special year, which is also reflected in the complaints. In the first few months, complaints were significantly lower than expected, but in the last few months they have actually been higher. Whereas during the first months customers showed a lot of understanding for the corona crisis that we were all facing, but in the past few months we have encountered more lack of understanding and also more complaints related to delayed deliveries by sea. The problems in the Suez Canal had a major impact on deliveries to America and Asia.

In financial year 2020/2021, the number of customer complaints fell slightly to 287. This is a 7% reduction from 2019/2020, which is within our target. Next year we will continue to work towards this target, but we will also focus more on complaints that represent a high

value. We believe it is important to continually reduce the number of complaints and design our processes in such a way as to prevent complaints and thus satisfy our customers.

Customer complaints*



Target 2023
Less than one customer complaint per day.

*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).

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 strategy. 'Sustainability is part of this 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 Royal Avebe. 'Our customers and suppliers assess our sustainability performance, because the carbon emission reduction achieved by Avebe is relevant to the sustainability of the end product. For example, at some production sites we were still using dilute sulfuric acid (about 37% solution), which means we were transporting 63% water. If we instead buy the industry standard 96% sulfuric acid, we will have fewer transport movements, reduce our carbon emissions and save costs at the same time. Standardising and greening in this way also allows locations to help each other if there are shortages.'

Sustainable palm oil

Avebe has also committed itself to the use of only sustainably certified (RSPO) palm oil. This was a challenge because not all derivatives and fractions are yet available as RSPO-certified. Nevertheless, we managed to use only RSPO certified palm oil since June 2021.

Supplier assessment

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. Currently, 60% of all our suppliers have signed these RSP principles and by the end of 2021 we want 100% of our suppliers to have signed. We want these principles to be part of our selection process within Sourcing & Contracting. That is why we need to be fully up-to-date with the RSP principles ourselves. All buyers at Avebe will be trained to work with the policy in the spring of 2021.

We need the knowledge and innovation of our suppliers to take the next step in sustainability.

We need the knowledge and innovation of our suppliers to take the next step in sustainability. Together with our suppliers, we create value for ourselves and for the planet.'



'We need the sustainability efforts of our suppliers to meet our carbon neutrality target by 2050.'

Pascal Eveillard
Director of Sustainable Business Development,
Saint-Gobain



Saint-Gobain of France is a major customer of Royal Avebe and a world leader in sustainable solutions for the building products market. 'Building Better' is their pay-off and building applications make up 80% of Saint-Gobain's portfolio.

Saint-Gobain works continuously to better assess the environmental impact of its products, in particular by improving its knowledge of the carbon footprint of its raw materials.

The importance of chain cooperation

Avebe is a supplier of bio-based raw materials and fits perfectly within the strategy of Saint-Gobain. Saint-Gobain and Avebe are working closely together to find new applications and help the transition to more renewable raw materials. For Saint-Gobain, cooperation along the entire value chain, from suppliers to end users, is essential to achieving its sustainability targets.

'We need the sustainability efforts of our suppliers to meet our goal carbon neutrality by 2050. Avebe is an important partner that is on the right track. I'm impressed with Avebe's initiatives in the various sustainability areas. Avebe's overall transparency helps

us make the world a better place,' said Pascal Eveillard, Director Sustainable Business Development at Saint-Gobain.

I'm impressed with Avebe's initiatives in the various sustainability areas.

Responding proactively to change

Changes in sustainability are primarily driven by changes in customer needs, and are significantly influenced by new regulations and government policies, especially in Europe. Responding to these changes requires calls for adjustments to processes and raw materials. A proactive approach is extremely important to minimising the social and financial impact.

Sustainability for attracting talent

Doing internally what you say externally is crucial and that is why Saint-Gobain actively works to minimise the impact of all its business processes. That is a key factor for attracting and retaining talent at Saint-Gobain.

Governance and assurance



Report of the supervisory board

Some developments are predictable, others are unexpected. When defining and implementing policy, it is important to take both into account. The growing acreage of starch potatoes and the consequent high supply on the market led to pressure on the prices of native starch this year. After two years of benefiting from high native starch prices, Royal Avebe owes this year's performance price of 93.30 euros to the execution of its strategy.

It is, however, a strategy that is regularly reviewed, certainly during the meetings of the supervisory board. An innovation strategy that requires high investments must produce clear returns over time. The result of the Binding and Building strategy will become clear this year. Without this strategy, the performance price would have fallen significantly, if we had been more dependent on the market for native starch. Unfortunately, sharp increases in costs relating to transport and raw materials and consumables (such as chemicals) had a considerable impact on the result in the final months.

The supervisory board considers it very important that the implementation of the strategy leads to a performance price of 100 euros in 2024. Certainly in the past financial year it was clear that in addition to innovation, there must be sufficient focus on cost control. The existing factories must perform well and this calls for a good state of maintenance. Our members must be able to benefit fully from the strategic choices. They need sufficient earning capacity to become more sustainable. In addition to increasing the potato money, strategic plan 3 × 10 also offers this space. We see that the sustainability of Avebe's factories is on track, the sustainability of

the fields is a more complex puzzle. The weather has a significant impact on the crop's carbon footprint. It is therefore important to make more robust varieties available. The cooperation between Avebe and Solynta should increase the availability of resilient varieties with a low environmental impact. The supervisory board considers it a good development that Avebe is making every effort to breed sustainable and better starch potato varieties. By cultivating these varieties and supplying them to our members, we are not only aiming for a sustainable crop, but are also making the chain sustainable from the very roots.

Bert Jansen announced last year that he would be stepping down as CEO of Royal Avebe. As the board's employer, it was up to the supervisory board to find a CEO who can help Avebe on its way to added value in the coming years. Our search for someone who meets the profile led us to David Fousert. David started with us on 1 September 2021. We wish David all the very best for the future.



On 1 October, Bert Jansen left Avebe after 13 years as CEO and chairman of the board. Bert has brought about successful developments at Avebe. Not only did the performance price rise in thirteen years from €49.92 to €93.30. Equally important is the fact that confidence in Avebe has returned among members, employees and other stakeholders. We are very grateful to Bert for how he has led Avebe and wish him all the best for the future.

There were also two changes on the supervisory board. Kasper de Graaf and Magda Veenendaal stepped down from the supervisory board after twelve and eight years respectively. Nanne Sterenborg and Angelique Heckman were appointed to their positions at the December 2020 Members' Meeting. Angelique has a good deal of expertise in the field of HR. She is also a confidential advisor for the works council. Based on the new composition, the committees have been reconstituted.

	Audit committee	Appeals committee	SRB committee
Marijke Folkers			🟢 (chair)
Dirk Kloosterboer		🟢	🟢
Hans-Wilhelm Giere		🟢	🟢
Angelique Heckman			🟢
Johan Emmens	🟢	🟢 (chair)	
Robert Smith	🟢 (chair)	🟢	
Peter Poortinga	🟢		
Martin Möllering		🟢	
Nanne Sterenborg		🟢	

Classification of committees as of 01.01.2021

The SRB committee met more frequently in connection with the search for two members of the supervisory board and a new Executive Board member. The supervisory board also met more often. Due to the corona crisis and the associated rules, many meetings this year have been held digitally. The advantage of limiting travel time means that this method of meeting will also be used in the coming years.

The appeals committee did not consider any appeals during the past financial year. The audit committee had three meetings, which was the number of scheduled meetings. During these meetings, the auditor is always present for part of the meeting.

Regarding training courses and evaluations, we can report that the supervisory board has had one digital self-evaluation, supervised by an external mediator. Martin Möllering successfully completed the directors' course, Dirk Kloosterboer completed a course at Nyenrode and Nanne Sterenborg started a course at the NCR on supervision in cooperatives.

The corona crisis has had a serious impact on everyone in financial year 2020/2021: lock-downs, working from home, loss of outlets, compulsory face masks, online meetings. Not all developments are seen as negative and a hybrid form is likely to emerge for the future on many fronts. What many have experienced as less pleasant is the lack of social contact and interaction. The measures taken at Avebe were necessary to avoid harming the company and endangering its continuity. Thanks to all the efforts made by all our personnel, Avebe remained free of major disruptions. The supervisory board would like to thank everyone for their efforts, and our thoughts remain with everyone who has been affected by corona.

We greatly admire how our members and employees work every day to add value to Avebe!

Marijke Folkers-in 't Hout
Chair of the supervisory board



Risks and uncertainties

Pursuing the cooperative's objectives and implementing the business activities involves certain risks. Avebe sets out to identify these risks in good time, 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

Risk management at Avebe is the responsibility of the Internal Audit Manager, 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 Manager.

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.

Overview of the most important risks

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



Risk	Causes and consequences	Control measures
Strategic risks		
Failure to achieve strategic objectives (increasing the performance price, growth in good food, sustainable agriculture and improving the ecological footprint)	<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 building plans and biodiversity are becoming increasingly stringent. • Insufficient funding for the necessary investments can lead to our failing to meet targets. • Because the market is extremely dynamic, making 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 achieve one of the strategic objectives on time, 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		
Pandemic	<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.</p> <p>It can also have an effect on the continuity of deliveries to our customers and loss of turnover.</p> <p>With regard to the effects, it should be borne in mind that Avebe is considered a vital business as it supplies the food industry.</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).

