

The next step towards more value.

Integrated annual report 2022/2023



Reading guide

Each year, Royal Avebe publishes an annual report to inform its stakeholders about its financial and societal ambitions and results. Our strategy **Binding and Building** sets out a clear vision of what we want to achieve in the period 2018-2023 and connects us with societal issues around healthy food, the protein and energy transition and a fair, future-oriented agricultural system.

Our five pillars form the structure of this integrated annual report.

In this report, we account for our ambitions and achievements in the financial year 2022/2023.



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Foreword



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Foreword

This is our integrated annual report for the financial year 2022/2023. A financial year that was characterised by a variety of global developments with an impact on Royal Avebe and its members.

For example, the global economic situation that led to enormous cost increases, starting from cultivation throughout the chain. The subsequent sharp rises in interest rates caused the global economy to cool down. Avebe, as a global player in starch and protein, is feeling the consequences.

By showing enormous dedication and commitment and by working together as ‘One Avebe’, we achieved some strong results, despite all global developments.

Avebe is a joint unit of members and employees together. By showing enormous dedication and commitment and by working together as ‘One Avebe’, i.e. the Avebe Team, we achieved some strong results, despite all global developments. I therefore would like to thank everyone for their efforts.

These results are also needed because there is a lot at stake for our members: rising costs, climate change, competition in the fields and various political themes. In the Netherlands, for example, the sector had been looking forward to forming an agricultural agreement for months, involving a lot of work together with other stakeholders to provide our input. Unfortunately, this agreement did not materialise.

Naturally, in this annual report we provide accountability for our sustainability policy. Avebe deems sustainability important, and that results in solid results. This year, as in previous years, we achieved our CO₂ and energy reduction targets. Our share in new sustainable starch potato varieties has also increased. Climate change shows more than ever before the need for developing varieties that are more resistant to extreme weather conditions.

Avebe plays an important role in the transition to a more plant-based economy. We continue to use the unique functionality of potato starch and potato protein in close cooperation with our customers to improve or introduce new end products, both in food and in the biobased industry.

This was the final year of our Binding and Building strategy. With this strategy, we have laid the foundation for a more customer-driven organisation with a focus on added value. In the dynamics of cost increases, climate change, competition in the field and increasing legislation and regulations, it is necessary to offer an attractive and sustainable perspective for our members, employees and customers. Despite all the challenges,

we can also see plenty of opportunities. With our ‘Accelerate and Strengthen’ strategy for the period 2023-2028, we will continue our joint efforts in building sustainable growth and creating a positive perspective. This way we accelerate the creation of more value.

In conclusion, attractive starch potato cultivation for our members is the basis of Avebe. Sufficient starch potatoes are needed to continue to serve our markets. Avebe must be agile and daring to change. This is the only way we can continue to take significant steps to maintain our raw material supply. Change takes time and current market conditions emphasise the need for this change to keep our raw material supply at the desired level. This is where the biggest challenge lies for the coming years.

Partly because of the results of recent years, I am confident that, together, as One Avebe and with the right leadership, we can continuously improve our results and thus create added value for our members.

I’m very much looking forward to making our ‘Accelerate and Strengthen’ strategy a success with our members and employees!



David Fousert
CEO Royal Avebe

Report of the board of directors



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of directors

Report of the board of directors

The cultivation of starch potatoes is under pressure due to climate change and increasing competition in the fields. This situation is aggravated by the uncertainty of changing legislation and regulations. To keep cultivation attractive, our members need to be paid a higher price. And despite all the challenges we have had over the past year, we have succeeded in achieving just that. We are closing this financial year with a performance price of 133.34 euros per tonne of potatoes. This is a strong result in comparison with previous years.

Many changes

Drought, high energy prices and enormous inflation, starting from cultivation throughout the chain: these are just a few of the examples with an impact last year. The economy is changing at a rapid pace. During this year, we could see our customers becoming more cautious, thus putting pressure on our sales performance. We therefore adjusted our production planning to this development.

This resulted in a lower production volume for this year. In addition, we experienced logistical challenges over the past year due to the aftermath of the COVID-19 pandemic, combined with geopolitical developments. Thanks to the efforts of our team and our role within the chain, we succeeded in guaranteeing security of supply of our products to our customers.

The changes are following in rapid succession and therefore require agile leadership. This is exactly why we paid extra attention to agile leadership in the past year. We worked together as One Avebe, members and

employees alike. It's a theme that defines our strategy. And it is one of the reasons why we are starting a leadership development programme. This enables us to maintain and further strengthen our position in the transition to more plant-based products and thus sustain an attractive and sustainable perspective for Avebe.

Being agile also means making choices. These are not always easy, such as closing our office in Meerbusch (Germany).

Raw material supply a major theme

The 2022 growing year was characterised by an extremely dry period with various consequences for our members. In addition to climate change, the dynamics in the sector and increasing competition in the fields play an increasingly important role in maintaining the supply of raw materials for Avebe. The continuous increase in cultivation costs in particular puts pressure on the income of our members. Nor is there a clear future perspective for our Dutch and German members due to changes in policy regarding, among other things,



→ Report of the board of directors



nitrogen, water quality and biodiversity at European level and additional political uncertainty. In the Netherlands, clarity has been achieved regarding the inclusion of starch potatoes on the list of winter crops. That's good news, as it means that our members are not obliged to harvest their starch potatoes before 1 October and to sow a catch crop thereafter.

Competition in the field is still increasing. While grain offered attractive prices last year, we are now competing with adjacent potato markets and other crops. We always put the interests of our members and their earning capacity first. Thanks to the starch potato we create a unique and distinctive character. Avebe is part of the solution towards a more plant-based economy and thus a sustainable and stable income for our members.

Increase in performance price necessary

Avebe closes the 2022/2023 financial year with a performance price of 133.34 euros per tonne. Despite this strong result, this increase is necessary to keep the cultivation of starch potatoes attractive and thus secure the raw material supply for Avebe. The cooperative result for this financial year reached 20.8 million euros. The payment to our members is 27 percent higher compared to last year.

We were able to achieve this result thanks to the enormous efforts of the Avebe team, which has taken great steps in increasing our productivity and effectiveness. Yet above all because we are increasingly demonstrating Avebe's added value to our customers.

The positive results were achieved by significantly increasing sales prices, thereby maximising the value of the unique functionalities of our products. Sales volume fell by 11 percent compared to last year,

driven by macroeconomic developments. Based on both factors, net turnover increased by 13 percent this financial year, reaching 803 million euros. In addition, Avebe continues to focus on maximum efficiency of its business operations. A positive development therein is that the World Class Operations Management (WCOM) programme is making an increasing contribution to this.

We were able to achieve this result thanks to the enormous efforts of the Avebe team, which has taken great steps in increasing our productivity and effectiveness.

Starch production at a good level

The total volume of starch produced was 10 percent lower compared to the previous financial year, driven by the dry weather conditions in both the Netherlands and Germany. The quality of the potatoes was good. The average starch percentage reached 20.17 percent, which is above the long-term average of 20%. Due to the decline in market demand, particularly in the second half of the financial year, flexibility was required from our production and supply chain. Despite this, the output of our production lines was still at a good level. A great achievement, because both the market and our sustainability targets benefit from stable and reliable production.

→ Report of the board of directors

Avebe's strategy is characterised by achieving growth through sustainability and innovation.

Investments

Avebe's strategy is characterised by achieving growth through sustainability and innovation. The annual investments therefore directly reflect this. Total investments amounted to approximately 40 million euros. Innovative investments have been made to expand the capacity of a food line at our Ter Apelkanaal production site and to expand the production of paper derivatives at the Foxhol production site. In the field of sustainability, investments have been made in electric steam boilers at the production sites in Ter Apelkanaal and Gasselternijveen.

As a result of the lagging sales volumes and increased stock value, solvency has fallen to 30.2 percent.

Binding and Building results

Last year was the final year of our Binding and Building strategy. We look back on an eventful period which required a lot of flexibility from us. We have taken important first steps towards a market-driven organisation with a focus on added value. In doing so, we are paying increasing attention to the essence of Avebe: creating added value for our members, customers and employees. And also fulfil our role in the transition to a more sustainable, plant-based economy with our high-quality, innovative and sustainable ingredients. We have exceeded some of our strategic goals. Other goals fell short for various reasons. Everyone

throughout the organisation has worked hard to achieve our goals. We are therefore satisfied with the results of our CO₂ and energy reduction programme and we are making solid steps in increasing productivity at our production sites. We have also taken great steps to improve our production processes and associated product quality, including our potato protein.

Safety is and remains a major point of attention, as are the sustainability targets of the Paris climate objectives for 2030.

All in all, we are satisfied with the results achieved. And like a good student, we will also take the lessons learned with us into the coming strategic period.



→ Report of the board of directors

Forecast of the board of directors

Royal Avebe is a fantastic company with a strong future perspective. Despite the current challenging economic situation with pressure on demand for our products, we expect that structural demand for high-quality, nutritious and more sustainable ingredients for food products and more biobased products will increase. Avebe is well positioned for this.

The year 2023/2024 is the first year of our new Accelerate and Strengthen strategy. The essence of this is an added value strategy for all our stakeholders: members, employees and customers. We create added value through market-driven innovation and sustainability. We put our customers and members at the centre of everything we do. With this strategy, we focus on further strengthening Avebe's core, accelerating our share in the plant-based market transition and exploring new horizons.

The supply of raw materials will be under even more pressure in the coming years and Avebe will have to continue to earn its place in the field.

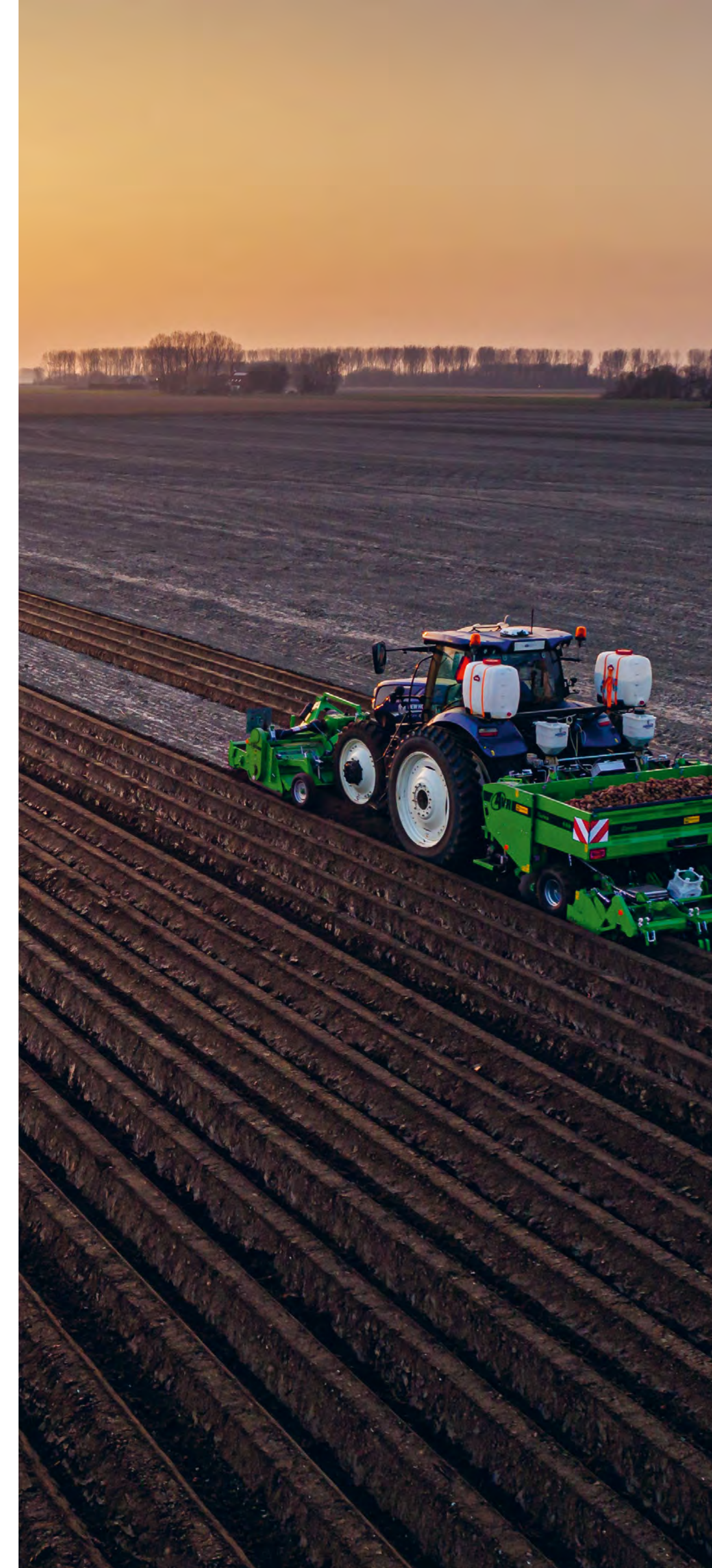
We also face some major challenges. In the short term, the current economic situation will have an impact on the demand for our products. We are therefore taking additional steps, which are necessary to ensure that we

at least achieve our budget targets for the next financial year. For example, we have optimised our production to avoid unnecessarily high stock levels and we are becoming stricter about cost control. Developing our existing and new customer relationships in the core markets and regions of our strategy is critical. In our efforts, we focus on creating added value by delivering solutions with our high-quality and sustainable ingredients for the food industry and industrial markets.

All this to keep increasing the price we pay to our members. This way we keep the cultivation of starch potatoes attractive, while our raw material supply remains at the required level. The supply of raw materials will be under even more pressure in the coming years and Avebe will have to continue to earn its place in the field.

Strategy

The aim of the 2023-2028 Accelerate and Strengthen strategy is to add at least 25 euros extra per tonne of potato money. The figures are based on the current situation and macroeconomic conditions. To achieve these goals, we will focus on creating added value from the development and sale of high-quality potato starch and protein products in existing and new market



→ Report of the board of directors

segments in both the food and industrial divisions of our company. We are also making clearer choices in our product range, realising further efficiency and increasing our productivity. We focus innovation more than ever on the needs of the market, while putting the customer centre stage of course.

We focus on structurally reducing our energy consumption, reducing water consumption and on the circular use of residual streams.

Sustainability

Sustainability takes up a dominant place in the Accelerate and Strengthen strategy. Our products reduce the footprint of our customers in plant-based food and biobased, circular ingredients for the construction and packaging industry, for example. We are reducing our footprint in line with the Paris Climate Agreement. For example, we focus on structurally reducing our energy consumption, reducing water consumption and on the circular use of residual streams. We also pay attention to the climatic changes on the cultivation side of things. Our subsidiary Averis Seeds B.V. develops new varieties that are more resistant to drought, for example. They are varieties that can survive with fewer crop protection products and water and that produce a higher yield in potato starch and potato protein per hectare.

Investments

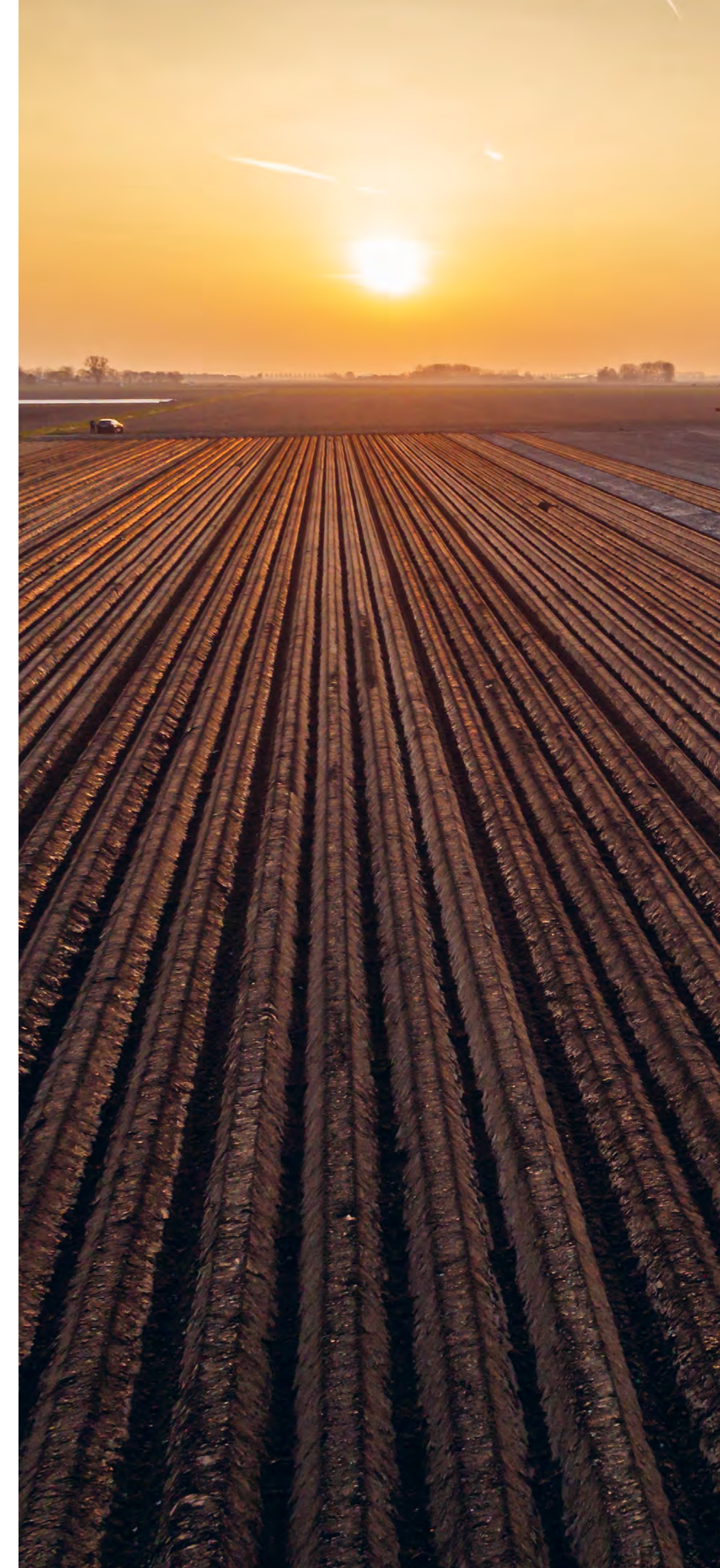
In the 2023/2024 financial year, the expected investment level will be around 40 million euros. This is supported by current own resources and current financing facilities. Given the developments and the climate in which Avebe and its members currently find themselves, we recognise the need to further emphasise maximising the return on existing investments in the coming years. We also want to invest in replacing or improving existing production equipment, resulting in increased reliability and a reduction in the cost price and carbon footprint. A fitting example is the replacement of the decanters at our production site in Gasselternijveen, which significantly reduces our carbon footprint. 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.

We put our strategy into practice. In our efforts, we are increasingly acting like One Avebe with a Play to win mentality. We are taking the necessary steps to ensure that we continue to deliver a strong performance for our members, customers and employees.

For the board of directors

David Fousert

Rob van Laerhoven



→ Report of the board of directors

Key figures



➔ Key figures

Key figures

Cooperative of




2,036
growers




1,295
Sustainably employable and committed employees


Turnover breakdown



68%
Food industry



24%
Industrial market



8%
Animal feed



€133.34
Performance price per tonne potatoes

Heading for more value






18%
Of the sales result of food ingredients derived from plant-based and environmentally friendly final products

Growth in good food





28%
Reduction in CO₂ emissions in total compared to 2017/2018

Improve our ecological footprint

4,613^{ha}
Acreage on which new Averis varieties are cultivated

Market-driven sustainable potato cultivation




7.3
Employee engagement score

Cooperation for the customer




→ Key figures

Long-term figures

in millions of euros (where applicable)	2022/2023	2021/2022	2020/2021
Gross turnover	855.2	768.8	636.1
Net turnover	803.8	711.6	593.1
Operating result	35.7	18.6	6.9
Financial income and expenditure	9.6	4.3	3.5
Cooperative result after taxation	20.8	12.1	9.2
Depreciation	41.3	37.7	36.7
Investments in tangible fixed assets	40.1	44.1	66.4
Group equity	222.0	211.4	208.6
Loan capital including provisions	502.2	424.9	375.5
Total assets	724.2	636.3	584.1
Group equity as a % of total equity	30.7	33.2	35.7
Net cash flow prior to the financing facilities	-64.7	-31.8	-81.1
Net debt to banks	359.5	288.9	248.9
Performance price (EUR/tonne) ¹	133.34	98.56	93.30

¹ The performance price comprises the payments for the delivered potatoes plus the net result divided by the tonnage delivered by members on shares. Calculated as a starch percentage of 19% (underwater weight of 470 grams).

⊕ Key figures

How we create value



→ How we create value

How we create value

Royal Avebe is an international cooperative of starch potato growers. We process the starch potatoes of our members into high-quality ingredients based on potato starch and protein. We supply these ingredients to customers across the globe. They use our products in food, animal feed and for industrial applications. In doing so, we deliver innovative and healthy solutions with an increasingly smaller impact on the climate and the environment. Together, we are working towards a sustainable food system.

Our members

Our members, our main suppliers, are potato growers in the Netherlands and Germany. We work closely with them to get the best quality starch potatoes. As a cooperative, we believe it is important to keep evolving. We are committed to sustainability in that regard. Both at the company, and in our members' fields.

Our sites

Avebe has 1,295 employees, six production sites across the Netherlands, Germany and Sweden and sales offices in North America, Europe and Asia. The Head Office is in Veendam.

Our markets

Avebe develops and produces ingredients based on potato starch and protein for three markets: food, feed and industrial applications. That is how we meet the need for sustainable and healthy products for people and animals and sustainable applications for customers in the construction, paper, glue and textile industries.

Our customers are located worldwide, with major markets in Europe, Asia and North America.

Food

The global market for healthy and plant-based food is growing. In emerging economies, it is all about the availability, affordability and shelf life of ingredients. Food safety, health and sustainability requirements occupy a more central position in North America and Europe. Our ingredients offer customers chances and opportunities to grow in sustainable, plant-based alternatives to meat and dairy. With that, a sustainable and transparent production chain offers great added value.

Animal feed

Livestock farming faces the major challenge of producing more sustainably, in a way that is less harmful to the climate and that promotes biodiversity. This industry therefore needs proteins and feed with the smallest possible footprint. The pet food segment is also experiencing robust growth and this market is expected



→ How we create value



to continue to grow. With our potato starch and protein portfolio, we offer solutions to improve livestock and the nutritional value and texture of pet food.

Industrial applications

Potato starch derivatives are used in various industrial products, such as construction and paper and glue manufacturing. We can see that interest in sustainable plant-based raw materials for these industrial applications is growing. On the one hand to reduce the use of petrochemical additives, on the other because Avebe products offer the right functionality. Avebe is successful with, among other things, the introduction of coatings for food packaging. In addition, demand for our additives for cement tile adhesive, for example, remains strong. Around the world, the modern and efficient ‘thin bed technique’ is increasingly used to replace traditional tiling.

Variety development and crop optimisation

To achieve a more sustainable crop, our growers must be able to work with the best starch potato varieties. Our subsidiary Averis focuses on the development, propagation and sale of starch potato varieties most suitable for cultivation in the Netherlands and Germany. We work together with Solynta, a company that specialises in hybrid potato breeding. Avebe also supports growers with the Optimeel crop optimisation programme. This is how we work to make the cultivation more sustainable and to achieve a good commercial result for our members.

Our strategy

Our Binding and Building strategy (2017-2023) is based on five pillars. 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 improving our ecological footprint. These three pillars are the core of the Avebe structure and form the aim that we pursue: heading for more value. This annual report describes our efforts per pillar from [page 22](#).



➔ How we create value

Our strategy

Our Binding and Building strategy was adopted in the 2017/2018 financial year. In the strategy, the concepts of performance price, cooperative, starch potato and customer occupy an important position. Our strategy aligns with societal issues such as healthy food, the protein and energy transition and a fair, future-oriented agricultural system.

The strategic period runs until 31 July 2023. That's why in 2022 we developed a new strategy for the next five years. You can read more about this in the 2023-2028 Strategy chapter.

➔ How we create value



Five ingredients for responsible growth



1. Heading for more value

We grow in value. We do this by creating the best solutions for our customers with our innovative potato starch and protein products. We call this creating shared value. This is the overarching theme of our strategy.



2. Growth in good food

We are growing globally, particularly as a supplier to the food industry. Our healthy, nutritious, environmentally friendly and plant-based potato ingredients are used by our customers in alternatives to dairy and meat, for example. We will continue to serve tried and trusted markets, such as bakery and confectionery, noodles, soups and sauces.



3. Market-driven sustainable potato cultivation

Our members grow our raw material, the starch potato. We want to build on that unique position. We aim to increase the net income per hectare of starch potatoes by 500 euros using sustainably grown, high-quality raw materials.



4. Improve our ecological footprint

We reduce our ecological footprint in energy, water and waste in line with national and international targets. We achieve this with the most efficient and sustainable production and operations possible. That is how we aim for responsible growth.



5. Cooperation for the customer

We put the customer at the heart of everything we do. We achieve this with engaged, sustainably employable personnel working cross-functionally in a safe working environment. Our processes are well aligned, and we work towards common goals from all departments.

➔ How we create value

Target 2023

Increase the performance price to at least 105 euros per tonne of potatoes.

Target 2023

The value of food ingredients used in plant-based and environmentally friendly end products has increased fivefold.*

* Compared to 2017/2018

Target 2023

- 10% less environmental impact per hectare.*
- 10% more potato starch and protein from one hectare.*
- 10% reduction in CO₂ emissions per tonne of potato starch.*
- 3,000 hectares are earmarked for new potato varieties.

* Compared to 2017/2018

Target 2023

- 12% less CO₂ emissions in total and per tonne of product.*
- 20% less water consumption in total.*
- 25% reduction in tare and sewage sludge waste streams.*







* Compared to 2017/2018

Target 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.

Our value creation model

Input

-  Cooperative of 2,036 growers (social capital)
-  R&D (intellectual capital)
-  Potatoes, energy and water (natural capital)
-  Production facilities (produced capital)
-  Committed employees (human capital)
-  Equity & invested capital (financial capital)

Business model

What we do
Royal Avebe is a cooperative of starch potato growers in the Netherlands and Germany. We develop high-value ingredients from potato starch and potato protein. We are working towards a sustainable food system with our members, customers, employees and other stakeholders.

Our chain



Our goal
We have a positive effect on the lives of more than 500 million consumers by promoting their health, well-being, prosperity and environmentally friendly lifestyle.

Output

Heading for more value
· €133.34 performance price

Growth in good food
· 18% of sales from good food products
· 4 new patents filed

Market-driven sustainable potato cultivation
· +1% potato starch and protein per hectare
· -29.3% environmental impact per hectare
· +4.1% CO₂-eq per tonne of starch
· 4,613 hectares of acreage with new Averis varieties

Improve our ecological footprint
· 180 kilotonnes of CO₂ emissions
· 0.175 tonnes of CO₂ per tonne of product
· 103,000 tonnes gross weight of sludge
· 4.6% tare of potato weight
· 15.9 Mm³ water

Cooperation for the customer
· 7.3 employee engagement score
· 1.1 accident frequency index (TRIFR)
· 283 customer complaints

Impact & SDG's

Towards more plant-based food
We are working to accelerate the protein transition with our products and in cooperation with partners.



Towards more sustainable agriculture
Together with our members, we work for a sustainable food system and resilient agriculture with a fair price for farmers.



Towards more efficient production
We reduce our water consumption, our CO₂ emissions and our waste streams to reduce our negative impact on natural capital such as climate and water.



→ How we create value

Our impacts

Royal Avebe is a cooperative of starch potato growers in the Netherlands and Germany. We develop ingredients based on potato starch and protein. Together with our members, customers, employees and other stakeholders, we work on the protein transition, sustainable agriculture and the most efficient production possible. This is how we create social value. We explain our value creation model's positive and negative impact below.

Towards more plant-based food

Potatoes are relatively resilient to climate change. Potatoes are also a much more environmentally and climate-friendly source of nutrition and protein than animal sources. With that, we exploit the potato to its fullest potential. With a focus on our good food products, we create value for the cooperative, make a positive contribution to the protein transition and contribute positively to the lives of consumers.

The potato is an environmentally and climate-friendly source of nutrition and protein.

Towards more sustainable agriculture

At the same time, the agricultural sector strongly impacts climate, soil health and biodiversity. As a cooperative of starch potato growers, we fulfil an important role. Together with our members, we work on future-proof

agriculture in which fertilisation, crop protection and renewable energy are core elements. This way we reduce the environmental impact of our chain and at the same time ensure a fair income for farmers.

Towards more efficient production

To extract starch and protein from potatoes, we use a lot of heat (i.e. energy) and water. Moreover, the process has a number of residual streams, such as tare, sewage sludge and water. We work continuously to improve our production facilities to reduce our water and energy consumption, our CO₂ emissions and our residual streams.

Part of an efficient and sustainable production process is a safe working environment. In the past financial year, we did not yet achieve the desired results, but our Total Recordable Injury Frequency Rate (TRIFR) did decrease: from 1.7 to 1.1. There were no fatalities or accidents with serious consequences involving a recovery period of more than six months. Safety remains one of our main priorities.



→ How we create value

1. Heading for more value



① Heading for more value



1. Heading for more value

Value creation for our growers, customers, employees and society is Royal Avebe's overarching goal. We do this by applying a market-driven, innovative and sustainable approach. As a cooperative of growers with our own breeding company, six production sites and an innovation center, we play an important role throughout the supply chain: from the field to the customer.

Target 2023

Increase in the performance price to 105 euros per tonne of potatoes for Avebe and its members.

This is how we work together to increase the performance price and the cooperative result. In the past financial year, the ongoing war in Ukraine, the resulting inflation and the pressure on acreage from legislation and regulations have significantly increased cultivation costs for our members. This created and continues to create increasing pressure on the total acreage available. We therefore adapted our ambition for the performance price to the new reality. We abandoned the target of a performance price of 105 euros and are strongly committed to transferring the higher cultivation costs, production costs and acreage pressure to our sales markets.

Since we recognise that cultivation costs remain high and the pressure on acreage is increasing, we are committed to a performance price of at least 120 euros for 2024, despite the fact that macroeconomic

conditions have a strong influence on our sales markets. An uncertain factor in this ambition is the way in which macroeconomic conditions will develop, such as inflation levels, interest rates and a possible recession with further consequences for our sales markets.

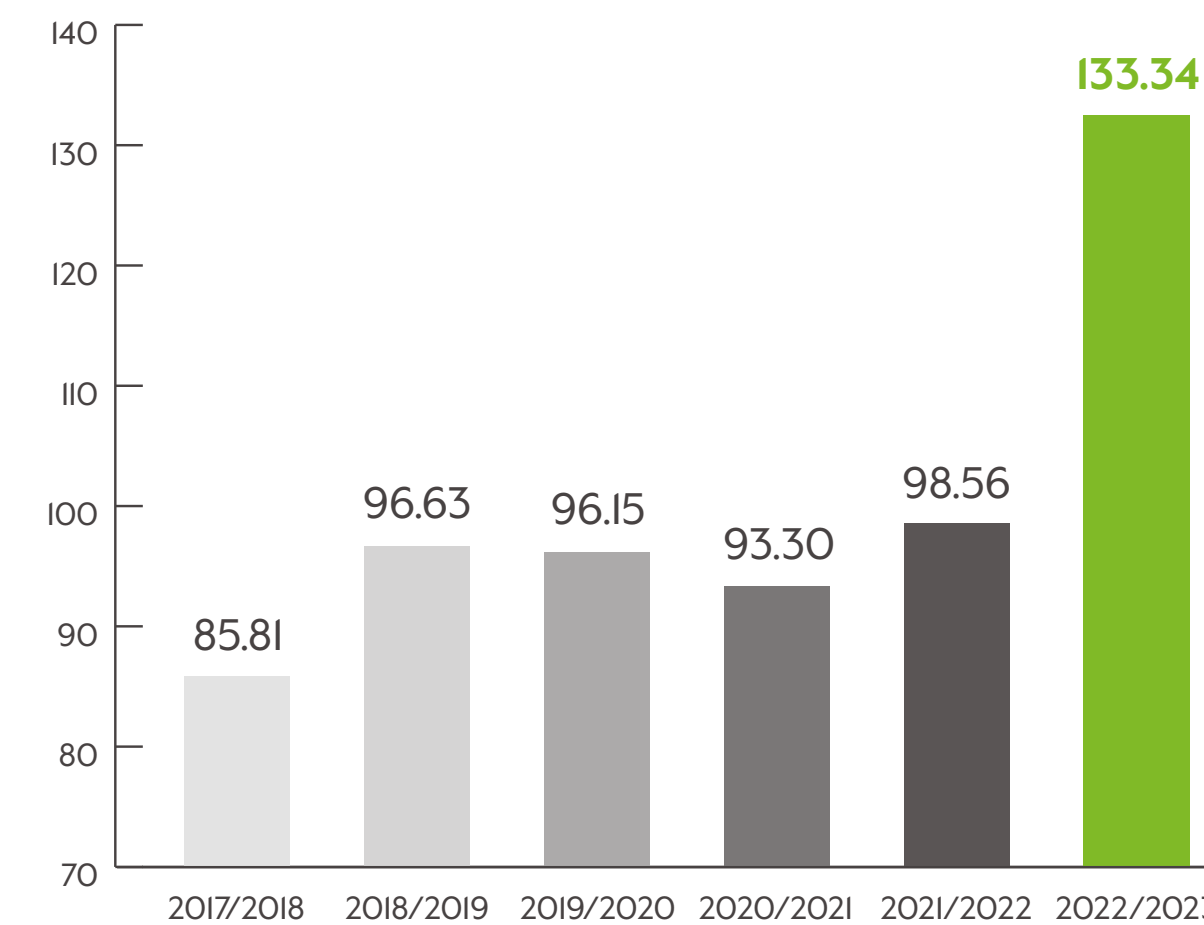
Performance price increasing

The performance price is the yield value per tonne of potatoes. It is one of the most important measures of the results that the cooperative achieves for its members. To compare the performance price of different years and exclude variables such as varying starch content, we consider a standard starch percentage of 19 per cent in the calculation each year. Avebe bases the performance price on three components:

- potato money: the money Avebe pays to all members for potatoes delivered, including all performance components (starch content, delivery time, quality premium and A-volume filling premium) and discounts (tare);
- the cost of loading and transport.
- the cooperative result: the financial result of the cooperative.

