



# Together with you

2023 Annual Report

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# Connect to grow

**Flowers and plants make our world greener.** They bring colour to our homes, gardens and neighbourhoods. A green environment makes people happy. Sustainability is an important foundation for Royal FloraHolland. Our growers take considerable steps when it comes to the use of energy, labour, crop protection and water, based on innovation and digitalisation. We are committed to taking action to make our cooperative and the sector even more sustainable and want to play a leading role in this respect.

Royal FloraHolland is the world's largest floriculture marketplace for flowers and plants, an association of growers with their cooperative-owned company. For over a hundred years, we have been working together to achieve the best price for flowers and plants of the best quality and at the lowest possible cost. By pooling our knowledge and strengths, we secure sustainable success and global growth, strengthening the cooperative so that we can stay ahead, now and in the future.



# This is Royal FloraHolland

## The cooperative

Royal FloraHolland is a cooperative of growers. With 3,266 members, we are the leading global cooperative for floriculture production. Together we are strong, with benefits for each and every individual business owner. Our members are represented by an elected Council of Members. Royal FloraHolland involves members in policy and important decisions through member sessions, inspiration meetings (such as the annual Cooperative Day), product committees and other channels. This results in decisions and solutions where the interests of members come first.

## The power of the collective

### Our cooperative offers members an array of benefits:

- Together, we are stronger in the market thanks to the wide range available to all buyers.
- Together, we achieve more value chain efficiency and economies of scale.
- Together, growers and buyers can trade with peace of mind thanks to secure processing of financial transactions.
- Together, we pool and share knowledge and as a key Dutch sector we continue to lead the world.
- Together, with other floriculture organisations, we represent the interests of the sector.
- Together, we have our say.
- Together, we are making things more sustainable for a better future.

**3,266**  
members



## Together in our cooperative

In 2022, the Council of Members, together with members, reviewed the cooperative strategy: *Together in our cooperative*. This reason for this review was a series of challenges and opportunities, such as globalisation, digitalisation, new sustainability requirements, rising energy costs, high freight prices, and labour shortages. The foundation of the strategy is the Council of Members' long-term vision that describes how the cooperative of floriculture growers can remain healthy by teaming up to build the leading B2B floriculture platform so we can continue to appeal to members and add value. The new strategy consists of four building blocks:

1. Boost the network effect
2. Offer member packs that best fit the member type
3. Make membership attractive
4. Create value.

The cooperative strategy aligns with the direction pursued by the company. We are developing the Royal FloraHolland platform so that it includes both a digital trading platform and a logistics platform. We see sustainability as a responsibility and opportunity to keep our cooperative strong.

## One association — One shared pursuit

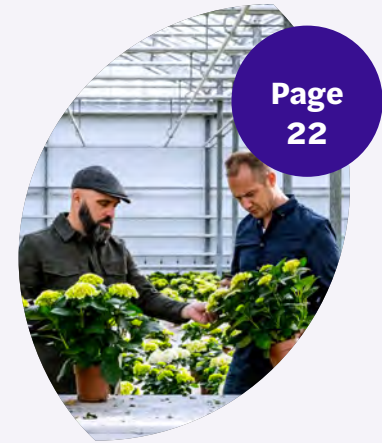
Royal FloraHolland is a cooperative, an association of growers with a shared pursuit. With an average of around 100,000 transactions per day and an annual revenues of more than 5.1 billion euros, Royal FloraHolland is the leading global B2B floriculture platform. As a company we don't own any floriculture products: what we do is facilitate trade. We make a wide range of flowers and plants – 11,469 flower varieties and 11,764 plant varieties – available for trade through our support services.

Our physical hubs employ approximately 3,000 people across four locations in the Netherlands: Aalsmeer, Naaldwijk, Rijnsburg and Eelde. Around 500 employees also work in our participations and we have a stake in Plantion and Veiling Rhein-Maas. In addition to our members, 1,492 suppliers (growers who supply floriculture products) and 2,204 buyers in the Netherlands and beyond use our services.

## Our customer promises are:

### Simplify dealmaking

We bring supply and demand together both digitally and physically at the leading global floriculture marketplace. We offer various options for buyers, such as auctioning, clock auction presales, direct sales (daily and futures trading) and direct bidding, with handy features and apps.



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### Customised logistics

Logistics connects the entire value chain, from grower to buyer. As a core part of the value chain, Royal FloraHolland sees an opportunity to structure it to make it smarter and more customer-focused, both in the Netherlands and internationally. In collaboration with other logistics service providers and with Floriday, we are building a logistics network to provide the full range of logistics services.

### Smart business

Business involves many things... things like payment security, expanding business premises and having enough sales and marketing capacity. To help our growers and buyers, we offer a wide range of services: from payment and advice to trade fairs and property. That is how we help growers to be smart and secure.



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# Key figures

## Financial

<b>Product revenue</b> <span style="float: right;">-1%</span>	<b>Operating income</b> <span style="float: right;">+2%</span>	<b>Profit/loss after tax</b> <span style="float: right;">&gt; -100%</span>	<b>Investments</b> <span style="float: right;">-14%</span>
(in millions of €)	(in millions of €)	(in millions of €)	(net in millions of €)
2023 <b>5,111</b>	2023 <b>455</b>	2023 <b>-17</b>	2023 <b>78</b>
2022 <b>5,166</b>	2022 <b>448</b>	2022 <b>-4</b>	2022 <b>90</b>

## Sustainability (ESG)

<b>Number of employees</b> <span style="float: right;">+2%</span>	<b>Engagement*</b> <span style="float: right;">=</span>	<b>Percentage of product sales covered by environmental certification**</b> <span style="float: right;">+2 percentage points</span>	<b>Greenhouse gas emissions Scope 1 and 2</b> <span style="float: right;">-11%</span>
			(in tonnes of CO <sub>2</sub> equivalent)
2023 <b>3,560</b>	2023 <b>7.6</b>	2023 <b>83%</b>	2023 <b>47,264</b>
2022 <b>3,492</b>	2022 <b>7.6</b>	2022 <b>81%</b>	2022 <b>52,848</b>

## Operational

<b>Number of members</b> <span style="float: right;">-4%</span>	<b>Number of transactions</b> <span style="float: right;">-1%</span>	<b>Number of trolley transactions</b> <span style="float: right;">=</span>	<b>Flower and plant varieties traded</b> <span style="float: right;">0%</span>
	(in thousands)	(in millions)	
2023 <b>3,266</b>	2023 <b>42,931</b>	2023 <b>5.7</b>	2023 <b>23,233</b>
2022 <b>3,415</b>	2022 <b>43,442</b>	2022 <b>5.7</b>	2022 <b>23,247</b>