Risk	Causes and consequences	Control measures
Tactical risks		
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. • Reinforcing our firewalls. • Raising awareness among staff by raising their awareness of online risks. • We check for non-compliant behaviour. • Use external security controls and penetration testing. • 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"> • Fire and extinguishing equipment has been installed. • A power backup has been set up. • Extra systems in the data centre to cope with a system failure (redundancy). • The data centre is well maintained. • Office data is backed up and stored at a location other than the data centre. • A Disaster Recovery Plan has been drawn up. • 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. • Disability among employees, partly due to aging of the workforce. • Not structurally conducting development and employability interviews as part of our performance management process. <p>This can lead to lower productivity, more production errors and limited insight into training requirements and wishes. Insufficient alignment of employee training with organisational needs leads to improper strategic formation planning.</p>	<ul style="list-style-type: none"> • Interventions by company social work. • Employees are offered a Periodic Medical Examination. • The Time Task Competence method is used to gain 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.

Risk	Causes and consequences	Control measures
Operational risks		
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 procedure 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. • A safety awareness programme is being implemented. • Contractors and suppliers receive safety instructions. • Unsafe situations are reported and followed up in Primecase. • Safety studies are carried out in the form of HAZOP studies and risk assessments. • Explosion safety documents are provided.
Contamination of products (in 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 an AEO and is FSSC22000 (food safety) certified by internal and external audits. • Investments are made in measures that guarantee food safety. • Periodically updating the food fraud risk assessment. • Several standard procedures (e.g. for recalls and complaint handling) have been set up.

Risk	Causes and consequences	Control measures
Financial risks		
Financial risks*	<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. • This concerns all causes from the regular operations of Avebe and can lead to financial risks. 	<ul style="list-style-type: none"> • Interest Rate Swaps are used to convert interest on short-term debt into a fixed rate. • Forward foreign exchange contracts and currency call options are used to hedge the company against the risks of buying and selling foreign currencies. • Taking out credit insurance to reduce the credit risk on sales. • The requirements of the bank agreement on external financing are monitored and met.
*See page 86 for a detailed explanation of the financial risks.		
Compliance risks		
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'. • A background check is performed 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, buyers, 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"> • All codes of conduct are shared with employees (Corporate Governance Code, Whistleblower Procedure, Internal Code of Conduct and Competition Manual). • Workshops are organised for external staff. • An IT security and privacy policy has been drawn up and implemented, and an IT Security Officer has been taken on. • Segregation of duties in processes, we explicitly separate the management positions from the decision-making positions. • Our fraud risk analysis and related control measures are periodically tested by means of internal audits.

Risk	Causes and consequences	Control measures
Compliance risks		
Non-compliance with laws and regulations	<ul style="list-style-type: none"> Major Accidents Risk Decree/Seveso: failure to meet 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"> A safety management system at our production sites that meets the requirements of BRZO/Seveso has been implemented. Periodic internal and external audits are carried out on the safety management system. Explosion safety documents are provided. 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"> All critical issues and changes in laws and regulations relevant to us are discussed with the authorities in a timely manner in order to agree on licensing conditions with them. Agro account management will, in cooperation with the farmers, draw up an optimal planning for the potato waste stream.

Organisational structure

Members' council

As a cooperative of starch potato growers, our members' council forms the highest body in Royal Avebe. The members have a right of say on important subjects such as the appointment of supervisory directors, 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 cooperative's management. 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 2.1

Eleven 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.

Remuneration policy

Our remuneration policy for the board of directors is based on both financial and non-financial performance criteria. The four criteria for the past year follow from the Binding and Building strategy and place emphasis on critical processes and developments.

1. Performance price, in the short and long term
2. A plan for sustainable market-driven cultivation accepted by the members
3. Solanic, the protein strategy
4. Acceleration of the waste reduction programme

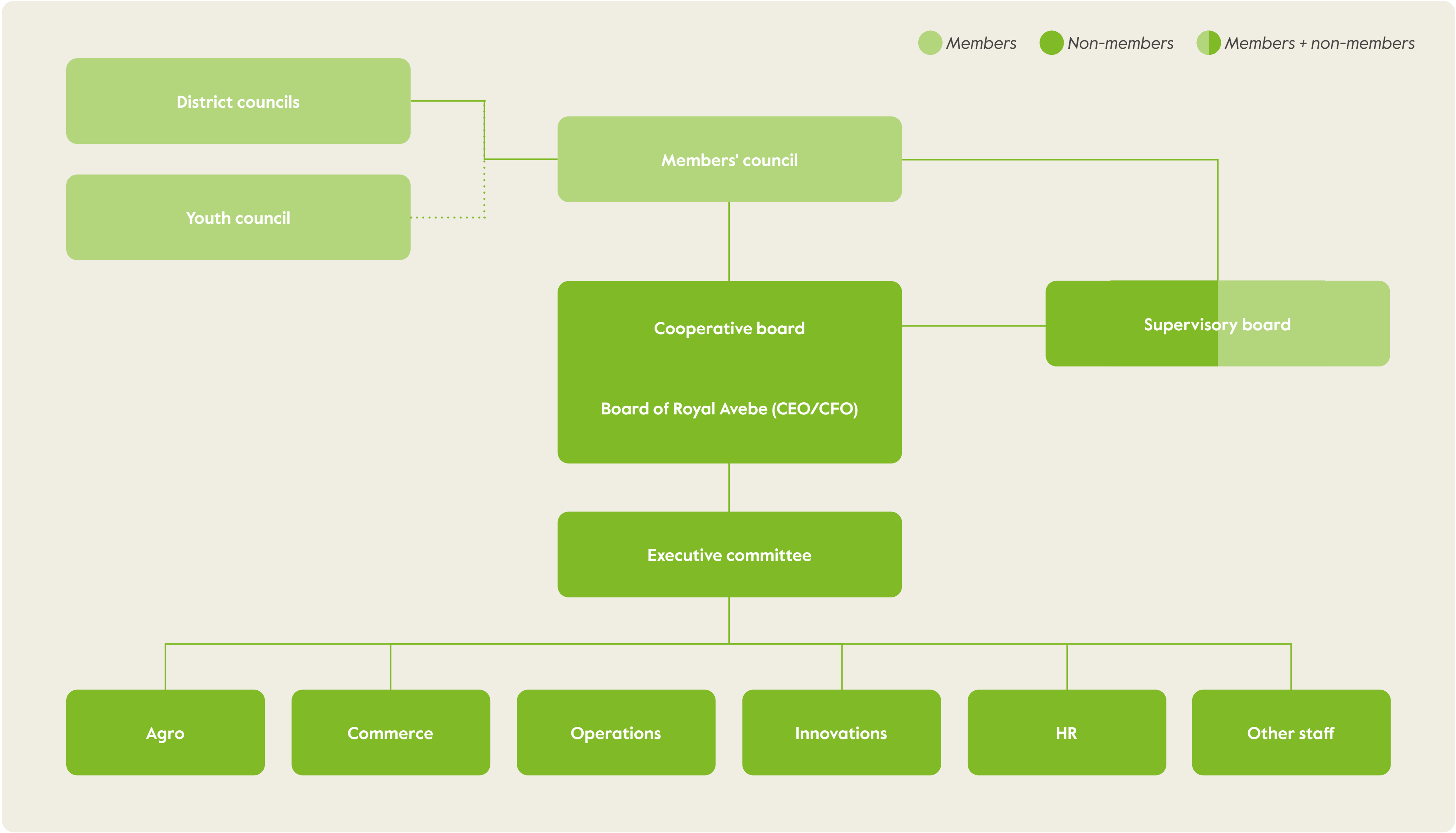
These criteria have been implemented in full among the entire senior management of Avebe, making the success of the strategy a shared, collaborative challenge.

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. In 2020/2021, this was used once.



Organisation chart



Cooperative board and executive committee

The (cooperative) board of Royal Avebe, 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.

Executive committee

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
Appointed per 1 Sep. 2008



N.D. Buijs, 1967
Director Global HR



M.T. Puttman, 1963
Managing Director
Commerce



M.E. Tettelaar, 1959
Managing Director
Operations

Focus areas:
*Operations, Commerce,
Agro, Innovations,
HR, Communication,
Sustainability
and Public Affairs*



R.P.F. van Laerhoven, 1967
CFO
Appointed per 1 Aug. 2017



J.L. de Rooij, 1967
Director Agro



G. ten Bolscher, 1968
Managing Director
Innovations

Focus areas:
*Finance, ICT, Corporate
& Legal Affairs, Energy
Efficiency and Auditing*

Supervisory board

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.