Based on these three components, the performance price for 2022/2023 was 133.34 euros

Performance price per tonne of potatoes



① Heading for more value

“The cooperative provides security, innovative power and more value”

Helmer Panman
Avebe member



Helmer Panman is a tenth-generation farmer in the linear village of Ommelandervijk, close to Veendam. He grows crops on about 170 hectares of land. This ranges from starch potatoes and seed potatoes for your own propagation to winter grains and onions. An enterprising farmer who constantly thinks and acts in opportunities.

He appreciates the cooperation with Avebe thanks to the steady growth of the potato price and the support offered when it comes to the development of the farming business. “Together we work on innovations, security and more value.”

What are the main challenges for a starch potato grower?

“One of the biggest challenges is controlling potato diseases. Potato crops are susceptible to various pests. It requires continuous monitoring and appropriate control measures to keep crops healthy. In addition, the weather can be a challenge. Extreme conditions, such as drought or excessive rainfall, can affect the yield and quality of the potatoes. Fortunately, we have the option of irrigation here, which allows us to achieve good yields in drought conditions.”

What role do the increased costs play in business operations?

“Here in the Netherlands, we are all faced with rising costs, such as the cost of living. The costs we face are no exception. General costs are increasing and operational costs are increasing with it. With that, we continue to invest in, for example, an innovative storage system for starch potatoes. Fortunately, energy prices have fallen slightly again, yet it remains a point of concern. It’s important to work efficiently and produce as little waste as possible. In addition, we try to use crop

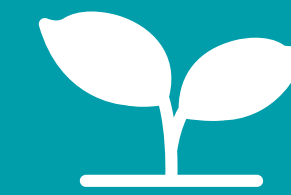
protection products as accurately as possible to save money and unburden the environment. It’s a balancing act between cost control and quality.”

What do you think of the cooperation with Avebe?

“The cooperation with Avebe is generally very positive. They provide support, for example in the field of crop protection. And Avebe is working on new, even better potato varieties in close cooperation with its members. Together we remain critical and closely monitor developments in the market. One such example is Avebe’s announcement to open the door to start marketing other vegetable proteins, extracted from field beans and peas, for example. It’s a step that I can relate to and that must be completed in close consultation with the members. The price we are paid plays an important role in this respect. When assessing the current situation, I’m positive about the price development of the starch potato. Avebe is making good progress with an increasing performance price. This automatically leads to a higher potato price for members. I expect this positive trend to continue. In addition, I find the stability and security that the cooperative offers important for the future of my business.”

① **Heading for more value**

2. Growth in good food



② Growth in good food

2. Growth in good food

Dairy-free feta cheese, meat-free hamburgers and gelatine-free sweets. These are just a few examples of products where manufacturers use Royal Avebe's innovative solutions. They are in keeping with the rapid growth in global demand for plant-based products. Healthier food and more attention to sustainability and animal welfare are important ingredients for this growth. We respond to this with 'Growth through good food', the second pillar in our strategy. We are adding more and more value with our healthy, nutritious, environmentally friendly and plant-based potato ingredients.

Target 2023

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

We specifically focus on market-driven innovation, where we respond to the needs of the customer and they in turn to those of the consumer. Working with the customer is vital in this to come up with new applications efficiently and effectively.

We are adding more and more value with our healthy, nutritious, environmentally friendly and plant-based potato ingredients.

The great potential of potato protein

Avebe's high-quality potato proteins offer particular potential for innovation. They have excellent foaming, emulsifying and gelling properties, without the use of animal proteins. We thus enable food manufacturers to meet consumer wishes in terms of health and quality.

The high-quality properties and combinations of potato proteins and potato starch are reflected in our comprehensive food portfolio. A concrete example in which our potato protein is processed is sweets, to replace gelatine, among other things. This makes the sweets completely plant-based and less harmful to the environment, yet with the well-known taste and texture.

Growing with the market

Avebe is growing with the market to meet the increasing demand for potato proteins. We continue to develop new products and explore new niches. Avebe goes further than supplying ingredients alone. In our Customer



② Growth in good food



Experience Center, we are working closely with customers on concepts that are now close to reaching end product status. Avebe therefore not only plays a role as a supplier, but also as a partner in product development. This way we show what the possibilities are and help our customers create unique and distinctive products. A fitting example of this approach is the development of plant-based feta cheese. Other milestones included the further development of high-quality plant-based meat substitutes and plant-based cheese. In the Customer Experience Center, a pizza was created with cheese free of dairy, but in which our potato ingredients provide the perfect texture. With our activities, we create ingredients that add value to our customers' end products and we play an important role in the healthy food transition.

As market leaders in the production of potato starch and potato protein products, Avebe bears a responsibility that we aim to fulfil on a daily basis.

Creating even more value

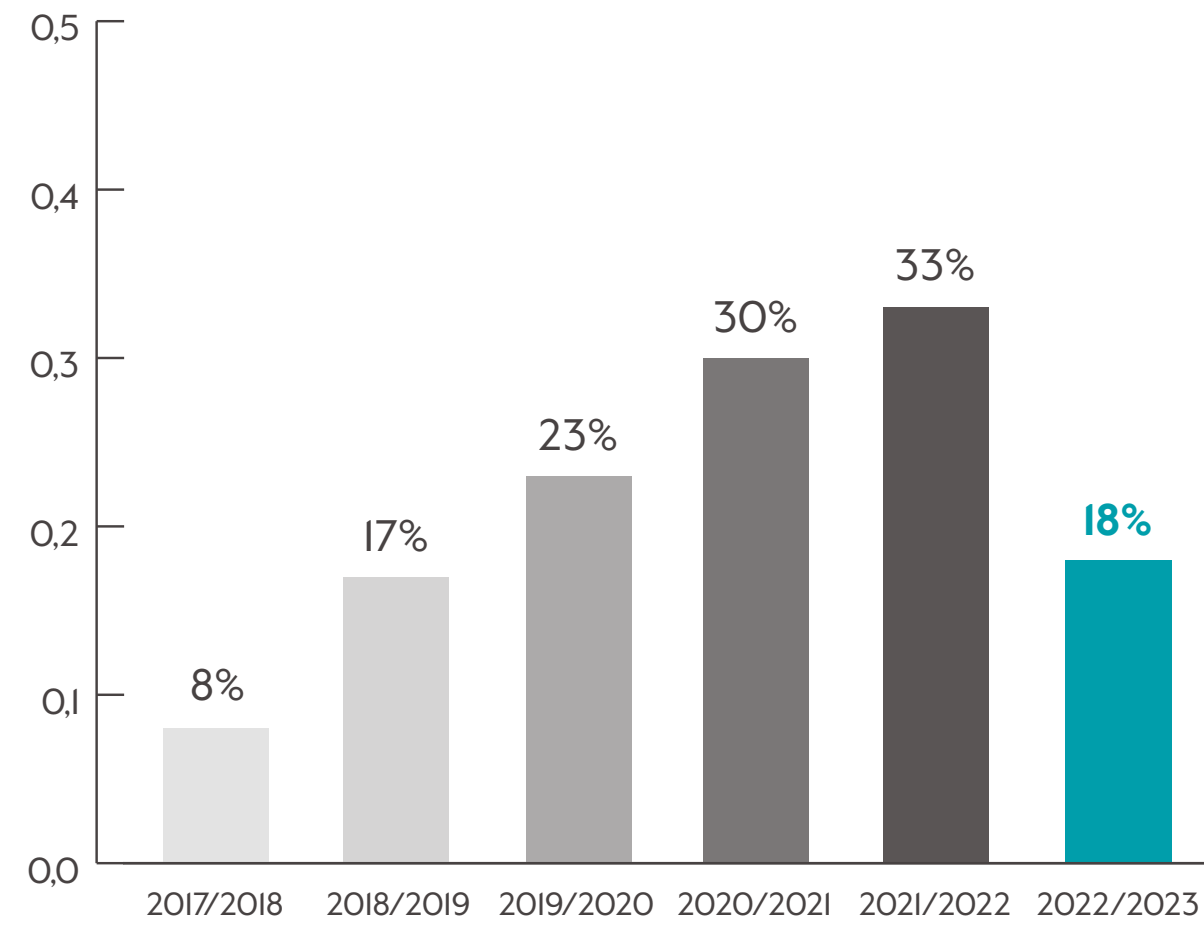
The past year also brought its fair share of challenges. We encountered unrest on the energy market and an uncertain supply of starch potatoes due to weather conditions, among other examples. Nevertheless, we managed to continue our strategy and pay our members a fair price. Avebe expects this price to rise further as innovations increase. This is crucial to continue to bind our members to Avebe and to continue to fulfil our joint role in the food transition.

Last year we experienced logistical challenges due to the aftermath of the COVID-19 pandemic, combined with geopolitical developments. Avebe operates worldwide and it required a lot of effort to make contact with all relevant parties in the chain to create profitable end products. Thanks to the efforts of all partners in the chain, we succeeded and were able to guarantee the security of delivery of our products for all customers.

As market leaders in the production of potato starch and potato protein products, Avebe bears a responsibility that we aim to fulfil on a daily basis. We strive to create more value together with our customers and we want to Accelerate and Strengthen our core activities. We apply focus and explore new horizons. We are also carefully looking at the added value of other crops, investigate whether there is a demand for them and how our members deal with this (see also [New Accelerate and Strengthen strategy from page 57](#)).

② **Growth in good food**

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.

The sales profit target for 2023 has not been achieved, despite an increase in the sales value of our food ingredients used in plant-based and environmentally friendly end products. This can be partly attributed to a slowdown in market growth compared to previous years, as our customers have shifted their focus from product development to cost reduction. This has led to longer lead times for the introduction of new products.

In addition, production costs have increased compared to the previous year due to rising energy costs and other production costs, despite the benefit of long-term sales contracts.

Contributing to a better and healthier future

We are innovating continuously. For example, we investigate alternative protein crops. In addition, the potato continues to produce residual streams, which allows us to develop new components in the future. The possibilities of the starch potato seem inexhaustible. On this basis and the commitment to sustainability and innovation, Avebe is a powerful player in the food industry. We are proud of the role we play in the transition to healthier, more sustainable and plant-based food. Avebe is at the forefront of these developments and we remain committed to meeting the changing needs of customers and consumers.

Avebe Innovation Center

In 2018, Avebe opened its Innovation Center on the Zernike Campus in Groningen. The Innovation Center contains laboratories, testing facilities, our Customer Experience Center and food & agricultural start-ups. At the Zernike Campus, we work closely with the onsite knowledge and educational institutions. Together we develop new products, respond to the latest trends and create added value for our members and customers.



② Growth in good food

“Together with Royal Avebe, we always think in terms of solutions”

Wouter Smits

Managing director at Primus Wafer Paper



Primus Wafer Paper combines starch science, drum drying technology and a century of experience in wafer paper. The company from the Zaan region produces more than one million kilos of this edible paper per year. Wouter Smits is the managing director of the company. He looks back with pride on the past years, during which Primus implemented numerous innovations and process improvements. Royal Avebe was regularly involved in this. “They are reliable, always transparent in their communication and do not hesitate to share knowledge with us.”

What makes your product so special?

“We make our edible paper with natural ingredients, such as potato starch. We’ve been using Avebe potato starch as our main raw material for more than a century. Avebe can isolate specific qualities from the potato, which are perfect for our purposes. The applications of our edible paper are endless. As sweet wrappers, baking-resistant bread labels, under coconut macaroons and fruit bars and to decorate cakes. The most recent applications are particularly topical due to the EU’s intention to ban Single-Use Plastics. This makes our biodegradable chip bags, flow pack solutions and muffin tins suddenly relevant, whereas previously the industry deemed these too expensive. We’ve now also reached the point where we can run our edible paper through the printer to, for example, print QR codes with inks based on natural products, such as beet juice. As market leaders, we export to approximately fifty different countries.”

Is Avebe only a supplier of raw materials or does the cooperation involve more?

“Avebe plays a vital role in ensuring the supply of raw materials and the quality we need to make our products. We also work together on important innovations. Avebe has provided us with valuable information and knowledge, especially in the field of stiffening potato starch. They are

always transparent in sharing knowledge and thinking in solutions. For some time we had been playing with the idea to no longer use ammonia in our production process. In cooperation with Avebe, we adjusted our process so that we no longer need ammonia. Furthermore, we’ve made our production process more consistent with radar technology.”

How do you see the future of Primus Wafer Paper?

“We want to maintain our market leadership position and continue to expand in applications. That’s why we explore and introduce new applications for our edible paper. We focus primarily on healthy food and try to create products that meet the ever-changing needs of consumers. We also investigate more sustainable production methods and packaging to reduce our ecological footprint. The food industry faces various challenges, such as offering healthier options, reducing food waste and making production more sustainable. We strive to be at the forefront of innovation and to work together with partners such as Avebe to find solutions.”

② **Growth in good food**

3. Market-driven sustainable potato cultivation



③ Market-driven sustainable potato cultivation

3. Market-driven sustainable potato cultivation

Together with its members, Royal Avebe is working on making starch potato cultivation more sustainable to serve the market with innovative ingredients, now and in the future. The starting point for cultivation is higher yields and less impact on climate and biodiversity.

Target 2023

- 10% less environmental impact per hectare compared to 2017/2018;
- 10% more potato starch and protein per hectare compared to 2017/2018.
- 10% reduction in carbon footprint (CO₂ equivalent) per tonne of potato starch compared to 2017/2018.

Achieving these targets should also ensure that, on balance, an additional 500 euros per hectare will be available to our growers. We therefore call our programme the '3 × 10 = 500 programme'.

Since the start of the cultivation programme, we've made great strides in reducing the environmental impact. We achieved a reduction of 29.3 percent, which far exceeded our 2017 goal. We have taken steps aimed at achieving a smaller carbon footprint. We are not yet at the right level per tonne of potatoes, but when assessing the input per hectare, we are well on our way with a reduction of 7.6 percent. In the 2023 growing year,

we will switch from the sustainable cultivation programme 3×10=500 to the successor for sustainability in cultivation, the 3xH programme (Healthy farm, Healthy cultivation and Healthy environment).

Sustainable cultivation programme 3x10=500

Our sustainable cultivation programme from 2018 focused on:

- deploying the most resistant varieties
- using less nitrogen fertiliser
- reducing the number of movements in the field;
- a more conscious choice and use of crop protection products with lower environmental impact.

In the summer of 2022, we demonstrated on our trial and demo fields that the goals of the cultivation programme are achievable. In the 2022 growing year, the Environmental Benchmark for Starch Potatoes was established for both the Netherlands and Germany to clarify the environmental impact of plant protection products.

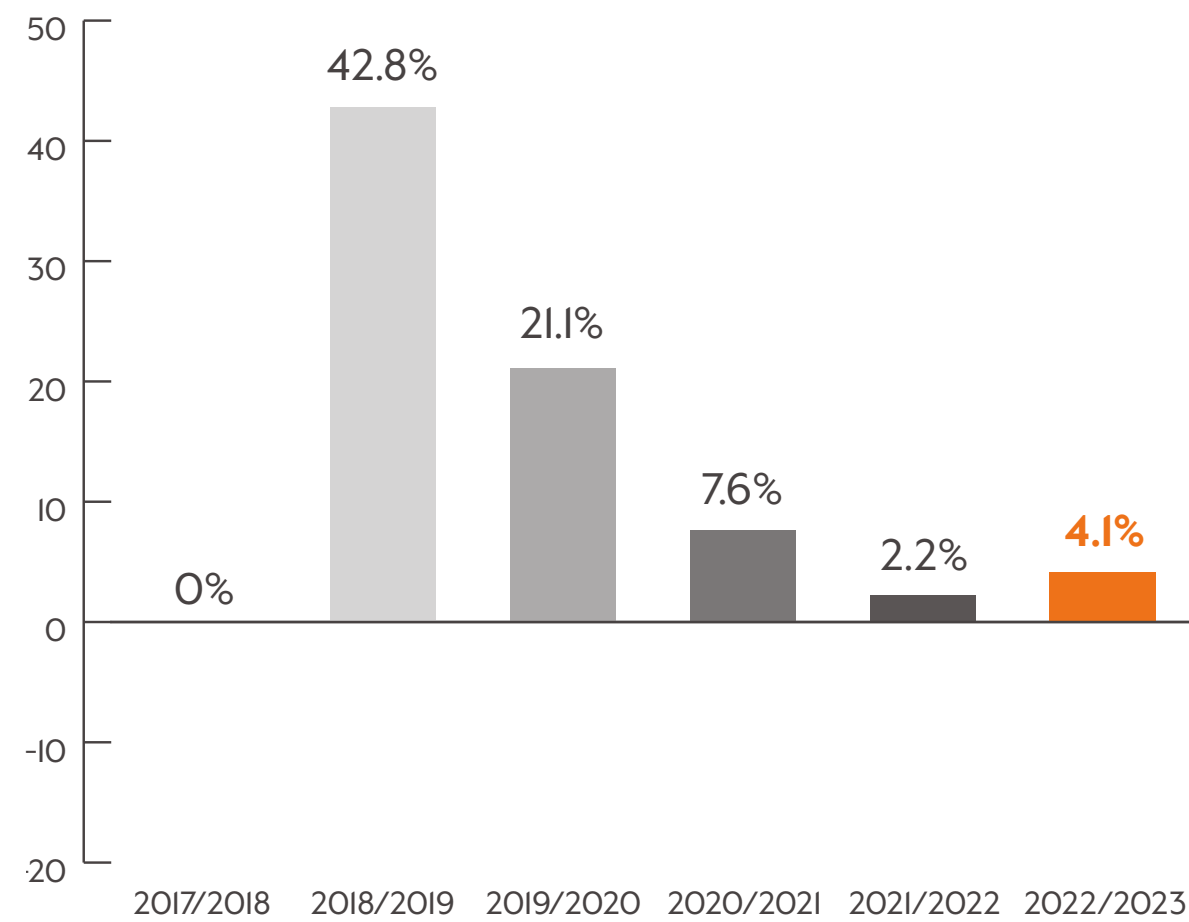


③ Market-driven sustainable potato cultivation

The Cool Farm Tool is a tool to calculate the carbon cultivation footprint. Avebe has set up a Dutch user group. We are now working with other processors and suppliers to further improve the Cool Farm Tool.

We inform our growers about the factors that play a role. Although we have not yet reached our goal based on the 2017/2018 starting point, we do detect a downward trend in the carbon footprint.

CO₂ emissions per tonne of starch



Target 2023

-10% CO₂ emissions per tonne of starch compared to 2017/2018 (% CO₂ equivalent).

Sustainable cultivation study group

To bring growers into closer contact with each other, a sustainable cultivation study group has been set up as part of the 3x10=500 programme. This is a unique cooperation between Avebe, Agrifirm and Royal Cosun,



High-profile visitors during Innovation Days

On Monday, 3 July 2023, Minister Piet Adema, Minister of Agriculture, Nature and Food Quality, was present at the opening of the Innovation Days in Valthermond.

Avebe organised the Innovation Days on 4 and 5 July together with the partners within Innovatie Veenkoloniën. Marleen de Rond, our Agro Director and chair of Stichting Innovatie Veenkoloniën, welcomed the Minister,

after which the entourage was driven along all the trial fields on the cart behind the tractor. The minister was able to see and hear first hand which innovations are being worked on in the Peat Colonies. The book '100 years of Avebe', containing the history of our cooperative, was presented to the minister and the minister also received the 10-point plan for the Peat Colonies, that lists the main issues at play.

③ Market-driven sustainable potato cultivation



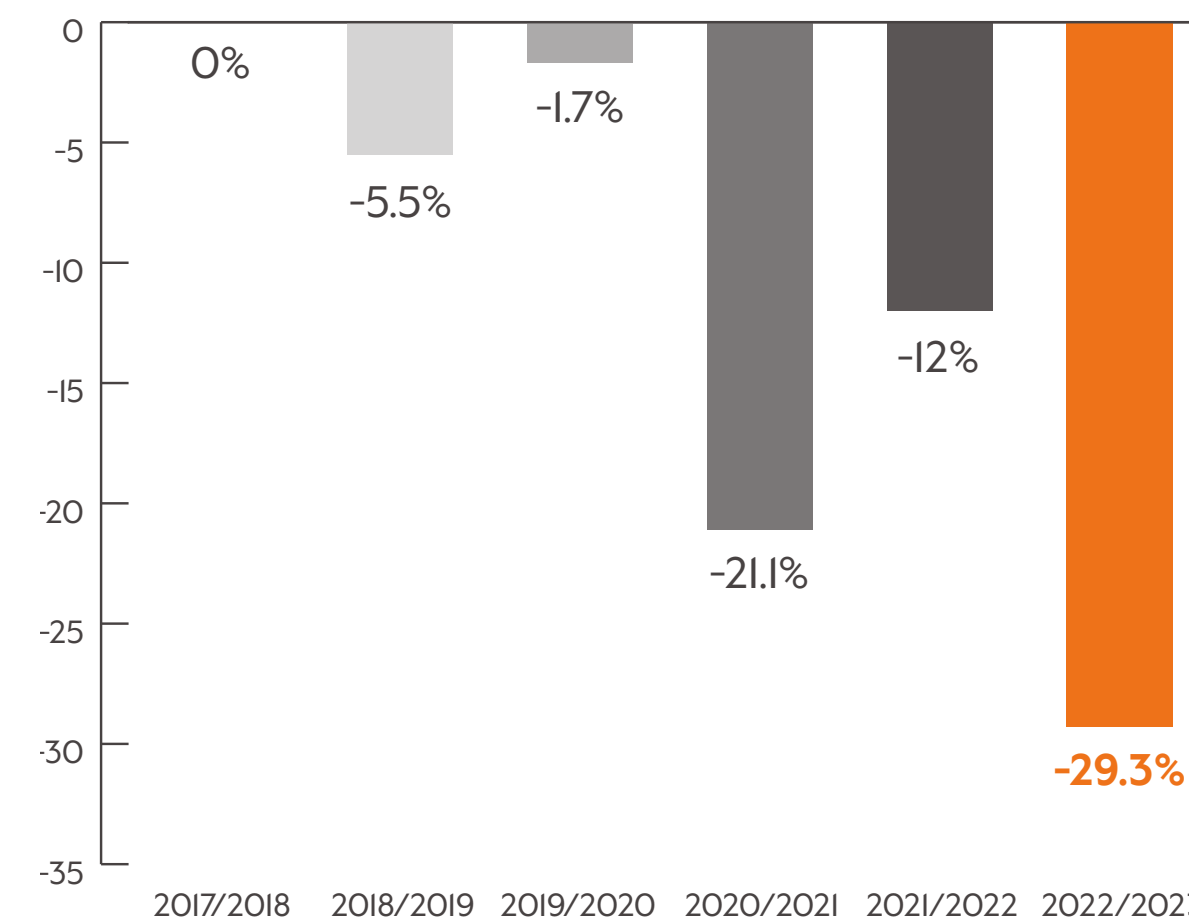
in which account managers from these three cooperatives are working together with 12 growers to find a more sustainable cultivation system with an improved revenue model for members. In winter 2022/2023, the cooperatives and arable farmers met twice and exchanged ideas about the expected policy regarding the Nitrates Directive, the European Common Agricultural Policy (GLB) and the Farm2Fork strategy. A workshop was held on how to deal with the expected reduction in crop protection in the Peat Colonies settlement plan.

Optimal nitrogen fertilisation

An optimal starch yield calls for adequate fertilisation. The amount of nitrogen is particularly important here. Nitrogen, like starch and protein percentages, affects yield, the susceptibility of potatoes to diseases and pests and the time of ripening of the crop. Nitrogen fertiliser also affects a large part of the carbon cultivation footprint. An excess of residual nitrogen can also have a negative impact on the quality of the groundwater. In recent years we conducted nitrogen fertilisation trials at two sites with different soil types. This often involved new varieties. Through these trials, we can determine the optimal nitrogen input and issue variety-specific fertilisation advice to growers.

In response to discussions on the European Nitrates Directive, research was conducted shortly after the experimental fields were harvested to determine the residual nitrogen in the soil. The first measurements show that breed-dependent differences play a role in this. In the past financial year, based on these results, we started our research to better understand the differences between varieties, and thus the differences in nitrogen efficiency of the varieties, and exploit these to improve groundwater quality.

Environmental impact of crop protection products per hectare*



Target 2023

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

* The figures for 2018/2019 and 2019/2020 have been adjusted in line with a recalculation of the environmental impact.

③ Market-driven sustainable potato cultivation

Optimeel improves yield

Optimeel is Avebe's crop optimisation programme. Through this programme, we work on continuously improving the yield of starch potato cultivation. The pillars of Optimeel are crop registration, trial and demo fields, study groups and the introduction of starch potato varieties developed by Avebe. Crop registration provides insight into cultivation practices. Thanks to the information and recruitment campaign, the number of participants has grown in recent years. Last year, participation in Optimeel crop registration reached 61.2 per cent of the total crop area.

Through Optimeel we work on continuously improving the yield of starch potato cultivation.

Plant health action plan

Avebe, as a member of BO Akkerbouw (trade association), supports the Plant Health Action Plan. This plan provides direction on key issues such as a resilient cropping system, precision farming, greening the resource package and strengthening biodiversity in the field. These topics are related to the setting where we produce and the continuity of cultivation, now and in the future. BO Akkerbouw, for example, is investigating alternatives to chemical weed control on sandy soils. Some of the results are also relevant to starch potato cultivation. We inform our members about new developments in the Plant Health Action Plan through the Informail newsletter and during open days.

New starch potato varieties

Averis Seeds B.V. develops new potato varieties with high starch and protein yields that provide optimal resistance to diseases and that are efficient in their use of nutrients such as nitrogen and water. This way, we can secure sufficient and high-quality potatoes, make starch potato cultivation more sustainable and achieve our strategic goals.

A key development is hybrid breeding.

The potato of the future

A key development is hybrid breeding. For this Avebe works together with Solynta, a hybrid potato breeding company in Wageningen. With its innovative Hybrid True Potato Seed, the company developed a technique that allows us to better control progress in variety traits. Hybrid breeding brings several advantages. In combination with the DNA marker technique that we developed, we quickly cross-breed naturally occurring traits, such as resistance to drought, pests and diseases, while retaining other important traits. The result is a shorter development process and faster progress with the properties that are of value to Avebe's growers. Implementation of the programme is on track.

Resistant new varieties

As part of the breeding programme, we create cross-breeds between parent varieties that contain desired traits and that can pass those traits on to their offspring. Since 2021, Avebe has been selecting all seedlings resulting from these crosses for resistance to four major diseases: potato cyst nematodes, wart disease, phytophthora and the Y virus. This is an important



③ Market-driven sustainable potato cultivation



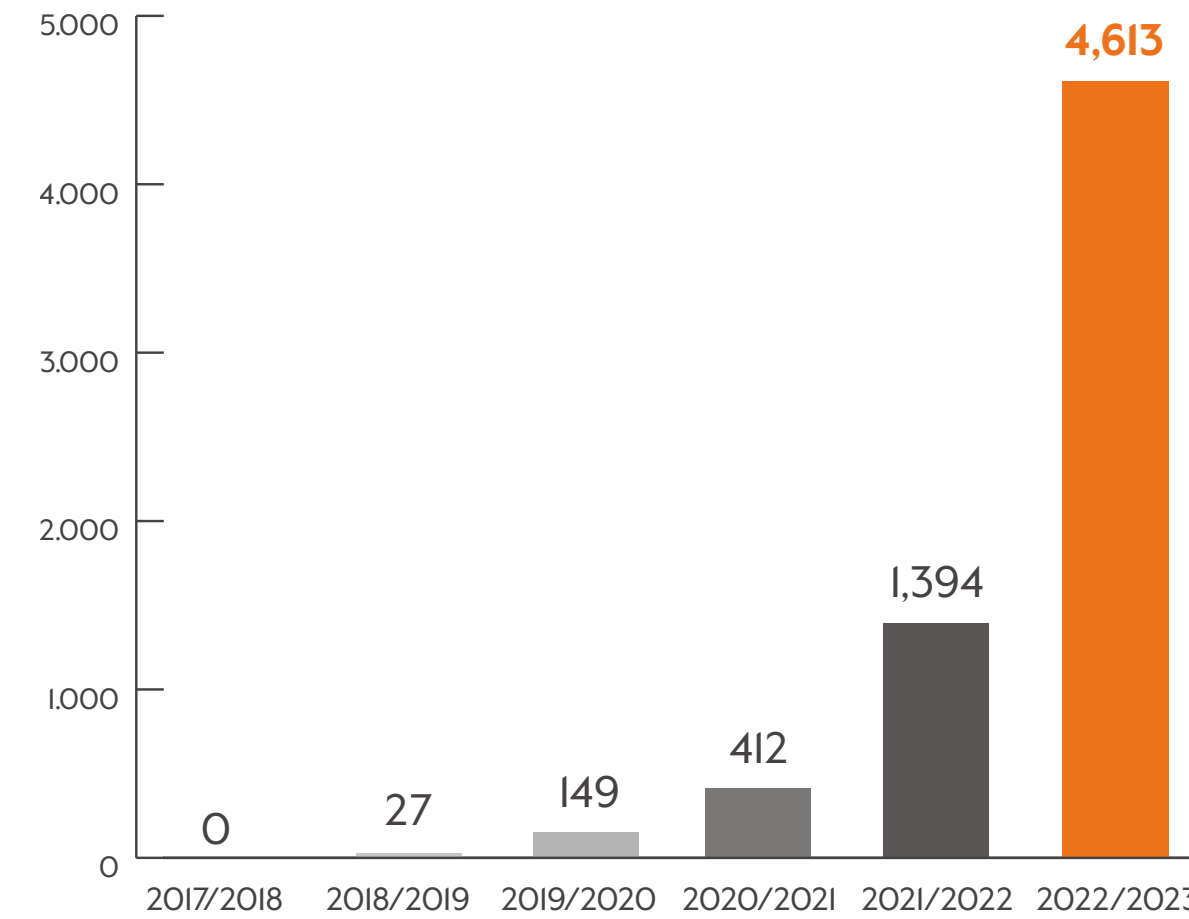
condition for sustainable seed and starch potato production, as it significantly reduces the need for chemical crop protection.

Our Binding and Building strategy was deemed highly successful when closed by Averis.

At the beginning of 2023, three new varieties were included in the variety list. Aveline, our third phythopthora-resistant variety, Ebexa and Aletta. Aletta is very resistant to potato cyst nematodes and is the first variety that is also resistant to Meloidogyne chitwoodi. Three other varieties are entering the second year of research. By introducing these varieties in the coming years, our growers will have more choice, with good productivity and strong resistance to phytophthora, nematodes and viruses. The seven Averis varieties that have been on the market since 2018 grew to an area of 4,613 hectares in 2022, more than 50 percent above the 3,000-hectare target. Our Binding and Building strategy was deemed highly successful when closed by Averis.

Further renewal of the variety mix is planned in the coming years, potentially covering up to 50 percent of the acreage. These include varieties with improved resistance to potato cyst nematodes, wart disease and phytophthora, combined with a higher yield potential and a high nitrogen yield. These combinations contribute significantly to achieving our strategic goals for making potato cultivation more sustainable.

Acreage used to grow new Averis varieties (hectare)*



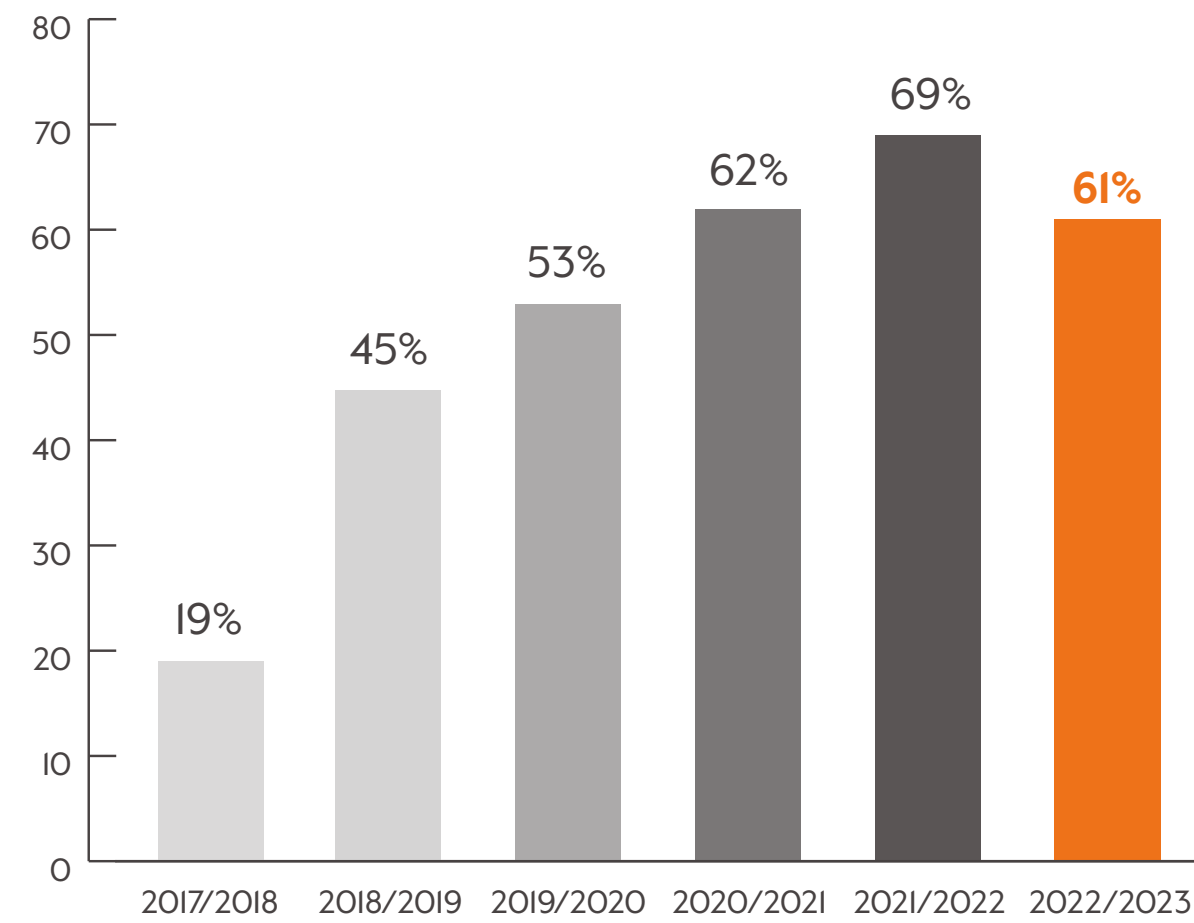
Target 2023

3,000 hectares of the acreage are earmarked for new varieties.