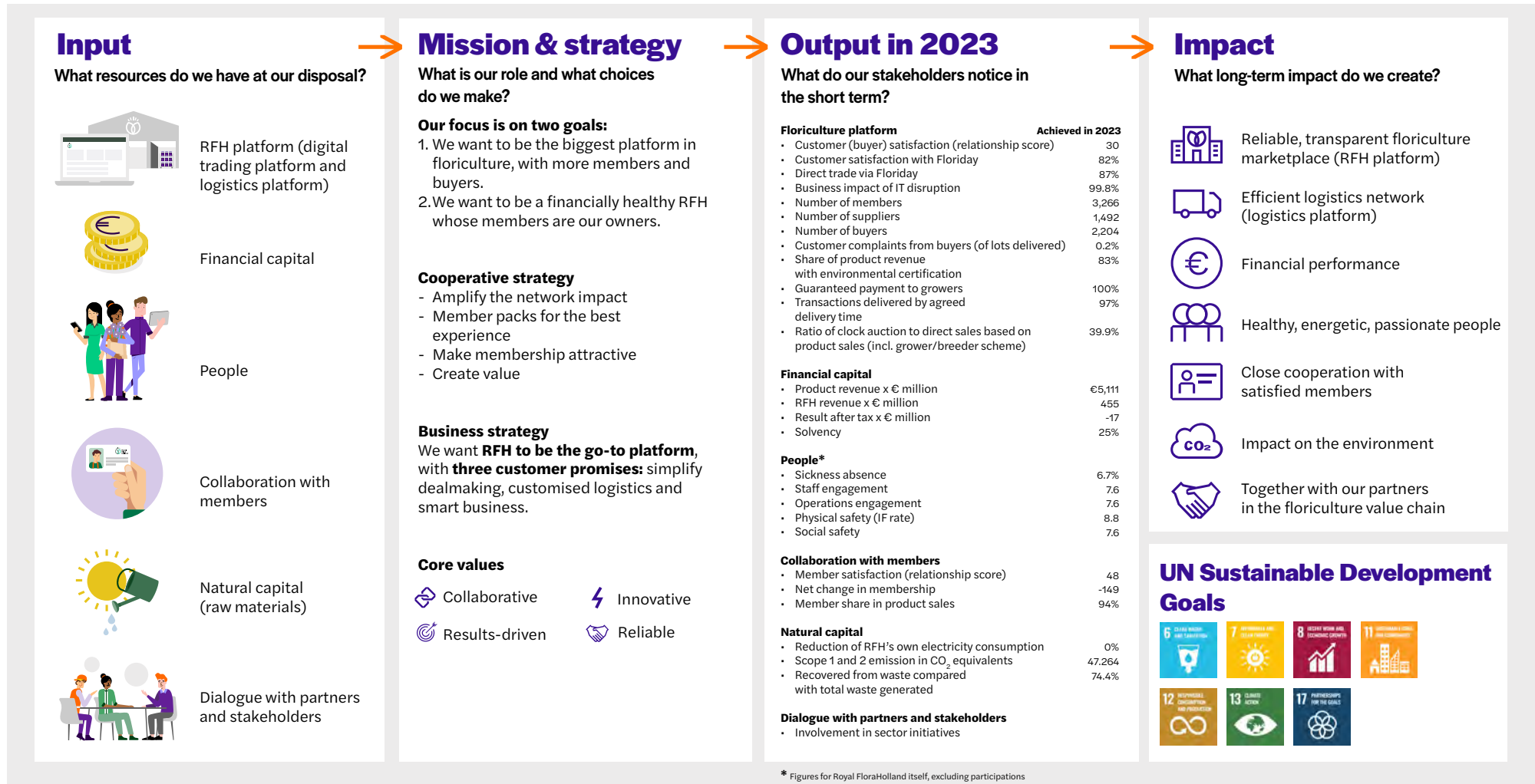
\* These figures cover Royal FloraHolland, excluding its participations. \*\* This is a recognised certification within the environmental scope of the FSI Basket of Standards.



# Our value creation model

Our value creation model shows how, with its resources and services, Royal FloraHolland adds value to stakeholders: growers, buyers, employees, partners in the floriculture sector and society as a whole. We strive to be a reliable, honest partner for growers and buyers. What's more, we contribute to a sustainable floriculture sector with a long-term outlook.

We do this by providing services that make it easier for growers and buyers to trade, by offering the right logistics solutions and services, and by helping growers and buyers to do business smartly.





# Report by the Management Board



## Foreword by the CEO

# 2023: a historic year for our cooperative

When I look back at 2023, the first thing I think about is how many strategic milestones we have achieved. Our logistics hubs are being harmonised at a rapid pace. We are now at the final hurdle of completing the 2008 merger. A lot of that is taking place behind the scenes. We are phasing out all of our outdated IT and greatly improving the cold chain for flowers. We now have a new digital infrastructure with digitally-driven logistics, the prelude to the Royal FloraHolland digital trading and logistics platform. Our Floriday digital trading platform is growing in terms of features and, more importantly, in use. More than two billion euros of direct sales are already being carried out through Floriday.

The next step is to integrate the clock as a digital auction into Floriday. We are approaching this with the utmost care, as the clock auctions must run smoothly no matter what. Optimising our digital infrastructure also opens up a wealth of new possibilities and services. We are only at the beginning of this journey, but with Select Delivery (time-slot deliveries) we are already seeing a service that buyers truly appreciate. The launch of the Central Auctioning for rose cultivars deserves a separate mention. This is something that has been discussed since the merger. At the end of November, it finally became a reality and by the end of 2023, around 29% of clock sales was centrally auctioned. The response to how it has been implemented and how it works in practice has been positive.

The real milestone will be carrying out all clock auctions centrally, which we are going to achieve over the coming period. I am genuinely proud of our employees and grateful for all their hard work to get us here.

**Steven van Schilfgaarde**  
CEO, Royal FloraHolland

## Growth

The sector is hard at work and consciously grappling with the future; topics such as innovation, sustainability and digitalisation are high on the list of priorities for the Council of Members, growers and buyers alike. I realise that we at Royal FloraHolland are at a crossroads. In recent years, we have been working hard on creating a solid foundation for change, one that will allow us to build the largest global B2B floriculture platform, a digital trading platform combined with a logistics platform, closely linked to each other, on which we can develop logistics, financial and property services. We will test these on a small scale through experiments. A good example is the growth of direct bidding, the latest form of dealmaking. To fully harness the potential of the Royal FloraHolland platform, the Supervisory Board appointed Pieter Bootsma as Chief Value Officer and member of the Management Board. He will ensure that our added value and growth through new services are accelerated in the Netherlands and internationally. The key to any new service is that we deliver what we promise from the outset. What helps is that we have opted for a standardised approach, with multidisciplinary teams to best fit customer needs and deliver results.

## Member packs

The introduction of the four member packs on 1 January 2024 is a special milestone for our cooperative. Discussions with members on this subject were conducted very carefully and competently under the leadership of the Council of Members. Time will tell, but I am sure that, one day, we will look back on this as a crucial event in the development of Royal FloraHolland. The introduction of member packs is a key point of our cooperative strategy. These packs make membership more attractive, with room for and recognition of the differences between members to keep them on board with us. We also want to reconnect with former members and attract other growers to join our wonderful cooperative. This is part of strengthening the network effect by bringing together supply and demand as much as possible.