The board's role

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 chair 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
Chair
Appointed in 2016



D. Kloosterboer, 1954
Vice-chair
Appointed in 2018



K.A. de Graaf, 1967
Appointed in 2008
Stepped down in 2020



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
Stepped down in 2020



L. van der Ree, 1975
Secretary
Appointed in 2018



A.G. Heckman, 1968
Appointed in 2020



N. Sterenburg, 1967
Appointed in 2020

District councils and youth council

District councils

North

S. Wieringa, Chairman
A.H. Houwing, vice chair
D.D. Bouwman
E.H. Emmens
H.J. Hoiting
C. Kamphuis
K. de Jonge
J. Smant
S.P. Spanninga³
H.J. Takens
H.F. Bakker²

East

H.G. Begeman, chair⁴
L. Tammes, vice-chair
K. Bakker, chair
D.P.J.R. Beuling
P. Boonman
J. Deuring
H.W. Kaiser
J.R. Kunst
H. Migchels
J. Nieboer Jzn
J.E.B. Drenth²

Central

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

South

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R. Buiten⁴
J. Kunst
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E. Bakker
W. Katerberg
J. Klumpers

KPW

M. Hennings
J. Keil
G. Tebel²
S. Riemer¹

Weser-Ems

M. Harren
M. Krüssel
M. Schulte

¹ stepped down on 10 December 2020

² effective 11 December 2020

³ stepped down prematurely on 10 December 2020.

⁴ chair effective 11 December 2020

⁵ vice-chair effective 11 December 2020

Financial statements

All amounts in euros x 1,000, unless stated otherwise



Consolidated balance sheet as per July 31, 2021 (after proposal result appropriation)

Assets

	31-7-2021	31-7-2020	Ref
Fixed Assets			
Intangible fixed assets	17	124	1
Tangible fixed assets			2
Land and buildings	34,420	35,894	
Plant and machinery	151,994	143,964	
Other fixed assets	10,001	19,326	
Assets under construction	73,177	40,940	
	269,592	240,124	
Financial fixed assets			3
Other participating interests	151	151	
Other loans	1,585	1,539	
Deferred tax	7,120	0	
	8,856	1,690	
Current assets			
Inventories			4
Starch	54,953	41,315	
Derivatives	85,605	82,476	
By-products	25,415	21,150	
Other products	29,169	26,800	
	195,142	171,741	
Receivables			5
Trade receivables	99,804	68,554	
Other receivables	9,704	7,192	
Prepayments and accrued income	78	127	
	109,586	75,873	
Cash at bank and in hand	934	865	6
Total assets	584,127	490,417	

Liabilities

	31-7-2021	31-7-2020	Ref
Group equity			
Equity capital	208,607	205,493	7
	208,607	205,493	
Provisions			8
Transition	2,066	922	
Deferred tax liabilities	77	66	
Pensions	1,446	1,486	
Others	7,773	10,432	
	11,362	12,906	
Current liabilities			
Amounts owed to credit institutions	249,835	162,644	9
Trade creditors	64,087	58,990	
Pension liabilities	4,142	5,974	
Taxes and social security	6,664	8,334	
Other debts	31,419	25,842	10
Accruals and deferred income	8,011	10,234	
	364,158	272,018	
Total liabilities	584,127	490,417	

Consolidated profit and loss account 2020/2021

	2020/2021	2019/2020	Ref
Gross turnover	636,103	611,204	11
Direct selling expenses	42,912	40,567	
Net turnover	593,191	570,637	
Movement in stocks of finished goods	21,033	23,053	
Capitalised production	1,933	1,769	
Other operating income	8,121	4,745	12
	31,087	29,567	
Total operating income	624,278	600,204	
Raw materials and consumables	362,404	332,948	
Salaries	89,670	85,361	13
Social security charges	26,414	25,645	13
Depreciation, amortization and impairment	37,087	34,311	14
Other operating expenses	101,708	108,208	15
Total operating expenses	617,284	586,473	
Operating result	6,994	13,731	
Interest income and similar income	60	68	
Interest expenses	-3,536	-3,758	
Net finance expenses	-3,476	-3,690	
Result on ordinary activities before taxation	3,518	10,041	
Income tax expense	5,697	-1,363	16
Cooperative result after taxation	9,215	8,678	

Consolidated cash flow statement

	2020/2021	2019/2020	Ref
Cash flow from operational activities			
Cash flow from operating activities	6,994	13,731	
Result on ordinary activities before taxation	37,087	34,311	14
Movement in working capital			
Changes in stocks	-23,402	-22,195	4
Movement in receivables	-41,920	9,825	5
Movement in current liabilities	5,756	6,392	
	-59,535	-5,897	
Movement provision			
Contribution provisions	2,906	2,307	
Withdrawals from provisions	-4,378	-2,549	
Movement provision	-1,472	-242	9
Corporate income tax paid	-1,452	-1,274	
Interest paid	-3,416	-3,699	
Gross operating cash flow	-14,705	36,850	
Cash flow from investment activities			
Investments in tangible fixed assets	-66,369	-39,057	2 3
Disposals of tangible fixed assets	7	93	
Other movements in fixed assets	-46	-44	
	-66,408	-39,008	
Cash flow from investment activities	-81,113	-2,158	
Cash flow from financing activities			
Final payment to members	-3,297	-3,174	21
Reimbursement of share premium	-1,547	-1,522	21
Return on share premium	-351	-436	21
Issuance of shares incl, share premium	453	2	
Other	11	149	
	-4,731	-4,982	
Net cash flow	-85,844	-7,139	
Exchange rate and conversion differences	-1,279	-1,929	
Change in net debt	-87,123	9,068	

Notes General

General accounting principles

Objective

The objective of Royal Avebe 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 Koninklijke 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 Royal Avebe 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 Royal Avebe 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 Royal Avebe 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. Unrealized 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 recognized 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.

General accounting principles for the preparation of the consolidated financial statements

General

The consolidated financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention, unless presented otherwise. Income and expenses are accounted for on accrual basis. Profit is only included when realised on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Changes in estimate

As a result of the improvement process regarding the internal control of the other inventories that has been carried out in recent years, the principles for the valuation and for the formation of a provision for obsolescence have been evaluated. Implemented improvements concern the partially rotating inventories, (formal) qualitative analyzes of inventory differences, a closed warehouse and the clearing of old items. These stocks are held for the production process, so that they are not subject to a lower market value. Write-downs on these inventories are based on use or damage but not on obsolescence due to slow turnover or other factors, which is now addressed by improved

internal control. Therefore, in the 2020/2021 financial year, the provision for these inventories has lapsed and the grab stocks (articles with a negligible individual value) are recognized directly in costs, resulting in a gain of EUR 2.7 million in the current financial year. This has been incorporated prospectively in the financial statements.

Comparison with the prior year

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

Going concern

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

Estimates

In applying the principles and policies for preparing the financial statements, the executive committee of Royal Avebe 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.

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 Royal Avebe.

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 a related party. Also entities which can control the Company are a related party. In addition, the board of directors of Avebe and its members 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.

Impairments

Royal Avebe 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 realizable value of the asset is established. If it proves impossible to ascertain the realizable value of the individual asset, the realizable 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 realizable value; the realizable 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. 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.

Financial instruments

Financial instruments are both primary financial instruments (such as receivables and debts) and derivative financial instruments (derivatives).

The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet, the information on the fair value is disclosed in the notes to the ‘Non-recognised assets and liabilities and contingent assets and liabilities’.

Primary financial instruments

For the principles of primary financial instruments, reference is made to the recognition per balance sheet item of the ‘Principles for the valuation of assets and liabilities’.

Derivative financial instruments (derivatives)

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.

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 Royal Avebe. 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.

Royal Avebe applies hedge accounting. Records are kept as soon as a hedge relationship is entered into. Royal Avebe 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.

Principles of valuation of assets and liabilities

Intangible fixed assets

Intangible fixed assets are valued at their acquisition price, less depreciation based upon economic lifespan. If applicable impairments are taken into account, 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 realizable value

Research and Development expenditure

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

Materiële vaste activa

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the expected future useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use. Land is not depreciated. 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. Periodical major maintenance is capitalized according to the components approach, with which the aggregate expenditures are allocated to the component parts. Major maintenance costs on assets that have been fully depreciated is capitalized and depreciated according to the depreciation

period for the type of asset in question, provided that this extends the life cycle.

Government subsidies granted for investments are deducted from the acquisition price. 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

Where significant influence is exercised, associated companies are valued under the net asset value method, but not lower than a nil value. 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.

If the valuation of an associate based on the net asset value is negative, it will be stated at nil. If and insofar as Royal Avebe 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 recognized for this.

Where no significant influence is exercised associated companies are valued at cost and if applicable less impairments in 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 amortized cost. If loans are issued at a discount or premium, the discount or premium is recognized 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 recognized through profit or loss as part of the effective interest method. Impairment losses are deducted from amortized cost and expensed in the income statement. 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.

We refer to [page 76](#) for the principles of valuation of the deferred tax asset.

Inventories

Inventories of raw materials, consumables and goods for resale are valued upon initial recognition at cost and then at the lower of cost of acquisition and net realizable value. This lower net realizable value is determined by individual assessment of the inventories. The valuation of inventories of raw materials and consumables is based on fifo. The inventories of goods for resale are valued individually, at acquisition price or lower net realizable 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 realizable value. The realizable 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 Royal Avebe 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 amortized 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. If cash is not freely disposable, then this has been taken into account upon valuation.

Statutory reserve participations

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 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. If the time aspect is material, the provisions are valued at present value.

Transition

The transition provision relates to the estimated costs of transition plans incurred before the end of the financial year concerning certain sections of the organization, 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. 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 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 recognized at the present value of the expected salary payments during the period of employment.