* The figures for 2020/2021 have been adjusted in line with a recalculation.

③ Market-driven sustainable potato cultivation

Development of crop registration participation in percentage (area of crop registration/total area)

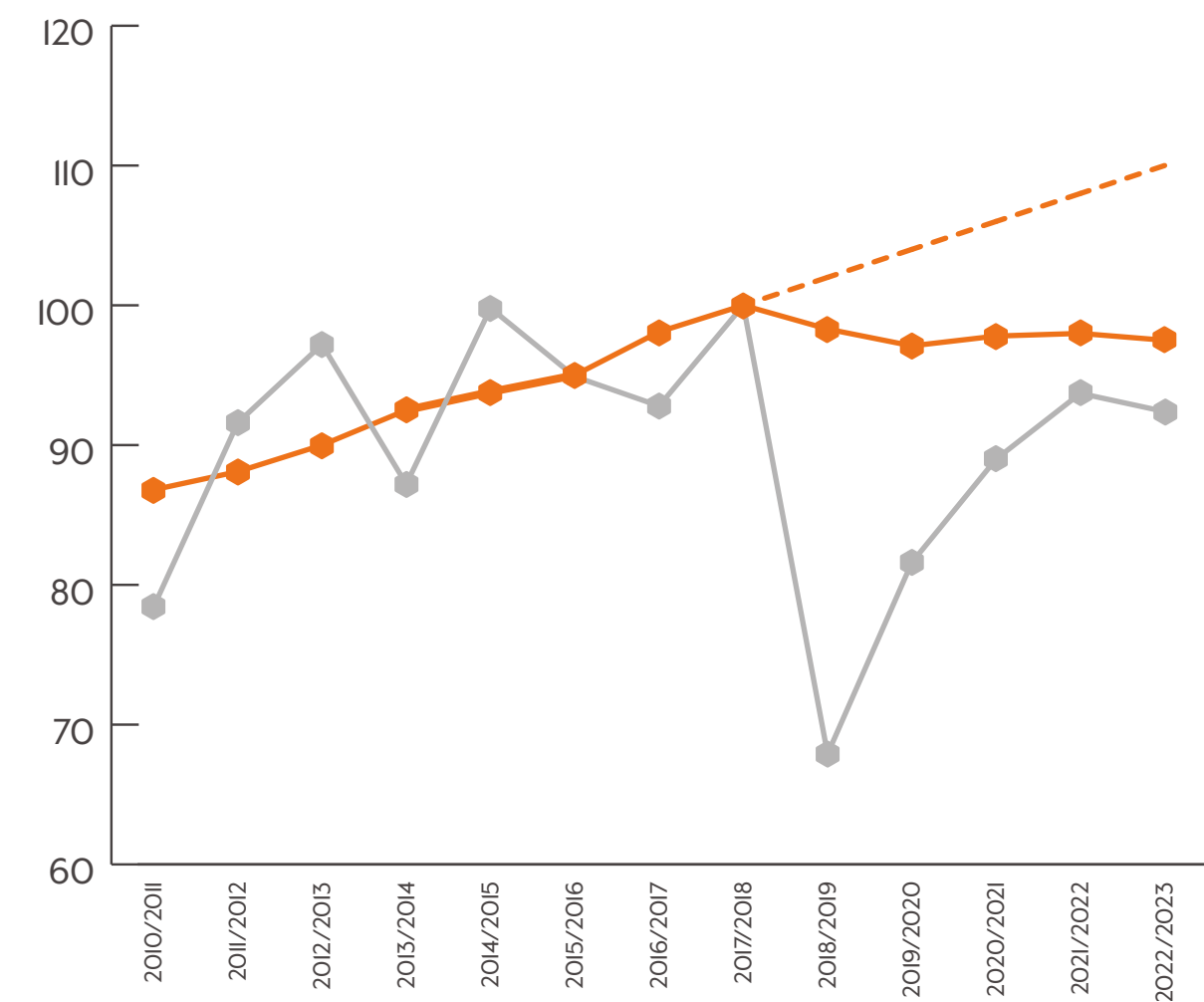


Target 2023

The percentage of acreage participating in crop registration is at least 60%.

This target has been achieved. The increase in 2021/2022 was followed by a slight decline. This level is expected to stabilise in the future.

Starch yield, 10-year average, per hectare (% compared to 2017/2018)



- % starch yield per hectare
- 10-year average % starch yield per hectare
- - - target % starch yield per hectare

Target 2023

10% higher starch yield, 10-year average per hectare (% compared to 2017/2018).

Starch yield per hectare for the 2022/2023 cultivation year is lower than the previous year. The main reasons for this are the climatic challenges we encountered in this growing season. We experienced an extremely dry summer, resulting in lower yields, which was then followed by the early onset of frost and cold, causing quality problems that negatively contributed to the starch yield.



③ **Market-driven sustainable potato cultivation**

“Saving costs and at the same time promote soil life was a fascinating experience”



*Hilke & Aloys
Avebe member*

Aloys Dayen relies on ploughless, non-inversion tillage. He started his first attempts as early as 1995 and completely switched to this method more than 25 years ago.

More than half a century has passed since Aloys Dayen began his agricultural studies in 1972. Despite his vast experience, he cannot remember such an extreme spring: “This year, the cold and wet weather extremes forced us to plant beets, potatoes and corn simultaneously for the first time.”

Aloys Dayen and his wife Hilke now farm approximately 2,000 hectares of agricultural land. In addition to approximately 106 hectares of starch potatoes intended for Avebe, in particular the Averis varieties Avamond and Axion, they also grow winter wheat, winter barley, rapeseed, beets and other grains such as lupine and corn at the farm. “In our potato fields, we consistently rely on a diverse crop rotation, consisting of potatoes, rapeseed, beets and lupins. This should be repeated every five years if possible.”

To keep his soil vital and vibrant and to protect ever-shrinking official water allocations, Dayen has been practising ploughless, non-inversion tillage since 1995. “The intention to do this arose from a combination of the American ploughless method and the way in which organic farms work and activate soil life. Back then I transferred these methods to conventional agriculture. I was fascinated by the fact that with the non-ploughing method I could simultaneously reduce production costs and promote soil life.”

Ploughless tillage means the soil is only loosened and not completely turned, so that the soil condition remains unchanged. “The advantage is that aerobic and anaerobic soil organisms stay where they feel comfortable.” To promote fauna in the soil, the soil is provided with food by using liquid manure, fermentation substrate and manure. “To provide the soil with sufficient ‘nutrition’, we grow ground cover plants such as mustard or phacelia. The root mass remains in the soil. That’s good, for example, if you want to grow potatoes for consumption next year on a field that currently grows wheat.”

Ploughless tillage means the soil is only loosened and not completely turned.

In 1998, Dayen switched to ploughless tillage completely. “The process of achieving a decent level of soil life vitality takes about five years. You have to maintain the system of loosening and biological feeding, the soil must be continuously nourished and cared for.” Now, after more than two decades, Aloys Dayen is reaching the next level of non-ploughing. He recently started using the Kelly disc harrow of a Horsch Focus seeder for shallow soil cultivation without compaction. This allows the soil to be loosened in strips, which further increases its water storage capacity.

③ **Market-driven sustainable potato cultivation**

“Stagnant soil retains water better,” Dayen explains. “Ploughing also raises the moist soil. You waste moisture and you want to avoid that with the increasing drought.” More than 25 years later, Dayen is clearly convinced of the benefits of the non-ploughing method. “It’s certainly not a universal remedy. But in dry conditions, it can sometimes give the soil the time it needs to last the crucial 2-3 days until the next shower of rain.”

He puts his money where his mouth is: a year ago he took over additional areas in Saxony-Anhalt, which he is now converting to ploughless cultivation.



③ Market-driven sustainable potato cultivation



4. Improve our ecological footprint



④ Improve our ecological footprint



4. Improve our ecological footprint

Royal Avebe processes starch potatoes into products at our potato starch and protein plants. We do this using processes and operations that require energy, water and other resources. We strive to reduce our footprint. Sometimes through major investments and innovations; sometimes by making small, smart adjustments in the process.

Target 2023

- 12% CO₂ reduction overall and per tonne of product compared to 2017/2018;
- 20% less water consumption in overall production compared to 2017/2018;
- 25% reduction in tare and sewage sludge waste streams compared to 2017/2018.

Reduction of CO₂ emissions

Results in 2022/2023

Compared to 2021/2022, total CO₂ emissions decreased in 2022/2023 by 9 percent and CO₂ emissions per tonne of product by 3.1 percent. The fact that total emissions fell more is because this year's production volume was lower than the year before. Therefore, without saving measures, CO₂ emissions per tonne of product would have been higher.

Major savings through World Class Operations Management (WCOM)

High energy prices meant that saving energy was more relevant than ever last year. We achieved the required savings with our investments in, for example, e-boilers and partly through the WCOM (World Class Operations Management) programme. In this programme, colleagues from different disciplines work together. In daily meetings, Utilities and Operations work together using online dashboards. This coordination prevents energy loss in production. Utilities and Operations also identify which savings have the most impact and are achievable. In the past year, all production sites were explored to find new savings opportunities.

We approach the new possibilities by applying a structured method involving WCOM improvement teams and a fixed step-by-step plan.



④ Improve our ecological footprint



Below are some examples of WCOM projects aimed at reducing energy and water consumption.

We have further optimised the DUCAM installation (see box), which has been in use since 2020. We achieved energy reduction by reducing the circulation flow of the ultrafiltration installations. Originally 900 m³ of potato juice was circulated within an ultrafiltration unit per hour. The team reduced this to 750 m³ per hour. This was realised without compromising production capacity or increasing the cleaning interval. With this optimisation, we achieve the following savings per campaign:

- 882 mWh of electrical energy;
- 225 tonnes of CO₂;
- 350,000 euros.

High energy prices meant that saving energy was more relevant than ever last year.

An important requirement for this project is the ability to use in-line measurement data. We used more than 150 in-line measurements at the factory.

In our factory in Malmö (Sweden), WCOM's main theme this year was saving energy. A team of operators, technologists and the maintenance department focused on reducing engine operating hours while maintaining production levels. By realising smart circuits, we can now switch off motors more often.

Last year we carried out four improvement projects in Gasselternijveen aimed at a combined reduction in the consumption of water, chemicals and energy. The goals reinforce each other: optimising the cleaning process (CIP) and rinsing the sieves at the same time lead to a reduction in the consumption of water, chemicals and energy.

How does the DUCAM installation work?

We extract starch from potatoes at our potato starch factories. The potato juice that remains contains potato protein. The potato protein is very diluted, i.e. protein with a lot of water. To extract that protein, the water has to be boiled and evaporated. DUCAM first passes the water through an ultrafiltration unit. This means that much less water remains in the potato protein. That leaves much less water to be heated and evaporated. The water that has passed through the ultrafiltration system is now run through an even finer filter. This process, called reverse osmosis, even retains dissolved salts. This leaves clean water that we reuse.

Use of sustainable energy

In 2023 we started using electric steam boilers (e-boilers) in Gasselternijveen and Ter Apelkanaal (see article on [page 47](#)). Thanks to green electricity from the Hollandia and Ter Apelkanaal solar parks combined with the electric boilers, we are able to substantially reduce CO₂ emissions. This year 5,000 mWh (approximately 0.5 million m³) of green gas was used in Lüchow, which gas originated from the adjacent biodigester system. Avebe supplies potato fibres as raw material for the biodigester.

④ Improve our ecological footprint

CO₂ reduction during the Binding and Building strategy

Throughout the 2018-2023 strategic period, total CO₂ emissions fell by 28 percent and by 14 percent tonne of product. In doing so, we met and exceeded our CO₂ reduction targets. In this instance too, total emissions fell more, because the production volume in 2022/2023 was lower than in the 2017/2018 reference year.

We met and exceeded our CO₂ reduction targets.

In recent years, we invested in membrane installations in various factories to concentrate the potato juice for further processing. In Ter Apelkanaal we achieved substantial savings in energy thanks to the DUCAM project (see page 41). We implemented a total of fifteen energy-saving projects, representing an overall investment of approximately 35 million euros. In 2021, our factory in Malmö became the first CO₂-neutral Avebe factory by switching from natural gas to sustainable electricity for steam production and the purchase of green gas for the remaining gas consumption. Since Avebe had land and network capacity available, third parties were able to realise solar parks in Ter Apelkanaal and Gasselternijveen. Avebe purchases a large part of the green electricity certificates from these solar parks. We also purchase green certificates from our farmer members.

CO₂ reduction within the Accelerate and Strengthen strategy

As part of the new 2023-2028 strategic period, we formulated sustainability targets for 2030, because that year is an important reference point towards climate neutrality in 2050. Avebe has the ambition to align its CO₂ reduction targets to a maximum of 1.5°C global warming, in accordance with the Paris Climate Agreement. This means a CO₂ reduction target of 30 percent for the period 2023-2030, with 2022/2023 being the reference year. This is the target for scope 1 emissions (direct emissions of greenhouse gases at a site) and scope 2 emissions (indirect emissions from electricity consumption). We are now in the process of mapping out our scope 3 emissions (indirect emissions of CO₂, caused by business activities of another organisation) and our provisional ambition is to reduce this by 30 percent as well. By making this distinction, we are in keeping with the way in which governments formulate objectives with regard to the reduction of greenhouse gases. In addition to achieving CO₂ reduction, we want to save 1.5 percent on energy consumption each year.

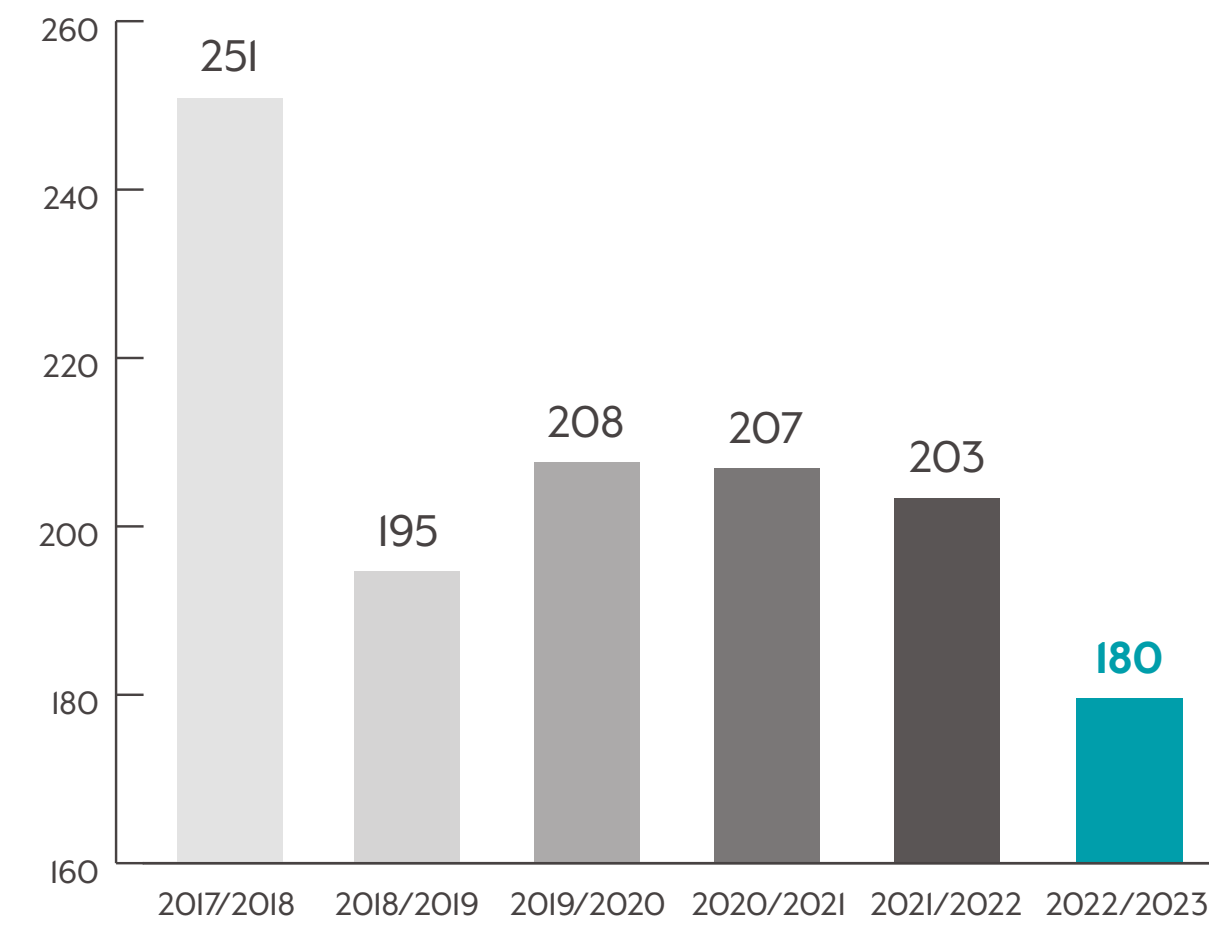
We will appoint a CO₂ energy reduction programme for the new strategic period which allows us to achieve these targets.



④ Improve our ecological footprint



CO₂ emissions (in kilotonnes)*

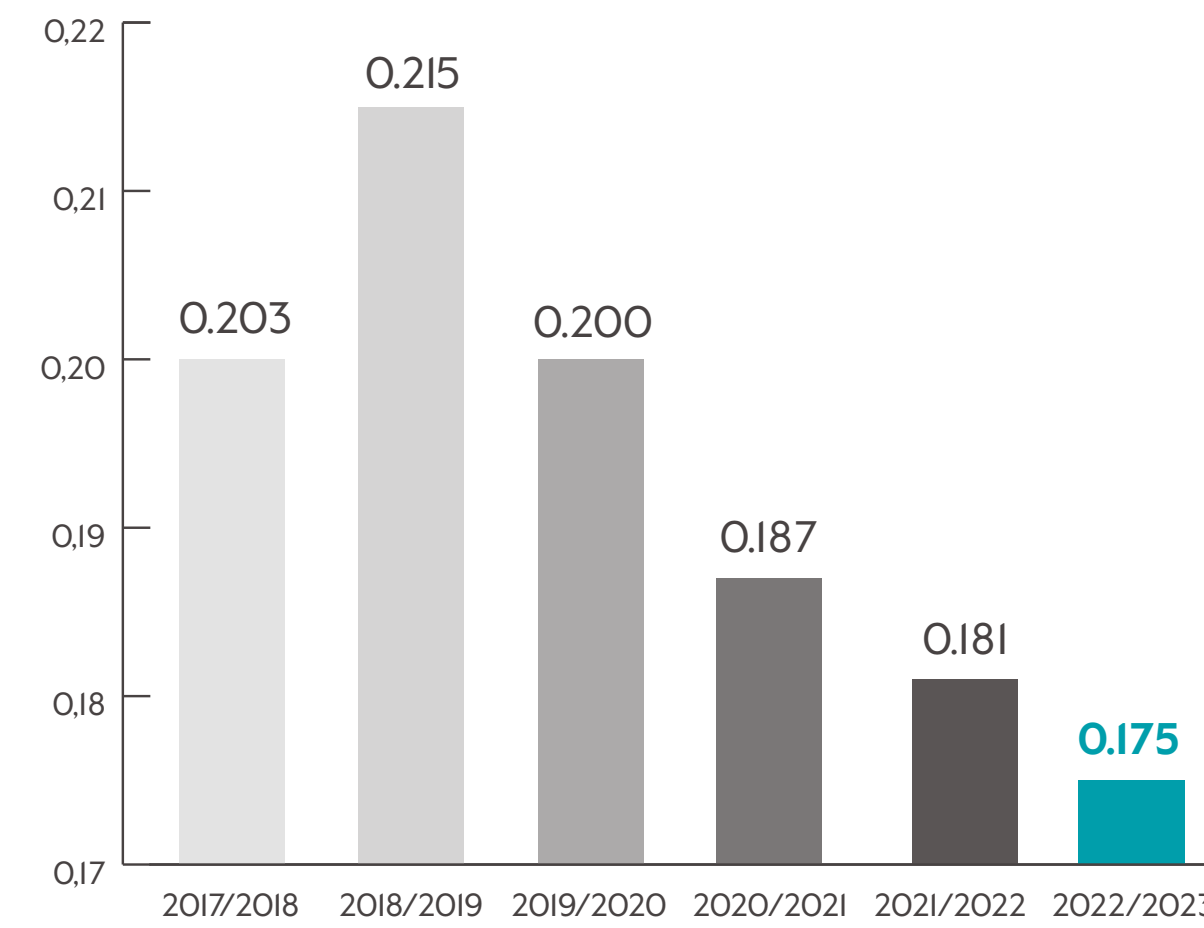


Target 2023

12% reduction in CO₂ emissions overall and per tonne of product compared to 2017/2018.

* This concerns the CO₂ 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.

CO₂ per tonne of product



Target 2023

12% CO₂ reduction overall and per tonne of product compared to 2017/2018.

Towards less water consumption

The goal of 20 percent water savings compared to the 2017/2018 reference year has been achieved, realising 22.4 percent compared to the reference year. In doing so, we achieved our target for this strategic period. This is the result of the relocation of part of the production from our Ter Apelkanaal site to the Foxhol site and measures aimed at creating stable operations. This package of measures was sufficient to achieve the target for the 2021/2022 financial year. That's why we did not take any additional measures last year. We recognise a slight increase in water consumption for the 2022/2023 financial year. This has to do with our product mix: the production of more modified starches and Solanic potato protein leads to higher water consumption levels.

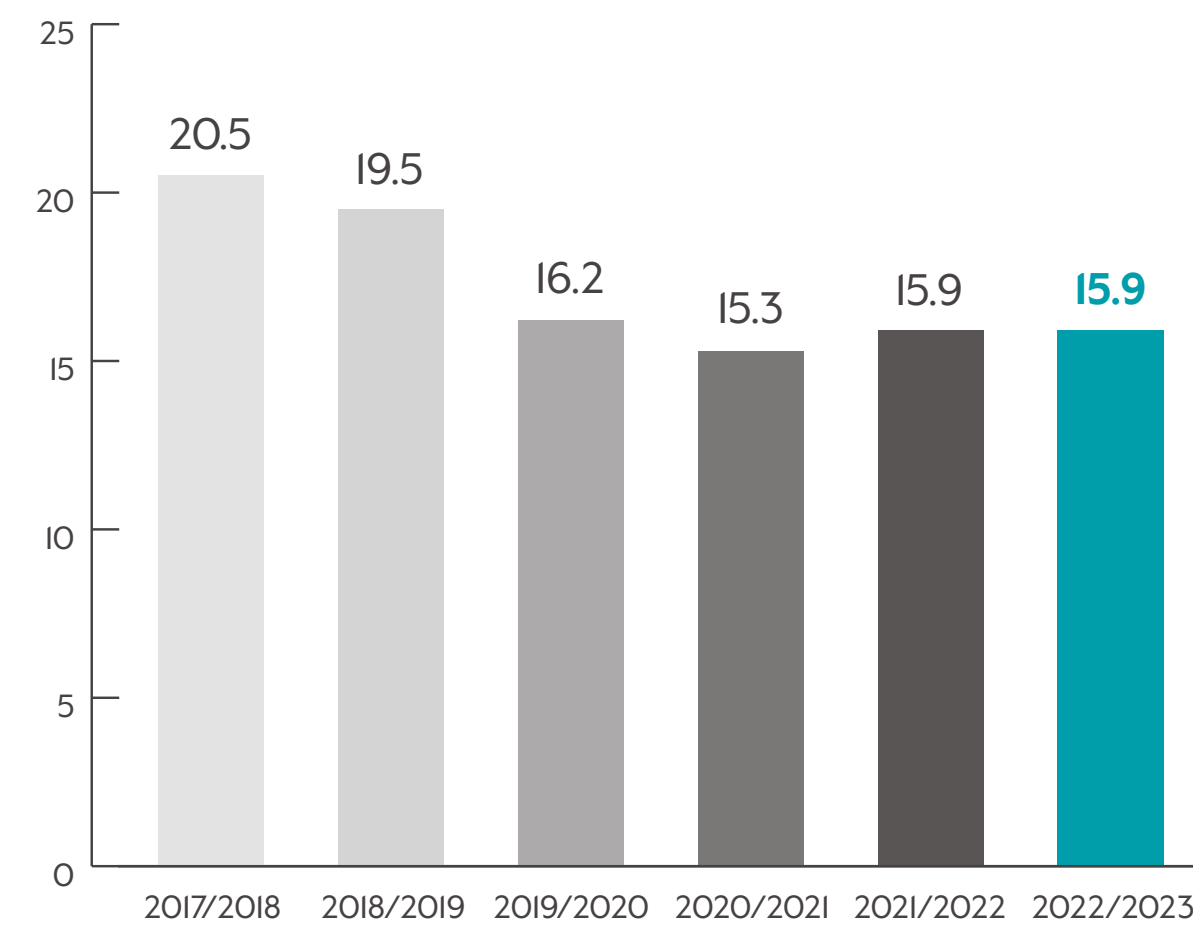
④ Improve our ecological footprint

The past strategy period has shown that reducing water consumption without attention to other components leads to higher concentrations of salt in our wastewater. Both our purification processes, especially the production of Solanic potato protein, and a large part of our starch modification processes lead to higher concentrations of salt water.

We make a plan for each production site that focuses on water savings by reducing the amount of salt.

We are now saving so much water that further reductions in our water consumption are not possible without lowering the concentration of salt in our wastewater. This means that we have to start looking at both our (protein) purification and our starch modification processes differently. The solutions are product-specific and will be examined in the coming strategy period per site. We make a plan for each production site that focuses on water savings by reducing the amount of salt.

Water consumption (Mm³)*



Target 2023

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

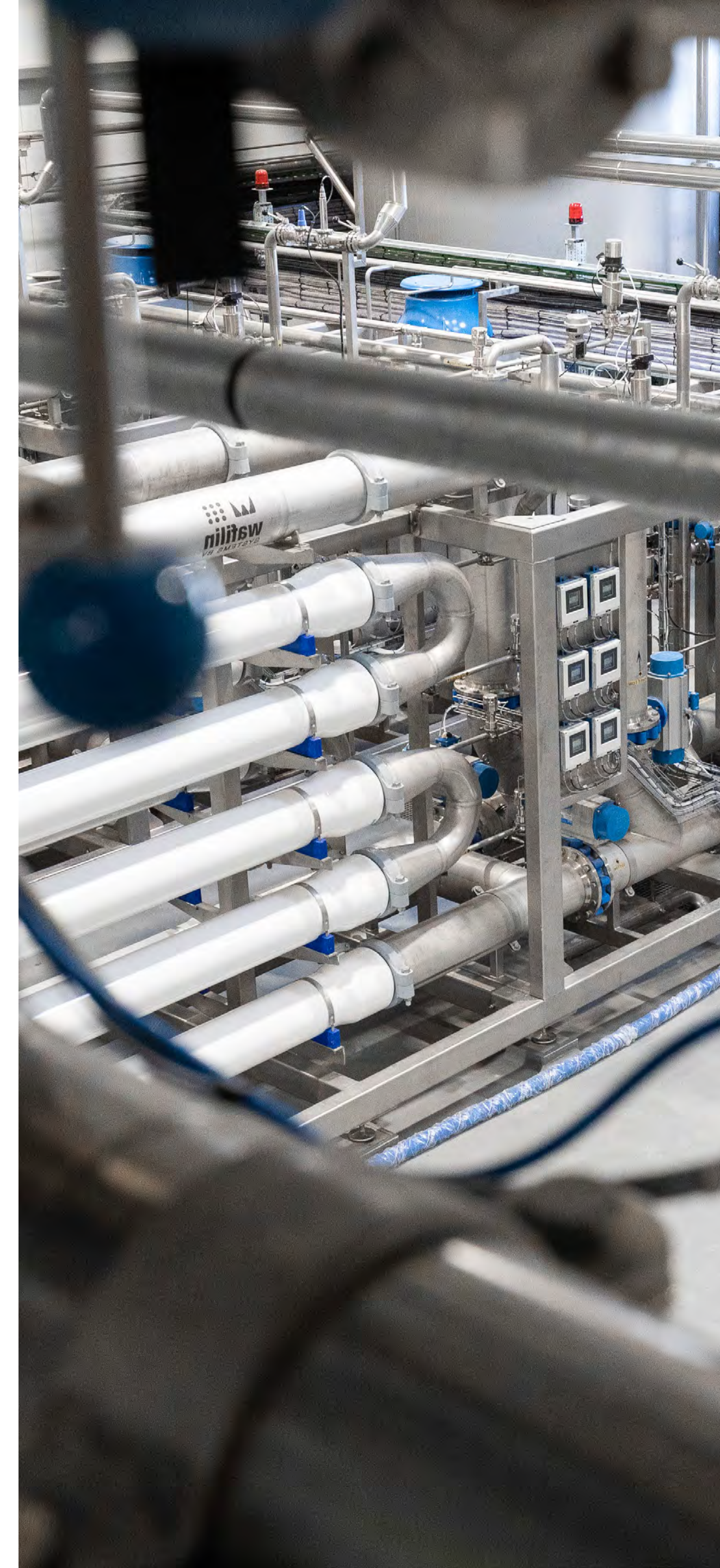
* The total water consumption in million m³ (Mm³) is expressed as the total of drinking water, well water and surface water for the six production sites of Avebe.

Reducing tare and sewage sludge

In the past strategic period, we worked on waste reduction. The focus was on tare and sewage sludge waste streams. We aimed for a 25 per cent reduction compared to the reference year 2017/2018.

Innovative approach to sewage sludge

Our production processes in the potato starch and protein factories require energy, water and other additives. We treat the wastewater resulting from these processes in wastewater treatment plants. This produces sewage sludge. With the growth of our



④ **Improve our ecological footprint**



good food products, we produce more wastewater and thus more sewage sludge.

Last year, to reduce this increase in waste, we introduced new projects to minimise product losses and bring down the amount of sewage sludge. This gives us insight into the actual costs of waste per product and we can take these costs into account when making decisions about the introduction of new products.

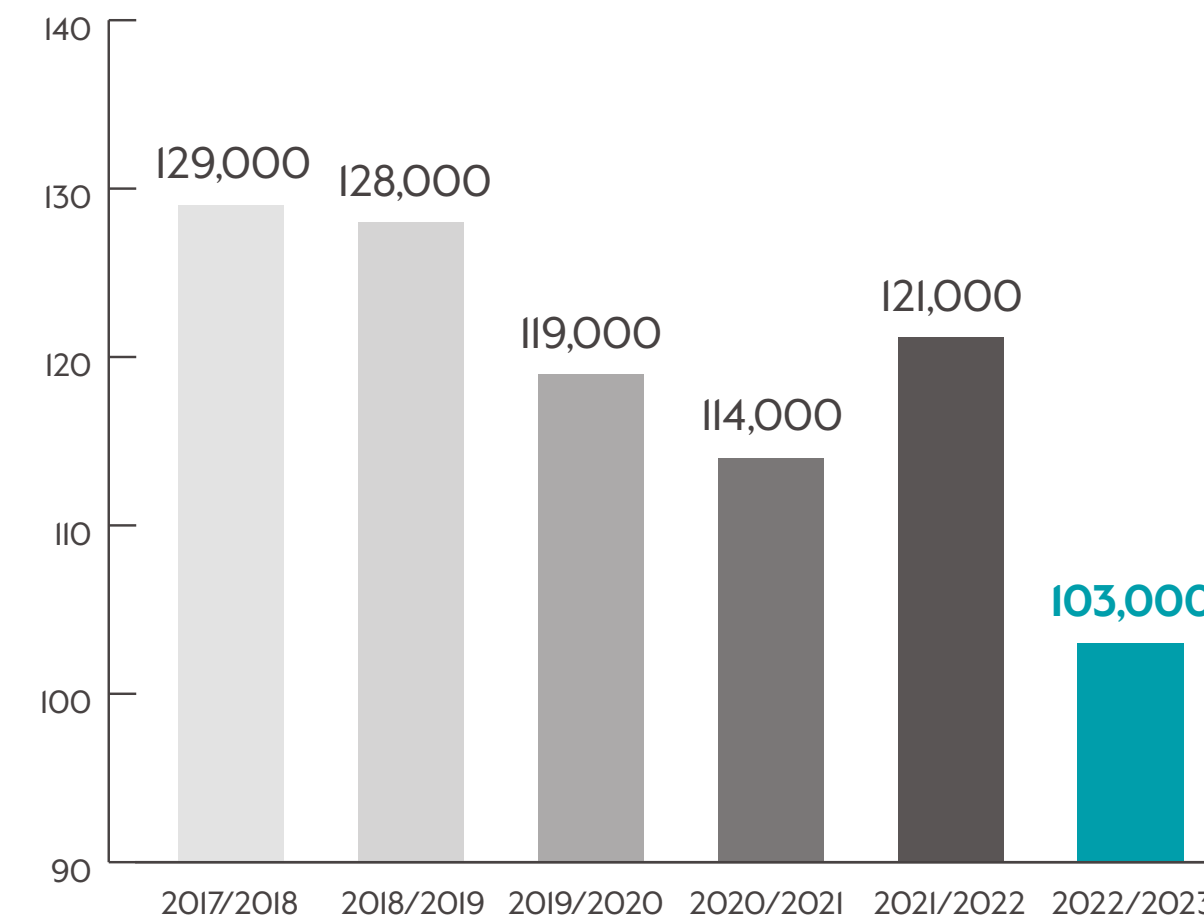
In Ter Apelkanaal, we reduced the consumption of additives to produce starch derivatives thanks to WCOM initiatives.

In Ter Apelkanaal, we reduced the consumption of additives to produce starch derivatives thanks to WCOM initiatives. This lowered production costs and resulted in less sludge. We have expanded the wastewater treatment plant (WWTP) in Gasselternijveen to be able to process the increased waste load. As a result, additional sludge production remained limited compared to last year. At the same time, we are working on expanding the WWTP in Gasselternijveen to process the water under anaerobic conditions (without oxygen). This process requires much less electricity for water treatment, produces biogas that we can reuse for our processes and halves sludge production.

In the past strategic period, despite an increase in the production volume of good food products in particular, we achieved a decrease of 21 percent in primary sludge

and 18 percent in secondary sludge compared to the reference year 2017/2018. With the possible adjustment to the water treatment in Gasselternijveen, we expect to be able to further reduce sludge production.