## Financial results

In 2023, we just made it over the threshold of 5 billion euros in product sales, as we did in the previous reporting year. Yet, there is some disappointment that we are not achieving growth for the second year in a row. Sales were down 3.2% on 2022. Prices were just 2.2% higher, well below the inflation rate that is affecting the whole sector. At a loss of 17 million euros after taxes, the financial result is really disappointing. Given the difficult market conditions, we intentionally moderated the rate increase for growers and buyers for 2023, due to which we foresaw a loss. Unfortunately, despite significant cost savings, the loss has increased due to unforeseen and one-off setbacks. Our CFO David van Mechelen gives an extensive explanation of the financial results on page 12.

**“The demand for transparent and reliable product information is on the rise, and soon there will be no prospect for success without it. This is not only about certification for growers, but also about understanding the footprint of flowers and plants.”**

## Economic and political climate

The ongoing war in Ukraine and the fierce conflict in the Middle East have created a great deal of uncertainty. The attack on Israel has had a huge impact on our growers there, and we are devastated by the large number of innocent victims. The economic effects also remain noticeable. Inflation in 2023 was unprecedented and there has been a significant increase in the costs of energy, labour, transport and raw materials for the sector, which is also a result of public policies. Price increases for flowers and plants were significantly lower than those for other products. Costs are rising and we as a sector are not sufficiently able to pass these on in the product prices. This situation is not sustainable. Some should be able to weather this storm, but many others in the floriculture sector may not. Cost savings provide temporary relief, but at some point the strain can be too much. The sector is also making huge investments to fulfil the agreements reached with the government on the energy transition. Value chain partners have a joint responsibility to raise the price point. Moreover, the collapse of the Dutch government, followed by fresh elections, has created uncertainty. Companies can only perform well if there is a stable public policy – something we don't have at the moment. Investments in the energy transition are sometimes thwarted by other, counter-productive schemes, at the expense of business owners. The doubts raised in reports and by opinion leaders about greenhouse horticulture's social licence to operate in the Netherlands – which I believe to be unfounded – create a negative investment climate. It is regrettable that these reservations have not been countered by politicians and policymakers.

## Advocacy

The reasons for us in floriculture to make our voice heard are growing. In 2023, the proposed abolition of the lower VAT rate on flowers and plants was scrapped. Sector representatives have their ear to the ground in both the Hague and Brussels. This is needed now more than ever. Agreements have been made with the Flower Council of Holland on adjusting their course. What is crucial here is proper communication and conveying the

importance and added value of floriculture, plus the major steps taken to make the sector more sustainable. Investing in presenting the right image of the floriculture value chain is fundamental.

### Sustainability

Sustainability is playing an ever bigger role when it comes to marketing flowers and plants, and for good reason. That goes for retail *and* for consumers. The demand for transparent and reliable product information is on the rise, and soon there will be no prospect for success without it. This is not only about certification for growers, but also about understanding the footprint of flowers and plants. One of the pillars of our sustainability policy is that we want to be a transparent and reliable floriculture marketplace. We look at sustainability across the whole spectrum, including circularity and employee safety, for example. We have our own sustainability board to oversee all our sustainability efforts. This demonstrates how this crucial topic is anchored at board level, in all aspects of our business. Take a look at ‘Growing greener together’ on page 19 for more information on our efforts in the area of Environmental, Social and Governance (ESG) issues.

### International

Our ambition is to develop the Royal FloraHolland digital trading and logistics platform. We have more than 500 international members and in 2023, we had 94 new growers and 60 new international buyers join us. The opportunities for growing our platform are primarily global. Our Global Sourcing Services have a lot to offer growers. Floriday offers growers and buyers opportunities to do business directly internationally. We already facilitate dollar payments and other currencies will follow. Developing new markets requires buyers who are already or want to become active there. The updated Dock Services means more than doubling the capacity currently available. This offers international growers opportunities to sell their products on the European market. Unfortunately, developing sea freight services has been hit by a considerable setback due to the inability to sail through the Suez Canal.

### Employees and customers

We are proud to present a report based on the Corporate Sustainability Reporting Directive (CSRD) for the second consecutive year. With our value model, we demonstrate how our cooperative and business strategy adds value to our key stakeholders: members, growers, buyers, employees and the other parties in the value chain. This puts us among the early adopters leading the way in Dutch business. This means of reporting requires considerable effort, but also provides a great understanding of the entire value chain. 2023 was another challenging year for our employees. We performed very well in logistics during the peaks thanks to our very thorough preparation. We have adopted an approach that allows us to shift up a gear in times of high demand. That has really worked for us. I would like to thank

and congratulate everyone sincerely for the results they have delivered, but also for their tremendous efforts, flexibility and commitment over the past year to improve and accelerate the quality of our services. The engagement score of 7.6 is the same as the year before, a high score that we can be proud of. At 79% the response rate was even a few percentage points higher than the year before – a very positive sign. Customer satisfaction also improved in 2023. Following the introduction of new services, this is certainly not something to take for granted. So, my compliments to those who made this possible!

### And finally

In this historic year for our cooperative, our cooperation with the Council of Members was again constructive and inspiring. The Council was highly engaged at all times. I have followed the development and implementation of the cooperative strategy with admiration, a strategy that has seen the members’ packs as a key outcome. This was cooperative collaboration at its best. Together, we are shaping the future. I would like to thank all growers and buyers, and of course our employees, who have contributed to the support teams, during member sessions or on customer platforms. I would also like to thank the Supervisory Board for its inspiring collaboration. A word of thanks also to Jack Goossens who is stepping down as chair of the Supervisory Board after two terms. I have a great deal of appreciation for his years of commitment and efforts. His successor, Evert van Helvoort, has already hit the ground running. As a member of a new generation of growers, he is coming up with fresh ideas and new insights, with a focus on digitalisation. An international grower, Kiki Fernandes, has joined the Supervisory Board for the first time, underscoring the global nature of our cooperative. In 2023, we made large strides in this respect. We didn’t achieve all of this on our own, but *together with you*. Despite the uncertainties mentioned, we are standing strong on all fronts, and I am confident about the future of Royal FloraHolland and the future of floriculture as a whole.





In conversation  
with David van  
Mechelen  
CFO

## The large loss in 2023 is a one-off; return to profit expected in 2024

### What is the reason for the loss in 2023?

'Our financial results were squeezed by a combination of factors, with a €17 million loss after tax in 2023, compared with a €4 million post-tax loss in 2022. This loss was partly planned for, but it was exacerbated by some additional setbacks.

The year 2023 was a challenging year for floriculture. The number of trolleys coming up for clock auction was 4% lower in 2023 than in 2022, which meant our costs per unit were insufficiently stable. Fortunately, average product prices did go up a bit. That had a positive effect on our commission incomes, but it wasn't enough to fully offset the lower volumes and rising costs. Even before the year began, the unpredictability of the floriculture market was palpable throughout the sector. Production volumes for 2023 were also uncertain, partly as a result. For this reason, Royal FloraHolland chose at the end of 2022 to implement relatively small price rises for 2023, which weren't enough to cover costs. In 2023, as in 2022, there was high inflation and rising energy and raw material prices, and we felt the impact of higher labour and transport costs, too. To compensate for the impact of inflation, you need a combination of increased scale (i.e. growth) and productivity improvements. The growth, however, failed to materialise. In 2023, our total operating income rose by only €7 million, a significant part of which was due to the fee increases. As a knock-on effect, Floriway revenues dropped by 13 million euros. Alongside these developments there were other setbacks, too.'