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 Royal Avebe. 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. Royal Avebe 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 organized 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 recognized 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.

Long-term and short-term liabilities

Upon initial recognition, the loans and liabilities recorded are stated at fair value and then valued at amortized cost. 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.

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 Royal Avebe 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.

Principles for the determination of the result

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.

Revenues ensuing from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transferred to the buyer. The cost price of these goods is allocated to the same period.

Other operating income

Other operating income includes results that are not directly related to the delivery of goods or services in the context of normal, non-incidental business activities. These revenues are allocated to the reporting period in accordance with the terms of the agreement.

Raw materials and consumables

The cost of sales consists of the cost of goods sold and delivered, consisting of direct use of materials, direct wages and machine costs and other direct and indirect production costs that can be attributed to the production. 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 75](#) for the valuation principle.

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.

Depreciation on intangible and tangible fixed assets

Intangible fixed assets including goodwill and tangible fixed assets are amortized from the date they are available for use over the estimated future useful life of the asset. Land and investment property are not amortized. 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.

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.

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.

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 prior 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 Royal Avebe.

Share in result of non-consolidated associated companies

Where significant influence is exercised over associated companies, the group’s share in the associated companies’ results is included in the consolidated profit and loss account. This result is determined on the basis of the accounting principles applied by Royal Avebe. Where no significant influence is exercised, the dividend income is accounted for in the profit and loss as financial income.

Notes to the specific items of the consolidated balance sheet as of July 31, 2021

I. Intangible fixed assets

A summary of the movements of intangible fixed assets is given below:

	Software license
Acquisition cost July 31, 2020	4,374
Cumulative amortisations and other impairment in value July 31, 2020	-4,250
Balance as of July 31, 2020	124
Investments	-
Amortization	-107
Balance as of July 31, 2021	17
Acquisition cost as of July 31, 2021	4,374
Cumulative amortisations and other impairment in value July 31, 2021	-4,357
Balance as of July 31, 2021	17
Amortization period	5 year

2. Tangible fixed assets

The movements in the tangible fixed assets are as follows:

	Land and buildings	Plant and machinery	Other fixed assets	Assets under construction	Total
Acquisition cost July 31, 2020	106,927	679,146	66,199	40,939	893,211
Cumulative amortizations and other impairment in value July 31, 2020	-71,032	-535,183	-46,873	-1	-653,087
Balance as of July 31, 2020	35,895	143,963	19,326	40,940	240,124
Investments	916	30,669	2,575	32,209	66,369
Exchange rate differences	21	35	1	26	85
Book value of disposals	-7	-	-	-	-7
Impairments	-	-311	-	-	-311
Depreciation	-2,132	-30,501	-4,035	-	-36,668
Reclassifications	-273	8,139	-7,866	-	-
Balance as of July 31, 2021	34,420	151,994	10,001	73,177	269,592
Acquisition cost July 31, 2021	107,718	714,073	60,908	73,177	955,877
Cumulative amortizations and other impairment in value July 31, 2021	-73,298	-562,079	-50,907	-	-686,285
Balance as of July 31, 2021	34,420	151,994	10,001	73,177	269,592
Depreciation period	0-25 year	10 year	1-5 year	N/A	

The reclassifications relate to an asset that was capitalized at the end of the 2019/2020 financial year. As a result of improved insights, this is distributed differently across the property, plant and equipment categories; this has had no impact on any depreciation in prior years.

Due to developments in the potato starch market and price developments in the energy market, part of Royal Avebe's assets were written down to their recoverable amount in this financial year or in prior years.

3. Financial fixed assets

A summary of the movements in the financial fixed assets is given below:

	Other participating interests	Other receivables	Tax asset	Total
Balance as of July 31, 2020	151	1,539	0	1,690
Interest	-	46	-	46
Valuation tax asset	-	-	7,120	7,120
Balance as of July 31, 2021	151	1,585	7,120	8,856

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%.

As of July 31, 2021, carry-forward losses are valued for an amount of EUR 7.1 million (prior year: nil). The deferred tax asset has been formed on the basis of changed tax legislation whereby deductible losses from the past can be carried forward indefinitely. It is expected that on the balance sheet date an amount of EUR 0 is realized within one year.

4. Inventory

The inventories valued at lower realizable value on the balance sheet date have a carrying amount of EUR 24.8 million (prior year EUR 6.8 million). The total provision for inventories amounts to EUR 3.1 million (prior year EUR 7.2 million). The provision relates to products that are made as a trial product, products that do not meet the prescribed product requirements or products that are provided on the basis of the age of the product.

5. 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 0.0 million (prior year EUR 0.0 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.

6. Cash

The cash at bank and in hand are placed at the free disposal of Royal Avebe.

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.

7. Equity

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

8. Provisions

	Transition	Deferred taxes	Pensions	Anniversary	Demolition	Total
Balance as of July 31, 2020	922	66	1,486	5,358	5,074	12,906
Allocations	2,110	17	131	648	-	2,906
Withdrawals	-966	-1	-105	-578	2,729	-4,379
Currency exchange differences	-	-5	-66	-	-	-71
Balance as of July 31, 2021	2,066	77	1,446	5,428	2,345	11,362

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

The provisions are long-term unless stated otherwise.

Pensions

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 Royal Avebe 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 2020 was 118.1% (prior year: 118,2%). The “beleidsdekkingsgraad” amounts 114,6% (prior year: 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 (prior year EUR 1.3 million).

Anniversary

The anniversary benefits are governed by the internal regulations.

Demolition

The provision for demolition 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.

9. Current interest-bearing liabilities

	31-7-2021	31-7-2020
Debts to credit institutions	249,835	162,463

Royal Avebe entered into a revolving credit facility with its principal bankers in September 2020. This facility has a term of 3 years with an option for an extension of 2 with an end date of September 2025. The credit facility can be broken down as follows:

- A three-year committed facility of EUR 140 million (Term Loan).
- An accounts receivable and inventory-based facility totalling EUR 220 million, also committed for three years.
- A facility for guarantees of EUR 15 million.
- An accordion facility of EUR 100 million.

The following covenants have been agreed for this facility:

- The solvency must be at least 20% on January 31.
- The solvency must be at least 30% on 31 July.
- The cooperative result after tax must be at least nil.

Specific calculation rules have been agreed with the banks for the calculation of the ratios. Royal Avebe has complied with all the conditions in the covenant on the balance sheet date; the cooperative result after tax amounts EUR 9.2 million and the solvency is 35%. The solvency is calculated on the basis of the prescribed covenant.

The interest payment in the financing contract is based on 1-month Euribor plus a margin of 1.2% to 1.7%. The variable interest has partly been converted into a fixed interest rate via Interest Rate Swaps. In addition, a discount from the lender of a maximum of 0.05% is obtained when specifically agreed KPIs with regard to sustainability are achieved, if no KPI is achieved, there is a malus of 0.05%.

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.

10. Other debts

This item includes a debt to members of EUR 5.4 million (prior year EUR 5.3 million). The debt to members consists of the following components:

	31-7-2021	31-7-2020
Final payment to members	3,546	3,297
Return on premium	351	436
Share premium repaid	1,547	1,522
Repayment on depositary receipts	-	-12
	5,444	5,267

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 0.4 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

Royal Avebe 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 73.4 million euros, 10.9 million of which matures within one year. A sum of EUR 28.5 million which matures within five years and a sum of EUR 33.7 million which matures after more than five years. The amounts included in the 2020/2021 profit and loss account for lease and rental agreements amount to EUR 8.4 million.

Guarantees have been issued for 0.9 million euros. Royal Avebe has entered into commitments in the worth of EUR 12.4 million in the context of current investments.

Up to and including 1992 Royal Avebe 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.

Fiscal Unity

Royal Avebe 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.

Off balance assets

In 2008 Royal Avebe 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. Royal Avebe expects the actual emission to be lower than the available emission rights and has not valued the current surplus of emission rights.

Financial instruments

For the notes on financial instruments reference is made to the specific item by item note. The group's policy in respect of financial risks is included below. In addition, the financial derivatives of the group and the related risks are disclosed.

General

The main financial risks the group is exposed to are the currency risk, the interest rate risk, the liquidity risk and the credit risk. The group's financial policy is aimed at mitigating the impact of currency and interest rate fluctuations on the result in the short term and to follow the market exchange rates and market interest rates in the long term. The group uses financial derivatives to control financial risks linked to business operations at control. By using financial derivatives, the group takes no speculative positions.

Translation hedging

Royal Avebe 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. Royal Avebe 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

Royal Avebe 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.

Currency risks

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. Royal Avebe uses financial instruments (interest swaps) to convert the interest on short-term debts into a fixed interest rate.

Credit Risk

Royal Avebe 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.

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	6,278	42,8
Currency call options	50,125	564,2
Interest Rate Swaps	140,000	214,2

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 Royal Aveb eon 31 July 2021 are entirely effective, no fair value changes are shown in the statement of operating income and expenditure.