Sewage sludge (gross weight in tonnes)



Target 2023

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

④ Improve our ecological footprint

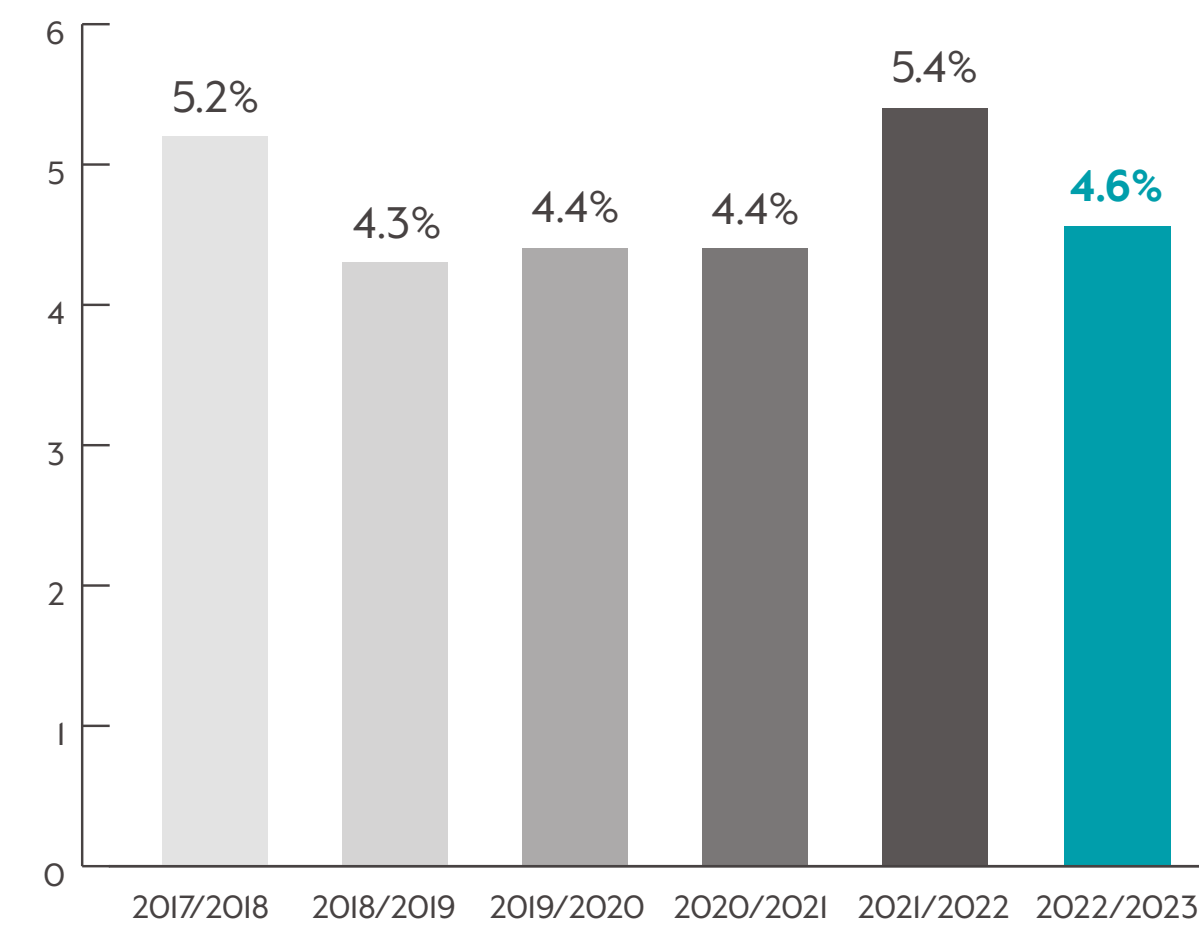
Less and less tare

The delivery of potatoes to our factories unintentionally includes sand, foliage and stones. We call this tare. Tare is a waste stream because it is difficult to find a valuable use for it. In an effort to encourage our members to supply cleaner potatoes, we made agreements in 2019 to make this more financially attractive. In 2021, we added agreements regarding stones. In addition, last year we conducted tests with a new machine to better separate not only sand, but also leaves and stones at the grower. We applied this technique in Germany with positive results. In addition, where necessary and possible, we ensure that the potatoes are washed before they arrive at the factory.

We conducted tests with a new machine to better separate not only sand, but also leaves and stones at the grower.

Last year, storage conditions at our German members in the KPW area (Kartoffelstärkefabrik Prignitz/Wendland) were not optimal due to frost. Consequently, the amount of tare did not decrease further, despite the measures taken. Weather conditions during harvest have a strong influence on the tare percentage. Compared to 2017/2018, a total of 11.5 percent less tare was delivered in the past financial year.

Tare (% tare of potato weight)



Target 2023

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

Coming strategic period

Improving our ecological footprint also plays an important role in our new strategy. Within our new circularity programme, we aim to reduce both the costs and ecological impact of our net loss-making products by 30 percent compared to last year. Although the reduction of sludge and tare is still an important part, a broader definition of our programme means we now also focus on other waste streams.



④ Improve our ecological footprint

“E-boilers enable us to reduce our ecological footprint”

Rob Hensens and Rense Boomsma
Utilities reliability engineer
& Utilities process engineer



Royal Avebe is constantly looking for new initiatives to improve its environmental performance. In addition to measures to save energy, Avebe reduces its CO₂ emissions by switching from natural gas to electricity. With electric steam boilers (e-boilers) at its production sites in Ter Apelkanaal and Gasselternijveen, Avebe can use electrically generated steam for its production process 20 percent of the time. The required green electricity comes from solar parks near the sites.

Rense Boomsma and Rob Hensens are closely involved in the project: “The use of the e-boilers enables Avebe to be flexible and sustainable in its demand for energy.”

What is the advantage of using the e-boilers?

“The starch potato consists of approximately 75 percent water. To get rid of the moisture, heat is needed to evaporate the water. Traditionally we use gas-fired steam boilers for this. We also use combined heat and power plants that produce electricity in addition to steam. The e-boiler uses electricity to make steam. This allows us to be more flexible in our energy consumption. We can use electricity when it is available and cheaper, for example at times when there is a surplus on the electricity grid. This produces both environmental benefits and cost savings.”

What was the process prior to installing the e-boilers?

“Electric boilers have been around for a long time. We started thinking about their use about twenty years ago. In 2014 and 2015 we worked on a business case to assess whether the use of e-boilers would be profitable. We demonstrated that the use of electricity could be beneficial, but that the network charges were still too high at that time. A few years later we were granted SDE++ subsidy for installing three e-boilers. Any high

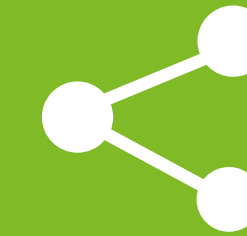
operational costs are compensated by this subsidy. With the installation of two e-boilers we are leading the way in the Netherlands. We previously installed an e-boiler at our site in Malmö (Sweden). Because electricity is relatively cheaper in Sweden, we were able to switch completely to green electricity in that country. This makes our Swedish site the first carbon-neutral Avebe factory.”

What effect do the e-boilers have on Avebe’s sustainability ambitions?

“Sustainable production is an integral part of our business strategy. We strive to have a positive impact on the environment and be economically successful at the same time. With the e-boilers we can potentially reduce our CO₂ emissions by approximately 10,000 tonnes per year. If we start using e-boilers more intensively under favourable conditions, the environmental benefits will increase further. In doing so, the e-boilers and other sustainability initiatives enable us to reduce our ecological footprint and be economically responsible in our operations. We believe that sustainability is not only a responsibility, but also an opportunity to future-proof our company.”

④ Improve our ecological footprint

5. Cooperation for the customer



⑤ Cooperation
for the customer

5. Cooperation for the customer

We work with our farmer members, customers, employees, research institutions and other stakeholders to produce healthy, nutritious and environmentally friendly ingredients. We achieve this with sustainably employable, vital and engaged employees who can work in a safe working environment. The customer, our members and employees always take centre stage in this. Last year a lot of attention was paid to authentic leadership, development and growth.

Target 2023

- a score on employee satisfaction and engagement of higher than 7.5;
- an accident frequency index (TRIFR) lower than 0.5;
- improving 8 critical integrated processes.

Good employment practice

To us, being a good employer means that employees can take charge of their own development, with an emphasis on their personal talents. This means that Royal Avebe must be future-proof and that we enable employees to do their work to the best of their ability; today and tomorrow. Good employment practice comprises various elements, including ensuring the health and vitality of employees, as well as their employability and the acquisition of knowledge and skills for the future.

Training and development

Last year was characterised by a clear shift towards more attention to authentic leadership, development

and growth. The main goal is to give employees more control over their own development and career.

We use various instruments to support this. In return, we expect our employees to have a proactive and open attitude, focused on development and taking advantage of opportunities.

With the new HR interview cycle ‘Continuous PET’ we offer employees a tailor-made approach. In Dutch PET stands for Performance, Employability and Talent. In terms of Performance, the manager and employee discuss the current implementation of the position and the contribution made to Avebe’s strategy. Employability addresses sustainable employability, job satisfaction and, for example, your work-life balance. Here at Avebe, we believe that everyone has a Talent. Therefore, in this part, we will be talking about deploying and further developing this talent and about future ambitions. What does the employee want to get out of his or her career?

In addition, last year we introduced the Avebe leadership programme, aimed at personal leadership and development. All managers, the Executive



⑤ Cooperation for the customer



Committee (EC), the Leadership Team (LST), the Management Group and all team leaders in the Netherlands participate in this programme. The programme focuses on leadership development based on Avebe's five core competencies: Reflect, Realise, Connect, Change and Renew. The programme is intended to strengthen authentic leadership and to achieve 'One Avebe'; we implement this at various levels within the organisation.

To us, being a good employer means that employees can take charge of their own development.

A third important development is the setup and development of the 'Avebe Academy'. In the coming years, this programme will be provided with practical modules that focus on the five core competencies and will offer employees the opportunity to shape their own development. We offer workshops, training, internships, special projects and other (online) learning opportunities.

Attracting new talent

We are faced with an increasingly tight labour market. We notice that it is becoming increasingly difficult to find qualified candidates, especially for technical positions. Last year, therefore, our own recruitment team made every effort to invest in raising awareness for our brand and in the relationship with educational institutions. We also increased our presence on social media. In addition, we are offering more and more internships

and traineeships. In the past financial year, the number of training places was more than seventy. It offers us the opportunity to see talent at work up close and to bind them to Avebe. For example, we offer employees who are still studying a part-time contract. We are also increasingly focusing on training employees ourselves. This gives young people the opportunity to combine four days of work with one day of school. A major advantage for us is that we can specifically train people to the levels and disciplines that we need, also with a view to the future.

Max Cosijn, project manager:

"The traineeship was an ideal bridge between study and a full-time job"

"Avebe is a company with strong historical roots in the area and because innovation is central, the company is highly dynamic. Sustainability is one of the spearheads in the strategy and in my position I can contribute a lot to this. I started at Avebe with a traineeship. I was given the opportunity to devote time to personal development alongside my regular duties. For example, I underwent a coaching programme that taught me a lot about my capabilities and motivation at work. This provides tools that I apply every day in my work. The traineeship thus formed an ideal bridge between study and a full-time job in a great organisation."

⑤ **Cooperation for the customer**

Safety is a key focus

Safety is a key focus at Avebe. We want all employees to be able to do their work safely and go home safely.

We continue to focus on strengthening the basic safety rules in order to raise the organisation's safety behaviour to a higher level.

Decreasing trend in the accident index

We measure safety with the accident frequency index TRIFR (Total Recordable Injury Frequency Rate), an international standard based on the number of incidents per 200,000 hours worked at our sites. The strategic target is 0.5. This target applies to all Avebe employees and other people working at our sites. We did not yet achieve the desired result in the past financial year, but we did reduce the rate from 1.7 to 1.1. There were no fatalities or accidents with serious consequences involving a recovery period of more than six months. Although decreasing, the excessively high accident index has several reasons. Supervision increased due to the termination of the corona measures and extra efforts from the sites. The top three incidents are falls and trips, chemical exposure and cutting. An analysis of these incidents shows that many of the incidents can be prevented by strengthening the basics, both technically and how we deal with safety. The work permit process is crucial to continue to manage future complexity. Last year we started setting up the digital work permit. We recognised that the paper work permit was no longer

sufficient to further optimise our process. The expected benefits of the digital work permit are providing clearer and standardised information to the holder and additional information regarding the work. For the issuer, the advantage is increased logic: if I use a certain device, at least the following measures are necessary. We will hold the first pilots with digital work permits in the 2023/2024 financial year.

In the coming year, we will continue to focus on further professionalising the work permit and strengthening the basic safety rules, thereby raising the organisation's safety behaviour to a higher level.

In the coming strategic period, we will continue to improve our safety standards to achieve the industrial benchmark of 0.5. Improving safety not only means fewer incidents, but also improving processes and behaviours, which ultimately benefits the entire production environment.

Safety training, health and welfare

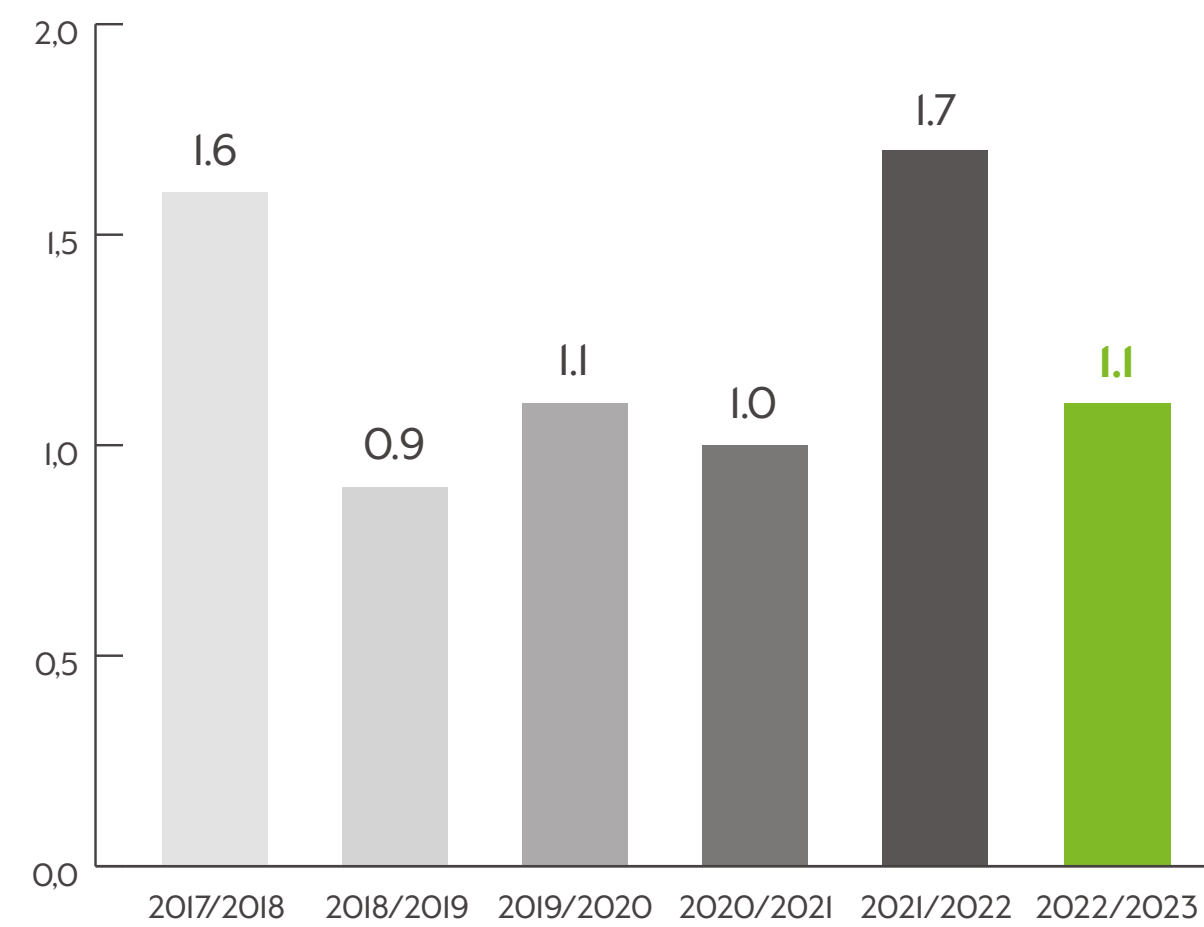
We train our employees on safety topics at least once a year. Depending on the position or responsibility, we provide additional courses and training. Besides safety, we actively focus on the well-being and health of our employees. Every two years, we organise a scan which focuses on employee health and well-being. Participation is voluntary and the results are treated anonymously and included in our policy. In addition, various initiatives to improve employee health are ongoing, and they can seek help from various agencies and specialists such as the company medical officer.



⑤ Cooperation for the customer



Accident index



Target 2023

An accident frequency index below 0.5.

Working together in cross-functional teams

Cooperation within Avebe is important. This is how we achieve the best result for the customer. We focus sharply on the alternatives presented by the starch potato to provide an appropriate response to constantly changing customer demand. At Avebe we work in cross-functional teams to develop innovative solutions. In this type of cooperation, it is very important that the employees have the same interests and that their goals are aligned.

The Binding and Building strategy focused on improving eight critical integrated processes. The implementation of this target has led us to implement structures with the Annual Operating Plan, the Road to Market and the WCOM programme, that ensure that we continuously

work to improve our processes and performance. We will incorporate the success of this approach into our new strategy (see from [page 57](#)).

At Avebe we work in cross-functional teams to develop innovative solutions.

The Annual Operating Plan provides clear targets

Last year was the first time that Avebe worked with a so-called Annual Operating Plan (AOP). This overarching annual plan is intended as a means to translate the strategic goals for the current year into department goals and individual targets for employees. This clarifies to employees what contribution they make to achieving our strategic goals.

Road to Market leads to successful market launches

Road to Market is a standard working method in the organisation which provides a basic structure used by all departments. This way we improve the predictability and success of market launches. Road to Market further ensures that the principles are clear and that everyone is singing from the hymn sheet. This in turn ensures greater efficiency and effectiveness.

Cooperation is central to WCOM

The WCOM (World Class Operations Management) programme promotes cooperation between various departments and focuses on improving production stability. The maintenance department works more closely with the production departments, which are given a greater role in the first-line maintenance of installations. The programme

⑤ Cooperation for the customer

works together with the IT department to digitise processes, such as the use of apps for inspections and documentation support for technicians. The QESH, IT and WCOM departments are working on the digital work permit, which leads to better risk identification and increased safety during maintenance. Furthermore, the Commerce, QESH, Purchasing, IT and WCOM departments work together to digitise supplier documentation for product specifications.

Customer satisfaction

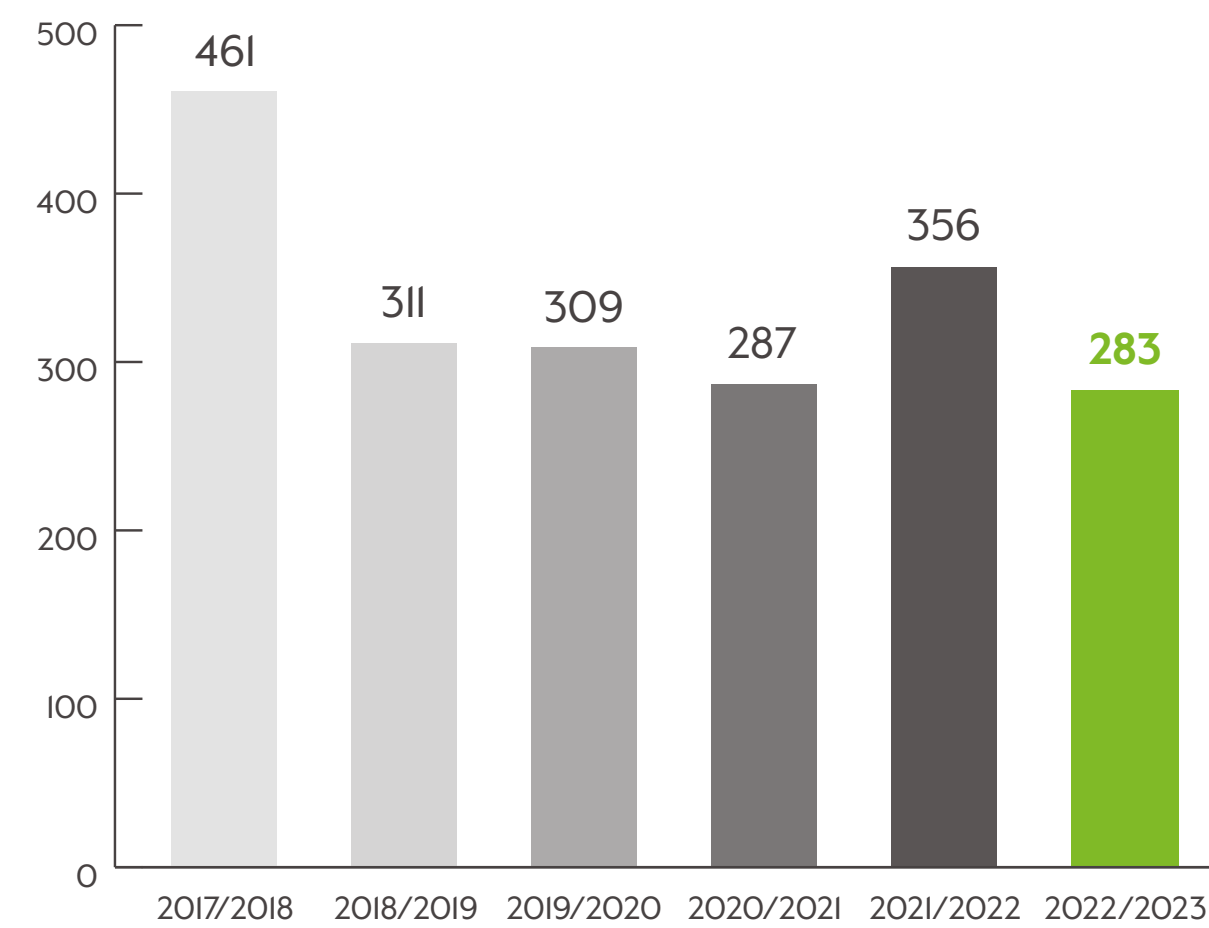
Our aim is satisfied customers. Listening carefully to our customers and resolving complaints quickly and professionally is important. With that, preventive actions prevent incidents from happening again. To achieve our annual target of less than one customer complaint per day, we continue to focus on cooperation.

Last year we noticed that the number of complaints was considerably lower than expected. The number of customer complaints fell to 283. That is 21 per cent less compared to the previous financial year. In doing so, we achieved our target for this strategic period.

In the new strategic period, our target remains less than one customer complaint per day. We believe it is important to always reduce the number of complaints and design our processes in such a way as to prevent complaints and thus satisfy our customers. We also focus on complaints representing a high financial value and ensure that we take preventive actions to stop these types of complaints from reoccurring in the future.

Listening carefully to our customers and resolving complaints quickly and professionally is important.

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 (below 250 euros).



⑤ Cooperation for the customer



Avebe strives to purchase sustainably and aims to gain insight into the sustainability performance of the entire chain.

Sustainability conducive to a sustainable end product

More and more of our customers strive to offer products carrying a sustainability label. This means that our customers also look at our sustainability performance, such as CO₂ reduction. This pursuit of sustainability affects the entire chain with various solutions available. A few years ago we started using more concentrated chemicals to transport less water. We are also working to reduce the use of chemicals. For example, we reduced the amount of emulsifier in the production process on one of our rolling lines in Ter Apelkanaal. This resulted in fewer transport movements, which allowed us to reduce our CO₂ emissions and save costs. In addition, last year we started making the pre-transport of our German sites more sustainable. Previously, we transported most of our exports via Hamburg, but we managed to convert this road transport to rail transport. This produces sustainability and financial benefits.

Supplier assessment

Avebe strives to purchase sustainably and aims to gain insight into the sustainability performance of the entire chain. In 2019, we introduced a Responsible Sourcing Policy (RSP), in which we recorded our principles regarding people and the environment. At the time,

more than 75 percent of our suppliers endorsed these RSP principles. Last year we actively worked on embedding our principles in the chain, with an emphasis on processes and policy. As a result, our RSP is now part of the standard Avebe Purchasing Conditions. We also developed methods for dealing with deviations from this, for example suppliers who, for whatever reason, only partially agree to the policy or provide insufficient information. Another example is our approach to suppliers who are active in high-risk countries regarding corporate social responsibility. We actively include sustainability criteria in the selection criteria for suppliers.

Gold medal EcoVadis

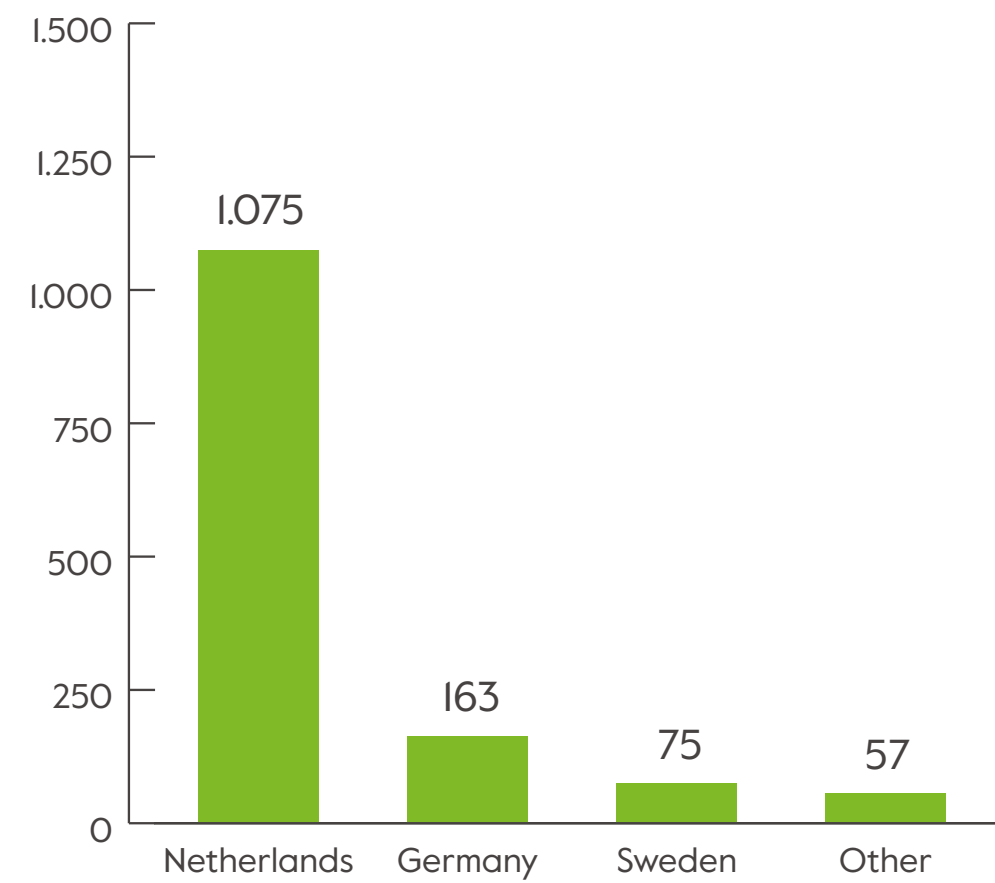
For the third year in a row, sustainable purchasing shows a significant increase in EcoVadis' assessment. Since its founding in 2007, EcoVadis has grown into the largest and most trusted provider of corporate sustainability ratings, currently operating with a global network of more than 100,000 rated companies. In addition to our contributions in the field of employment and human rights, business ethics and the environment, this has led us to achieve the gold medal. This makes Avebe one of the top-rated 5 percent of companies in our sector.

⑤ **Cooperation for the customer**

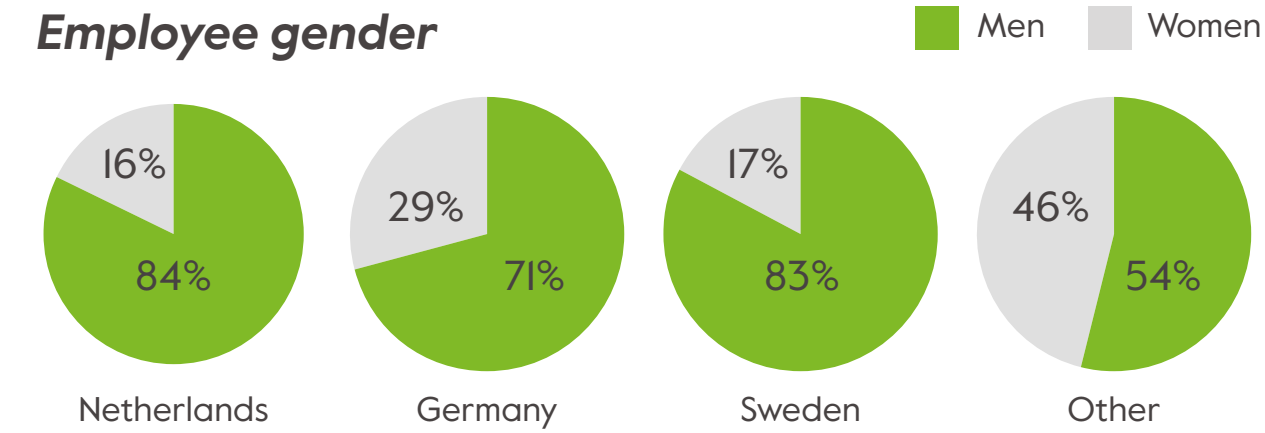
Social key figures

Figures are based on the total number of employees within Avebe. The reference date is 31 July 2023.

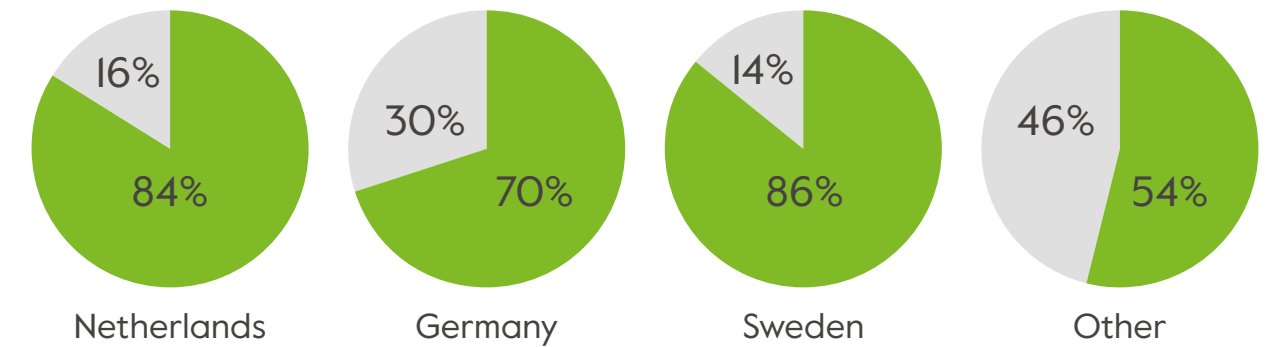
Number of employees, including external staff



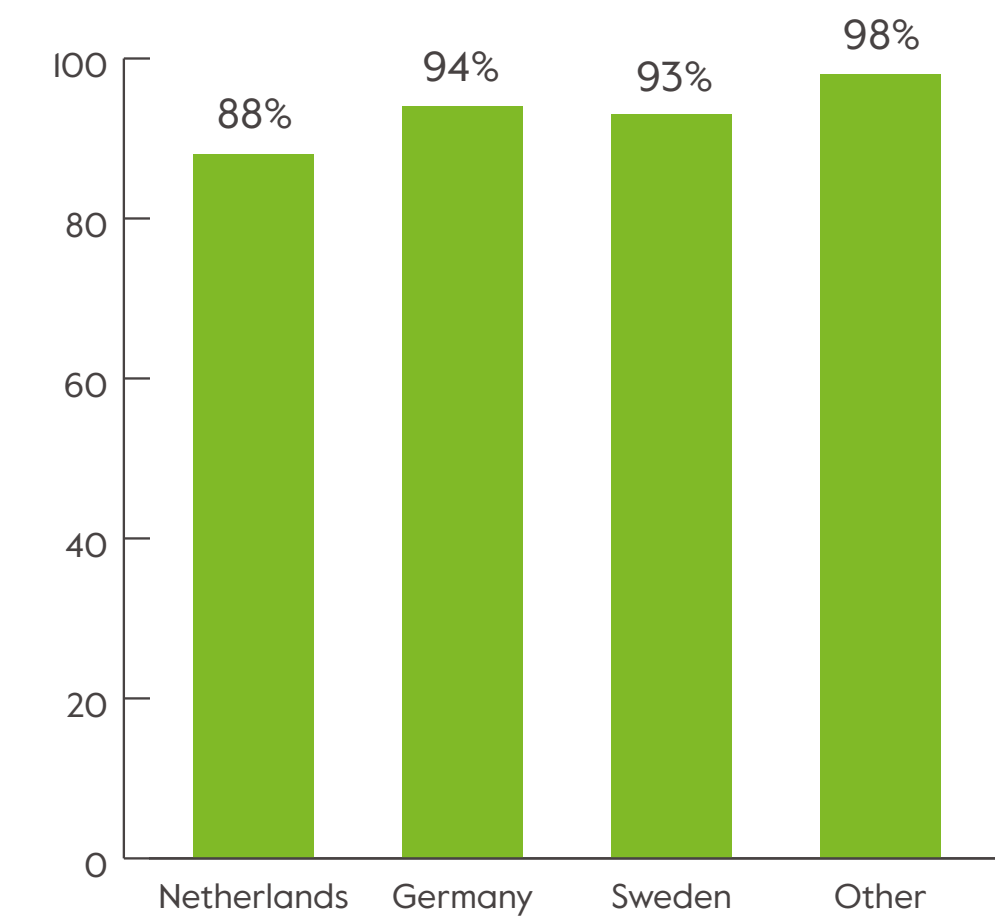
Employee gender



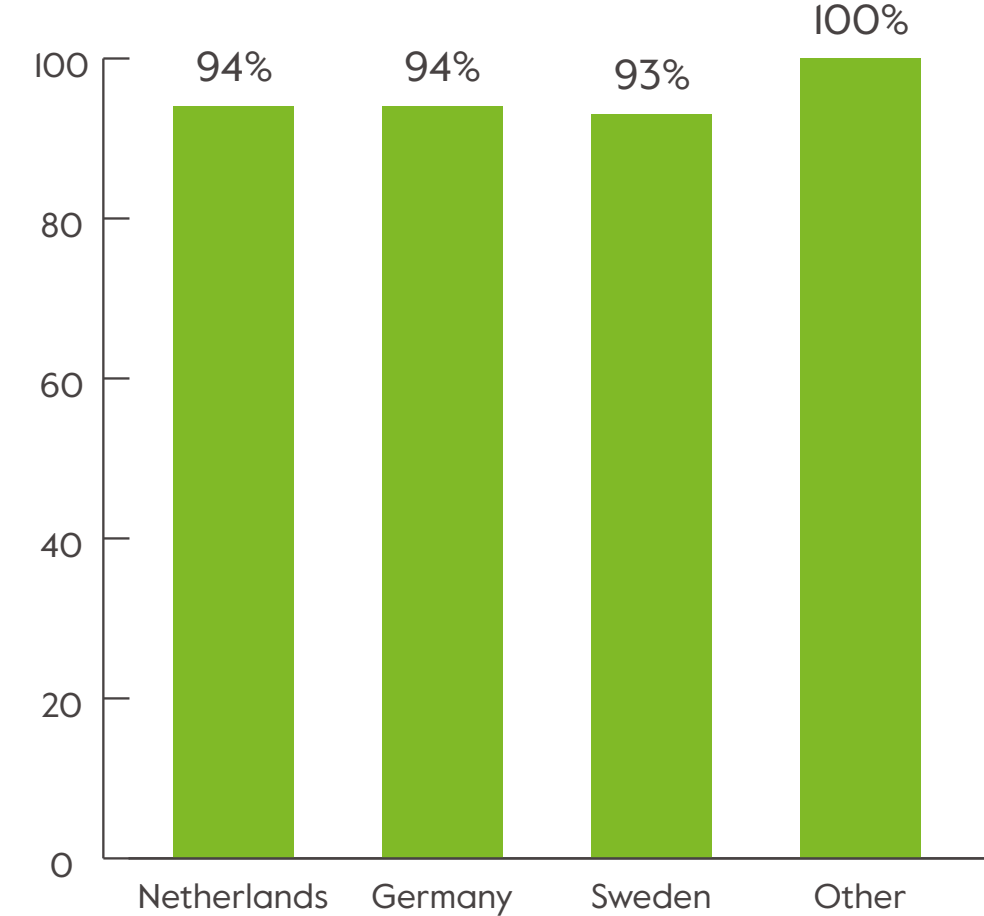
Gender of employees with permanent contracts



Full-time employees



Employees with permanent contracts



1,295
Total number of employees

89%
Total full-time employees

82/18%
Total number of men and women

94%
Employees on permanent contracts in total

89%
Total number of employees under the collective agreement

72
Number of employees Innovations

15%
Women in management in the Netherlands

5.3%
Sickness absence in the Netherlands

⑤ Cooperation for the customer

Billerud and Royal Avebe are working together towards a sustainable future

Linnea Danielsson
Vice President Procurement at Billerud



The Swedish company Billerud produces packaging material based on wood fibres from residual streams from the wood industry. Royal Avebe products provide strength to Billerud's packaging material.