### What were those setbacks?

'There was a mixture. First of all, salary costs came out higher than forecast due to the new collective bargaining agreements. Our wage bill went up by €16 million in 2023 relative to 2022, and our energy bills rose again in 2023, too. They were €6 million higher than in 2022, partly due to energy purchased in advance at higher prices. Our energy saving measures failed to compensate for this price effect. There was also a major setback with the renovation of our cold store facility in Naaldwijk. This had to be carried out early, which cost over €3 million and made it necessary to hire another cold store temporarily. Floriway also made a bigger loss than we had reckoned with. On top of that, we had to deal with a difficult property market in 2023. Rising interest rates delayed the planned sale of some properties, with the result that the expected gains failed to materialise. Lastly, despite good negotiations, the prices charged by our suppliers also went up because they too were affected by inflation and rising costs. This includes IT service providers, staffing agencies, property managers and cleaning services. Royal FloraHolland makes a lot of use of

specialist suppliers, which led to an additional €8 million cost position. We also invested in IT and in new services, for which the costs sometimes precede the income.'

**What is the outlook for Royal FloraHolland in the short and long term?**

'Our main priority for 2024 is to return to profit. We will do this with a tight 2024 budget, targeted cost measures and price increases over the course of the year. We should as a minimum be able to break even, provided there are no strong headwinds or unexpected setbacks. This major improvement relative to 2023's loss is possible not least because in 2023 we carried out what by RFH standards was a steep price increase for 2024. It wasn't fun, but it was unavoidable, because 2023's relatively limited price increase wasn't enough to cover costs, and because inflation remains at an above-average rate. We are also continuing with our short-term cost savings. For the longer term, we have targeted plans that will enable us to reach a new level of cost-effectiveness, so that we can either bring costs down or at least avoid or mitigate further cost rises. The energy bill should also go back down, thanks to the drop in energy prices and additional measures to reduce our energy consumption. In addition, we have adjusted some of our capital expenditure targets. Although we have planned for an increase in capital expenditure this year, because we need it in order to keep up the pace of our strategy implementation, the rise is smaller than what we had planned originally.'

**How will Royal FloraHolland turn the tide?**

'The "low-hanging fruit" has all been picked already. We have a multi-year plan for the next phase of our Royal FloraHolland platform: a twin-sided platform in which our digital trading platform and our logistics platform are closely interconnected. First of all, we will enhance the growth of our RFH platform, so as to increase our revenues from services. By building scale, we increase our revenues while reducing our costs per unit. Growth also helps increase the productivity of our real estate, our other resources and our workforce. We will achieve this growth through, for example, attracting more growers and buyers internationally, improving our Floriday digital platform and expanding our range of services. Second, we will move ahead with Fit For Future: we will make our organisation right for our future needs, which will make us more effective and more efficient at the same time. We will also gradually implement the components of RFH 2.0: various adjustments to our business model that allow us to make smart connections between our people, resources and real estate. RFH 2.0 will also provide new opportunities and options for our customers in both trade and logistics, as well as increasing productivity on the RFH side. Fourth, new integrated services for our customers and the transition to new systems and processes will create additional revenues and structural cost savings. Better data housekeeping means that we can manage non-financial parameters more closely every year, while the Organisational Transformation programme also supports our financial performance. This concerns matters such as conduct and culture, laying down clear responsibilities, setting standards, fixing quantitative targets and, where performance

falls short, finding effective ways to make this transparent and discussable. These things will also improve our efficiency and performance. Of course, it is also very important that Floriway starts performing better from a financial point of view and stops making losses. This is something that matters to us a great deal. The Floriway team is working hard to achieve this and is receiving all kinds of support from the Royal FloraHolland organisation.'

**“By building scale, we increase our revenues while reducing our costs per unit. We will achieve growth through, for example, attracting more growers and buyers internationally, improving our Floriday digital platform and expanding our range of services.”**

**How is Royal FloraHolland doing financially?**

'Royal FloraHolland has a strong financial balance sheet, so we can ride over the odd bump. The only debt we have is to our members (in the form of Certificates) and until 2023 we made virtually no use of bank lending. The structure and terms of member financing provide great comfort and stability. We are ready with the new bank finance for the next few years. I notice that banks have a lot of faith in Royal FloraHolland: in our position in the value chain, in our strategy, in the concrete and visible steps in our transformation to the Royal FloraHolland digital trading and logistics platform of the future.'

**What is the outlook for the short and long term?**

'For 2024, the priority is to return to profit. For the long term, I have complete confidence that we will become a profitable cooperative with the plans that are now in place. In this, the support of our members, growers and buyers is also crucial, so that there is an understanding that a healthy, successful cooperative is indispensable for everyone in the sector.'

## Results and outlook

Royal FloraHolland aims to be a financially sound cooperative that focuses on value creation for the long term. In view of investments for the long term, a large one-time loss for 2023 was partly planned for. With a tight budget, targeted measures and price rises, the target is as a minimum to break even in 2024.

### Lower product sales and fewer trolleys supplied for sale; proportion of clock auction sales increases

Product sales declined by 1% in 2023 relative to 2022, reaching €5.1 billion (2022: €5.2 billion). This was primarily due to the 3% decrease in the number of traded products, a decline which was visible in both clock auctions and direct sales, and for both flowers and plants. As in 2022, supply volumes came under pressure, mainly due to the high energy prices. Average unit prices rose by 5% for plants, but fell by 1% for flowers.

Total traded volumes in direct sales fell more substantially than for clock sales, with the result that the share of total revenue attributable to clock auctions rose slightly compared to 2022 (40%). Fewer plants were supplied to clock auctions than in 2022, with the number of trolleys falling by 4%.

Despite lower product revenue, overall commissions rose due to the adjustment of the commission rates. Revenues from logistics fulfilment and the rental of packaging materials and trolleys held steady, with the rise in prices offsetting the decline in the number of auctioned trolleys. The lower volumes, together with the decision to discontinue unproductive activities, led to a fall in revenues from Floriway. Royal FloraHolland's total revenue rose by €7 million in 2023 to €455 million.

### Rising energy, wages and supplier costs

After a steep rise in 2022, energy costs rose again in 2023, from €22 million in 2022 to €28 million in 2023. The increase was entirely due to higher prices. Although savings were made in terms of energy consumption, these were partly obliterated by lower generation from our solar panels, the commissioning of a new cold store in Aalsmeer, and the cost of temporary cold storage in Naaldwijk due to the earlier-than-anticipated renovation of the existing cold store facility.

Other operating expenses (excluding energy) rose by €7 million to €140 million. As well as the extra costs required to overhaul the Naaldwijk cold store (€3 million), expenses were also higher due to cost increases from suppliers, in spite of the considerable energy expended on negotiations. On the other hand, Floriway's expenses went down, with direct costs (partly) tracking the reduction in volumes.

Wage costs rose 7% to €236 million, mainly as a result of the new collective bargaining agreements. Adjustments to the logistics process also led to a temporary fall in labour productivity relative to 2022, despite the implementation of various improvements. FTE utilisation rose by 1% at year-end 2023 compared to year-end 2022.