Notes to the consolidated income and expenditure

II. Gross turnover

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

	2020/2021	2019/2020
Starch	149,043	146,789
Derivates	402,154	388,526
By-products	84,906	75,889
	636,103	611,204

Breakdown of gross turnover by geographical regions	2020/2021	2019/2020
European Union	50%	49%
Rest of Europe	2%	2%
Rest of the world	48%	49%
	100%	100%

12. Other operating income

The other operating income consists of the following:

	2020/2021	2019/2020
Result on assets sold	1,621	668
Commissions, seed potatoes and other	6,500	4,077
	8,121	4,745

13. Personnel

The average number of people employed during the financial year averaged 1,328 (prior year 1,326). Of this total is 290 (prior year 294) working outside the Netherlands.

The social security charges amount to EUR 13,091 (prior year EUR 12,533) of pension charges. The average number of employees can be broken down according to the establishment at Royal Avebe as follows.

	2020/2021	2019/2020
Operations	1,058	1,045
Commerce	63	64
Group	1,058	217
	1,328	1,326

14. Depreciation, amortization and impairments

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

	2020/2021	2019/2020
Depreciation tangible fixed assets	36,668	33,312
Impairment on tangible fixed assets	311	846
Amortization intangible fixed assets	108	153
	37,087	34,311

15. Other operating expenses

Audit fees

	2020/2021	2019/2020
Audit of the financial statements	325	320
Tax services	-	-
Other audit services	22	25
Non-audit services	29	3
	376	348

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 2020/2021 financial statements, regardless of whether the work was performed during the financial year.

16. Income tax expense

The income taxes which are included in the profit and loss account amounts EUR 5.7 mln (prior year EUR 1.4 mln) which is a result of the foreign paid taxes and to be paid taxes and the changes in the deferred taxes. In the past year, as a result of the changes in tax laws and regulations, with regard to the period in which carry-forward losses may be set off, carry-forward losses of EUR 28.4 million have been valued on the balance sheet. The valuation as a deferred tax asset gives a tax benefit of EUR 7.1 million (last year EUR 0).

The remaining temporary differences (in total EUR 32.7 million, last year EUR 32.1 million) between financial statements and tax returns have not been valued due to uncertainty regarding future settlement options. This results in a, relative to the nominal tax rate (25-35%).

Company balance sheet as at July 31, 2021 (after proposal result appropriation)

Assets

	31-7-2021	31-7-2020	Ref
Fixed Assets			
Intangible fixed assets	17	124	
Tangible fixed assets			17
Land and buildings	23,259	24,153	
Plant and machinery	102,054	89,341	
Other fixed assets	7,720	16,541	
Assets under construction	56,864	35,339	
	189,897	165,374	
Financial fixed assets			18
Participating interests in group companies	138,934	136,857	
Other participating interests	150	150	
Receivables from group companies	65,429	58,630	
Other loans	1,572	1,526	
Tax receivable	7,120	0	
	213,205	197,163	
Current assets			
Inventories			19
Starch	28,807	28,562	
Derivates	75,749	73,551	
By-products	19,196	16,311	
Other products	26,254	23,573	
	150,006	141,997	
Receivables			20
Trade receivables	88,643	57,580	
Other receivables	5,426	4,063	
Prepayments and accrued income	48	126	
	94,117	61,769	
Cash at bank and in hand	0	267	
Total assets	647,242	566,694	

Liabilities

	31-7-2021	31-7-2020	Ref
Shareholders' equity			21
Share capital	23,408	23,030	
Share premium	22,940	24,411	
Other reserves	162,259	158,052	
	208,607	205,493	
Provisions			22
Transition	2,066	922	
Other	7,213	9,838	
	9,279	10,760	
Current liabilities			
Debts to credit institutions	250,181	163,318	23
Trade creditors	57,431	48,766	
Group companies	76,426	91,873	
Pension liabilities	3,663	5,501	
Taxes and social security	7,262	9,016	
Other amounts payable	27,427	22,615	24
Accruals and deferred income	6,966	9,352	
	429,356	350,441	
Total liabilities	647,242	566,694	

Company statement of operating income and expenditure

	2020/2021	2019/2020	Ref
Gross turnover	613,705	588,172	25
Direct selling expenses	-49,444	-44,904	
Net turnover	564,261	543,268	
Movement in stocks of finished goods	5,327	20,587	
Capitalised production	1,933	1,766	
Other operating income	4,847	2,364	
	12,107	24,717	
Total operating expenses	576,368	567,985	
Raw materials and consumables	-374,330	-361,737	
Salaries	-72,659	-66,532	26
Social security charges	-21,251	-20,643	26
Depreciation, amortisation and impairments	-26,073	-23,188	27
Other operating expenses	-78,267	-83,888	
Total operating expenses	-572,580	-555,988	
Operating result	3,788	11,997	
Interest income and similar income	468	490	
Interest expenses	-3,545	-3,771	
Net finance expenses	-3,077	-3,281	
Result on ordinary activities before taxation	711	8,716	
Income tax expense	7,118	-1	28
Result from participations	1,386	-37	
Cooperative result after taxation	9,215	8,678	

Notes to the company balance sheet

General accounting principles

The company-only financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code and the firm statements of the guidelines for annual reporting issued by the Board for Annual Reporting.

For the general principles for the preparation of the financial statements, the principles for valuation of assets and liabilities and determination of the result, as well as for the notes to the specific assets and liabilities and the results, reference is made to the notes to the consolidated financial statements, if not presented otherwise hereinafter.

Participations in group companies

Participations in group companies in which significant influence is exercised on the business and financial policy, are valued under the net equity value, but not lower than nil. This net asset value is based on the same accounting principles as applied by Royal Avebe. If the net asset value is negative, the participating interest is valued at nil. This likewise takes into account other long-term interests that should effectively be considered part of the net investment in the participating interest. If the company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively to enable the associated company to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the associated company are taken into account.

Notes to the company balance sheet

17. 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 under construction	Total
Acquisition cost July 31, 2020	67,061	469,991	48,598	35,339	620,989
Cumulative amortisations and other impairment in value July 31, 2020	-42,908	-380,650	-32,057	-	-455,615
Balance as of July 31, 2020	24,153	89,341	16,541	35,339	165,374
Investments	974	25,847	2,191	21,525	50,536
Exchange rate differences	-	-	-	-	-
Book value of disposals	-65	-	-	-	-65
Impairments	-	-311	-	-	-311
Depreciation	-1,530	-20,963	-3,144	-	-25,637
Reclassifications	-273	8,140	-7,868	-	-1
Balance as of July 31, 2021	23,259	102,054	7,720	56,864	189,897
Acquisition cost July 31, 2021	67,829	503,977	42,920	56,864	671,590
Cumulative amortizations and other impairment in value July 31, 2021	-44,570	-401,923	-35,200	-	-481,693
Balance as of July 31, 2021	23,259	102,054	7,720	56,864	189,897
Depreciation period	0-25 jr	10 jr	1-5 jr	N/A	

18. Financial fixed assets

A summary of the movements in the financial fixed assets is given below:

	Participating interests in group companies	Other participating interests	Receivables from group companies	Other loans	Tax receivable	Total
Balance as of July 31, 2020	136,857	150	58,630	1,526	-	197,163
Capital contribution	-	-	-	-	-	-
Loans issued	-	-	6,799	-	-	6,799
Share in net result after taxation	1,386	-	-	-	-	1,386
Dividend received	-	-	-	-	-	-
Exchange rate differences	-910	-	-	-	-	-910
Valuation tax asset	1,601	-	-	-	7,120	8,721
Interest	-	-	-	46	-	46
Balance as of July 31, 2021	138,934	150	65,429	1,572	7,120	213,205

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

As of July 31, 2021, carry-forward losses are valued for an amount of EUR 7.1 million (prior year: nil). The deferred tax asset has been formed on the basis of changed tax legislation whereby deductible losses from the past can be carried forward indefinitely. It is expected that on the balance sheet date an amount of EUR 0 is realized within one year.

Royal Avebe has direct interests in the following participations:

			Holding in %
Aktiebolaget Stadex	Malmö		100,00
Avebe America Inc.	Princeton (factual 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.	Milaan		100,00
Avebe Japan Co. Ltd.	Yokohama		100,00
Avebe Kartoffelstärkefabrik Prignitz/Wendland GmbH	Dallmin		100,00
Avebe Nederland B.V.	Veendam		100,00

		Holding in %
Avebe Nisasta Sanayii ve Ticaret Limited Sirketi	Izmir	100,00
Avebe North America Inc.	Dover (factual Cranbury)	100,00
AVEBE S.A.	Barcelona	100,00
Avebe UK Ltd.	London	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

The 100% participating interest in Avebe Food Ingredients DMCC (Dubai) is being liquidated.

19. Inventory

The inventories valued at lower realizable value on the balance sheet date have a carrying amount of EUR 24.8 million (prior year EUR 6.8 million). The total provision for inventories amounts to EUR 3.1 million (prior year EUR 7.2 million). The provision relates to products that are made as a trial product, products that do not meet the prescribed product requirements or products that are provided on the basis of the age of the product.

20. 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 0.0 million (prior year EUR 0.0 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.

21. Equity capital

Share Capital	Total shares 2020/2021	Values 2020/2021	Total shares 2019/2020	Value 2019/2020
Balance as of July 31, 2020	101,455	23,030	101,455	23,030
Correction for cancelled shares	1,665	378	-	-
Balance as of July 31, 2021	103,120	23,408	101,455	23,030

During the financial year 9,061 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 1,073 shares under its own management.