Billerud's expertise is making cardboard of stiffer quality, such as milk cartons, and paper for softer and flexible applications, such as paper bags that often replace plastic variants. Linnea Danielsson is the company's Vice President of Procurement and in her role has regular contact with Avebe. She greatly appreciates the role that Avebe plays in making Billerud's products even more sustainable.

How important is sustainability for Billerud?

"We strive to integrate sustainability into all aspects of our operations, so that we can actively contribute to a greener future for the packaging industry. We focus on minimising our energy consumption, reducing CO₂ emissions and using renewable energy sources. We are also working to reduce waste and select suppliers who are able to make our products and our chain even more sustainable."

What role does Avebe play in Billerud's product development?

"Billerud and Avebe have been working together for forty years now. We use Avebe starch products to bind the paper fibres. Our cooperation in the field of product development projects has developed through joint change and continuous innovation. Avebe thinks along with us. An example of the past financial year is the search for an alternative coating for paper packaging that, for example, contains greasy contents. This packaging must be resistant to grease. With Avebe we developed a coating in which the chemical fluorine was replaced by

a protective layer based on starch. Experts from Billerud travelled to Avebe's innovation center in Groningen to carry out laboratory tests in close cooperation and develop this much more sustainable product."

How does the cooperation between Billerud and Avebe work?

"We've faced challenges such as the availability of potato starch in the market. In difficult times, we looked together for alternatives and made decisive decisions to secure delivery. Despite the challenges, it has remained a strong partnership. Both companies understand the importance of a stable supply and continuous innovation; we work together and continue to strengthen each other."

What is your wish for the future of Avebe?

"We expect to continue the strong cooperation with Avebe and further expand the use of biological raw materials. It's a beautiful and inspiring journey that we are taking together. We both strive to increase the use of natural additives. This fits with Billerud's central sustainability targets. We proactively take the lead in the transition to a circular society with packaging solutions that are renewable, recyclable and climate efficient. Avebe will continue to be an important partner in that process in the future."

⑤ Cooperation for the customer

Royal Avebe strategy 2023-2028: Accelerate and Strengthen



→ Strategy 2023-2028

Building sustainable growth together

Accelerating the transition to more plant-based products, by creating distinctive value for our members, employees, customers and society. That is the focus of Royal Avebe's new strategy for the period 2023-2028: Accelerate and Strengthen - together we build sustainable growth.

We continue with the strong foundation of our previous Binding and Building strategy and try to be even more agile and make even smarter choices. All this with a full focus on growth through innovation and sustainability and maximum efficiency in business operations.

Through Accelerate and Strengthen, we aim to extract added value from existing and new market segments in both the food and industrial divisions of our company. As regards innovation, we will focus more than ever on what the market demands from us. Needless to say, our customers must be at the heart of everything we do at Avebe. Sustainability takes up an important place in this. The starch potato is our basis. From sand to customer, we provide a sustainable, transparent chain through our innovative solutions.

Working on sustainable growth together!



➔ Strategy 2023-2028

The basis of the Accelerate and Strengthen strategy: trends and developments

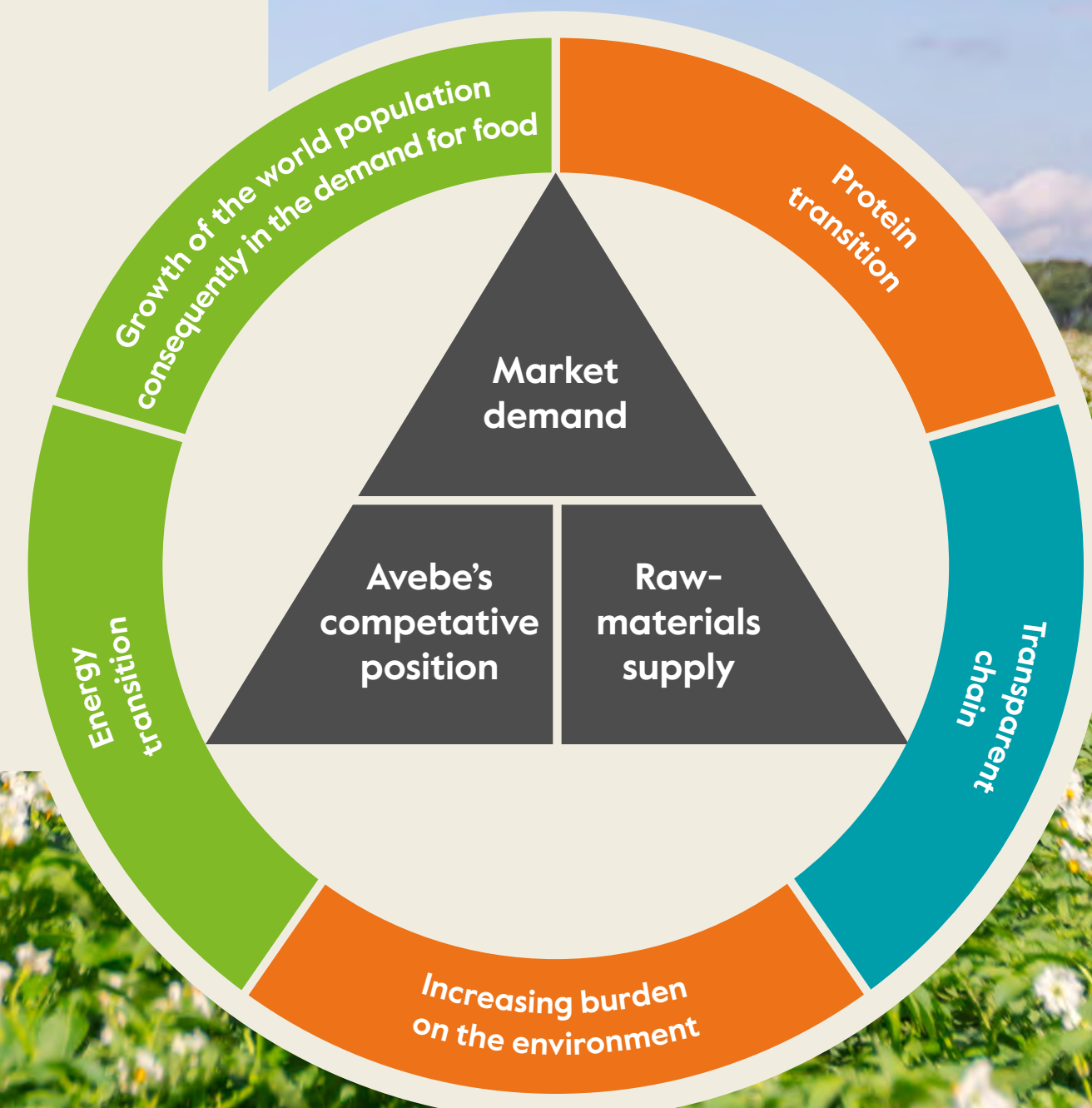
Trends

Our new strategy is based on several trends:

- An important trend is the protein transition, i.e. the replacement of animal proteins with alternative (plant-based) protein sources. This is where Avebe's potato protein has some great opportunities.
- The demand for transparent, sustainable and reliable chains is growing. Avebe controls the entire chain and thus makes the difference for the customer.
- Environmental requirements and regulations are becoming stricter. Climate change affects the cultivation of starch potatoes and new EU legislation and regulations require adjustments to cultivation, for example in the form of fewer crop protection products.
- The energy transition towards sustainable and renewable (green) sources and the reduction of energy consumption will accelerate.
- The growing world population fuels the demand for food. Awareness in the field of sustainability and health accompanied by more stringent food legislation (food safety in particular) leads to more demand for healthier, plant-based and clean-label food products.

Developments

- The attractiveness of starch potato cultivation and therefore Avebe's raw material supply is under pressure. Climate change, competition in the fields and increasing legislation and regulations all play a role in this.
- The opportunities for Avebe in the market are promising. In the field of nutrition, attention for sustainability, health and clean label is growing in Europe and North America. In Asia and North Africa, we can see a growing demand for snacks and ready-made meals in particular. Plant-based building materials and packaging are also interesting markets for Avebe.



→ Strategy 2023-2028

The pillars of the Accelerate and Strengthen strategy

We have drawn up the new Accelerate and Strengthen strategy based on the trends and developments. This strategy has four pillars: strengthening the basis, accelerating the plant-based trend, new horizons and heading for more value together. Safety, innovation and sustainability are paramount in these pillars.

1. Strengthen the core

Accelerate

- Focus on portfolio growth with distinctive functional potato starch and potato protein ingredients.
- Accelerating added value for our markets;
 - Distinctive characteristics in the field of the unique functionality of the potato and the sustainable plant-based alternative;
 - Optimising line capacity and use, including protein lines;
 - Phasing out products of low added value and volume.

Improve

- Optimising the cultivation, our operational footprint and cost efficiency. Our production sites are ready for the future:
- Increasing productivity, efficiency and reliability of the production lines;
 - Digitising, modernising and automating to prepare for an ageing society;
 - Targeted improvement plans to secure our 'licence to operate', improve productivity and be more efficient.

Sustainability

- Plant-based sustainable growth 2030.
- Our products reduce the footprints of our customers in plant-based food and in biobased, circular ingredients for the construction and packaging industry;
 - Improving our footprint in line with the Paris Climate Agreement, reducing water consumption and making circular use of waste flows.

- Together realising profitable and sustainable potato cultivation with the 3xH programme:
- Healthy farm;
 - Healthy cultivation;
 - Healthy environment.

2. Accelerate plant-based

Expand

- Strengthening the protein proposition in functional and nutritional plant-based proteins;
- Expanding capacity and portfolio of both potato starch and protein products for emerging plant-based markets;
 - Expanding the capacity of potato protein for human food;
 - Adapting the production line in Dallmin (Germany) for human food protein.

Develop

- Developing new market segments;
- Developing new markets where our plant-based alternatives provide distinctive and added value.

3. New horizon

Explore

- Research into and development of alternative protein sources and techniques;
- Alternative proteins provide market opportunities in a mix with our current protein and starch products;
- Studying and realising synergy benefits in existing production lines;
- Changes in crop rotation in the field provide opportunities for the cultivation of alternative protein crops, such as field beans;
- Alternative technologies, such as fermentation, are on the rise and have potential.

4. Heading for more value together

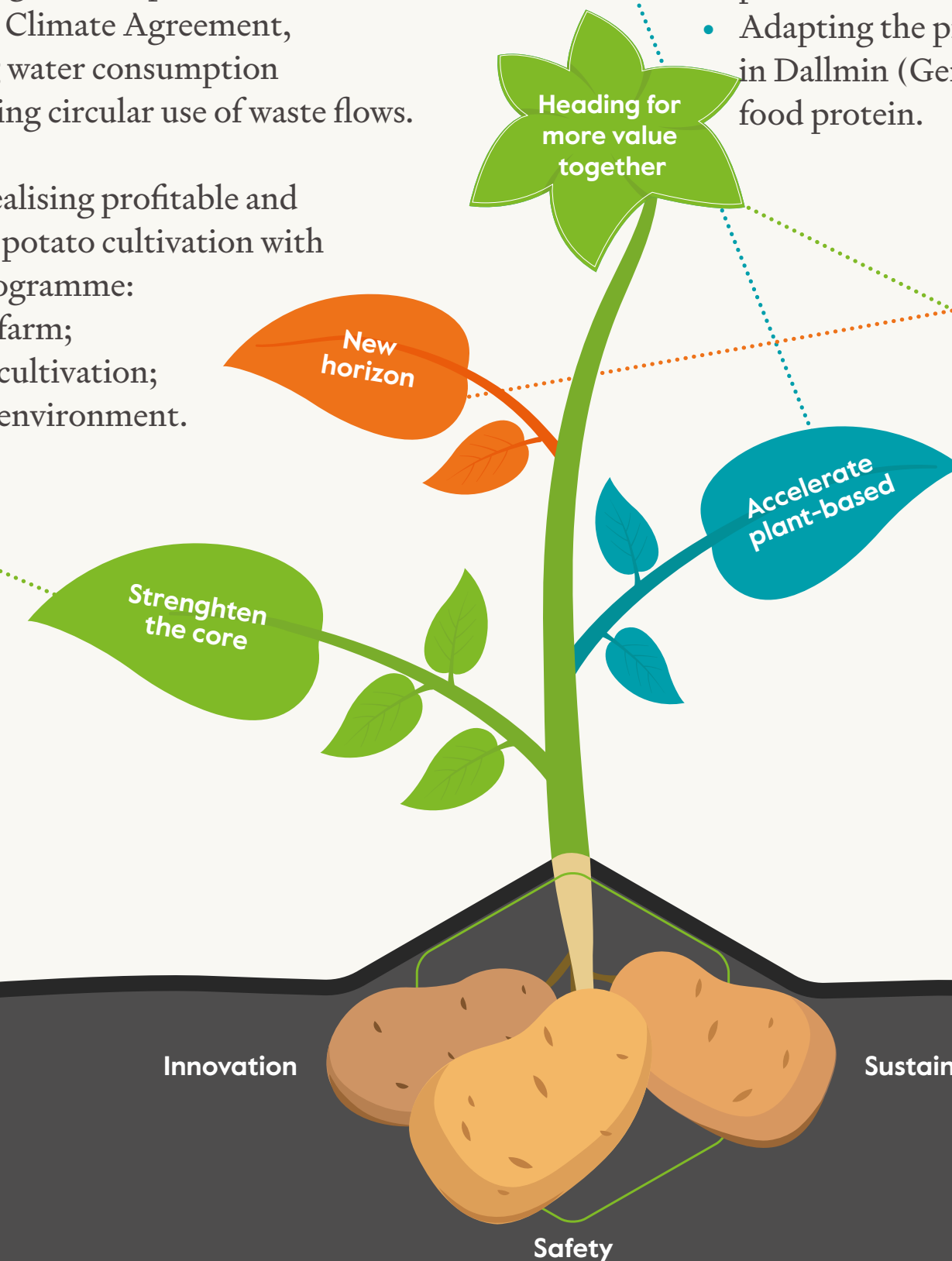
Our cooperative

We have been growing the best starch potatoes for more than a century together with our members in the Netherlands and Germany and apply a market-oriented and sustainable approach.

Our employees

We encourage our employees to take responsibility for results, to continue to learn and develop, to remain sustainably employable, and to be open to change. Based on the core values:

- Cooperation;
- Responsibility;
- Development.



Corporate Governance



➔ Corporate Governance

Report of the supervisory board

Royal Avebe experienced an eventful year. Nevertheless, the cooperative managed to hold its own and achieve a record performance price of 133.34 euros.

The war in Ukraine is causing a lot of human suffering. In addition, there are also far-reaching economic consequences, resulting in major cost increases for Avebe and its members. And due to uncertainty among all our stakeholders, Avebe has to work and communicate differently. This requires agile and flexible efforts from all those involved within Avebe.

The cost increases also had a major impact on Avebe's working capital. The working capital has increased significantly in value along with the cost increases. Proper working capital management and a sufficient, stable financial basis are matters which we pay a lot of attention to in our supervisory role and also demand that attention. Where necessary, the energy policy has been assessed and adjusted by Avebe, thus ensuring that the policy fits in well with Avebe's strategic choices.

New strategy

In this ever-changing situation, a new strategy has been developed, titled and themed 'Accelerate and Strengthen'. This strategy was created with the efforts and input of, among others, the members' council and employees. The supervisory board contributed to the development of the new strategy and ultimately endorsed it. We can see that the market for plant-based products is growing and that Avebe's customers are looking for ingredients that will reduce the footprint

of their end products. Avebe is well positioned to meet this market demand. The biggest concern in the short and medium term is Avebe's raw material supply. The pressure on the area is increasing significantly, both due to regulations, climate change and competition in the field.

During the strategy development, we also looked at how we can fulfil the wishes of our members to work with more entrepreneurship and flexibility within Avebe. We have therefore subjected our cooperative rules, including the delivery conditions, to a critical review. This is an important and careful process. After all, the basic principles of the cooperative must remain in balance with the flexibility and continuity of the company. The supervisory board expects to be presented with the final proposal for the adjustments in the course of the new financial year. Naturally, this will be coordinated with the members' council.

The supervisory board is very satisfied that the new strategy places full focus on strengthening the basis and accelerating the transition to plant-based potato starch and potato protein with distinctiveness in the market. In addition, potato starch has once more been given a more central place in the new strategy, and rightly so.



Our story

During the past year, Avebe has taken up a stronger position in national, provincial and local politics. The story of Avebe, as a leader in the plant-based transition, will have to be highlighted continuously. This at the same time means that we have to profile ourselves well, today and tomorrow. Not only in terms of what the company does, but also what the cooperative stands for. We often collaborate with other cooperatives in this regard. This cooperation is especially important on a theme such as the agricultural agreement. Unfortunately, the Dutch agricultural agreement is yet to be concluded. Still, we can see that the active propagation of our profile contributes to political debates and when making decisions. Mainly thanks to the research that Avebe's agricultural department has been conducting for years and the strong political connections, the starch potato has been classified as a winter crop within the 7th Nitrate Directive Action Programme.

The many external developments require the necessary attention.

The many external developments require the necessary attention. Cost-consciousness being one of them. Especially in times of sharply rising costs, it is important to maintain a strong competitive position. The supervisory board recognises that Avebe's sharp focus enables it to limit production losses and save costs. In addition to financial savings, this also further improves the environmental footprint. Actively making Avebe more sustainable and future-proof are topics

that we regularly discussed during updates we received in our meetings from Operations, Human Resources, Innovations and Agro.

Consultations

Last year the supervisory board met a total of eleven times: six regular meetings and five extra meetings. We also attended an educational day in which we conducted a review of the recent Binding and Building strategy together with Avebe's management team.

The supervisory board also visited a number of Avebe sites. For example, we had a meeting and tour at the production sites in Dallmin (Germany) and Foxhol, and we visited the breeding company Averis Seeds in Valthermond.

Last year, the audit committee met three times. Attention was also paid to the KPIs (key performance indicators) that Avebe uses, of which the performance price is the most important. After investigating the alternatives, it was decided to maintain the performance price as the most important KPI in the new strategic period. The audit committee has recommended using KPMG as the accountants for the audit starting from the 2022/2023 financial year. The supervisory board and subsequently the members' council adopted this advice.

The selection, remuneration and nominating committee met four times in the 2022/2023 financial year. In the presence of the Human Resources director, we discussed topics such as succession planning, salary developments and the results of the employee survey. Outcomes relating to the employer role of the supervisory board are discussed by the SRB committee during a general committee involving the full board. The Avebe management board does not attend. A delegation

from the supervisory met with the works council twice. The appeals committee had one session, the proposed decisions of which were discussed during a meeting of the supervisory board.

Reappointments

During the members' council meeting in December 2022, Hans-Wilhelm Giere, Dirk Kloosterboer and Robert Smith were reappointed for two, four and four years respectively. The supervisory board is very pleased with the reappointment and recognises that we have a team of supervisory directors that complements and strengthens each other. This conclusion also emerged in the autumn of 2022, during an evaluation of the supervisory board that was supervised by an external supervisor. No personnel changes have taken place within the supervisory board.

Looking back on the past financial year, a lot has changed within Avebe. Not all changes lead to short-term results. Yet it is necessary to keep the company agile in this dynamic world. Partly because of this, Avebe is able to continue to perform at its full potential.

As a supervisory board, we are extremely satisfied with the end result for the past financial year and thank everyone for their efforts and confidence in the Avebe cooperative!



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

Governance and assurance

Principles of good governance

The cooperative is known as a transparent and democratic form of enterprise with a long-term strategy. That is why Royal 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.

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.

Cooperative board

The (cooperative) board of Royal Avebe, consisting of David Fousert (chair and also CEO) and Rob van Laerhoven (member and also CFO), represents the cooperative and implements the decisions.

Executive committee

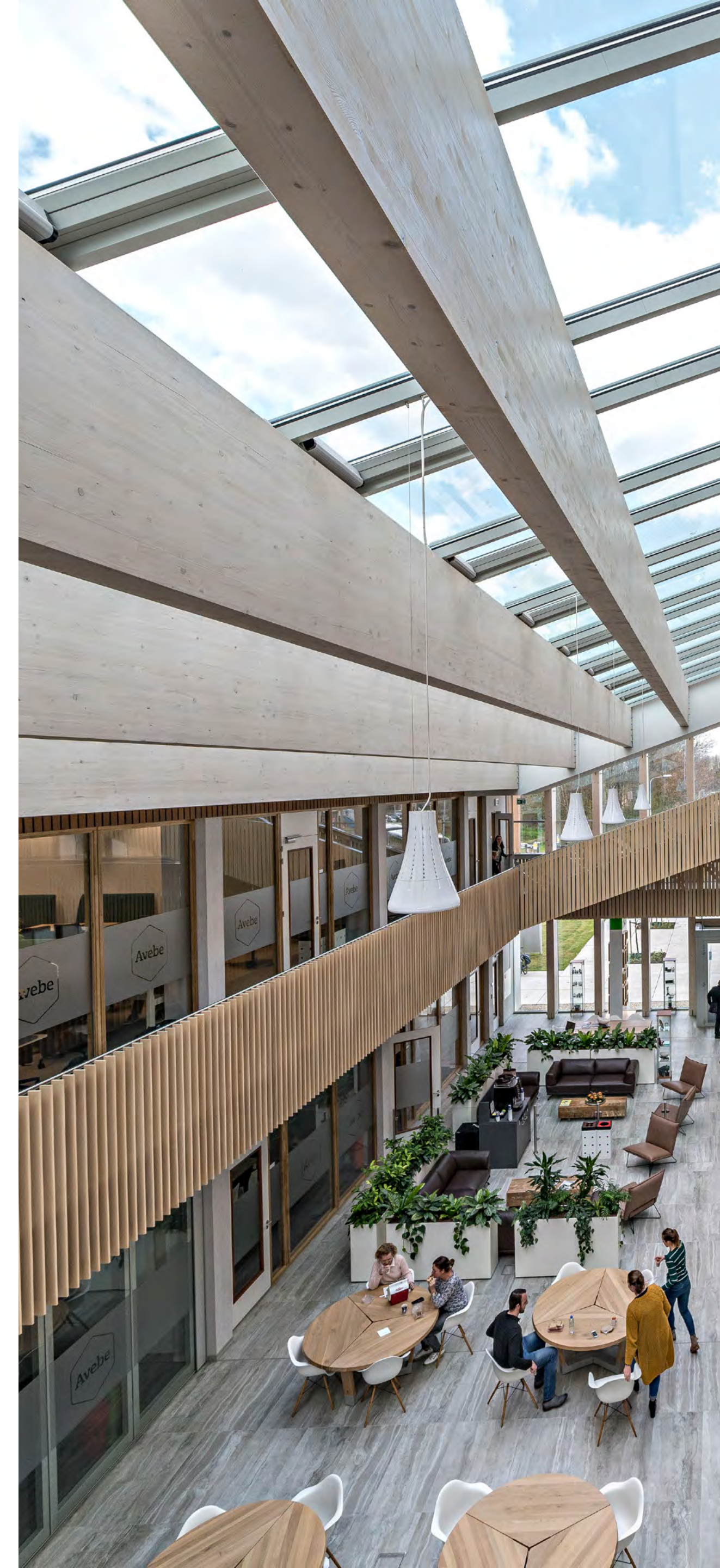
The board, together with the directors of the departments HR, Agro, Commerce, Innovations and Operations, form the executive committee. The executive committee is responsible for safeguarding the strategy and its tactical and operational aspects and the accompanying policy.

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 supervisory board 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.

Ethics & Integrity

Our Corporate Governance Policy sets out our organisational structure, values and business principles, and the standards of behaviour we apply towards stakeholders. Avebe also operates a whistleblowers' scheme. In 2022/2023, this was used once.



➔ Corporate Governance



Avebe is also committed to the UN Global Compact guidelines. This is a voluntary platform for the development, implementation and reporting concerning corporate responsibility.

Securing the Binding and Building strategy

The cooperative board, the executive committee and the employees involved have defined targets for each strategic pillar. Eleven programmes have been developed to give substance to the strategic goals. Various teams, led by the Strategic Business Owners and programme managers, have been tasked with carrying out these programmes and make investments to achieve the set goals. Within our investment portfolio, a specific pillar has been introduced for sustainability investments. In this way we take advantage of the sustainability opportunities. The programme managers manage the projects within the programmes and report progress to the executive committee during monthly strategy meetings, at which the sustainability director and PMO director are also present. In these meetings, the progress of the various programmes is discussed and the necessary decisions taken relating to the organisation's strategy, including sustainability. The director of sustainability ensures the progress of sustainability targets and reports to the CEO. The executive committee bears final responsibility for the entire strategy and therefore for making Avebe more sustainable.

Securing required sustainability knowledge

Each year, the cooperative board, the executive committee and the sustainability director attend several meetings where sustainability themes are discussed. This concerns both internal and external meetings. Topics discussed include sustainable agriculture, energy management, waste, transport and (future) legislation and regulations.

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 place emphasis on critical processes and developments.

1. Performance price, in the short and long term
2. Solanic, the protein strategy
3. Healthy solvency
4. Development of new strategy

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

Diversity policy

Avebe believes it is vital to work with a diversity of employees with diverse perspectives arising from different ages, experiences, backgrounds, genders, sexual preference, characters etc. There is room for everyone within our company. We offer every employee equal opportunities to develop talents and strive for an open, safe and inclusive working environment. In order to reflect society at all levels, we encourage the recruitment and retention of a wide diversity of employees.

Cooperative board and executive committee



D.P.C. (David) Fousert
1978 (m)

Chief Executive Officer and
chair of the management board
Appointed on 1 Oct. 2021

Focus areas:

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



N.D. (Nico) Buijs
1967 (m)

Chief HR Officer



C. (Chris) Hollebek
1969 (m)

Chief Commercial Officer



M.E. (Mark) Tettelaar
1959 (m)

Chief Operations Officer



**R.P.F. (Rob) van
Laerhoven, 1967 (m)**

Chief Financial Officer and
member of the management board
Appointed on 1 Aug. 2017

Focus areas:

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



J.L. (Arjan) de Rooij
1967 (m)

Managing Director Agro
until 31/12/2022



**M. (Marleen) de Rond-Schouten,
1983 (f)**

Managing Director Agro
& Strategy
From 01/01/2023



G. (Gerard) ten Bolscher
1968 (m)

Chief Innovation Officer

→ Corporate Governance

Supervisory board



**M. (Marijke) Folkers-
in 't Hout, 1983 (f)**
Chair
appointed in 2016



**D. (Dirk) Kloosterboer
1954 (m)**
Vice-chair
appointed in 2018



**H.W. (Hans) Giere
1959 (m)**
Vice-chair
appointed in 2014



**J. (Johan) Emmens
1969 (m)**
appointed in 2015



**M. (Martin) Möllering
1964 (m)**
appointed in 2016



**P. (Peter) Poortinga
1961 (m)**
appointed in 2013



**A.G. (Angelique) Heckman
1968 (f)**
appointed in 2020



**N. (Nanne) Sterenberg
1967 (m)**
appointed in 2020



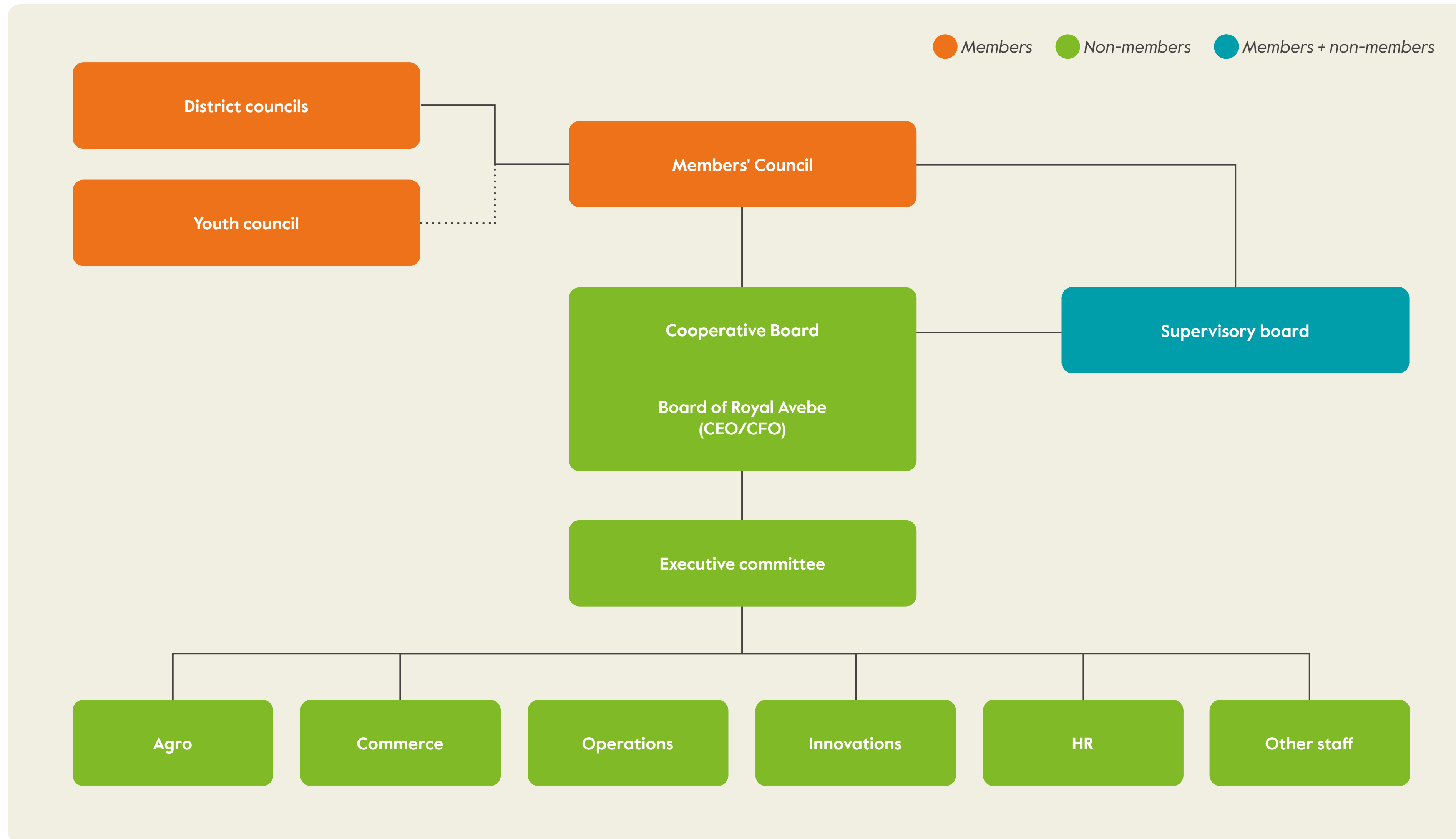
**R.P. (Robert) Smith
1960 (m)**
appointed in 2018



L. (Lennart) van der Ree, 1975 (m)
Secretary
appointed in 2018

→ Corporate Governance

Organisation chart



→ Corporate Governance

District councils and youth council

District councils

North

S. Wieringa, Chair
H.F. Bakker
D.D. Bouwman
E.H. Emmens
H.J. Hoiting (vice-chair)
C. Kamphuis
K. de Jonge
Ms J. Smant
H.J. Takens
Ms A. Groenwold

East

H.G. Begeman (chair)
D.P.J.R. Beuling
J. Deuring¹
W. Dinka
J.E.B. Drent
J. Koop
L. Tammes (vice-chair)²
J.R. Kunst
G.H.M. Manning (vice-chair)³
J. Nieboer Jzn
A. Timmerman⁴
Ms W. Driessen-Krabben⁴

Central

J.A. Daling (chair)
A. de Boer
W. van Dalen
H. van der Horst
H. Houwing¹
R.H. Kunst
R. Otten
H.J. Prins
R.H. Roosjen (vice-chair)²
B.F.J.M. van der Sterren (vice-chair)³
H. Strating⁴
A.R. Polling⁴

South

R. Kuper (chair)
J.H. Kersten (vice-chair)²
B. van Dijk (vice-chair)³
J. Bartelds
W.H. Meijerink¹
B. Michel
A.J. van Roekel
E. Snijders
D. Woestenenk¹
E.H.M. Schwieters
J. Karstenberg⁴
H. Grotenhuis⁴
M.A. Kruizenga⁴

KPW

F. Schröder (chair)
O. Glühe
H. Geldermann
H. Dammann¹
M. Dralle¹
B. Kaufmann (vice-chair)
J. Meyer
C. Basedau
H. Milatz
J. Keil⁴
M. Hennings⁴

Weser-Ems

B. Specken (chair)
C. Kaiser (vice chair)
J. Kruse
J. Langeborg
G. Lehmkuhl
L. Pott
R. van Werde

Youth council

North

M.J.J. Berg (chair)
R. Jager
A. Vegter

East

R. Kruit
J.T. Hulshof⁴
G.H. Sterenberg
R. Speelman¹

Central

A. de Buck
J. Kunst
A.J. Hoving

South

T. Lohues⁴
J. Klumpers
W. Katerberg
E. Bakker¹

KPW

M. Schulte
J. Gaafke
F. Dierks⁴
G. Tebel
J. Keil¹

Weser-Ems

M. Harren
H. Fecker

¹ Stepped down on 08/12/2022

² Vice-chair until 08/12/2022, stepped down on 08/12/2022

³ Vice-chair with effect from 09/12/2022

⁴ Appointed on 08/12/2022

Risks, opportunities and uncertainties

Carrying out business activities and achieving the targets entails opportunities and risks. Avebe aims to seize the opportunities that present themselves while considering the risks involved. Risk management is part of how Avebe wants to implement its strategy and it is important for achieving its short-term and (medium) long-term objectives. Avebe wants to identify these risks in time, analyse them and manage them effectively and efficiently. This way, we are better able to translate the strategy within the organisation into opportunities and risks and to achieve and monitor the objectives.