### Falling EBITDA and a loss after tax

Earnings before interest, tax, depreciation and amortisation (EBITDA) were €51 million, below the €72 million figure for 2022, as a result of higher energy and wage costs in particular. RFH recorded a loss of €22 million before tax and €17 million after tax, €12 million larger than the loss in 2022.

This outcome was attributable to the operational developments set out above, as well as to lower gains from property sales. Whereas a gain of €6.4 million was realised in 2022 on sales of non-core property in line with the cooperative's real estate planning, property sales planned for 2023 were delayed due to the rising interest rates. The expected gain on property disposals consequently failed to materialise.

### Limited use of credit facility at year-end 2023; sound balance sheet

Cash flow from operating activities decreased to €32 million (2022: €76 million), largely as a result of lower operating profit and movements in operating capital. The cash outflow from investing activities decreased to €75 million (2022: €84 million), primarily due to lower capital expenditure on Aalsmeer-Oost relative to 2022. Financing activities yielded a cash inflow of €23 million, compared to an outflow of €23 million in 2022. This increase is mostly due to the lower payouts on B depositary receipts (in 2022, depositary receipts from the 2014 issue were redeemed early).



Total assets declined by €4 million to €748 million (2022: €752 million). The loss before tax led to a reduction in equity, resulting in a decrease in solvency\* to 25% (2022: 28%). Risk capital fell to 52% (2022: 59%) due to the fall in equity; this figure is within the defined range of 45%-55%.\*\* The liquidity ratio\*\*\* of 0.2 was well within the norm of 3. At the end of 2023, €5 million had been drawn on the available credit facility. The unused portion of the available credit facility was thus €190 million.

**Outlook**

Royal FloraHolland performs sensitivity analyses (scenarios) with a multi-year horizon, carries out a strategic risk analysis every year and – in addition to the current strategy implementation – develops various plans to keep the cooperative’s financial performance at the desired level, now and in the future. This is designed to ensure we have a robust business model in case a less favourable market scenario materialises in floriculture. Relevant stakeholders are involved in this process.

In 2024, the main priority is to return to profit. With a tight budget, price rises and cost savings, the target is as a minimum to break even – both in the short term and the long term. This is to be achieved while continuing at full speed with the implementation of the strategy, including the plans for international growth, Fit For Future and RFH 2.0. This is essential if we are to become and remain profitable over the long term. On 12 March 2024 the new financing for Royal FloraHolland is currently being finalised.

\* Calculated as: (group equity) / (total assets net of cash and cash equivalents).  
 \*\* Calculated as: (equity + B/C/D depository receipts) / (total assets net of cash and cash equivalents).  
 \*\*\* Calculated as: bank financing / EBITDA cash flow.





## Royal FloraHolland in 2023

To provide a more customised offering to our members we developed member packs. This new way of working will be in operation from 2024. So that we can continue providing our services on a cost-covering basis and reduce our own costs, we gave substance to the RFH 2.0 and Fit For Future plans. We are working in a number of selected areas and following the Scaled Agile Framework (SAFe), which enables us to work with well-defined priorities towards shared goals with business value, based on a clear vision and strategy. And with the start of Central Auctioning, we are also optimising market pricing and making our costs more efficient. We again made our contribution to making the sector more sustainable and socially responsible. And lastly, we continued to uphold the interests of growers, buyers and the sector on complex issues such as the energy transition, good employment practices, and biodiversity, and took steps towards sustainability and CSRD reporting.



## Member packs

As of 2024, we now work with member packs. This marks the definitive implementation of a key pillar of the new cooperative strategy ‘Together in Our Cooperative’. The core points are simplicity, scale and strengthening the benefits of membership.

### Tailored solutions

At its meeting on 21 September 2023, the Council of Members resolved to introduce member packs as from 1 January 2024. The four packages strike a balance between the needs and expenses of the cooperative and the desire of individual growers for extra services. The content and form of the packs was extensively trialled among members at a number of different member sessions.

### The four member packs

#### 1. Direct focus

This pack offers affordable prices for members who sell flowers and plants directly. Members purchasing this pack cannot use clock auctions or clock auction presales.

#### 2. Direct flex

For members who opt for direct sales but occasionally want flexible access to clock auctions, for example to sell trade leftover lots or secondary crops. Growers with this member pack retain their flexibility, with appropriate prices for direct transactions and clock auction sales.

#### 3. Clock flex

This pack is aimed at members who on average sell more than 20% of their flowers and plants at clock auctions, but often sell part of their produce directly. They receive an affordable rate for auctioning products. This member pack comes closest to the service that Royal FloraHolland has provided for many years.

#### 4. Clock focus

This pack is for members who prefer auctions but sometimes sell flowers and plants directly. They receive additional step-by-step support from Royal FloraHolland with placing their catalogues on Floriday. Every member is given a fixed contact among the auctioneers and horticultural inspectors. They receive more time and assistance when changes are introduced to Royal FloraHolland’s services, for instance as a result of digitalisation.



### Choosing a pack

To support members with selecting a pack, Royal FloraHolland determined which pack option was the most logical for each individual member on the basis of their 2022 revenue figures and informed the member of the result. Only 3% of members ultimately chose a different pack to the one that was recommended, although one noticeable outcome was that far fewer members than expected opted for Direct focus. This demonstrates the added value of having access to clock auctions. Royal FloraHolland has taken extra measures to check that the right packs are being used.



## Ongoing focus on costs

Royal FloraHolland aims to get the best possible market price for its members and suppliers at the lowest possible cost. This is both an important foundation for the sustainable success of our cooperative and an ever-greater challenge in the face of changing market conditions.

### Efficient organisation

In the past two years, the cooperative's costs have risen faster than its revenues. We strive for an efficient organisation with cost-covering services, and so we also focus on reducing our own costs.

We are adapting the business to a digital trading and logistics platform and striving for growth, with a corresponding approach to work and cost-covering services for members, growers and buyers.

#### In 2023 Royal FloraHolland carried out the following efficiency measures:

- lower marketing, communication and staff costs
- smarter procurement and contracting processes
- better risk management to prevent avoidable setbacks
- lower indirect staff and other costs through working to a higher standard and through improved and digitalised processes
- reduction in costs for mistakes and damage
- lower energy consumption
- replacement of expensive, outdated IT equipment and services
- selective and targeted maintenance based on a real estate plan.

### Efficient services

Royal FloraHolland strives for efficiency with cost-covering services for members, growers and buyers. Here are a few examples:

- We encourage growers to invoice all direct sales via Floriday so that in the future Connect-EAB will become obsolete and it will no longer be necessary to keep two systems running at the same time. Manual checks of direct sales will become unnecessary.
- Storing trolleys with flowers or plants creates extra work for Connect Logistiek. In the past, these costs have been borne by the collective. In consultation with members, the decision was taken to charge the costs for storage (cold and ambient temperature) to the grower using it as from 1 July 2023.
- Flower Handling Services, a continuous loss-making business we operated in Naaldwijk, was closed down.
- The phased, controlled roll-out of Central Auctioning optimises market pricing and lowers costs.
- Select Delivery, which already had an early delivery time before auction presales, was expanded with multiple slots.