Share Premium

	2020/2021	2019/2020
Balance as of July 31, 2020	24,411	25,932
Received upon transfer of shares	75	1
Repayment from proposed profit appropriation	-1,546	-1,522
Balance as of July 31, 2021	22,939	24,411

The share premium comprises two components: A free share (EUR 19.8 million, prior year EUR 19.8 million) and a share that is related to the issued shares (EUR 3.1 million, prior year EUR 4.6 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 Royal Avebe 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%.

The conditions regarding the repayment of share premium and the payment of return on share premium are initially based on the conditions as included in the financing agreement. As a result of the refinancing in September 2020, the requirements of the credit institutions have changed with regard to the ratios to be achieved, see the notes to the short-term debts. Avebe intends to use these ratios by means of board resolutions when paying share premium to its members. The board resolution will be submitted to the members for approval at the next members' council meeting. In anticipation of this, the appropriation of the result in the 2020/2021 financial year includes the repayment of share premium as well as payment of 6% return on share premium. The intended board decision regarding the new conditions for repayment of share premium and payment of return on share premium is as follows:

- The solvency must be at least 30% on 31 July.
- The cooperative result must be at least nil.

Statutory reserves

	2020/2021	2019/2020
Balance as of July 31, 2020	-	-
Exchange rate result of hedging financial fixed assets	-212	95
Conversion differences foreign group companies	-910	-1,865
Transfer from other reserves	1,122	1,769
Balance as of July 31, 2021	-	-

Other reserves

	2020/2021	2019/2020
Balance as of July 31, 2020	158,052	154,727
Transfer to statutory reserve	-1,122	-1,769
Cooperative result current year	9,215	8,678
Return on share premium	-351	-436
Final payment to members current year	-3,546	-3,297
	5,318	4,945
Payment received for surrendering of shares to the cooperative and other	11	149
Balance as of July 31, 2021	162,259	158,052

The balance of the statutory reserve conversion differences in the other reserves is minus EUR 16.8 million (prev. yr. negative EUR 15.6 million).

22. Provisions

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

	Transition	Anniversary	Demolition	Total
Balance as of July 31, 2020	922	4,831	5,007	10,760
Movements charged to the profit and loss account	2,110	647	-	2,757
Withdrawals	-966	-543	-2,729	-4,238
Balance as of July 31, 2021	2,066	4,936	2,278	9,279

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

The anniversary benefits are governed by the internal regulations.

The provision for demolition 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. Current interest-bearing liabilities

See the notes to the consolidated financial statements.

24. 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.

The other payables item includes an interest item of EUR 0.4 million in connection with the settlement of two interest rate swaps. This concerns a liability with a remaining term of less than 1 year.

Off-Balance sheet commitment

Royal Avebehas 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 0.9 million. Of the issued guarantees, EUR 0.7 million relates to consolidated participating interests.

Royal Avebe 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 EUR 67.7 million euros, EUR 9.8 million of which matures within one year. For EUR 26.4 million the term is longer than five years. The remaining amount of EUR 34.0 million matures within five years.

Royal Avebe has entered into commitments worth EUR 3.2 million in the context of current investments.

Up to and including 1992 Royal Avebe 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.

Fiscal Unity

Royal Avebe 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.

Declaration of liability

Royal Avebe 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 Royal Avebe 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. Royal Avebe 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

25. Gross turnover

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

	2020/2021	2019/2020
Starch	148,982	144,879
Derivates	381,479	367,879
By-products	83,244	75,414
	613,705	588,172

Breakdown of gross turnover by geographical regions:

	2020/2021	2019/2020
European Union	50%	51%
Rest of Europe	2%	2%
Rest of the world	48%	47%
	100%	100%

26. Personnel

The average number of people employed in the Netherlands during the financial year averaged 1,014 (prior year 1,009). The number of employees at year-end was 989 (prior year 996). None of these employees work abroad. The social security charges include EUR 11,793 (prior year EUR 11,140 of pension charges).

The average number of employees can be broken down according to the establishment at Royal Avebe as follows.

	2020/2021	2019/2020
Operations	750	746
Commerce	46	46
Group	218	217
	1,014	1,009

27. Depreciation and other impairments

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

	2020/2021	2019/2020
Depreciation tangible fixed assets	25,634	22,189
Impairment of fixed assets	310	846
Amortization intangible fixed assets	129	153
	26,073	23,188

28. Income tax expense

The income taxes which are included in the profit and loss account amounts EUR 5.7 mln (prior year EUR 1.4 mln) which is a result of the foreign paid taxes and to be paid taxes and the changes in the deferred taxes. In the past year, as a result of the changes in tax laws and regulations, with regard to the period in which carry-forward losses may be set off, carry-forward losses of EUR 28.4 million have been valued on the balance sheet. The valuation as a deferred tax asset gives a tax benefit of EUR 7.1 million (last year EUR 0). The remaining temporary differences (in total EUR 32.7 million, last year EUR 32.1 million) between financial statements and tax returns have not been valued due to uncertainty regarding future settlement options. This results in a, relative to the nominal tax rate (25-35%).

Other notes

Subsequent events

In mid-September 2021, Royal Avebe entered into an agreement with an American customer under which the delivery contract for Solanic 300 liquid, which ran until the financial year 2022/2023, was bought off by this customer. The redemption fee covers on the one hand a compensation for covering the fixed costs of the Solanic 300 liquid line and on the other hand a compensation for missed sales profit by Royal Avebe. Since the surrender relates to the 2021/2022 and 2022/2023 financial years, the impact on the 2020/2021 annual accounts is nil.

Remuneration of directors and members of the supervisory board

Remuneration for the board of directors amounted in 2020/2021 to EUR 1,315 (prior year EUR 1,264). Remuneration for the Supervisory board amounted to EUR 285 (prior year EUR 285).

Distribution of results

With the approval of the Supervisory Board, in anticipation of the adoption by the Members' Council, the Board has proposed to distribute the cooperative result after tax as follows:

Return on premium in accordance with contract	352
Final payment members 2020/2021	3,545
Additional payment members	0
Addition to other reserves	5,318
	9,215

The proposed profit appropriation has been incorporated in the 2020/2021 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](#).

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 December 17, 2009, a 10% share premium was repaid on the basis of the result and the balance sheet on July 31, 2021. This repayment of EUR 1,546 has been incorporated in the 2020/2021 financial statements.

Audit report of the independent auditor

This is a translation of the Dutch annual financial statements. The English annual financial statements have not been audited. The independent auditor's report is added to the Dutch annual financial statements.

Annexes



Annex Ia Materiality analysis

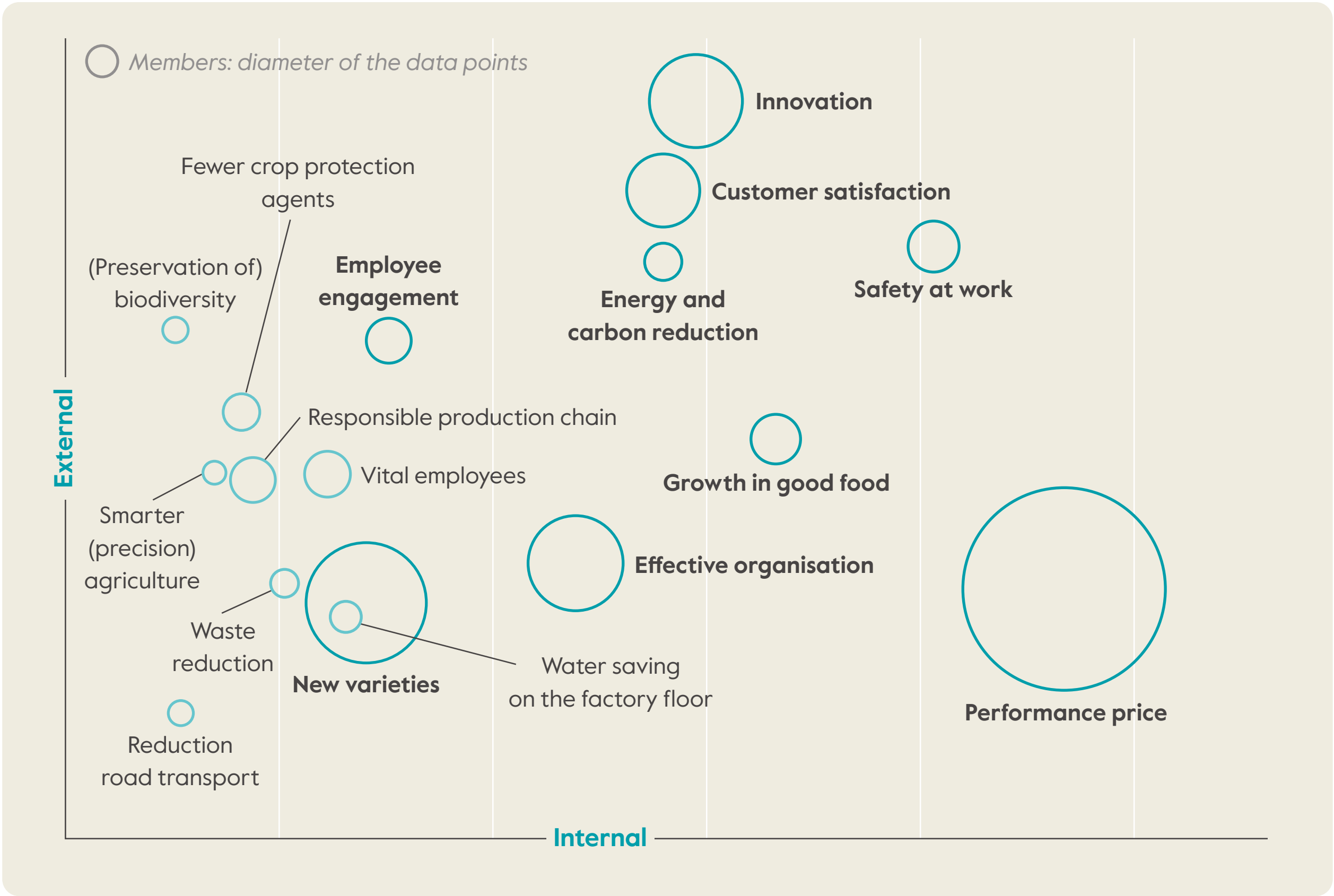
We periodically carry out a materiality analysis on which topics our stakeholders find most relevant for Royal Avebe. Last year, an extensive analysis was carried out to determine which topics are material to Avebe according to internal and external stakeholders.