Risk management

Risk management is applied throughout the organisation, under the responsibility of the board and the executive committee and under the supervision of the supervisory board up to the shop floor. At Avebe, the coordination of the risk management system is the responsibility of the Internal Audit & Risk Management Director, who reports to the executive committee and the audit committee. The Internal Audit & Risk Management Director is tasked with securing the risk management process, facilitating risk sessions and providing reports. The performance of the risk management system is actively monitored. To increase risk awareness, periodic workshops are held to discuss risks, assess them and take action. The results of the risk management system and the fraud risk assessment are periodically reported to the board and the audit committee. This way, the audit committee and the supervisory board are actively involved in Avebe's risk management process.

Risk management is carried out along three pillars: strategic risk management, major investment projects and operational risk management, including compliance with legislation and regulations. Financial and sustainability risks are also taken into account, including reporting risks and an annual fraud risk assessment.


Risk appetite

Risk appetite is reviewed periodically in Avebe's executive committee and leadership team. The results of this assessment are accounted for in the audit committee of the supervisory board. In making decisions, a balance is sought between Avebe's strategic targets and the associated risks and opportunities with the set risk appetite.

Main risks

This section outlines the main risks and the accompanying control measures identified in the risk management process. The selection is based on estimates of the probability that the risk will manifest itself and the possible impact if it does. The overview of risks is divided into four categories: strategic, operational, compliance and financial risks. The financial risks are explained on [pages 95](#) and [96](#).



Risk	Causes and consequences	Control measures	Trend
Strategic risks			
Failure to achieve strategic targets (increasing performance price, growth in good food, sustainable agriculture and improving ecological footprint)	<ul style="list-style-type: none"> • Changes in relevant legislation and regulations, including the 7th Nitrate Directive Action Programme, the nitrogen policy and uncertainty surrounding the agricultural agreement have a major impact on our members and therefore on the yield from Avebe's acreage. • Rising inflation, fuelled in part by rising energy prices, is putting pressure on Avebe's returns and consequently those of our members. • Extreme weather conditions (drought or rainfall) and soil diseases that are difficult to control can substantially reduce the supply of starch potatoes. • Insufficient funding for the necessary investments can lead to our failing to meet targets. • Since the market is dynamic and uncertain, investments in relevant and well-timed products has to be extremely precise. • Sustainability requires sufficient awareness. Without that, there is no urgency and investments are put under pressure. <p>The above risks can lead to failing to achieve one or more of the strategic targets (on time), reputational damage, loss of turnover, customers, members, suppliers and employees.</p>	<ul style="list-style-type: none"> • We draw up a management plan based on scenario analyses (such as what to do in case of lower potato receipts or extreme drought). • Increasing the product focus and cost awareness within Avebe to continue to achieve sufficient returns for our members. • Optimising 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 the effect of our implementation strategy by an internal strategic agency. • Sustainability forms an integrated part of our strategy. In 2019, the Sustainability department was set up to raise awareness of sustainability. • Sustainability is translated into clear KPI's with monitoring being part of the planning & control cycle. 	

Risk	Causes and consequences	Control measures	Trend
Strategic risks			
Rising prices and availability of energy and raw materials	<ul style="list-style-type: none"> The corona pandemic and the war in Ukraine have had major consequences for global trade, putting pressure on prices and the availability of raw materials. Energy prices, including gas prices, have risen sharply, partly due to the impact of the corona pandemic and the war in Ukraine. <p>The rise in prices and scarcity of raw materials leads to an increase in the cost price of our products. As a result, certain products may no longer be profitable or, at worst, no longer possible. Price fluctuations cannot in all cases be fully or timely passed on to the customer, which may affect the result.</p>	<ul style="list-style-type: none"> The risk of rising energy costs is partly mitigated by hedging our future energy needs. The cost of energy is assessed daily and we actively determine our purchasing strategy. An active procurement policy that links up well with our S&OP (Sales & Operational Planning) process allows us to identify bottlenecks in raw material availability early on. By continuously monitoring market cost developments, we promptly identify price developments and scarcities in the commodity market. In light of our sustainability targets, we are actively investing in sustainable solutions to reduce our energy demand. Rising raw material prices are passed on to Avebe's customers, where possible. 	▶
Operational 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 losses.</p>	<ul style="list-style-type: none"> We have drafted and implemented an IT security and privacy policy. An IT Security Officer has also been appointed. Processes and procedures surrounding updating software and hardware. Reinforcing our firewalls and networking segments. Raising awareness among staff by raising their awareness of the security risks. Periodic vulnerability scans and penetration tests. Only authorised employees have access to the server rooms. 	▶

Risk	Causes and consequences	Control measures	Trend
Operational risks			
Failure of data centre/ IT systems	<ul style="list-style-type: none"> An emergency 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 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 outside the data centre. An emergency plan (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 competent to do their work for Avebe	<ul style="list-style-type: none"> Changing working conditions through new processes, technology or organisational structure. Sickness absence among employees, partly due to the ageing of the workforce. Lack of clarity among employees, because the performance targets are not sufficiently concrete. Appraisal interviews not held on time. Insufficient information/insight for managers to direct the competencies and training wishes of employees. <p>This can lead to lower productivity, more production errors and limited insight into training requirements and wishes. Insufficient alignment of employee training with organisational needs leads to improper strategic formation planning.</p>	<ul style="list-style-type: none"> Interventions on account of staff welfare. Employees are offered Periodic Medical Examinations. The Time Task Competency method is used to gain insight into the cause of sickness absence or inadequate performance. We set up strategic formation planning and use it as a control tool. At the production sites, we use an employability matrix to determine workplace suitability. We use a digital learning platform (LMS) for training and education. Process surrounding the staff interview cycles. Use of Case Management within Avebe. 	▶

Risk	Causes and consequences	Control measures	Trend
Operational risks			
Personal safety	<p>Employees of Avebe and third parties run safety risks when carrying out work in the factories and on the factory site, for example due to:</p> <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 <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. • Safety studies are carried out in the form of • HAZOP studies and Hazard Identification 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, resulting in (health) risks and the recall of products.</p>	<ul style="list-style-type: none"> • Physical access security at the factories and storage locations. • Avebe is AEO and FSSC22000 (food safety) certified by internal and external audits. • Investments are made in measures that guarantee food safety. • Several standard procedures (e.g. for recalls and complaint handling) have been set up, including escalation via a crisis management process. 	▶

Risk	Causes and consequences	Control measures	Trend
Compliance risks			
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). • In countries without their own sales organisation, Avebe uses foreign agents. <p>This can lead to various consequences such as financial losses and reputational damage.</p>	<ul style="list-style-type: none"> • All codes of conduct are shared with employees (Corporate Governance Code, Whistleblowers' Procedure, Internal Code of Conduct, Speak-Up Scheme and Competition Manual). • Workshops are organised for external staff. • We have drafted and implemented an IT security and privacy policy. • 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. • Segregation of duties in processes, we explicitly separate management positions from decision-making positions. • Our fraud risk analysis and related control measures are periodically tested through internal audits. 	▶
Changing legislation and regulations	<p>Changes in legislation and regulations can have consequences for the activities of Avebe, our members and our contracting parties. Avebe complies with legislation and regulations on, among other things, food safety, the environment, production processes (including ATEX), safety of plant and equipment (for example BRZO) and HR.</p> <p>Failure to comply with legislation and regulations can lead to the (temporary) loss of the license to operate at the production sites, examples of this include:</p> <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 of required ATEX modifications; • No ATEX-based design/materials/tools for changes/maintenance. 	<ul style="list-style-type: none"> • Changes in relevant legislation and regulations are actively monitored and assessed. • All critical issues and changes in legislation and regulations relevant to us are discussed with the authorities in a timely manner in order to agree on licensing conditions with them. • A safety management system that meets the requirements of BRZO/Seveso has been implemented at our production sites. • Explosion safety documents are provided. • We raise ATEX awareness by training our employees. • Reducing dust formation is an ongoing point of attention during maintenance and adjustment of the production process. • Cleaning procedures and safety inspection rounds. • The safety management system is subjected to periodic internal and external audits. 	▶

Financial statements

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



→ Financial statements

Consolidated balance sheet as at 31 July 2023 (after proposal result appropriation)

Assets

	31-7-2023	31-7-2022	Ref
Fixed Assets			
Intangible fixed assets	8	13	1
Tangible fixed assets			2
Land and buildings	38,118	38,596	
Plant and machinery	185,433	168,586	
Other fixed assets	10,862	9,924	
Assets under construction	36,738	58,377	
	271,151	275,483	
Financial fixed assets			3
Other participating interests	151	151	
Other loans	1,672	1,631	
Deferred tax assets	5,216	7,207	
	7,039	8,989	
Current assets			
Inventories			4
Starch	81,162	71,237	
Modified starch	150,077	91,338	
By-products	63,293	37,630	
Other products	45,671	31,606	
	340,203	231,811	
Receivables			5
Trade receivables	94,026	114,016	
Other receivables	9,713	4,815	
Prepayments and accrued income	111	240	
	103,850	119,071	
Cash and cash equivalents	1,967	912	6
Total assets	724,218	636,279	

→ Financial statements

Liabilities

	31-7-2023	31-7-2022	Ref
Group equity			
Shareholders' equity	222,019	211,412	7
	222,019	211,412	
Provisions			8
Transition	4,151	2,940	
Deferred tax liabilities	593	135	
Pensions	1,342	1,365	
Onerous contracts	190	4,902	
Disposal costs	11,600	7,418	
Other	9,267	9,692	
	27,143	26,452	
Current liabilities			
Debts to lending institutions	361,494	289,785	9
Trade creditors	66,610	68,017	
Pension liabilities	5,417	3,934	
Taxes and social security	1,888	7,330	
Other debts	31,223	21,702	10
Accruals and deferred income	8,424	7,647	
	475,056	398,415	
Total liabilities	724,218	636,279	

→ Financial statements

Consolidated profit and loss account

	2022/2023	2021/2022	Ref
Gross turnover	855,166	768,827	11
Direct selling expenses	-51,413	-57,231	
Net turnover	803,753	711,596	
Movement in stocks of finished goods	94,327	20,129	
Capitalized production	1,708	1,802	
Other operating income	2,749	2,910	12
	98,784	24,841	
Total operating income	902,537	736,437	
Raw materials and consumables	-570,357	-451,272	
Subcontracted work and other external costs	-123,210	-105,370	13
Salaries	-95,928	-89,859	14
Social security contributions and pension costs	-27,516	-25,851	14
Depreciation and impairment of assets	-42,941	-38,189	15
Other operating expenses	-6,916	-7,332	
Total operating expenses	-866,868	-717,873	
Operating result	35,669	18,564	
Interest and similar income	3,834	83	
Interest and similar expenses	-13,404	-4,397	
Financial income and expense	-9,570	-4,314	
Result on ordinary activities before taxation	26,099	14,250	
Income tax expense	-5,312	-2,181	16
Cooperative result after taxes	20,787	12,069	

→ Financial statements

Consolidated cash flow statement

	2022/2023	2021/2022	Ref
Cash flow from operational activities			
Operating result	35,669	18,564	
Depreciation and other changes in value of fixed assets	42,504	38,189	15
Changes in working capital			
Changes in inventories	-108,392	-36,668	4
Movement in receivables	15,221	-9,484	5
Movement in current liabilities	1,437	3,562	
	-91,734	-42,590	
Movement provisions			
Contribution provisions	8,916	9,925	
Withdrawals from provisions	-8,104	-4,879	
Movement provisions	812	5,046	9
Corporate income tax paid	-4,516	-2,660	
Interest paid	-8,311	-4,259	
Gross operating cash flow	-25,576	12,290	
Cash flow from investment activities			
Investments in fixed assets	-40,066	-44,160	2
Disposals of fixed assets	1,089	53	2
Loans granted incl. interest	-40	-46	3
	-39,017	-44,153	
Cash flow prior to financing activities	-64,593	-31,863	
Cash flow from financing activities			
Final payment to members	-4,725	-3,546	21
Reimbursement of share premium	-1,549	-1,549	21
Return on share premium	-258	-258	21
Issuance of shares incl. share premium	0	36	
Other	3,266	454	
	-3,266	-4,863	
Net cash flow	-67,859	-36,726	
Exchange rate and translation differences	-2,796	-3,245	
Change in net cash position	-70,655	-39,971	

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Notes to the consolidated financial statements

General notes

Objective and activities

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 tries to achieve this goal by processing raw materials into starch and other products to be extracted from it.

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.

Reporting period

These financial statements relate to the 2022/2023 financial year, which ended on the balance sheet date of July 31, 2023. All financial information in euros has been rounded to the nearest thousand.

Consolidation principles

The consolidation includes financial data 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 over which Royal Avebe can directly or indirectly exercise dominant control, it has the majority of voting rights or can control the financial and operational activities in any

other way. This also takes into account potential voting rights that can be exercised immediately on the balance sheet date. The group companies and other legal entities over which it can exercise dominant control or over which it has central management are 100% included in the consolidation. The share of third parties in the group equity and in the group result is stated separately.

Intercompany transactions, intercompany profits and mutual receivables and debts between group companies and other legal entities included in the consolidation are eliminated, to the extent that the results have not been achieved through transactions with third parties outside the group. Unrealized losses on intercompany transactions are also eliminated other than in cases where a special impairment has taken place. The accounting policies of group companies and other legal entities included in the consolidation have been changed where necessary to align with the applicable group accounting policies. For a list of consolidated group companies, please refer to [pages 105 and 106](#).

Mergers and acquisitions

A merger or acquisition involves the merging of separate companies into one economic entity, resulting in the acquisition of an integrated set of activities, assets and/or liabilities capable of generating revenue.

From the acquisition date, the results and identifiable assets and liabilities of the acquired company are included in the consolidated financial statements. The acquisition

date is the moment when predominant control can be exercised over the company in question.

The acquisition price consists of the amount of money or the equivalent thereof that has been agreed for the acquisition of the acquired company, plus any directly attributable costs. If the acquisition price is higher than the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalized as goodwill under intangible fixed assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (negative goodwill) is recognized as a deferred liability item.

The companies involved in the consolidation remain included in the consolidation until they are sold; deconsolidation takes place when decisive control is transferred.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The change in net cash position in the cash flow statement consists of the change in debts to lending institutions (excluding the term loan facility) less the change in cash and cash equivalents. These debts to lending institutions are included as part of the cash, as these funds are also used in daily cash management. Cash flows in foreign currencies are translated at an estimated weighted average rate of the reporting period. Exchange rate differences on cash are shown separately in the cash flow statement. Interest paid and received and income taxes are included in cash from operating activities. The return on share premium and the repayment of share premium are included under the cash flow from financing activities. Transactions not resulting in

inflow or outflow of cash are not recognized in the cash flow statement.

General accounting principles for the preparation of the consolidated financial statements

General

The consolidated financial statements are prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards (RJ), as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving'), including RJ 620 Cooperatives.

Assets and liabilities are measured at historical cost or production cost, unless stated otherwise in the further accounting policies. An asset is recognized in the balance sheet when it is probable that future economic benefits will flow to Royal AVEBE and the asset has a cost or value whose amount can be reliably determined. Assets that do not meet these requirements are not included in the balance sheet, but are classified as off-balance sheet assets.

A liability is recognized in the balance sheet when it is probable that its settlement will be accompanied by an outflow of resources embodying economic benefits and the amount at which settlement will take place can be determined reliably. Liabilities also include provisions. Liabilities that do not meet these requirements are not included in the balance sheet, but are accounted for as off-balance sheet liabilities.

An asset or liability included in the balance sheet remains included on the balance sheet if a transaction does not

lead to a significant change in the economic reality with regard to the asset or liability. Such transactions also do not give rise to the recognition of results. The assessment of whether there has been a significant change in economic reality is based on the economic benefits and risks that are likely to occur in practice and not on benefits and risks that cannot reasonably be expected to occur.

An asset or liability is no longer included in the balance sheet if a transaction results in all or virtually all rights to economic benefits and all or virtually all risks relating to the asset or liability being transferred to a third party. However, an asset or liability remains recognized on the balance sheet if transactions do not lead to a significant change in the economic reality with regard to the asset or liability in question.

Income is included in the profit and loss account when an increase in economic potential, associated with an increase in an asset or a decrease in a liability, has occurred, the amount of which can be reliably determined. Expenses are recognized when a reduction in economic potential, associated with a decrease in an asset or an increase in a liability, has occurred, the size of which can be reliably determined. The revenues and costs are allocated to the period to which they relate.

References are included in the balance sheet, profit and loss account and cash flow statement that refer to the explanatory notes.

Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year, except for the reclassification of the provision for disposal costs of EUR 7.4 million from other debts to provisions.

In addition, the other operating expenses have been split into the components ‘Subcontracted work and other external costs’ and ‘Other operating expenses’.

Going concern

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

Use of judgments and 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. This mainly concerns the valuation of the stocks and provisions. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1 of the Dutch Civil Code, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

Foreign Currency

Presentation and functional currency

The consolidated financial statements are presented in euros, which is the functional and presentation currency of Royal Avebe. 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).

Conversion and processing of exchange rate differences

Foreign currency transactions; transactions in foreign currencies are stated in the financial statements at

the exchange rate of the functional currency on the transaction date. Monetary assets and liabilities in foreign currencies are converted at the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement. Non-monetary assets measured at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Business operations abroad; Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the rate of exchange prevailing at the balance sheet date; income and expenses are translated at the average rate during the year. Exchange rate differences with regard to the conversion of the assets of foreign participating interests and with regard to receivables on and loans to participating interests with an equity character are included in equity as a legal reserve for translation differences.

Related parties

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

Financial instruments

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

In the notes to the various balance sheet items, the fair value of the instrument in question is explained if it differs from the book value. If the financial instrument is not included in the balance sheet, information about the fair value is given in the notes to 'Off-balance sheet rights and obligations and contingent assets and liabilities'.

Primary financial instruments

For the principles of primary financial instruments, reference is made to the treatment per balance sheet item of the ‘Accounting policies applied to the valuation of assets and liabilities’.

Derivative financial instruments (derivatives)

The treasury activities, including currency and interest management as well as financing of the group and its operating companies, are centrally coordinated from the Netherlands. The policy approved by the board is aimed at hedging currency positions that arise as a result of purchases and sales in foreign currencies.

Currency call options and forward exchange contracts are mainly used as hedging instruments. Taking speculative positions is not permitted. The derivative financial instruments (currency forward contracts, currency call options, gas commodity contracts and interest rate swaps) are exclusively concluded with financial institutions that are lenders to Royal Avebe. Derivatives are included in the balance sheet upon initial recognition recorded at fair value, the subsequent valuation of derivative financial instruments

('derivatives') depends on whether the underlying derivative is listed on a stock exchange or not. If the underlying is listed on the stock exchange, the derivative is recorded at fair value. If the underlying is unlisted, the derivative is recorded at cost price or lower market value. The method of accounting for changes in the value of the derivative financial instrument depends on whether hedge accounting is applied to the derivative financial instrument or not.

Royal Avebe applies hedge accounting. This is documented at the time of entering into a hedging relationship. Royal Avebe periodically determines the effectiveness of the hedging relationship by means of a test. This can be done by comparing the critical characteristics of the hedge instrument with those of the hedged position, or by comparing the change in fair value of the hedge instrument and the hedged position. If there is an indication of ineffectiveness, this possibly ineffective part is determined by means of a quantitative ineffectiveness measurement.

The foreign currency risks on a net investment in business operations abroad are hedged, with exchange rate differences being included in the conversion differences in equity. Since July 1, 2022, there has been hyperinflation in Turkey based on RJ 122. Royal Avebe has assessed the impact of hyperinflation on the valuation of its participation Avebe Nisasta in the consolidated and company financial statements for the 2022/2023 financial year. The impact of this has not been accounted for.

Accounting policies applied to the valuation of assets and liabilities

Intangible fixed assets

Intangible fixed assets are measured at historical cost less depreciation and impairments. With regard to the determination as to whether an intangible fixed asset is subject to an impairment, please refer to relevant section 'Impairment of fixed assets'.

Research and development expenditure

Expenditure on research for new products and new production techniques is recognized as costs. Development expenditure is only capitalized if it is beyond doubt that an identifiable asset will be created that will provide future economic benefit for Royal Avebe and the costs can be determined reliably.

Tangible fixed assets

The tangible fixed assets are measured at acquisition costs or production costs plus additional costs less straight line depreciation based on the expected life and impairments, taking into account any residual value. If important components of a tangible fixed asset can be distinguished from each other and differ in useful life or expected use pattern, these components are depreciated separately.

Land is not depreciated. The annual straight-line depreciation is based on the expected useful life of buildings of twenty-five years and of machines and installations of ten years. The other fixed assets are depreciated over five years or less, depending on the asset type. With regard to the determination as to whether a tangible fixed asset is subject to an impairment, please refer to the relevant section 'Impairment of fixed assets'.

Periodic major maintenance is activated according to the component approach. The total expenditure is 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 useful life.

Financial fixed assets

Participating interests in group companies and other participating interests in which significant influence exercised on the business and financial policy are measured according to the net asset value method, but not lower than zero. 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 measurement of a participation according to the net asset value is negative, it is stated at nil. If and insofar Royal Avebe is fully or partially responsible for the debts of the participation or has the firm intention of enabling the participation to settle its debts, a provision is recognized for this.

Participating interests over which no significant influence can be exercised are valued at historical cost and, if applicable, after deduction of impairment losses.

The other receivables included under financial fixed assets include loans granted and other receivables. These receivables are initially measured at fair value less transaction costs (if material). These loans are subsequently measured at amortized cost price, which is, in general, equal to the nominal value. If there is a discount or premium when loans are granted, this is

credited or charged to the result during the term as part of the effective interest. Transaction costs are also included in the initial valuation and charged to the result as part of the effective interest. If there is an impairment, valuation takes place at the realisable value (see also the section Impairment of fixed assets); write-down takes place at the expense of the profit and loss account.

We refer to [page 86](#) for the principles of valuation of deferred tax assets.

Impairment of fixed assets

Royal Avebe assesses on each balance sheet date whether there are indications that an asset may be subject to impairment. If such indications are present, the realisable value of the asset is determined. If it is not possible to determine the realisable value for the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined. An impairment occurs if the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of fair value less cost to sell and the value in use.

The realisable value is initially based on a binding sale agreement; if there is no such agreement, the realisable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. The costs deducted in determining net realisable value are based on the estimated costs that are directly attributable to the sale and are necessary to realize the sale.

For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset/cash generating unit; these cash flows are then discounted using a discount rate. The discount rate does not reflect risks that have

already been taken into account in the future cash flows. An impairment loss is directly recognized in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

If it is established that an impairment that was recognized in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

Also for financial instruments, the company assesses at each balance sheet date whether there are objective indications of impairment of a financial asset or a group of financial assets. If any such evidence exists, the impairment loss is determined and recognized in the profit and loss account.

Inventories

Inventories (stocks) of raw materials and consumables are measured at historical price or production cost based on the FIFO method (first in, first out) or lower realisable value. The acquisition or manufacturing price consists of all costs associated with the acquisition or manufacture as well as the costs incurred to bring the stocks to their current location and condition. The lower realisable value is determined by individual assessment of the stocks. The stocks of goods for resale are individually measured at historical cost or lower net realisable value.

Starch, modified starch and by-products are measured at historical price or production cost, where necessary after deduction of a provision for obsolescence or, if applicable, at lower realisable value. The realisable value is the estimated sales price less directly attributable

sales costs. The portion for potatoes included in the cost price is the approximate cost price based on the multi-year 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 normative production per financial year.

Since 2008, Royal Avebe has been allocated a certain amount of emission rights from the government (generally free of charge) with regard to annual CO₂ emissions. Such emission rights can be traded freely. After the calendar year, the actual CO₂ emission level is determined. The companies are required to submit emission rights to match their level. If a company has a deficit, a fine must be paid and with certain restrictions, the deficit will be charged to the rights issued for the subsequent year.

The purchased emission rights are included as inventories as these emissions allowances are considered to be an input in the production process, similar to inventories. The emission rights allocated by the government free of charge are initially valued at the actual cost (generally nil). Additional bought emission rights are initially valued at acquisition cost. The subsequent valuation takes place at cost price; these rights are only used/applied when they are surrendered to settle the obligation accrued due to the actual emissions. An obligation is only formed for the actual emissions to the extent that they exceed the by the government allocated emission rights, to be valued at the current value of the emission rights (yet to be obtained).

Receivables

Receivables are initially measured at the fair value of the consideration to be received. Receivables are subsequently measured at the amortised cost price. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. Provisions for bad debts are deducted from the carrying amount of the receivable. Other securities shown under the receivables are measured at their fair value.

Cash and cash equivalents

Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Cash at banks and in hand is measured at nominal value.

Legal reserve for translation differences

The legal reserve concerns unrealized exchange results on net investments in foreign group companies and issued loans, as well as realized and unrealized exchange results on forward exchange contracts concluded to hedge the currency risk on the above-mentioned investments and loans.

Provisions

General

Provisions are recognised for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is probable that an outflow of resources will be required and a reliable estimate can be made. Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. Provisions are measured

at the present value of the expenditures expected to be required to settle the obligation, unless the time value of money is not material. Where the effect of the time value of money is not material, provisions are measured at their nominal value.

Transition

The transition provision relates to the estimated costs of transition plans made before the end of the reporting year for certain parts of the organization, which were communicated before the financial statements were drawn up. This also relates to employees with whom agreements are or have been made at an individual level. The provision for continued payment of wages during illness is recognized for liabilities existing at the balance sheet date for continued payment of wages in the future to employees who, at the balance sheet date, are expected to be permanently unable to carry out work due to illness or occupational disability.

Included in this provision are any possible severance payments due to these employees. The provision also relates to the heavy professions regulation- and generation scheme as included in Avebe's collective labor agreement, which relate to continued payment of salaries to eligible employees who are (partially) released from work earlier than their retirement date.

Deferred taxes

Deferred taxes are recognized for temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the book values applied in these financial statements on the other. The computation of the deferred taxes is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law. Active and passive

deferred taxes within the same fiscal entity and with the same background are offset. Deferred tax assets are recognized insofar as it is probable that future taxable profits will be available to offset the available tax losses.

Pensions

On the Dutch pension schemes the provisions of the Dutch Pension Act (Pensioenwet) apply and Royal Avebe pays premiums based on (legal) requirements, a contractual or voluntary basis to pension funds and insurance companies. The premiums are recognized as personnel costs as soon as they become due. If premiums already paid exceed the premium payable to the pension administrator, the excess is recognised as a prepayment if these lead to a refund or reduction of future payments. Premiums not yet paid are included as a liability on the balance sheet. Royal Avebe has measured these pension plans according to the liabilities approach. The premium due for the reporting year is recognized as an expense. Changes in the pension provision are also included in the profit and loss account.

The obligation includes the present value (at current market rates) of the expenditures that are probably required to settle the obligation. Pension schemes of subsidiaries abroad, which are comparable to the way in which the Dutch pension system is designed and operates, are also processed according to the liabilities approach. For foreign pension schemes that are not comparable, a best estimate is made of the existing obligation as at the balance sheet date, based on an actuarial valuation methodology generally acceptable in the Netherlands.

Onerous contracts

A provision for onerous contracts is recognized in the balance sheet when the expected benefits to be achieved

from a sales agreement are lower than the unavoidable costs of meeting the obligations under the agreement.

The provision is valued at the present value of the expected net costs of continuing the contract, or, if this is lower, at the present value of the expected costs of terminating the contract, being any compensation or penalty resulting from failure to -compliance with the contract.

The costs of meeting the obligations of a contract include the costs directly related to the contract. These costs consist of both:

- the incremental costs of meeting the obligations of a contract, for example direct labor and material costs; as
- an allocation of other costs that are directly related to meeting the obligations of a contract, for example an allocation of the depreciation expenses of a tangible fixed asset that is used, among other things, in the performance of the contract.

Disposal costs

The provision for disposal costs is determined on the basis of the expected disposal costs of residual flows (waste and other) from the supply of potatoes and the production process. This provision is stated at nominal value.

Other

The other provisions relate to the provision for anniversary bonuses and demolition costs. The provision for anniversaries is included at the present value of the expected benefits during the employment relationship. The calculation of the provision takes the expected future salary increases and the likely stay into account based on the AG 2022 Prognosis Table. When discounting, the market interest rate of high-quality corporate bonds

of 3.8% was used as the discount rate.

The provision for demolition costs, and if applicable asbestos costs, is determined on the basis of the expected costs for the planned demolition/remediation of buildings and machines. This provision is stated at nominal value.

Long-term and short-term liabilities

Debts are initially recognized at fair value and subsequently measured at the amortized cost price. Transaction costs which can be directly attributed to the acquisition of the debts are included in the initial recognition.

The difference between the carrying amount and the mature redemption value is accounted for as interest cost in the profit and loss account on the basis of the effective interest rate during the estimated term of the debts.

Leasing

Lease contracts in which a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by Royal Avebe are recognized as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the consolidated profit and loss account for the duration of the contract. Royal Avebe has no financial lease contracts.

Accounting principles for determining the result

Net turnover

Net turnover comprises the income from the supply of goods after deduction of discounts and such like and

of taxes levied on the turnover and after elimination of intra-group transactions. Revenue from the sale of goods is recognized if the amount or the result can be reliably determined.

The turnover is processed for the amount to which Royal Avebe expects to be entitled in exchange for transferring goods, this is the transaction price. This amount excludes amounts collected on behalf of third parties. The transaction price consists of a fixed fee and possibly variable fees. Credit risk is not taken into account when determining the transaction price. The starting point for determining the transaction price is that the goods will be delivered in accordance with the relevant agreement.

Revenues from the goods supplied are recognised when (substantially) all significant risks and significant rights to economic benefits in respect of the goods have been 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-incident 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 includes the cost price of the goods sold and delivered, consisting of direct material consumption, direct wage and machine costs and other direct and indirect costs that can be attributed to production. The costs of raw materials and consumables are calculated according to the FIFO method (first in, first out) and are allocated to the period to which they relate. The amount included here for the purchase of starch potatoes is

determined on the basis of the campaign price plus surcharges and plus or minus the effect of the calculation of the potato component in the finished product. For this accounting principle, please refer to the inventories on [page 85](#).

Subcontracted work and other external costs

This includes costs incurred to generate operating income, insofar as these costs have been charged by third parties and cannot be regarded as costs of raw materials and consumables. These costs are allocated to the period concerned.

Salaries and wages

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

For the remuneration with accrual of rights, end-of-year bonus and bonuses, the expected expenses during the employment period are taken into account. An expected compensation as a result of bonus payments is recognized if there is an obligation to pay that compensation arise on or before the balance sheet date and a reliable estimate of the obligation can be made. Additions to and releases from obligations are charged or credited to the profit and loss account.

If a reward is paid for which no rights are accrued (for example, continued payment in the event of illness or disability), the expected costs are recognized in the period over which this reward is due.

A provision has been formed for the liabilities existing on the balance sheet date in respect of future commitments to continue to pay remunerations to personnel who,

on the balance sheet date, are not expected to be able to perform work duties because of illness or occupational disability. This provision includes any termination benefits to be paid to these employees.

Depreciation on intangible and tangible fixed assets

Intangible fixed assets and tangible fixed assets are depreciated from the date of initial use over the expected future economic life of the asset. Land is not depreciated. Future depreciation is adjusted if there is a change in estimated future useful life. Gains and losses from the occasional sale of intangible and tangible fixed assets are included in depreciation.

Other operating expenses

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Government subsidies

Operating subsidies are recorded as income in the income statement in the year in which the subsidised costs were incurred or income was lost or when there was a subsidised operating deficit. Income is recognised when it is probable that it will be received. The amounts received in advance (both short-term and long-term) are included under accrued liabilities. Operating subsidies are presented in the profit and loss account as a deduction from the related costs.

Subsidies on investments will be deducted from the historical cost price of the assets to which the subsidies relate or presented as amounts received in advance and are systematically included in the profit and loss account over the useful life of the asset.

Interest income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Exchange rate differences

Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit and loss account in the period in which they occur, unless hedge-accounting is applied.

Income tax expense

Tax on the result is calculated per country based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate. Tax settlements within the fiscal unity in Royal Avebe are processed.

Share in result of non-consolidated participations

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 and expenses.