### Better view of buyer's spending limits

Real-time insight is now in place for buyers making direct transactions on Floriday via the eWallet. The first buyers have signed up and are now able to see directly in Floriday how much credit they have remaining for their purchases.

### RFH 2.0

In 2023 the RFH 2.0 plans continued to take shape. With RFH 2.0, we are striving for more efficient use of buildings and staff, by spreading out inbound and outbound deliveries of flowers and plants as much as possible and allowing buyers to choose themselves what services they want to procure and when to do so, with an associated range of special rates and terms. This will eventually enable growers to bundle their direct sales, direct-from-the-nursery and clock auction orders, with Royal FloraHolland ensuring that each is delivered to the buyer. Buyers will agree with us on how, when and in what order we deliver the flowers and plants, in accordance with the availability of our people and resources. RFH 2.0 will optimise trading and transport via the three logistics hubs (Aalsmeer, Naaldwijk and Rijnsburg), which will work together in a single system, in conjunction with the Central Auctioning process (see Simplify dealmaking). RFH 2.0 will improve efficiency, create new opportunities and options for growers and buyers and contribute to sustainability in the value chain.

## Growing greener together

Royal FloraHolland is working on sustainability and social responsibility, both within the cooperative and in the floriculture sector. Doing so ensures that we, our members and the industry will remain successful over the long term. Consumers – and thus retailers and wholesalers – expect all of us to fulfil our responsibilities, and government authorities are imposing further requirements through legislation.

The vast majority of growers and buyers know that cultivation and trading need to evolve. This means, for example, adopting sustainable energy, embracing circularity, enabling more biodiversity, and creating a socially safe workplace. Royal FloraHolland is taking tangible measures to achieve this, and is transparent about its performance (see the Sustainability Report, page 57).

Growing greener together: that's our goal. We're giving it shape through three pillars:

- **Reliable floriculture marketplace** – with a secure and transparent platform
- **Liveable planet** – by minimising the impact on the environment
- **Inspired and energetic people** – through a healthy and safe workplace and environment where everyone can thrive.

### Certification

We demonstrate our commitment to relevant sustainability matters through environmental (and other) certification. This involves obtaining a recognised certificate from the environmental section of the FSI Basket of Standards. By doing this, we stimulate transparency in the floriculture value chain.

For more detailed information on certification, see the Sustainability Report – MDR Certification, page 63.

### Target for 2023

#### Environmental certification

# 83%

#### Result

83% revenue (2022: 81%)  
80% units (2022: 77%)

→ Sustainability Report, page 64



## Collaboration and promoting interests

Royal FloraHolland creates value by upholding the interests of its members, the cooperative and the floriculture sector. With everything that's coming at growers and our floriculture marketplace, this involves making choices. We and our industry are affected by many different complex social issues: the energy transition, reducing resource use, water management, good employment practices, and biodiversity.

### Collaboration

We are pleased to work together with lobbying groups and partners in the horticulture sector, such as Glastuinbouw Nederland, Plantum and GroentenFruitHuis. The aim is to contribute to innovation, sustainability and keeping up support in society for growers and their floriculture products. In 2023, collaboration between partners in the sector was strengthened by the wide range of social and political issues affecting us. We all realise how much we need each other to assure the future of our industry. On behalf of Royal FloraHolland, the Vereniging Bloemeneveilingen Nederland (VBN) lobbies for the interests of growers and the cooperative in The Hague and in Brussels.

### In 2023, Royal FloraHolland was active in various partnerships, including:

- Copa Cogeca – Lobbying group for the EU agricultural sector
- Union Fleurs – represents, promotes and defends the interests of the international floriculture trade in a European context
- Greenports Nederland, Greenport Aalsmeer, Greenport West-Holland – network organisations that work with government, industry and education to promote a strong horticulture cluster
- Floriculture Sustainability Initiative (FSI)
- Stichting de Groene Stad (Green City Foundation)
- Weerbare Sierteeltsector (Resilient Floriculture)
- Delta Plan for Biodiversity Restoration.

from a position of strength and value, brings the industry to the attention of officials, politicians and NGOs. Bloemen Bureau Holland is also involved in these efforts, starting in 2023 with ‘sector communications’. Their participation means that the programme also engages with consumers.

### Reduced VAT rate

In connection with the review of the tax system, the reduced tax rate of 9% on floriculture products again came up for debate in parliament in 2023. Through the VBN, we again had a cost-benefit analysis performed, in collaboration with other industry organisations (VGB, VBW, Tuinbranche NL and CVAH). Partly due to the results, raising the VAT rate is now off the table for the time being.

### Green Deal

As part of the European Green Deal, new legislative proposals also confronted floriculture in 2023. These included an initiative to halve the use of chemical plant protection products by 2030. The proposal failed to take sufficient account of the special position of greenhouse horticulture, where it is possible to work efficiently in a controlled enclosed environment without negatively impacting the outside environment. Ultimately, our considerations did not come up for discussion, because the European Parliament rejected the proposal in late November.

### Energy Covenant

One important topic that demanded attention in 2023, and will continue to do so in 2024, was the implementation of the energy transition covenant for the greenhouse horticulture sector (the ‘Energy Covenant’) agreed with the Dutch government at the end of 2022. The sector has ambitious targets in this regard. Government support is essential if we are to be able to produce profitably *and* climate-neutrally by 2040. This was not helped by a number of onerous tax measures that were announced half-way through 2023, but which have thankfully been partly reversed.

### Barriers to imports and exports

Avoiding barriers (phytosanitary, Brexit) to the import and export of cut flowers in particular remains a key issue for our international floriculture marketplace.

### Agriculture Agreement

In 2023, we made our contribution to the Dutch Agriculture Agreement (*Landbouw-akkoord*). The talks with various parties, including organisations from the horticulture, floriculture and fruit, vegetable and mushroom growing sectors, NGOs and government bodies, led to a shared vision of the future for our sector. We also discussed our contributions to solving the major social issues – energy, biodiversity, water, climate effects – and the agreements that we could make with the government in this regard. The Agriculture Agreement ultimately failed to materialise, but the agreements for the sector form, among other things, the basis for the election manifesto (see below) and the agreements that we are making in various partnerships.

### Election

In the run-up to the Dutch general election on 22 November 2023, we found each other as partners in the floriculture sector. At the end of July, we published a joint election manifesto and shared it with all political parties. We will continue to promote the interests of the sector during the formation of the cabinet and the drafting of a coalition agreement, and then in the run-up to the European elections in June 2024.

### Reputation

Through Greenport Nederland, we began a programme in 2023 to improve the sector’s reputation among decision-makers. The goal is to find a concrete common language that,



## Our people

By working together we can keep tabs on the various interests and achieve valuable results for all. That is made possible by an organisation in which inspired employees contribute to the Royal FloraHolland strategy, where workers are engaged and we offer them the opportunity to develop in a socially safe working environment.

### Change

To make our goals a reality, stay relevant and lead the field, we are moving towards the Royal FloraHolland platform. We are doing this in many ways. One of them is strengthening our delivery service, something that demands a new way of working together, as well as a change in behaviour and leadership. To achieve that, we set up three routines across the existing organisational structure, which we did by following the Scaled Agile Framework (SAFe): a framework of agile and lean methods aimed at bringing value to the market as fast as possible.