Internal and external stakeholders

As a cooperative, our growers are an important stakeholder group, but they are not part of the group of internal or external stakeholders. Therefore, we decided to add a third dimension to the analysis we conducted through a survey. The internal stakeholders consisted of 39 colleagues from various departments, such as the executive committee, Agro, Commerce, Operations and HR. The 21 external stakeholders consisted of, customers, suppliers, NGOs, banks, trade unions and scientists. A further 49 members of the cooperative completed the survey.

Explanation matrix

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. The larger the data point, the more relevant it is to the members of the cooperative.



Annex Ib Materiality

<div>Heading for more value</div> <div></div>	<div>Performance price</div> <div>Key financial indicator of the cooperative result and the potato money for the members.</div>			
<div>Growth in good food</div> <div></div>	<div>Innovation</div> <div>Product innovation focuses on more value, particularly in the food market, and on good food.</div>	<div>Good food</div> <div>To promote a healthy and environmental friendly lifestyle with plant-based food ingredients.</div>		
<div>Market-driven sustainable potato cultivation</div> <div></div>	<div>New varieties</div> <div>The development of potato varieties that produce more starch and protein and are more resistant to disease and drought.</div>			
<div>Improve our ecological footprint</div> <div></div>	<div>Energy and carbon reduction</div> <div>Improve our production processes by focusing on energy saving and sustainability. We are also reducing our water consumption and our waste streams such as tare and sludge.</div>			
<div>Cooperation for the customer</div> <div></div>	<div>Customer satisfaction</div> <div>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.</div>	<div>Employee engagement</div> <div>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.</div>	<div>Effective organisation</div> <div>Achieving more value for all stakeholders through better cooperation. Cross-functional working between departments, optimising innovation processes and efficient production are central to this.</div>	<div>Safety at work</div> <div>We work safely and offer safe working conditions within our own organisation.</div>

Annex 2 Stakeholder dialogue and cooperation

Choice for stakeholders

In the course of the year, Royal 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.

Interest of stakeholders

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					
Growers	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	<ul style="list-style-type: none"> • Cooperative Board • Company management • Agro Director • Account Managers Agro
Customers					
Industrial, feed and food	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • Director of Commerce • Sales and account managers • Manager Public Affairs

Stakeholder Group	Method and frequency of contact	Subject	Discussed SDGs	Follow-up (short and long term)	Attendees of Avebe
Internal					
Sounding board group	<ul style="list-style-type: none"> • 27 November 2020 (online) • 5 March 2021 (online) • 4 June 2021 (online) 	<ul style="list-style-type: none"> • 27 November 2020: energy transition, agriculture, water and biodiversity • 5 March 2021: Elections Dutch House of Representatives • 4 June 2021: Ecomodernism and Land van Ons" 	6, 7, 9, 12, 15 and 17	<p>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.</p>	<p>27 November 2020:</p> <ul style="list-style-type: none"> • Marijke Folkers (RvC) • Bert Jansen (CEO) • Barbara Huneman (PA) • Peter Bruinenberg (PA) • Johan Russchen (PA) • Peter-Erik Ywema (Director Sustainability) • Frans Wigchering (Coöperatielid) <p>5 March 2021:</p> <ul style="list-style-type: none"> • Marijke Folkers (RvC) • Bert Jansen (CEO) • Barbara Huneman (PA) • Johan Russchen (PA) • Peter-Erik Ywema (Director Sustainability) • Frans Wigchering (Coöperatielid) <p>4 June 2021:</p> <ul style="list-style-type: none"> • Marijke Folkers (RvC) • Bert Jansen (CEO) • Barbara Huneman (PA) • Johan Russchen (PA) • Peter Smale (PA) • Peter-Erik Ywema (Director Sustainability) • Frans Wigchering (Coöperatielid)

Stakeholder Group	Method and frequency of contact	Subject	Discussed SDGs	Follow-up (short and long term)	Attendees of Avebe
Partners					
Transporters	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
Knowledge institutions					
Wageningen University & Research	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
Hanze University of Applied Sciences	3-4 times	sustainability	6, 7, 9, 12 and 17		Director Sustainability
Rijksuniversiteit Groningen	3-4 times	Sustainability	6, 7, 9, 12 and 17		Innovations, Manager Product Technology
UMCG	A few times	Protein study	2, 9, 12 and 17	Potato protein as a preventive agent against COVID-19. Trials are running now.	Innovations, Manager Product Technology
Neighbours					
Residents' association Foxhol	Online	Spatial planning cycle path	7 and 9		Site manager Foxhol
Entrepreneurs association Zernike	Online	Electric car share campus			<ul style="list-style-type: none"> • Site Manager Innovation Centre • Director Sustainability
Civil society organisations and NGOs					
World Wildlife Fund	1 online meeting. No physical meetings due to Corona.	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
Agricultural Nature Association East Groningen and Drenthe	<ul style="list-style-type: none"> • 2 physical meetings • 2 times online 	About greening agriculture. Study into cooperation and field margins.	15		Sustainability & Public Affairs (Regiegroep Innovatie Veenkoloniën)
Innovation Veenkoloniën	8 online meetings	How do we arrive at a new regional deal, use of transport resources		Review of mission, vision, participants	Sustainability & Public Affairs

Stakeholder Group	Method and frequency of contact	Subject	Discussed SDGs	Follow-up (short and long term)	Attendees of Avebe
Government					
Ministry of Agriculture, Nature and Food	Intensification	<ul style="list-style-type: none"> Renewed acquaintance, national protein strategy, national strategic plan (new CAP), Green Deal, crop rotation Stakeholders' meeting Test farm 			Public Affairs, Sustainability
Ministry of Economic Affairs	Intensification	Energy and climate, Green Deal, Subsidies, Cluster 6	2		Public Affairs, Energy & Utilities
Provinces of Drenthe and Groningen	Intensification	Renewed acquaintance, innovation Veenkoloniën, protein transition, agricultural policy and energy transition (regional energy strategy), field margins, crop rotation, Fascinating, spatial economic policy, permits VKA (Groningen)	2	Continue to invest in relationship. Active contribution in development of new spatial economic vision. Finalise safe use of VKA.	Public Affairs, Sustainability
Municipalities (Veendam, Midden Groningen, Westerwolde, Borger Odoorn, as well as Aa en Hunze, Groningen)	Intensification	Renewed acquaintance and various topics (energy, climate, permits, solar park, water, etc,) contingency (Central Groningen)		Continue to invest in good relationship Spatial planning for Foxhol and Ter Apelkanaal	Public Affairs
Sector association					
Association for Energy, Environment and Water (VEMW)	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, Energy & Utilities
Association for the Dutch Chemical Industry (VNCI)	4-8 times a year	Climate agreement and sustainable (green) chemistry	7, 9 and 12	Position chemical industry with respect to ETS agreement, Nl CO ₂ tax and innovation chemistry up to 2050.	Director of Operations, Public Affairs