Notes to the consolidated balance sheet as at 31 July 2023

I. Intangible fixed assets

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

	Software licenses
Acquisition costs	4,374
Cumulative depreciation and impairments	-4,361
Balance as at 31 July 2022	13
Investments	-
Depreciation	-5
Balance as at 31 July 2023	8
Acquisition costs as at 31 July 2023	4,374
Cumulative depreciation and impairments	-4,366
Balance as at 31 July 2023	8
Depreciation period	5 years

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 costs	114,044	762,252	63,822	58,377	998,495
Cumulative depreciation and impairments	-75,448	-593,666	-53,898	-	-723,012
Balance as at 31 July 2022	38,596	168,586	9,924	58,377	275,483
Investments	479	9,240	676	29,671	40,066
Commissioning of assets under construction	2,626	41,717	4,766	-49,109	-
Exchange rate differences	-213	-379	-31	-187	-810
Depreciation	-2,437	-34,344	-4,473	-	-41,254
Impairment	-	-225	-	-1,020	-1,245
Book value of disposals	-	-314	-	-775	-1,089
Transfer within assets	-933	1,152	-	-219	-
Balance as at 31 July 2023	38,118	185,433	10,862	36,738	271,151
Acquisition costs as at 31 July 2023	115,325	808,012	68,779	38,017	1,030,133
Cumulative depreciation and impairments	-77,207	-622,579	-57,917	-1,279	-758,982
Balance as at 31 July 2023	38,118	185,433	10,862	36,738	271,151
Depreciation period	0-25 years	10 years	3-10 years	n/a	

Based on developments in the potato starch market, part of Royal Avebe's assets have been written down to their recoverable amount in this financial year or in previous years.

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3. Financial fixed assets

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

	Other participating interests	Other loans	Deferred tax assets	Total
Balance as at 31 July 2022	151	1,631	7,207	8,989
Movement credited/debited to the result	-	-	-3,008	-3,008
Deferred tax transfer	-	-	512	512
Interest	-	49	-	49
Other	-	-8	505	497
Balance as at 31 July 2023	151	1,672	5,216	7,039

The other loans relate to a loan granted to JoinData U.A. and issued a mortgage loan in connection with the sale of land for the establishment of solar parks. The term of the loan to JoinData U.A. is 9.5 years, the remaining term is 3.5 years. Repayment takes place at the end of the term. The interest rate is 3.25%.

The term of the mortgage loan is 20 years, the remaining term is 13 years. The interest rate is 0%. The right of mortgage and pledge has been established on these lands. The amounts are included at present value. The discount rate is 3.5%.

As of July 31, 2023, carry-forward losses have been valued at an amount of EUR 4.2 million (previous year: EUR 7.2 million). It is expected that an amount of EUR 0 of this amount will be realized within one year on the balance sheet date.

4. Inventories

The inventories valued at a lower realizable value have a carrying amount of EUR 15.2 million on the balance sheet date (previous year: EUR 9.5 million). The total provision for inventories amounts to EUR 5.2 million (previous year: EUR 5.8 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 with a product based on the age of the product.

The purchased emission rights included in the inventories have a carrying amount of EUR 5.4 million on the balance sheet date.

5. Receivables

All receivables have a remaining term of less than one year.

A provision for bad debts of EUR 0.7 million has been deducted from trade debtors (previous year: EUR 0.7 million). This provision is determined on the basis of the collectability of the outstanding receivables. The fair value of the other receivables approximates the carrying amount due to their short-term nature.

6. Cash and cash equivalents

The cash and cash equivalents are at the free disposal of Royal Avebe. Cash and cash equivalents consist of cash, bank balances and deposits with a term of less than twelve months. Current account debts with banks are included under debts to lending institutions under short-term debts. Cash and cash equivalents are valued at nominal value.

7. Shareholders' equity

The shareholders' equity is detailed in the notes to the company financial statements.

The consolidated statement of total result is as follows:

	2022/2023	2021/2022
Cooperative result after taxes	20,787	12,069
Conversion differences foreign group companies	-5,324	-1,950
Exchange rate result of hedging financial fixed assets	1,841	-1,273
Payment received for surrendering of shares to the cooperative	3,266	455
Total result	20,570	9,301

8. Provisions

	Transition	Deferred tax liabilities	Pensions	Onerous contracts	Disposal costs	Anniversary	Demolition	Total
Balance as at 31 July 2022	2,940	135	1,365	4,902	7,418	5,355	4,337	26,452
Addition	2,867	11	76	190	5,052	86	634	8,916
Withdrawals/releases	-1,656	3	-46	-4,902	-870	-582	-563	-8,616
Deferred tax transfer	-	512	-	-	-	-	-	512
Exchange rate differences	-	-68	-53	-	-	-	-	-121
Balance as at 31 July 2023	4,151	593	1,342	190	11,600	4,859	4,408	27,143
Current part	3,217	0	75	190	1,000	403	1,050	5,935

The provisions are long-term unless stated otherwise.

Pensions

Based on the administration agreement with the pension fund and the pension agreement with the employees, there are no additional obligations in the context of extra payment, back-service obligations, (extra) administration costs, additional pension entitlements, disadvantages of individual value transfers. There are no further promised refunds, interest,

profit sharing and benefits from individual value transfers that benefit Royal Avebe. Pension accrual takes place on the basis of the average salary system in which a capped premium is paid on the basis of Collective Defined Contribution. The coverage ratio of Stichting Pensioenfonds Avebe is 125.6% on December 31, 2022 (previous year: 126.5%). The policy funding ratio is 130.5% (previous year: 124.6%). The provisions for foreign companies concern a so-called reserve deficit and defined benefit plans. These concern obligations to be financed in the future. The amount involved is EUR 1.3 million (previous year: EUR 1.4 million).

Demolition

The provision for demolition and asbestos costs has been formed for the expected costs of the planned demolition and asbestos removal of a number of buildings at Avebe locations in the Netherlands. The cost estimate for this is based on standard rates and quotations received.

9. Current interest-bearing liabilities

	31-7-2023	31-7-2022
Debts to lending institutions	361,494	289,785

Royal Avebe entered into a revolving credit facility with its principal bankers in September 2020. After the 2-year extension options already exercised, this facility has a remaining term of 2 years with an end date of September 2025. The credit facility has the following breakdown:

- A committed facility of EUR 140 million (Term Loan).
- An accounts receivable and inventory-based facility (Asset Based Loan) of a maximum of EUR 315 million, this facility is also committed.
- A facility for guarantees of EUR 15 million.

In November 2022, Avebe activated the existing accordion facility for EUR 95 million, completed by two new banks that have entered into the current financing agreement.

The consortium of banks within the credit facility consists of four banks. The activated accordion facility is fully invested within the Asset Based Loan. The activated facility therefore falls within the conditions of the revolving credit facility. The following covenants have been agreed for this facility:

- Solvency must be at least 20% on January 31.
- Solvency must be at least 27.5% on July 31, 2023 and at least 30% on July 31 in subsequent years.
- The cooperative result after taxes must be at least zero.

Specific calculation rules have been agreed with the banks for the calculation of the ratios. Royal Avebe met all conditions in the covenant on the balance sheet date and during the financial year; the cooperative result after taxes amounts to EUR 20.8 million and the solvency is 30.2%. 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 rate has been partly 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 if specifically agreed KPIs with regard to sustainability are achieved. If no KPI is achieved, there is a malus of 0.05%.

The current interest-bearing liabilities have a remaining term of less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

10. Other debts

The other debts consist of the following components:

	31-7-2023	31-7-2022
Debt to members	9,963	6,532
Production-related debts	2,192	1,752
Personnel-related debts	3,814	3,224
Other	15,254	10,194
	31,223	21,702

The debt to members consists of the following components:

	31-7-2023	31-7-2022
Final payment to members	8,249	4,725
Return on share premium	165	258
Share premium repaid	1,549	1,549
	9,963	6,532

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 due to their short-term character.

Off-balance sheet commitments

Royal Avebe has provided the following securities to the banks: right of mortgage on the property in the Netherlands and pledging of inventories and receivables in the Netherlands and Germany. These securities have been maintained.

The long-term commitments in connection with operational lease and rental agreements of mainly industrial buildings and warehouses amount to EUR 64.4 million, of which EUR 11.2 million matures within one year. An amount of EUR 25.3 million matures between one year and five years and an amount of EUR 27.9 million matures after more than five years. The costs for lease and rental agreements included in the 2022/2023 profit and loss account amount to EUR 8.1 million.

Guarantees have been issued up to an amount of EUR 0.9 million. Royal Avebe has entered into commitments worth EUR 7.2 million in the context of current investments. Until 1992, Royal Avebe used bills of exchange to pay potato money. An amount of approximately NLG 1.3 million (EUR 0.6 million) in bills from this period has not yet been collected. These bills are still subject to interest commitments.

Fiscal Unity

Royal Avebe, with its 100% Dutch participations, forms a fiscal unity for corporate tax purposes. Under the standard terms and conditions, the company and its affiliated subsidiaries are each jointly and severally liable for taxes owed by the combination and for the processing of taxes within the fiscal unity. The parent company makes payments based on the tax results of the Dutch participations.

Financial instruments

For the explanation of primary financial instruments, please refer to the specific explanation per financial statement line item. Below is the group's policy with regard to financial risks. The group's financial instruments and the associated financial risks are also explained.

General

The main financial risks to which the group is exposed to are currency risk, interest rate risk, credit risk and liquidity 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 at following market exchange rates and market interest rates in the long term. The group uses financial instruments to manage the financial risks associated with business activities. The group does not take speculative positions with financial instruments.

Translation hedging (currency risk)

Royal Avebe hedges the currency risk on net investments in foreign group companies and loans provided by means of forward exchange contracts, where this is possible in view of the associated costs. Hedge accounting is applied for these forward currency contracts, with exchange rate differences being processed in the legal reserve for translation differences for the effective part of the hedge relationship. The ineffective part of the hedge relationship is accounted for directly in the profit and loss account.

Transaction hedging (currency risk)

Currency risks arising from purchases and sales are hedged depending on the expected period in which these purchases and sales will take place. Positions not included on the balance sheet are hedged using options and forward contracts. Royal Avebe applies cost price hedge accounting for these derivative financial instruments. Hedge instruments are not revalued as long as the hedged position has not yet been included in the balance sheet. For options, the difference between the spot rate applicable at the time of concluding the financial instrument and the forward rate at which the financial instrument will be settled is capitalized and will be amortized over the term of the contract. The ineffective part of the hedge relationship is accounted for directly in the profit and loss account. Paid option premiums are capitalized under trade receivables and amortized over the term of the option contract. The depreciation costs of the option premium are recognized in the profit and loss account under gross turnover. Forward contracts are measured at the rate applicable on the balance sheet date. Realized gains or losses on derivative financial instruments used to hedge off-balance sheet positions are deferred until the time when the gains or losses on the hedged positions are recognized in the profit and loss account.

Interest risk

The interest rate policy aims to limit the risk of interest rate fluctuations. Royal Avebe applies cost price hedge accounting for the financial instruments (interest rate swaps) that ensure that the interest paid on variable interest credit facilities is converted into a fixed interest rate. The ineffective part of the change in value of the interest rate swaps is recognized in the profit and loss account under financial income and expenses.

Credit risk

To mitigate the credit risk for its sales, Royal Avebe has taken out credit insurance with a reputable credit insurer and in principle sales only take place to customers who meet a creditworthiness test. This may be deviated from in individual cases, but in such a case additional security will generally be obtained.

Liquidity risk

Royal Avebe ensures that sufficient liquidity is always available to meet the obligations and that sufficient financial room remains available under the available facilities to always remain within the agreed covenants.

Market value of financial instruments

The 'notional amounts' included in the overview below are the underlying values for which the contracts for financial instruments have been concluded. The market values indicate how much would be paid or received from independent counterparties in exchange for terminating the contracts as of the balance sheet date, without further obligations. This market (fair) value of the instruments reflects the unrealized result on revaluations of the contracts at the exchange rates applicable on the balance sheet date.

	Notional amount	Market value
Currency forward contracts	22,959	90
Currency call options	101,072	2,817
Interest rate swaps	140,000	11,796
Gas commodity contracts	32,652	-9,703

The above fair values, as determined by external parties, have been determined using available market information and current valuation methods.

All currency and interest financial instruments that Royal Avebe holds as of July 31, 2023 are fully effective, and no fair value changes have been recognized in the profit and loss account. With regard to the energy commodity contracts, there was over-effectiveness at the end of the financial year for the upcoming financial year, as a result of which the over-effective positions were traded via the public market. The negative value of these sales is included in the profit and loss account.

Subsequent events

On September 28, 2023, the shares of Avebe Nisasta Sanayii ve Ticaret Limited Sirketi were sold to Brenntag Specialties. The release from the legal reserve for translation differences and book gain on the sale of assets and liabilities will therefore be accounted for in the 2023/2024 financial year. The total result impact from this transaction is expected to be EUR 12-14 million negative. The release from the legal reserve for translation differences has a positive impact on equity.

Related party transactions

There have been no transactions with related parties that are not transacted under normal market conditions.

Notes to the consolidated profit and loss account

II. Gross turnover

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

	2022/2023	2021/2022
Starch	244,837	190,087
Modified starch	510,058	464,803
Protein	63,426	99,746
By-products	36,845	14,191
	855,166	768,827

	2022/2023	2021/2022
European Union	46%	46%
Rest of Europe	6%	7%
Rest of the world	48%	47%
	100%	100%

12. Other operating income

The other operating income consists of the following:

	2022/2023	2021/2022
Commissions, seed potatoes and other	2,749	2,910
	2,749	2,910

The commissions, seed potatoes and other consists largely of a one-off payment.

13. Subcontracted work and other external costs

The most important costs included under subcontracted work and other external costs relate to maintenance, third-party services, storage and transport, IT licenses, hired personnel and insurance.

Audit fees

	2022/2023		2021/2022
	KPMG Accountants N.V.	Other KPMG-network	PwC Accountants N.V. incl. network
Audit of the financial statements	322	58	396
Other audit services	-	-	11
Tax services	-	32	25
Other non-audit services	-	10	8
	322	100	440
		422	440

The fees listed above relate to the procedures applied to Royal Avebe 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 2022/2023 financial statements, regardless of whether the work was performed during the financial year.

14. Salaries

The number of employees who employed during the financial year was on average 1,318 (previous year: 1,332). Of this total, 297 (previous year: 294) work outside the Netherlands. Social security contributions and pension costs include EUR 13,809 (previous year: EUR 12,837) in pension costs. The average number of employees can be divided as follows based on the organization within Royal Avebe.

	2022/2023	2021/2022
Operations	938	946
Commerce	119	121
Group	261	265
	1.318	1.332

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15. Depreciation and impairment of assets

This item in the profit and loss account consists of the following components:

	2022/2023	2021/2022
Depreciation tangible fixed assets	41,254	37,743
Impairment on tangible fixed assets	1,245	442
Depreciation intangible fixed assets	5	4
	42,504	38,189
Book result on divestment of assets	437	-
	42,941	38,189

16. Income tax expense

The corporate income tax of EUR 5.3 million charged to the result (previous year: EUR 2.2 million) is the balance of settlements within the fiscal unity and their processing via the valued carry-forward losses as well as the calculated corporate tax of the foreign subsidiaries. The losses still to be settled amount to EUR 16.3 million as of July 31, 2023 (previous year: EUR 27.9 million) and are valued at the applicable corporate income tax rate of 25.8%. The remaining temporary differences between financial statements (commercial) and tax returns (fiscal) of EUR 35 million (previous year: EUR 30.1 million) have not been valued due to uncertainty regarding future settlement options. Compared to the nominal tax rate, the 2022/2023 financial year has a different effective tax rate of 20.4%, caused by tax deductions (for example energy investment deduction) and the development of temporary differences, in particular related to the fiscal base value of buildings and fiscal inflow of commercially recognized impairments in the past.

The numerical reconciliation between the applicable and effective tax rate is as follows:

	2022/2023
Applicable tax rate in the Netherlands	25.8%
Tax effect of::	
· Different applicable tax rates abroad	-8.6%
· Results under the Dutch participation exemption	-6.3%
· Non-deductible amounts/permanent differences	4.4%
· Effect of change in valuation of losses, credits or temporary differences	4.3%
· Utilization of carry-forward losses from previous years	4.5%
· Correction previous periods	-2.0%
· Other effects	-1.7%
Effective corporate tax rate	20.4%

Company balance sheet as at 31 July 2023 (after proposal result appropriation)

Assets

	31-7-2023	31-7-2022	Ref
Fixed Assets			
Intangible fixed assets			13
Tangible fixed assets			17
Land and buildings	28,045	23,153	
Plant and machinery	161,148	95,206	
Other fixed assets	6,841	5,878	
Assets under construction	33,537	37,774	
	229,571	162,011	
Financial fixed assets			18
Participating interests in group companies	86,608	88,689	
Other participating interests	150	150	
Receivables from group companies	21,191	72,599	
Other loans	1,668	1,619	
Deferred tax assets	4,198	7,207	
	113,815	170,264	
Current assets			
Inventories			19
Starch	58,439	42,335	
Modified starch	133,215	80,051	
By-products	60,971	36,313	
Other products	41,021	28,438	
	293,646	187,137	
Receivables			20
Trade receivables	84,486	100,220	
Other receivables	4,644	1,366	
Prepayments and accrued income	129	197	
	89,259	101,783	
Cash and cash equivalents	0	0	
Total assets	726,299	621,208	

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Liabilities

	31-7-2023	31-7-2022	Ref
Shareholders' equity			21
Share capital	23,438	23,438	
Share premium	19,848	21,396	
Legal reserve	-23,472	-19,989	
Other reserves	202,205	186,566	
	222,019	211,411	
Provisions			22
Transition	4,151	2,940	
Onerous contracts	190	4,902	
Disposal costs	11,600	7,418	
Other	8,818	9,167	
	24,759	24,427	
Current liabilities			
Debts to lending institutions	361,485	289,886	23
Trade creditors	57,734	57,737	
Payables to group companies	17,890	2,030	
Pension liabilities	4,915	3,410	
Taxes and social security	1,820	7,438	
Other debts	28,102	18,160	24
Accruals and deferred income	7,575	6,709	
	479,521	385,370	
Total liabilities	726,299	621,208	

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Company profit and loss account

	2022/2023	2021/2022	Ref
Gross turnover	800,003	712,018	25
Direct selling expenses	-54,881	-59,991	
Net turnover	745,122	652,027	
Movement in stocks of finished goods	93,927	34,947	
Capitalized production	1,708	1,802	
Other operating income	448	251	
	96,083	37,000	
Total operating income	841,205	689,027	
Raw materials and consumables	-558,531	-469,743	
Subcontracted work and other external costs	-110,965	-84,219	26
Salaries	-76,444	-70,544	27
Social security contributions and pension costs	-22,394	-20,509	27
Depreciation and impairment of assets	-37,435	-26,257	28
Other operating expenses	-5,470	-6,118	
Total operating expenses	-811,239	-677,390	
Operating result	29,966	11,637	
Interest and similar income	4,556	846	
Interest and similar expenses	-13,325	-4,776	
Financial income and expense	-8,769	-3,930	
Result on ordinary activities before taxation	21,197	7,707	
Income tax expense	-3,592	85	29
Result of participations	3,182	4,277	
Cooperative result after taxes	20,787	12,069	

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Notes to the company financial statements

General accounting principles for the preparation of the financial statements

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

The principles of measurement and determination of the result are the same for the company financial statements and the consolidated financial statements. For the principles for the measurement of assets and liabilities and for the determination of the result, reference is made to the principles of measurement and determination of result as included in the notes to the consolidated balance sheet and profit and loss account, unless stated otherwise below.

Participating interests in group companies

Participating interests in group companies in which significant influence is exercised on the business and financial policy are measured according to the net asset value method, but not lower than zero. This net asset value is calculated based on the principles of the cooperative. If the measurement of a participation according to the net asset value is negative, it is stated at nil. Other long-term interests are also taken into

account that must actually be regarded as part of the net investment in the participation. If and insofar Royal Avebe is fully or partially responsible for the debts of the participation or has the firm intention of enabling the participation to settle its debts, a provision is recognized for this. When determining the size of this provision, provisions for bad debts already deducted from receivables from the participating interest are taken into account.

A legal merger has taken place in the current financial year. The 100% participation Solanic B.V. (disappearing party) merged with Coöperatie Koninklijke Avebe U.A. with retroactive effect on August 1, 2022. (acquiring party). The merger took place by applying the 'carry over accounting' method in which the book values of the assets and the liabilities on the acquisition date are combined. The comparative figures have not been adjusted.

Notes to the company balance sheet

17. 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 costs	69,164	516,407	43,987	37,774	667,332
Cumulative depreciation and impairments	-46,011	-421,201	-38,109	-	-505,321
Balance as at 31 July 2022	23,153	95,206	5,878	37,774	162,011
Effect of legal merger 1 August 2022	7,291	58,927	2,701	-	68,919
Investments	265	8,681	448	27,349	36,743
Commissioning of assets under construction	202	28,506	1,281	-29,989	-
Depreciation	-1,932	-30,787	-3,467	-	-36,186
Impairment	-	-225	-	-1,020	-1,245
Book value of disposals	-	-313	-	-358	-671
Transfer within assets	-934	1,153	-	-219	-
Balance as at 31 July 2023	28,045	161,148	6,841	33,537	229,571
Acquisition costs as at 31 July 2023	76,525	656,890	50,189	34,815	818,419
Cumulative depreciation and impairments	-48,480	-495,742	-43,348	-1,278	-588,848
Balance as at 31 July 2023	28,045	161,148	6,841	33,537	229,571
Depreciation period	0-25 years	10 years	3-10 years	n/a	

Based on developments in the potato starch market, part of Royal Avebe's assets have been written down to their recoverable amount in this financial year or in previous years.

The tangible fixed assets have increased partly as a result of the legal merger between Solanic B.V. and Coöperatie Koninklijke Avebe U.A.

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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	Deferred tax assets	Total
Balance as at 31 July 2022	88,689	150	72,599	1,619	7,207	170,264
Effect of legal merger 1 August 2022	-	-	-45,172	-	-	-45,172
Additions and provisions	-	-	540	-	-	540
Repayments and withdrawals	-	-	-6,776	-	-	-6,776
Share in result of participation	3,182	-	-	-	-	3,182
Exchange rate differences	-5,263	-	-	-	-	-5,263
Movement credited/debited to the result	-	-	-	-	-3,009	-3,009
Interest	-	-	-	49	-	49
Other	-	-	-	-	-	-
Balance as at 31 July 2023	86,608	150	21,191	1,668	4,198	113,815

As of July 31, 2023, carry-forward losses have been valued at an amount of EUR 4.2 million (previous year: EUR 7.2 million). The deferred tax asset has been formed on the basis of tax legislation whereby deductible losses from the past can be carried forward indefinitely. It is expected that an amount of EUR 0 of this amount will be realized within one year on the balance sheet date.

The following companies are included in (other) participations in financial fixed assets:

Name	Location	Participation in %
Aktiebolaget Stadex	Malmö	100.00
Avebe America Inc.	Princeton (actually Cranbury)	100.00
AVEBE Asia Pacific Holding B.V.	Veendam	100.00
Avebe European Sales Center GmbH	Meerbusch	100.00
Avebe (Far East) PTE Ltd.	Singapore	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 Nisasta Sanayii ve Ticaret Limited Sirketi	Izmir	100.00
Avebe North America Inc.	Dover (actually Cranbury)	100.00

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Name	Location	Participation in %
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
GFL Anlagen KG	Lüchow	100.00
GFL mbH	Lüchow	100.00
Stichting Averis	Veendam	100.00
Coöperatie JoinData U.A.	Amersfoort	7.14

The 100% participating interest Avebe Food Ingredients DMCC (Dubai) has been liquidated. The 100% participation Solanic B.V. has retroactively legally merged with Coöperatie Koninklijke Avebe U.A. on August 1, 2022. The Averis Foundation was founded on March 9, 2022, and no activities have taken place in the Averis Foundation to date.

On September 28, 2023, the shares of Avebe Nisasta Sanayii ve Ticaret Limited Sirketi were sold to Brenntag Specialties.

19. Inventories

The inventories valued at a lower realizable value have a carrying amount of EUR 15.2 million on the balance sheet date (previous year: EUR 9.5 million). The total provision for inventories amounts to EUR 4.6 million (previous year: EUR 4.9 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 with a product based on the age of the product.

The purchased emission rights included in the inventories have a carrying amount of EUR 5.4 million on the balance sheet date.

20. Receivables

All receivables have a remaining term of less than one year.

A provision for bad debts of EUR 0.7 million has been deducted from trade debtors (previous year: EUR 0.7 million). This provision is determined on the basis of the collectability of the outstanding receivables. The fair value of the other receivables approximates the carrying amount due to their short-term nature.

21. Shareholders' equity

Share Capital	Total shares 2022/2023	Value 2022/2023	Total shares 2021/2022	Value 2021/2022
Balance as at August 1	103,253	23,438	103,120	23,408
Mutations shares	-	-	133	30
Balance as at July 31	103,253	23,438	103,253	23,438

During the financial year, 14,749 shares were transferred to other shareholders with the approval of the board of directors. All issued shares have been fully paid up. The number of shares in-house is 6,369.

Share premium

	2022/2023	2021/2022
Balance as at August 1	21,396	22,939
Received upon transfer of shares	0	6
Repayment from proposed profit appropriation	-1,549	-1,549
Balance as at July 31	19,848	21,396

The share premium consists of two components. A free part of EUR 19.8 million (previous year: EUR 19.8 million) and a part that is linked to the issued shares of nil (previous year: EUR 1.6 million). When the share is transferred, the associated share premium will also be transferred to the new owner. Under the following conditions, the share premium attached to shares, with a maximum of 10% per year, can be repaid by Royal Avebe to the members:

- If the cooperative result is at least nil;
- The solvency ratio is at least 30%.

The above conditions only apply after the return on share premium and the normal final payment have been processed.

The paid share premium is eligible for a share premium return of 6% if:

- After payment of the return, the cooperative result after taxes is at least zero;
- The solvency on July 31 is at least 30%.

Legal reserve

The balance of legal reserve for translation differences is:

	2022/2023	2021/2022
Balance as at August 1	-19,989	-16,766
Conversion differences foreign group companies	-5,324	-1,950
Exchange rate result of hedging financial fixed assets	1,841	-1,273
Balance as at July 31	-23,472	-19,989

Other reserves

	2022/2023		2021/2022
Balance as at August 1		186,566	179,025
Cooperative result for the financial year	20,787		12,069
Return on share premium	-165		-258
Final payment to members for the financial year	-8,249		-4,725
		12,373	7,086
Payment received for surrendering of shares to the cooperative		3,266	455
Balance as at July 31		202,205	186,566

Distribution of results

The board of directors, with the approval of the supervisory board, in anticipation of the adoption by the members' council, has proposed to distribute the cooperative result after tax as follows:

	2022/2023
Return on share premium in accordance with contract	165
Final payment for members 2022/2023	8,249
Addition to other reserves	12,373
	20,787

The proposed appropriation of the result has been included in the 2022/2023 financial statements. The addition to the other reserves is partly intended for the repayment of share premium. Refer to the section 'Other information'.

22. Provisions

The movements in the provisions are as follows:

	Transition	Onerous contracts	Disposal costs	Anniversary	Demolition	Total
Balance as at 31 July 2022	2,940	4,902	7,418	4,897	4,270	24,427
Addition	2,867	190	5,052	86	634	8,829
Withdrawals/releases	-1,656	-4,902	-870	-506	-563	-8,497
Balance as at 31 July 2023	4,151	190	11,600	4,477	4,341	24,759
Current part	3,217	190	1,000	403	1,050	5,860

Demolition

The provision for demolition and asbestos costs has been formed for the expected costs of the planned demolition and asbestos removal of a number of buildings at Avebe locations in the Netherlands. The cost estimate for this is based on standard rates and quotations received.

23. Debts to lending institutions

Refer to 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 fair value of the other debts approaches the book value due to their short-term character. Refer also to the notes to the consolidated financial statements.

Off-balance sheet commitments

Royal Avebe has provided the following securities to the banks: right of mortgage on the property in the Netherlands and pledging of inventories and receivables in the Netherlands and Germany. These securities have been maintained.

Guarantees have been issued up to an amount of EUR 0.9 million. Of the guarantees issued, EUR 0.7 million relates to consolidated participating interests.

The long-term commitments in connection with operational lease and rental agreements of mainly industrial buildings and warehouses amount to EUR 60.1 million, of which EUR 10.1 million matures within one year. An amount of EUR 23.7 million matures between one year and five years and an amount of EUR 26.3 million matures after more than five years. The costs for lease and rental agreements included in the 2022/2023 profit and loss account amount to EUR 6.4 million.

Royal Avebe has entered into commitments worth EUR 6.1 million in the context of current investments.

Until 1992, Royal Avebe used bills of exchange to pay potato money. An amount of approximately NLG 1.3 million (EUR 0.6 million) in bills from this period has not yet been collected. These bills are still subject to interest commitments.

Fiscal Unity

Royal Avebe, with its 100% Dutch participations, forms a fiscal unity for corporate tax purposes. Under the standard terms and conditions, the company and its affiliated subsidiaries are each jointly and severally liable for taxes owed by the combination and for the processing of taxes within the fiscal unity. The parent company makes payments based on the tax results of the Dutch participations.

Declaration of liability

Royal Avebe has issued a declaration of joint and several liability as referred to in section 403, book 2 of the Dutch Civil Code in respect of one of its consolidated participation. The declaration concerns Averis Seeds B.V. in Veendam.

Subsequent events

For the disclosure of the events after balance sheet date refer to note "Subsequent events" in the consolidated financial statements.

Notes to the company profit and loss account

25. Gross turnover

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

	2022/2023	2021/2022
Starch	231,538	180,957
Modified starch	484,330	420,004
Protein	66,297	96,266
By-products	17,838	14,791
	800,003	712,018

Distribution of gross turnover by geographical areas:

	2022/2023	2021/2022
European Union	50%	49%
Rest of Europe	6%	6%
Rest of the world	44%	45%
	100%	100%

26. Subcontracted work and other external costs

The most important costs included under subcontracted work and other external costs relate to maintenance, third-party services, storage and transport, IT licenses, hired personnel and insurance.

27. Salaries

The number of employees who employed during the financial year was on average 998 (previous year: 1,015). The number of employees at year-end is 979 (previous year: 1,005). None of these employees work outside the Netherlands. Social security contributions and pension costs include EUR 12,426 (previous year: EUR 11,403) in pension costs. The average number of employees can be divided as follows based on the organization within Royal Avebe.

	2022/2023	2021/2022
Operations	731	743
Commerce	42	44
Group	225	228
	998	1,015

28. Depreciation and impairment of assets

This item in the company profit and loss account consists of the following components:

	2022/2023	2021/2022
Depreciation tangible fixed assets	36,186	25,811
Impairment on tangible fixed assets	1,245	442
Depreciation intangible fixed assets	4	4
	37,435	26,257

29. Income tax expense

The corporate income tax of EUR 3.6 million charged to the result (previous year: EUR 0.1 million) is the balance of settlements within the fiscal unity and their processing via the valued carry-forward losses as well as the calculated corporate tax of the foreign subsidiaries. The losses still to be settled amount to EUR 16.3 million as of July 31, 2023 (previous year: EUR 27.9 million) and are valued at the applicable corporate income tax rate of 25.8%. The remaining temporary differences between financial statements (commercial) and tax returns (fiscal) of EUR 35 million (previous year: EUR 30.1 million) have not been valued due to uncertainty regarding future settlement options. Compared to the nominal tax rate, the 2022/2023 financial year has a different effective tax rate of 20.4%, caused by tax deductions (for example energy investment deduction) and the development of temporary differences, in particular related to the fiscal base value of buildings and fiscal inflow of commercially recognized impairments in the past.

Other notes

Remuneration members of the supervisory board

The remuneration for the supervisory board (nine people) for the 2022/2023 financial year collectively amounted to EUR 330 (previous year: EUR 330). This concerns a fixed fee for their work, including participation in various committees.

In addition to the annually determined compensation, the Supervisory Board members receive a travel allowance for the kilometers traveled and, if necessary, hotel costs are reimbursed. In addition, the cooperative will bear the costs of any training for supervisory directors or advice to the supervisory board.

Directors' remuneration

The fixed gross remuneration (including pension compensation) for the board members collectively amounted to EUR 966 gross in the 2022/2023 financial year (previous year: EUR 1,004). This includes the employer's share of other Royal Avebe social security contributions.

The variable remuneration for the 2022/2023 financial year for the board members collectively amounted to EUR 416 gross (previous year: EUR 384). This variable remuneration for the 2022/2023 financial year will be paid out in 2023, except for part of the long-term incentive plan, which will be paid out when the set annual targets are met for three consecutive years.

Other information

Liability of the members

Pursuant to Article 27 of the Articles of Association, the obligation of members and former members of the cooperative to contribute to a deficit after dissolution of the cooperative is excluded.

Appropriation of net result

A positive balance is made available to the general meeting of members pursuant to Article 23 of the articles of association.

Share premium

Pursuant to the board decision of December 17, 2009, 10% share premium will be repaid based on the result and balance sheet on July 31, 2023. This repayment of EUR 1,549 has been included in the 2022/2023 financial statements.

[→ 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



➔ Annexes

Annex 1 About this report

The scope of the annual report is Royal Avebe as a whole: growers, production sites, headquarters, sales offices, the innovation center and subsidiary Averis Seeds B.V. Each year Avebe reports 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 the information needs of stakeholders.

Scope of the report

This annual report relates to the 2022/2023 financial year: from 1 August 2022 to 31 July 2023. The previous annual report was published on 8 December 2022.

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 as stipulated in Book 2, Title 9, Article 391 of the Netherlands Civil Code and in accordance with the principles of the Global Reporting Initiative (GRI) Universal Standards 2021.

The report was adopted by the members' council at their meeting of 14 December 2023.