The core values (collaboration, focus on results, innovation and reliability) bind our people together through all the changes they experience on their employee journey. They point the way, provide an anchor and give direction to the actions of every employee.

### Development

In 2023, we organised various leadership sessions with managers, in which use was made of 'serious gaming' to enable participants to experience day-to-day practice together. We work on employee development with the Royal FloraHolland Academy learning platform, as well as with our tailored development programmes: HortiHero's, the Young Potential Programme and the Medior Programme.

### New collective agreement

In March 2023 we concluded a new collective bargaining agreement\* with a fifteen-month term. The agreement demonstrates the value and recognition we have for our employees and offers them security; however, the costs were higher than we had budgeted

for and this has had an effect on our annual loss. We provided extra financial assistance to employees on lower incomes. We did not carry out a mid-year price increase to offset the higher costs occasioned by the new collective agreements.

### Employee survey

The percentage of responses to the 2023 employee survey rose to 79% (2022: 76.4%), above the Effactory benchmark of 64%. The engagement score\*\* remained the same as the year before at 7.6, and was thus higher than the benchmark of 7.4. An ongoing area of focus in our employee survey and in our organisation is social safety. The feeling that attention is paid to improving social safety remained steady relative to the prior year, at 7.7 (2022: 7.7 – 2021: 7.1).

For more information about the policy and implementation of Royal FloraHolland's employee plans, see the Sustainability Report, Social – Own workforce (ESRS S1-S6), page 72.

\* The agreement concerns Royal FloraHolland itself, to the exclusion of participations.

\*\* Figures for Royal FloraHolland itself, excluding participations.





## Simplify dealmaking

Royal FloraHolland brings demand and supply together both digitally and physically at a major international floriculture marketplace. We invest in improving and renewing our trading capabilities. That helps us grow together. We offer several different ways to do business, such as auctions (the clock), auction presales, direct sales (day and forward selling) and Direct Bidding.

## Floriday

Floriday is the digital B2B platform for floriculture. Its aim is to grow trade and make dealmaking simpler. The platform offers growers and buyers access to the broadest, most complete range of flowers and plants available. Through its variety of selling options and handy functions and features, Floriday makes buying and selling flowers simple, accessible and efficient.



### Customer satisfaction survey

Royal FloraHolland conducts regular customer satisfaction surveys among members and buyers. The results of the survey carried out in the last quarter of 2023 were published in April 2024. They show that members and buyers are satisfied with the financial services provided by Royal FloraHolland and that the 100% payment guarantee for growers is especially valued. This was also the case for clock auctions as a method for buying and selling. Areas for improvement were the logistics performance in relation to clock auction products, the value for money of the real estate, and the communication on strategic and other developments within the cooperative and in Royal FloraHolland as a company. The survey covered 3,895 members\* (647 respondents) and 2,030 buyers\* (276 respondents).

\* For large-revenue accounts, more than one person per account was contacted in some cases.

Growers can use Floriday to offer their flowers and plants for direct day or forward sales or put them up for auction. And as from 2024, buyers can now also use apps on Floriday to make auction purchases.

### Floriday in 2023

In 2023, use of Floriday grew: over two billion euros worth of flowers and plants were traded on the platform. On average, 66% (2022: 32%) of direct trade took place on Floriday, a figure that rose to an impressive 87% at the end of the year (2022: 41%). User satisfaction is high: 82% of growers said they were satisfied with the use of platform's screens (target: 80%). For buyers, the figure was 69% (target: 70%).

Efforts were made in 2023 to allow a greater proportion of direct trade to be settled on Floriday itself. At the end of the year, almost 90% of turnover was settled on the platform.

### Floriday in figures

	2023	2022
Total direct sales revenue via Floriday	<b>2.2 billion</b>	<b>1.1 billion</b>
Average percentage of direct sales via Floriday	66%	32%
Percentage of direct sales via Floriday at end of year	87%	41%
Weekly transactions (direct) via Floriday	272,000	180,000
No. of countries where Floriday is active	50	45
Grower satisfaction with Floriday screens*	82%	
Buyer satisfaction with Floriday screens*	69%	

\* Continuous measurement began in 2023: 'How satisfied are you with functions in Floriday?'



## A few other developments:

- Buyers were able to use the improved **Floriday Explorer**. This function makes it simple to search and place orders within the range and current direct sale offers and, since 2023, items available for auction presales. Buyers can link their own online stores to **Explorer** so that growers' offers and ranges are directly displayed on the buyer's website. In mid-2023, we made upgrades to Explorer to make it more user friendly, including new filter options and the option to save offers.
- The **Exporter module** enables buyers to give their end customers access to some or all of the items on offer in Floriday. This enables customers to place orders directly in a buyer's name.
- A **standard letter**, with a unique barcode, for direct trade was introduced. We introduced the letter in Floriday in a way that ensured that growers did not have to make changes to their software packages. Growers can use this facility to put more than five lots on one letter, thus saving paper. This is impossible to do without a single central platform.
- Functions such as stickers, contracts and advance inventory planning improved, making it even easier for growers and buyers to do business.
- Due to the development of Floriday, we ceased providing **FloraMondo** and **FloraXchange** for direct trade in 2023. Buyers can now do all their trading in one place, as a result of which we were able to phase out the old systems. Almost all the software packages used by our growers now also support the settlement of direct trades.
- In April 2023, the first group of growers began offering Direct Bidding on Floriday. This new function enables buyers and growers to trade with each other directly via online bids. Traders purchase products directly from the growers by bidding the asking price or making a counter-offer. As soon as the grower accepts a bid, the deal is done.

### Floriday facts 2023

- Week 19 (8-12 May) was the **busiest week** on Floriday
- Week 37 (11-15 September) saw the **most transactions: 378,000**
- Average of over **5,000 unique users** per week

## International

Through growth and services via Floriday, Royal FloraHolland is increasing the opportunities available to growers and buyers in the floriculture sector. More supply creates more demand and vice versa. Scale is extremely important for the platform. Growth opportunities lie in particular in the international floriculture trade. Royal FloraHolland makes it possible for growers to expand internationally. To support them better, the related Floriday functionalities were further extended in 2023.

### Country approach

In order to give effective and coherent shape to Royal FloraHolland's international growth, a country approach was established in the second half of 2023. This sets out, among other things, what is needed in each supply and destination country to increase certain trade flows via Floriday and Royal FloraHolland. We test different assumptions and develop the necessary functions, features and services accordingly. Royal FloraHolland thus supports members who supply directly to these international markets.

## Committing to international growth

In 2023, Royal FloraHolland's revenue from international supplies grew by 2% relative to 2022, reaching €933 million (2022: €914 million). The number of production locations also increased internationally in 2023. Auction revenue again rose, to €617 million (2022: €594 million) for an increase of 4%. Revenue from direct trade fell by €4 million (-1%) (2022: €320 million). The decline was mainly due to the fall in retail demand for products. The share of international revenue in total revenue increased from 18.2% in 2022 to 18.8% in 2023. This accounted for 30.3% of clock auction revenue (2022: 29.1%) and 10.8% of direct revenue.