Stakeholder Group	Method and frequency of contact	Subject	Discussed SDGs	Follow-up (short and long term)	Attendees of Avebe
Sector association					
Dutch Food Industry Federation (FNLI)	4-8 times a year	<ul style="list-style-type: none"> • ICSR, Food waste and Climate agreement • Co-chair, Cluster 6 	6, 7, 9, 12, 15 and 17	<ul style="list-style-type: none"> • Position of the food industry at ETS and climate agreement. • On behalf of the FNLI, Avebe is the co-chair of the 6th Cluster (industry forum) (important vehicle to represent the role of industry in the periphery in the climate agreement and detailed Green Deal). 	Director Public Affairs & Energy
Arable farming sector organisation (BO Arable farming)	4 times a year	<ul style="list-style-type: none"> • Sustainable agriculture • Communication path 'Tomorrow's arable farming' 	2, 7, 9 and 12	Participation Action Plan Plant Health, reduction of plant protection and development Biodiversity monitor.	Director Agro, Public Affairs, Director Sustainability
Association of Dutch starch manufacturers (VNZ)	2 times a year	Healthy food and climate agreement	15	<ul style="list-style-type: none"> • Sugars/carbohydrates in food, starch industry as plant-based protein producers and carbon reduction. • Place NVZ under FNLI 	CEO, Public Affairs
Nutrient Platform EN	3 times a year	Fertilization and soil health		Animal-based and artificial fertilizer and circular agriculture	Public Affairs
Starch Europe	4 times a year, participation EXCO, Public Affairs	Healthy food, ETS, Green Deal and F2F	6, 7, 8, 9 and 12	<ul style="list-style-type: none"> • Positioning for European policies, Green chemistry and biobased economy. • Starch industry as protein producer. ETS and starch industry. 	Director Innovation, Director Agro, Public Affairs, Sustainability
Biobased Circular Business Platform (BCB)	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

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 AgriNL
- VLK (Glues and Cements Association)
- VNO-NCW

Annex 3 About this report

The scope of the annual report is Royal Avebe as a whole: growers, production sites, headquarters, sales offices, the innovation centre and subsidiary Averis Seeds. Avebe reports annually on the financial and sustainability information via the integrated annual report. This annual report presents information about the performance of Avebe, 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.

Report scope

This annual report relates to the financial year 2020/2021: from 1 August 2020 to 31 July 2021. The previous annual report was published on 10 December 2020.

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 drawn up in accordance with the statutory requirements for annual reporting of Book 2, Title 9, Article 391 of the Dutch Civil Code 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 9 December 2021.

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



Annex 4 GRI table

GRI Standard		Page reference	Omission
GRI 101: Foundation 2016			
GRI 102: General disclosures 2016			
Organisational profile			
102-1	Name of the organisation.	Cover Colophon, p. 125	
102-2	Activities, brands, products and services.	About Royal Avebe, p. 15-17 Key figures, p. 13	
102-3	Location of the head office.	Addresses, p. 124	
102-4	Branches and locations.	Key figures, p.13 Addresses, p. 125	
102-5	Ownership structure and legal form.	Organisational structure, p. 63-64 Colophon, p. 125	
102-6	Markets and customers.	Key figures, p. 13 About Royal Avebe, p. 15-17 Value creation model, p. 19-20	
102-7	Size of the organisation.	About Royal Avebe, p. 15-17 Value creation model, p. 19-20 Key figures, p. 13	
102-8	Information about personnel and other employees.	Cooperation for the customer, p. 47	
102-9	Information on the supply chain.	The chain, p. 51	
102-10	Significant changes in the organisation and its supply chain during the reporting period.	Growth in good food - increasing the capacity, p. 27 Report of the board of directors, p. 6-11	
102-11	Explanation of the precautionary principle.	Risks and uncertainties, p. 56	
102-12	External initiatives that the organisation supports or to which the organisation is affiliated.	Annex 2 Stakeholder dialogue and cooperation, p. 107-112	
102-13	List of important memberships (such as trade associations and/or national and international interest groups).	Annex 2 Stakeholder dialogue and cooperation, p. 112	

GRI Standard		Page reference	Omission
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. 6-11	
102-15	Description of main impact, risks and opportunities.	Risks and uncertainties, p. 56-61	
Ethics and integrity			
102-16	Description of core values, principles, standards and behavioural norms.	Organisational structure, p. 63	
Governance			
102-18	Governance structure: The governance structure of the organisation, including committees under the highest governing body. And the committee responsible for decisionmaking on economic, environmental and social issues	Organisational structure, p. 63-64	
Stakeholder engagement			
102-40	List of stakeholder groups engaged by the organisation.	Annex 2 Stakeholder dialogue and cooperation, p. 107-112	
102-41	Percentage of employees covered by a collective bargaining agreement.	Cooperation for the customer, p. 47	
102-42	Principles for the identification and selection of stakeholders.	Annex 2 Stakeholder dialogue and cooperation, p. 107-112	
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. 107-112	
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. 107-112	
Reporting principles			
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. 105	
102-47	Material issues identified during the process of determining the content of the report.	Annex 1 Materiality analysis, p. 105-106	
102-48	Consequences of any rewording of information provided in a previous report and the reasons for such rewording.	Market-driven sustainable potato cultivation - Carbon footprint per tonne of starch, p. 32	

GRI Standard		Page reference	Omission
Performance price			
GRI 103: Management approach 2016			
103-1	Explanation of the materiality of the subject and the delineation.	Heading for more value, p. 22 Materiality, p. 105	
103-2	Management's explanation of the topic and its various aspects.	Heading for more value, p. 22 Report of the supervisory board, p. 8	
103-3	Management evaluation of the topic.	Report of the supervisory board, p. 8	
GRI 201: Economische prestaties 2016			
201-1	Direct economic value including the performance price paid to growers.	Heading for more value, p. 22 Report of the supervisory board, p. 54	
Innovating			
GRI 103: Management approach 2016			
103-1	Explanation of the materiality of the subject and the delineation.	Growth in good food, p. 25-26 Materiality, p. 105	
103-2	Management's explanation of the topic and its various aspects.	Growth in good food, p. 25-26	
103-3	Management evaluation of the topic.	Growth in good food, p. 25-26	
Own indicator			
201-1	Turnover covered by current patents.	Growth in good food, p. 25-26	
Good nutrition			
GRI 103: Management approach 2016			
103-1	Explanation of the materiality of the subject and the delineation.	Growth in good food, p. 25-27	
103-2	Management's explanation of the topic and its various aspects.	Growth in good food, p. 25-27	
103-3	Management evaluation of the topic.	Growth in good food, p. 25-27	
Own indicator			
	The value of the food ingredients used in plant-based and environmentally friendly end products.	Growth in good food, p. 26	

GRI Standard		Page reference	Omission
New varieties			
GRI 103: Management approach 2016			
103-1	Explanation of the materiality of the subject and the delineation.	Market-driven sustainable potato cultivation, p. 30-34 Materiality, p. 105	
103-2	Management's explanation of the topic and its various aspects.	Market-driven sustainable potato cultivation, p. 30-34	
103-3	Management evaluation of the topic.	Market-driven sustainable potato cultivation , p. 30-34	
Own indicator			
	Percentage of potato starch yield per hectare.	Market-driven sustainable potato cultivation, p. 32	
	Proportion acreage area intended for new varieties.	Market-driven sustainable potato cultivation, p. 33	
Energy and carbon reduction			
GRI 103: Management approach 2016			
103-1	Explanation of the materiality of the subject and the delineation.	Improve our ecological footprint, p. 37-40 Materiality, p. 105	
103-2	Management's explanation of the topic and its various aspects.	Improve our ecological footprint, p. 37-40	
103-3	Management evaluation of the topic.	Improve our ecological footprint, p. 37-40	
GRI 305: Emissions 2016			
305-5	Reduction of greenhouse gases in cultivation per tonne of potato starch.	Improve our ecological footprint, p. 38-39	
305-5	Reduction of greenhouse gases in production per tonne of product manufactured.	Improve our ecological footprint, p. 38-39	
GRI 303: Water and residual flows 2018			
303-5	Water consumption.	Improve our ecological footprint, p. 40	

GRI Standard		Page reference	Omission
Customer satisfaction			
GRI 103: Management approach 2016			
103-1	Explanation of the materiality of the subject and the delineation.	Cooperation for the customer, p. 50 Materiality, p. 105	
103-2	Management's explanation of the topic and its various aspects.	Cooperation for the customer, p. 50	
103-3	Management evaluation of the topic.	Cooperation for the customer, p. 50	
Own indicator			
305-5	Number of customer complaints.	Cooperation for the customer, p. 50	
Employee engagement			
103-1	Explanation of the materiality of the subject and the delineation.	Cooperation for the customer, p. 45-46 Materiality, p. 105	
103-2	Management's explanation of the topic and its various aspects.	Cooperation for the customer, p. 45-46	
103-3	Management evaluation of the topic.	Cooperation for the customer, p. 45-46	
Own indicator			
	Score on biennial employee satisfaction survey.	Cooperation for the customer, p. 46	
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. 48-49 Materiality, p. 105	
103-2	Management's explanation of the topic and its various aspects.	Cooperation for the customer, p. 48-49	
103-3	Management evaluation of the topic.	Cooperation for the customer, p. 48-49	
GRI 403: Employee health 2018			
403-9	Work-related injuries.	Cooperation for the customer, p. 48	

GRI Standard		Page reference	Omission
Effective organisation			
GRI 103: Management approach 2016			
103-1	Explanation of the materiality of the subject and the delineation.	Cooperation for the customer, p. 49 Materiality, p. 105	
103-2	Management's explanation of the subject and its various aspects.	Cooperation for the customer, p. 49	
103-3	Management evaluation of the topic.	Cooperation for the customer, p. 49	
Own indicator			
	Number of critical integrated processes improved.	Cooperation for the customer, p. 49	

Annex 5 Shared value - Sustainable Development Goals

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 plantbased 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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