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 2 GRI index

Declaration of Use	Royal Avebe has reported in line with the principles of (and with reference to) the GRI standards for the period from 1 August 2022 to 31 July 2023.
GRI 1 applied	GRI 1: Foundation 2021
GRI sector standard(s) applicable	No specific sector standard applied

GRI standard	Disclosure	Site: Annual report	Site: Website
General disclosures			
GRI 2: General Disclosures 2021	2-1 Organisation details	<ul style="list-style-type: none"> Cover Editing, design and production Key figures 	
GRI 2: General Disclosures 2021	2-2 Entities included in the organisation's sustainability reporting	<ul style="list-style-type: none"> Annex 1 About this report Key figures Addresses 	
GRI 2: General Disclosures 2021	2-3 Reporting period, frequency and contact	<ul style="list-style-type: none"> Annex 1 About this report About this report Editing, design and production 	
GRI 2: General Disclosures 2021	2-4 Reformulations of information	<ul style="list-style-type: none"> Annex 1 About this report 	
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	<ul style="list-style-type: none"> How we create value Key figures 	
GRI 2: General Disclosures 2021	2-7 Employees	<ul style="list-style-type: none"> Key figures Cooperation for the customer: Social key figures 	
GRI 2: General Disclosures 2021	2-8 External employees	<ul style="list-style-type: none"> Cooperation for the customer: Social key figures 	
GRI 2: General Disclosures 2021	2-9 Board structure and composition	<ul style="list-style-type: none"> Corporate governance 	
GRI 2: General Disclosures 2021	2-10 Appointment and selection of the highest governing body	<ul style="list-style-type: none"> Corporate governance: Governance and assurance 	
GRI 2: General Disclosures 2021	2-11 Chair of the highest governing body	<ul style="list-style-type: none"> Corporate governance: Governance and assurance Report of the board of directors 	
GRI 2: General Disclosures 2021	2-12 Role of the highest governing body in overseeing the management of impacts	<ul style="list-style-type: none"> Corporate governance: Governance and assurance 	
GRI 2: General Disclosures 2021	2-13 Delegation of responsibility for impact management	<ul style="list-style-type: none"> Corporate governance: Governance and assurance 	

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GRI standard	Disclosure	Site: Annual report	Site: Website
General disclosures			
GRI 2: General Disclosures 2021	2-14	Role of the highest governing body in sustainability reporting	<ul style="list-style-type: none"> Annex 1 About this report Annex 3a Materiality analysis
GRI 2: General Disclosures 2021	2-15	Conflict of interest	<ul style="list-style-type: none"> Corporate governance: Governance and assurance Annex 6 Management & supervisory board profiles
GRI 2: General Disclosures 2021	2-16	Communication of critical concerns	<ul style="list-style-type: none"> Corporate governance: Governance and assurance
	2-17	Collective knowledge of the highest governing body	<ul style="list-style-type: none"> Corporate governance: Governance and assurance Annex 4 Stakeholder dialogue and cooperations Annex 6 Management & supervisory board profiles
GRI 2: General Disclosures 2021	2-18	Evaluation of the performance of the highest governing body	<ul style="list-style-type: none"> Corporate governance: Governance and assurance
GRI 2: General Disclosures 2021	2-19	Remuneration policy	<ul style="list-style-type: none"> Corporate governance: Governance and assurance
GRI 2: General Disclosures 2021	2-20	Process for determining remuneration	<ul style="list-style-type: none"> Corporate governance: Governance and assurance
GRI 2: General Disclosures 2021	2-22	Statement on the Sustainable Development Strategy	<ul style="list-style-type: none"> Report of the board of directors
GRI 2: General Disclosures 2021	2-23	Policy commitments	<ul style="list-style-type: none"> Corporate governance ↗ Responsible procurement policy ↗
GRI 2: General Disclosures 2021	2-24	Anchoring policy commitments	<ul style="list-style-type: none"> Corporate governance: Governance and assurance How we create value
GRI 2: General Disclosures 2021	2-25	Processes to remedy negative consequences	<ul style="list-style-type: none"> Corporate governance: Governance and assurance Corporate governance ↗ Responsible procurement policy ↗
GRI 2: General Disclosures 2021	2-26	Mechanisms for requesting advice and raising concerns	<ul style="list-style-type: none"> Corporate governance: Governance and assurance Corporate governance ↗ Speak-up Introduction ↗
GRI 2: General Disclosures 2021	2-28	List of stakeholder groups engaged by the organisation.	<ul style="list-style-type: none"> Annex 4 Stakeholder dialogue and cooperations
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	<ul style="list-style-type: none"> Annex 4 Stakeholder dialogue and cooperations
GRI 2: General Disclosures 2021	2-30	Collective agreements	<ul style="list-style-type: none"> Cooperation for the customer: Social key figures

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GRI standard	Disclosure	Site: Annual report	Site: Website
Material topics			
GRI 3: Material Topics 2021	3-1	Process for determining material topics	• Annex 3a Materiality analysis
GRI 3: Material Topics 2021	3-2	List of material topics	• Annex 3a Materiality analysis
GRI 300: Topic-specific Standard: Environmental			
Prestatieprijs			
GRI 3: Material Topics 2021	3-3	Management of material topics	• Annex 3b Materiality • How we create value • Heading for more value
Own indicator		Direct economic value including the performance price paid to growers	• Heading for more value • Report of the board of directors • Corporate Governance: Report of the supervisory board
Innovation			
GRI 3: Material Topics 2021	3-3	Management of material topics	• Annex 3b Materiality • How we create value • Growth in good food • Cooperation for the customer: Interview with Billerud
Own indicator		Number of new patents filed	• Our value creation model: Key figures
Good food			
GRI 3: Material Topics 2021	3-3	Management of material topics	• Annex 3b Materiality • How we create value • Growth in good food
Own indicator		The value of the food ingredients used in plant-based and environmentally friendly end products.	• Growth in good food, p. 28
New varieties			
GRI 3: Material Topics 2021	3-3	Management of material topics	• Annex 3b Materiality • How we create value • Market-driven sustainable potato cultivation
Own indicator		Percentage of potato starch yield per hectare	• Market-driven sustainable potato cultivation, p. 36
Own indicator		Proportion of acreage intended for new varieties	• Market-driven sustainable potato cultivation, p. 35
Energy and CO₂ reduction			
GRI 3: Material Topics 2021	3-3	Management of material topics	• Annex 3b Materiality • How we create value • Improve our ecological footprint

GRI standard	Disclosure	Site: Annual report	Site: Website
Material topics			
Energy and CO₂ reduction			
GRI 302: Energy 2016	302-4 Reducing energy consumption	<ul style="list-style-type: none"> • Improve our ecological footprint: Reducing CO₂ emissions • CO₂ reduction during the Binding and Building strategy 	
GRI 305: Emissions 2016	305-1 Direct greenhouse gas emissions (Scope 1)	<ul style="list-style-type: none"> • Improve our ecological footprint: Improve our ecological footprint p. 43 	
GRI 305: Emissions 2016	305-2 Indirect greenhouse gas emissions (Scope 2)	<ul style="list-style-type: none"> • Improve our ecological footprint p. 43 	
GRI 305: Emissions 2016	305-4 Greenhouse gas emissions intensity	<ul style="list-style-type: none"> • Improve our ecological footprint p. 43 	
GRI 305: Emissions 2016	305-5 Reducing greenhouse gas emissions	<ul style="list-style-type: none"> • Improve our ecological footprint: Reducing CO₂ emissions • CO₂ reduction during the Binding and Building strategy 	
GRI 303: Water and Effluents 2018	303-5 Water usage	<ul style="list-style-type: none"> • Improve our ecological footprint p. 44 	
GRI 400: Topic-specific Standard: Social			
Customer satisfaction			
GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> • Annex 3b Materiality • How we create value • Cooperation for the customer: Customer satisfaction 	
Own indicator	Number of customer complaints	<ul style="list-style-type: none"> • Cooperation for the customer, p. 48 	
Employee engagement			
GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> • Annex 3b Materiality • How we create value • Cooperation for the customer: Good employment practice 	
Own indicator	Score on biennial employee satisfaction survey	<ul style="list-style-type: none"> • Cooperation for the customer 	
Safety at work			
GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> • Annex 3b Materiality • How we create value • Cooperation for the customer: Safety is a key focus 	
GRI 3: Material Topics 2021	403-2 Hazard identification, risk assessment and investigation into incidents	<ul style="list-style-type: none"> • Cooperation for the customer: Safety is a key focus 	
GRI 3: Material Topics 2021	403-3 Health services at work	<ul style="list-style-type: none"> • Cooperation for the customer: Safety is a key focus 	

GRI standard	Disclosure	Site: Annual report	Site: Website
Material topics			
Safety at work			
GRI 3: Material Topics 2021	403-4 Participation, consultation and communication by employees on health and safety at work	<ul style="list-style-type: none"> Cooperation for the customer: Safety is a key focus 	
GRI 3: Material Topics 2021	403-5 Training for employees on health and safety at work	<ul style="list-style-type: none"> Cooperation for the customer: Safety is a key focus 	
GRI 3: Material Topics 2021	403-7 Prevention and mitigation of health and safety impacts at work directly related to the organisation's activities	<ul style="list-style-type: none"> Cooperation for the customer: Safety is a key focus 	
GRI 3: Material Topics 2021	403-9 Work-related accidents	<ul style="list-style-type: none"> Cooperation for the customer, p. 52 	
Effective organisation			
GRI 3: Material Topics 2021	3-3 Management of material topics	<ul style="list-style-type: none"> Annex 3b Materiality How we create value Cooperation for the customer: Working together in cross-functional teams 	

Annex 3a Materiality analysis

We periodically carry out a materiality analysis on which topics our stakeholders find most relevant for Royal Avebe. In the 2021/2022 financial year, it was determined which topics are material to Avebe according to internal and external stakeholders; these results are explained in more detail below.

In the current financial year, we started carrying out a double materiality analysis which in the future will become mandatory under the new European directive: the Corporate Sustainability Reporting Directive (CSRD). See also Annex 3c Start of double materiality analysis.

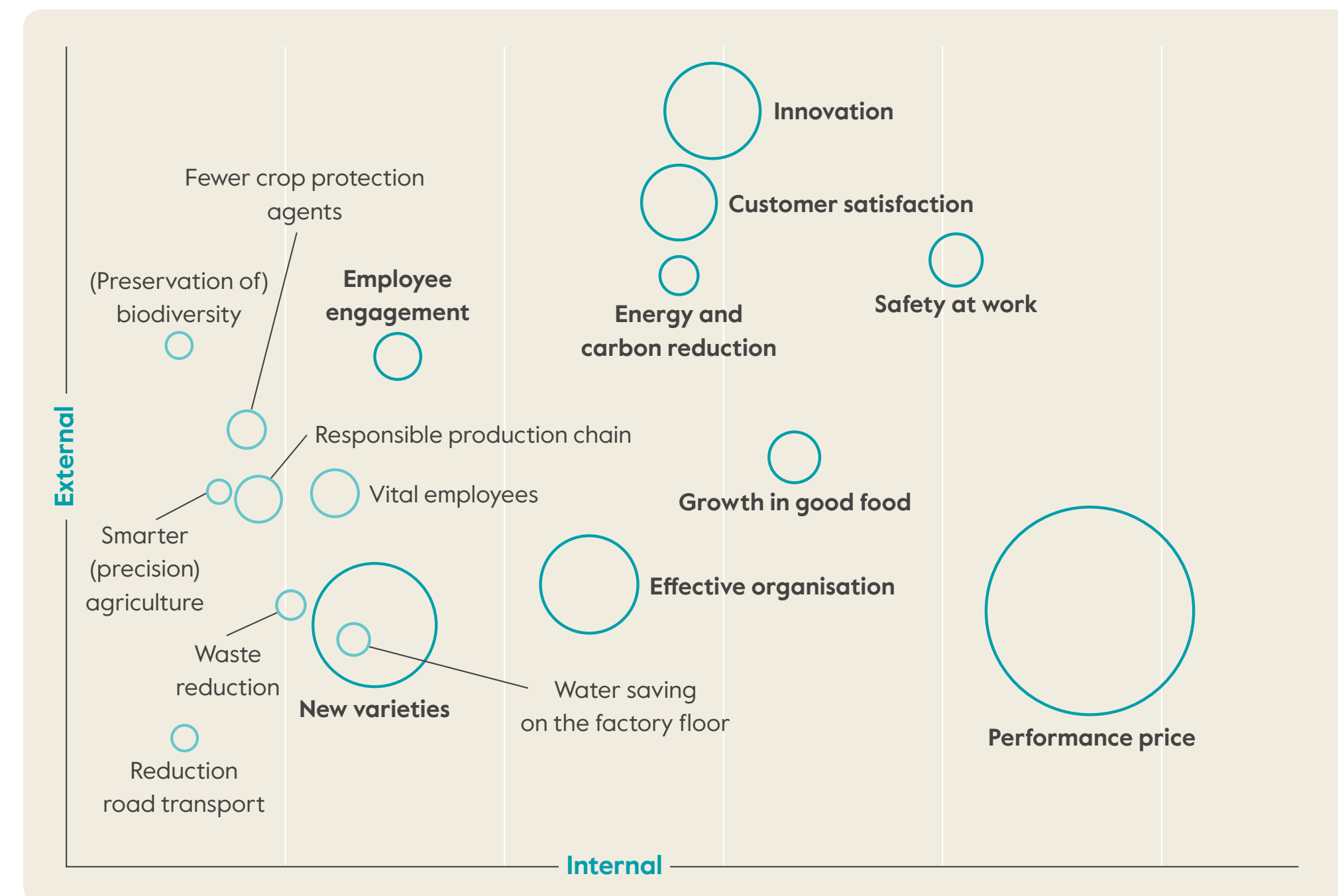
Internal and external stakeholders

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, which 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 of the matrix

This integrated annual report covers the topics that emerged from the analysis as 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 commercial success. The larger the data point, the more relevant it is to the members of the cooperative.



Members: The size of the diameter indicates the importance that members attach to a topic

Annex 3b Materiality

<p>Heading for more value</p> 	<p>Performance price Key financial indicator of the cooperative result and the potato money for the members.</p>			
<p>Growth in good food</p> 	<p>Innovation Product innovation focuses on more value, particularly in the food market, and on good food.</p>	<p>Good food To promote a healthy and environmental friendly lifestyle with plant-based food ingredients.</p>		
<p>Market-driven sustainable potato cultivation</p> 	<p>New varieties The development of potato varieties that produce more starch and protein and are more resistant to disease and drought.</p>			
<p>Improve our ecological footprint</p> 	<p>Energy and carbon reduction 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.</p>			
<p>Cooperation for the customer</p> 	<p>Customer satisfaction When all of us within Avebe - from grower to sales employee - put the customer at the heart of our operations, we will be successful. We do this by means of key account management, among other things, and by entering into long-term cooperation projects with customers.</p>	<p>Employee engagement Working together and looking beyond the boundaries of your own field of expertise is an important starting point. Enthusiastic and vital employees are essential in this respect and we pay attention to sustainable employment.</p>	<p>Effective organisation Achieving more value for all stakeholders through better cooperation. Cross-functional working between departments, optimising innovation processes and efficient production are central to this.</p>	<p>Safety at work We work safely and offer safe working conditions within our own organisation.</p>

Annex 3c Start of double materiality analysis

Context

From the 2025/2026 financial year, Royal Avebe will be reporting in accordance with the new European directive: the Corporate Sustainability Reporting Directive (CSRD). This guideline ensures more transparency regarding the sustainability performance of organisations. The CSRD obliges us to report on the sustainability themes that are material to us. Those material themes are identified by means of a double materiality analysis.

In addition, our new strategy, called Accelerate and Strengthen, will start in the next financial year. This strategy will be leading for the organisation for the next five years and beyond. The outcome of the double materiality analysis serves as a sounding board to test the robustness of our strategy and to ask ourselves whether all important topics have been addressed in our new strategy. It also enables us to report adequately in the future.

Double materiality

A double materiality analysis determines which sustainability themes have the greatest impact on an organisation. As the name suggests, this analysis is performed from two different perspectives. On the one hand, the outward impact is analysed, determining the influence of Royal Avebe on its environment (people and the environment) with regard to a specific sustainability theme. On the other hand, the inward impact is assessed. This examines the financial consequences for Royal Avebe that are related to a sustainability topic, for example the possible financial consequences of climate change for the potato volume. A sustainability theme is therefore

assessed on both axes. The higher the score, the more important this theme is for our cooperative.

Double materiality analysis for Royal Avebe

Last financial year, in order to properly prepare for the requirements of the CSRD, we started carrying out a double materiality analysis. We started by drawing up an extensive list of sustainability topics that may be of interest to our cooperative. In two workshops, one focused on environmental themes and the other on social and governance-related topics, we assessed the potential internal and external impact of these themes together with internal experts and external advisors.

This resulted in a shorter list of material sustainability themes that we validated with the Social Advisory Council (MAR). In the coming period, the results of the materiality analysis will be submitted to the Royal Avebe board and the supervisory board. The results of our double materiality analysis will be presented in the annual report for the coming financial year.

Annex 4 Stakeholder dialogue and cooperations

Choice for stakeholders

During the course of the year, Royal Avebe will be in talks with various stakeholders, such as civil society organisations, governments and 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 2022 and 2023, for example, we spoke to them about our focus and achieving the objectives. Our sounding board group has also been a source of information, dialogue 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 members council twice a year, district council meetings 4 times a year and district/member meetings and demo fields in NL/WE/KPW twice a year	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 • Supervisory board
Customers					
Industrial, feed and food customers	<ul style="list-style-type: none"> • Annual interviews, customer days and customer visits • Trade association (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 at the customer.	<ul style="list-style-type: none"> • Director of Commerce • Sales and account managers • Manager Public Affairs

➔ Annexes

Stakeholder Group	Method and frequency of contact	Subject	Discussed SDGs	Follow-up (short and long term)	Attendees of Avebe
Internal					
Social Advisory Council	Social Advisory Council, 3 times a year	Social Advisory Council, broad strategy, operational strategy and the role of Avebe in provincial area plans	6, 7, 9, 12, 13, 15 and 17	Through the MAR we gather insights from interested stakeholders to gain new insights or test ideas. We have attracted new members and appointed a new chair.	<ul style="list-style-type: none"> • Chair of the supervisory board • CEO • Director of Sustainability • Public Affairs specialist • Cooperative member
Partners					
Transporters	Annual reviews for the evaluation and start-up of a new campaign; interim monthly updates	Reducing waste (tare) and ongoing trials	12	Adjusting transport loading belts with tare-reducing measures. Testing new technologies in this field. Everything aimed at reducing tare content.	<ul style="list-style-type: none"> • Field Sales Agro, Manager Improve & Knowledge Development
Knowledge institutions					
Hanze University of Applied Sciences Groningen	Several times a quarter, online and physical	Cooperation, internships, work field committee Masters Food, Taste panel, lectureship L. Oudhuis	4, 6, 7, 9, 12 and 17	Elaborating cooperation on various topics	<ul style="list-style-type: none"> • Technology Officer • Principal scientists • Director of Talent Management
University of Groningen	Several times a year online and physical	Participation in various CCC projects, PhD sponsorship, sustainability	6, 7, 9, 12 and 17	Knowledge building & Innovation in relevant projects	<ul style="list-style-type: none"> • Technology Officer • Principal Scientists
Wageningen Food & Biobased Research	Several times a quarter, online and physical	Participation in various TKI projects, IP evaluation & licensing, knowledge-building starch & protein, sustainability	6, 7, 9, 12 and 17	Knowledge building & Innovation in relevant projects	<ul style="list-style-type: none"> • Technology Officer • Principal Scientists
UMCG	Monthly	Sponsoring a PhD student, research related to healthy eating	3, 12 and 17	Potato protein as a preventative agent against COVID-19 and follow-up initiatives.	<ul style="list-style-type: none"> • Technology Officer • Principal Scientists
University of Amsterdam	Several times a year online and physical	Communication potato and soil life	15	Understanding and improving attracting beneficial soil life and repelling detrimental soil life	<ul style="list-style-type: none"> • Manager of Averis • Principal Scientists
Utrecht University, Delft University of Technology	Several times a year online and physical	Microbiome of the potato	15	Vitality of a potato crop in relation to growing conditions such as weather, fertilisation and crop protection	<ul style="list-style-type: none"> • Manager of Averis • Principal Scientists

Stakeholder Group	Method and frequency of contact	Subject	Discussed SDGs	Follow-up (short and long term)	Attendees of Avebe
Knowledge institutions					
Wageningen University & Research	Several times a year online and physical	Environmental impact of cultivation, resistance breeding	15	Knowledge building and innovation projects; Evaluation and monitoring use of crop protection products, fertiliser, water	<ul style="list-style-type: none"> • Manager of Averis • Principal Scientists
Civil society organisations and NGOs					
Agricultural Nature Association East Groningen and Drenthe	<ul style="list-style-type: none"> • 1 physical meeting • 1 online meeting 	About greening agriculture. Research cooperation and field margins Presentation on Avebe and role 1,000 km field margins	15		<ul style="list-style-type: none"> • Sustainability & Public Affairs (Regiegroep Innovatie Veenkoloniën)
Innovatie Veenkoloniën	<ul style="list-style-type: none"> • 3 online meetings • 1 physical meeting 	Reorganisation Innovatie Veenkoloniën. New region deal, POP grant application submission, deployment of transition funds, impact CAP	1, 2, 4, 8, 9, 12, 14, 15 and 17	Review mission vision participants, submit grant application	<ul style="list-style-type: none"> • Sustainability & Public Affairs
Government					
Ministry of Agriculture, Nature and Food Quality	12 times (online and physical)	7 th Nitrate Directive Action Programme Agriculture Agreement National protein strategy/ National strategic plan (new GLB)	2, 3, 8, 9, 12, 13, 14, 15 and 17	Elaboration 7 th AP (list of winter crops and tailor-made approach), Agricultural Agreement and NSP (eco scheme)	<ul style="list-style-type: none"> • Public Affairs, Agro, Sustainability
Ministry of Economic Affairs	12 times (online and physical)	Energy and climate, Network congestion/Cluster 6 Grants	7, 8, 9, 13 and 17	Management and Recovery Plan Gas Elaboration Cluster 6	<ul style="list-style-type: none"> • Public Affairs, Energy & Utilities

Stakeholder Group	Method and frequency of contact	Subject	Discussed SDGs	Follow-up (short and long term)	Attendees of Avebe
Government					
Provinces of Drenthe and Groningen	12 times (online and physical)	Innovatie Veenkoloniën Area-based approach and 7 th AP Protein transition Agricultural policy and energy transition (regional energy strategy/solar parks) Field margins Crop rotation Fascinating Spatial economic policy, Permits VKA (Groningen)	7, 8, 9, 12, 13, 14, 15 and 17	Innovatie Veenkoloniën Area-based Approach and 7 th AP Fascinating Environmental visions provinces Finalise safe use of VKA	<ul style="list-style-type: none"> Public Affairs, Sustainability, Agro
Municipalities (Veendam, Midden Groningen, Westerwolde, Borger Odoorn and Aa en Hunze, Groningen)	12 times (online and physical)	Various topics (energy, climate, permits, solar park, water, etc.)	3, 7, 8, 9, 12, 13, 14 15 and 17	Continuing to invest in a good relationship	<ul style="list-style-type: none"> Public Affairs, QESH
Sector association					
Association for Energy, Environment and Water (VEMW)	4 times a year	Electricity, heat and water for industry	6, 7 and 13	Role CHP in energy transition and sustainable alternatives heat generation	<ul style="list-style-type: none"> Public Affairs, Energy & Utilities
Association for the Dutch Chemical Industry (VNCI)	4-8 times a year	Climate agreement and sustainable (green) chemistry	7, 9, 12 and 13	Position chemical industry with respect to ETS agreement, Netherlands CO ₂ tax and innovation chemistry up to 2050.	<ul style="list-style-type: none"> Director of Operations, Public Affairs,
Dutch Food Industry Federation (FNLI)	4-8 times a year	ICSR, Food Waste and Climate Agreement Co-chair Cluster 6	6, 7, 9, 12, 15 and 17	Position food industry at ETS and climate agreement On behalf of FNLI, Avebe fulfils the role of co-chair of the 6th Cluster (industry table), is now about following up recommendations report Cluster 6	<ul style="list-style-type: none"> Director Public Affairs & Energy

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Stakeholder Group	Method and frequency of contact	Subject	Discussed SDGs	Follow-up (short and long term)	Attendees of Avebe
Sector association					
Agriculture Trade Association (BO Akkerbouw)	Weekly contact by various staff members	7 th Nitrates Directive Action Programme Sustainable agriculture Communication project 'Arable farming of tomorrow' Measuring biodiversity	2, 7, 8, 9, 12, 14, 15 and 17	Elaboration of 7 th Nitrates Directive Action Programme Implementation of Plant Health Action Plan Reduction of crop protection Development and test of Biodiversity Monitor Drawing up Arable Farming plan for Area-based Approach	<ul style="list-style-type: none"> • Director Agro, Public Affairs, • Director of Sustainability
Association of Dutch starch manufacturers (VNZ)	2 times a year	Healthy food and climate agreement	13 and 15	Sugars/carbohydrates in food, starch industry as plant-based protein producers and carbon reduction.	<ul style="list-style-type: none"> • CEO, Public Affairs
Nutrient Platform EN	3 times a year	Closing waste streams and cycles	12	Further utilisation and exploitation of Avebe's residual stream	<ul style="list-style-type: none"> • Waste Programme Manager
Plantum	4-8 times a year	Regulations regarding breeding, phytosanitary matters, breeders' rights	2, 3 and 15	Contribution of breeding to sufficient and good nutrition, healthy starting material, reduction of crop protection and fertilisation	<ul style="list-style-type: none"> • Manager of Averis
Starch Europe	EXCO participation 4 times a year, in addition to participation in various working groups	LCA Healthy food Food Law ETS Green Deal European Commission and F2F CBAM Taxonomy	6, 7, 8, 9 and 12	Sustainable Use of Pesticides Regulation, New Genomic Techniques, Positioning for European policies, Green chemistry and biobased economy. Starch industry as protein producer ETS, CBAM and starch industry	<ul style="list-style-type: none"> • Director Innovation • Director Agro, Public Affairs, Sustainability

Stakeholder Group	Method and frequency of contact	Subject	Discussed SDGs	Follow-up (short and long term)	Attendees of Avebe
Other memberships					
<ul style="list-style-type: none"> • Noorderlink administrative office • BUNDESVERBAND der Stärkekartoffelerzeuger • Cool Farm Alliance • Dutch Biorefinery Cluster • Eurosac • EVO/EVOFENEDEX (business association for logistics and export) • Industrial Federation Fund • Innovation Hub East Groningen • MVO Nederland • 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) • VNONCW • UN Global Compact • Agro Agenda NoordNederland • Fascinating 					

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 targets 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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Annex 6 Management & supervisory board profiles

Name	Current job	Ancillary positions
Cooperative board and executive committee		
David Fousert	Chief Executive Officer and chair of the board	<ul style="list-style-type: none"> Member of Agri & Food Top Team Director of the Dutch Food Industry Federation
Rob van Laerhoven	Chief Financial Officer and member of the board	
Mark Tettelaar	Chief Operation Officer	<ul style="list-style-type: none"> Director of the Association of the Dutch Chemical Industry
Arjan de Rooij	Managing Director of Agro until 31 December 2022	<ul style="list-style-type: none"> Director of BO Akkerbouw Director of Stichting Teeltbeschermingsmaatregelen Zetmeelaardappelen
Marleen de Rond-Schouten	Managing Director of Agro & Strategy with effect from 01/01/2023	<ul style="list-style-type: none"> Chair of Stichting Innovatie Veenkoloniën Director of BO Akkerbouw Director of Stichting Teeltbeschermingsmaatregelen Zetmeelaardappelen Member of the supervisory board of Van Hall Larenstein University of Applied Sciences Agricultural entrepreneur, partner in pig farming company VOF de Rond-Schouten Zuiderzeevarken
Chris Hollebek	Chief Commercial Officer	
Gerard ten Bolscher	Chief Innovation Officer	<ul style="list-style-type: none"> Vice president Starch Europe Member of the supervisory board of Next Food Collective
Nico Buijs	Chief HR Officer	
Supervisory board		
Marijke Folkers SRB committee - Chair	Co-owner mixed farm, Veendam	<ul style="list-style-type: none"> Chair of Agro Agenda Chair of CESPU Chair of NLB Member of the supervisory board of ForFarmers
Peter Poortinga Audit committee	Retired	<ul style="list-style-type: none"> Member of the supervisory board of Plukon Food Group Member of the supervisory board of Big Dutchman Chair of the supervisory board Solynta
Nanne Sterenborg Appeals committee	Owner of arable/nature farm, Onstwedde and Romania	<ul style="list-style-type: none"> CESPU member Member TBM committee
Hans Wilhelm Giere Appeals committee SRB committee	Farm owner Manager of Windpark Liesten Giere GmbH & Co. KG Manager Bürgerwindpark Wulfstorf GmbH & Co. KG	<ul style="list-style-type: none"> Chair of supervisory board Vereinigte Saatzuchten eG VSE Chair of the Board Viehverwertung Bevensen-Bienenbüttel eG Member of the board of Forstbetriebsgemeinschaft Kalbe/Milde Chair of Bundesverband Stärkekartoffeln BVS CESPU member Representative member BVS at UNIKA

Name	Current job	Ancillary positions
Supervisory board		
Johan Emmens Audit committee Appeals committee - Chair	Owner of arable farm Rolde	<ul style="list-style-type: none"> Member of Stichting TBM
Martin Möllering Appeals committee Audit committee	Betriebsleiter Wirtschaftsbetriebe Meppen	<ul style="list-style-type: none"> Member of the board of VNS (Verein Niedersächsischer Saatgutvermehrter) Member of the board of two water and soil organisations
Angelique Heckman SRB committee	Associate partner Coredaet	<ul style="list-style-type: none"> Member of the supervisory board of De Domijnen Member of the supervisory board of Cif Group Member of the supervisory board of Witteveen + Bos
Robert Smith Audit commission - Chair Appeals committee	Retired	<ul style="list-style-type: none"> Member of the board of Vereniging HZPC Member of the supervisory board of Stichting ISPT-AF
Dirk Kloosterboer Appeals committee SRB committee	Retired	<ul style="list-style-type: none"> Member of the supervisory board of Bolsius International B.V. Member of the supervisory board of Darling Ingredients International Nederland Holding B.V.

Annex 7 Explanatory list of abbreviations and glossary

Potato price

The campaign price supplemented with the performance components: starch content, delivery time, quality premium and A-volume premium.

Potato cyst nematodes

A disease caused by nematodes that cause patchy growth retardation in potato plants.

Acreage

The total area of agricultural land.

Averis Seeds

Averis Seeds B.V., a subsidiary of Avebe, focused on the development and trade of starch potato varieties.

WWTP

Wastewater treatment plant.

Biodiversity

The variety of life in different forms on Earth.

Binding & Building

Avebe's strategy for the period 2018-2023.

BO Akkerbouw

Agriculture Trade Association.

Season price

The basis of the potato price paid to suppliers for the potatoes they deliver.

Clean label

A product with few additives or artificial ingredients.

Carbon emission

The release of CO₂ in the atmosphere.

CSRD

Corporate Sustainability Reporting Directive, an EU reporting guideline for sustainability reporting by large organisations.

Cool Farm Tool

A calculation tool to calculate and understand the carbon footprint of growers and farmers.

DUCAM

Sustainable concentration of potato juice with membranes.

EC

Executive Committee of an organisation, responsible for the daily management of the cooperative.

E-boiler

A large 'kettle' that converts electrical energy into heat.

Emulsification

The mechanical mixing of two liquids that are normally immiscible.

Farm2Fork strategy

A programme initiated by the European Union to make the food chain from farmer to consumer more sustainable.

Fermentation

A process in which bacteria, fungi or yeasts convert substances, causing acidity, flavour, smell or appearance to change.

GLB

Common Agricultural Policy (Gemeenschappelijk Landbouwbeleid).

Gelling

Application of a jelly layer to protect a product from drying out or to hold components together.

LST

Leadership Team.

MAR

Social Advisory Council (Maatschappelijke Adviesraad).

Materiality analysis

Researching topics that stakeholders find relevant for Avebe.

Optimeel

Avebe's cultivation optimisation programme to enable growers to improve their results and contribute to the cooperative results.

Phytophthora

A plant disease caused by the water mould *Phytophthora infestans*, which is a threat to potato growers.

Seed potatoes

Specially grown potato tubers for growing potatoes.

Performance price

The yield value per tonne of potatoes. This is calculated on the basis of three components: potato price, loading and transport costs and cooperative result.

SDE++ subsidy

Incentive for Sustainable Energy Production and Climate Transition subsidy.

SDGs

Sustainable Development Goals of the United Nations.

Solanic® potato proteins

Plant-based, 'free from' and sustainable protein isolates from potatoes under the Solanic® brand.

Solynta

A company that develops potato hybrid breeding technology for a more sustainable future.

Nitrogen input

The amount of nitrogen added to the soil to promote crop growth.

Tare

The sand, lye and stones that still stick to the potatoes when delivered to the factory.

TRIFR/accident frequency index

Total Recordable Injury Frequency Rate, a measure of the number of lost-time accidents in a certain period.

Accelerate and Strengthen

Avebe's strategy for the period 2023-2028.

WCOM

World Class Operations Management (a management approach) aimed at excellent operational performance.

Y virus

Potato virus Y is a plant pathogenic virus of the Potyviridae family and one of the most important plant viruses affecting potato production.

Wart disease

A disease caused by the fungus *Synchytrium endobioticum*, which greatly reduces the yield of potatoes and makes them unsellable.

➔ **Annexes**

Addresses

Royal Avebe

Postbus 15
9640 AA Veendam
Tel +31 (0) 598 66 91 11
E-mail info@avebe.com

Europe

Avebe European Sales Center GmbH (postal address)

Adlerstraße 34-40
40211 Düsseldorf
Germany

America

Avebe America Inc.

Two Tower Center Boulevard
10th Floor
East Brunswick, NY 08816
USA
Tel +1 (0) 609 865 8981

Asia

Avebe (Far East) PTE Ltd.

51 Bras Basah Road
Lazada One #04-06
Singapore 189554
Tel +65 (0) 6238 2673

Avebe (Shanghai) Co. Ltd.

C/O Thinkbridge Business Consulting Co., Ltd
Unit 03-06, 9F Baohua Center
355 Guangzhong West Road, JingAn District
Shanghai 200072
P.R. China
Tel +86 (0) 21 6375 8318

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

11F., No. 136, Sec. 3
Zhongxiao E. Road, Daan District
Taipei City 106
Taiwan
Tel +886 (0) 2 7730 3378 Ext. 8162

Avebe JAPAN Co. Ltd.

Shin-Yokohama Square Bldg. 14F
3-12 Shin-Yokohama 2 Chome Kohoku-ku
Yokohama-Shi, Kanagawa 222-0033
Japan
Tel +81 (0) 45 285 2759

Turkey/Middle East/India

Avebe Nisasta Ltd. Sti.

Atatürk Organize Sanayi Bölgesi
10.008 Sokak No. 17
35620 Çigli-Izmir
Turkey
Tel +90 (0) 2323 767640

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For more information, please contact:

communication@avebe.com

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