### Royal FloraHolland's 2023 product revenue in the top three countries for cut flowers was:

- Kenya: €406 million (2022: €390 million). Change: 4%
- Israel: €58 million (2022: €58 million). Change: 0%
- Ethiopia: €216 million (2022: €216 million). Change: 0%

The floriculture market in Eastern Europe is growing, notably in Poland, Czechia and Hungary. Outside Europe, Royal FloraHolland sees growth opportunities notably for sales of products from East Africa direct to the Middle East, Central Asia and the US. Product revenue from pot plants grew by 1.9%. However, there was a shift within the top three: Belgium grew by 4.7%, Germany fell by 6.9%, while Denmark remained steady.

Royal FloraHolland had 516 members in 2023 (2022: 533) in Europe (excluding the Netherlands), Africa and Asia and buyers from many different countries. The production area of growers in Africa, South America and Southern Europe increased slightly relative to 2022. This is forecast to continue increasing in the years to come. Increasingly, trade no longer involves goods flows to the Netherlands, but direct sales negotiated directly via Floriday.

### International orientation

To stimulate the international trade in flowers and plants, we are also adapting our organisation. In 2023 this included investing in English language training for employees. A member with an international background also joined the Supervisory Board.

### Sustainable international transport

Sustainable transport also forms part of our international growth ambitions. Containers are already being shipped by sea to the Netherlands from Kenya, as an alternative to air freight.

## Continuity of service

Achieved in 2023

25%

lower business impact from IT disruptions than in 2022



Royal FloraHolland does everything in its power to prevent disruptions. Nevertheless, incidents can never be completely avoided. If the unexpected should happen, our job is then to limit the impact on customers' operations. We measure this by the number of minutes for which auctions or other forms of trade were unable to take place due to technical disruptions. In 2023, the impact of IT disruptions on operations was around 20% lower than in 2022. This is partly due to a small number of large disruptions that occurred in 2022.

### Data and information policy

Data security and data integrity take priority in all our digital projects. This is laid down in the Information Policy, which ensures that data is used and distributed appropriately. The reliability of data and data protection are important preconditions for customers wishing to use our services. Royal FloraHolland complies with all laws and regulations in respect of privacy, competition and data security.

One important part of the data policy is how we manage information. We distinguish between three types of data: public, non-public, and strictly confidential. A data committee, made up of growers, buyers, a haulage operator, an independent data expert and Royal FloraHolland employees, oversees the implementation of the data and information policy. In 2023, the data committee met four times. The topics that were discussed included new Floriday functions and features and the associated testing for compliance with the Information Policy (Exporter Module and Floriday Messenger), an in-depth examination of data sharing in other industries, and cybersecurity.

The data committee also arranges for an annual audit. In 2023, an external auditor again reviewed the policy and practical implementation of data management. The auditor concluded that Floriday is a safe environment for the data of growers and buyers. Strictly confidential data in Floriday is not shared and the transaction data in Royal FloraHolland reporting cannot be traced back to individual growers or buyers.

## Cybersecurity

Royal FloraHolland strives to increase its own digital resilience and that of the floriculture sector. It sets high security requirements for its digital services. In 2023, as in 2022, there were no cybersecurity incidents that had a significant impact on operating processes.

One important measure is that we invest in increasing employee awareness: many security incidents start when someone clicks on an email link. In 2023, we beefed up the security team and invested in dark web intelligence in order to proactively combat fraud.

### Cyber resilience centre

Parties in the floriculture chain are closely interconnected. If a cyber incident leaves one of the partners unable to deliver, the repercussions are felt by the entire industry. Royal FloraHolland is one of the driving forces behind the Greenport Cyber Resilience Centre, an initiative that aims to ensure a digitally secure floriculture sector. The centre helps member organisations improve their cybersecurity with advice from experts and information on potential threats, thus making the whole supply and value chain more resistant to cybercrime attacks.

### Launch of Royal FloraHolland Cyber Subscription

In 2023, Royal FloraHolland launched the Cyber Subscription. This offers growers and buyers:

- a newsletter eight times a year with a cyber update from the Greenport Cyber Resilience Centre;
- practical tools that increase the cyber resilience of businesses;
- information on potential threats so that growers and buyers can respond to potential risks in good time;
- annual events such as crisis drills or cyber cafés;
- a variety of services that increase cybersecurity, such as antivirus software and monitoring services.

## Central Auctioning

### Achieved in 2023

Average clock auction transactions per auction day

**100,216**

(2022: 101,738)



Royal FloraHolland reached a milestone in 2023 with centralised clock auctions for all rose cultivars. Central Auctioning means that we bring together all the supplies of flowers and plants for a particular product type at one central clock auction. This promotes optimal pricing, because we know that auctions are an important purchasing and selling method for many growers and buyers and this is not going to change. In 2023, around 4% of total volumes were auctioned centrally. In December, the figure was 29%, after the expansion of Central Auctioning to rose cultivars and the addition of Rijnsburg.

Royal FloraHolland held the first central flower auction clock(CO6) for Aalsmeer and Naaldwijk towards the end of 2022. The feedback was positive: a majority of the buyers felt more comfortable and that they had a better overview, prices were more stable with fewer large differences between the sites, and there was virtually no negative effect on logistics operations. On that basis, we took the next step in 2023 with the start of the Central Auctioning for rose cultivars. This initially sparked criticism from Rijnsburg, which we listened to and have since resolved to the extent possible. CO6 was expanded first to Rijnsburg, after which roses for all three hubs then switched to Central Auctionings. Thorough preparations meant that this expansion went smoothly. We now have five central clock auctions for flowers, spread across three hubs.

In early 2024, we will evaluate the expansion of Central Auctioning to roses and the addition of Rijnsburg. This will serve as a basis for determining the next steps. The aim in 2024 is to start with one central plant auction and then bring all other products under Central Auctioning gradually. This will be phased in by product group, in close consultation with the advisory committee and the Royal FloraHolland Product Committees (FPCs).



## Reliable product information

### Achieved in 2023

Number of C scores  
down by 10%  
Reliability Quality Index

**A-47%** (2022: 47%)

**B-31%** (2022: 29%)

**C-11%** (2022: 12%)

No score – 11%



In an increasingly digitised and international industry, partners in the value chain have to have confidence that the information they receive is correct. We therefore make sure that the value supplied by the grower actually matches up to the price the buyer pays. Moreover, the fewer the complaints a grower receives, the more (repeat) purchases they will see. The reliability of the photos and the inspection and grading characteristics of flowers and plants are determined using the Quality Index (QI). Royal FloraHolland has been working with a new QI since April 2023, which indicates the percentage of clock auction lots a grower has delivered without defects in the past 62 weeks. Growers pay a charge for every identified nonconformity.



## Customised logistics

Royal FloraHolland supplies growers and buyers with logistics services, from the reception, sorting, setting-up and distribution of the product to final delivery to the buyer. We understand that logistics must be flexible, efficient and reliable. We innovate in order to offer customers solutions that will continue to connect with their business processes in the future. As a hub for the logistics chain, we see an opportunity to organise the chain so that it is smarter and more customer-focused, both nationally and internationally.

## Absorbing peak pressure

Achieved in 2023

Transactions

98%

of transactions delivered within the service standard



The floriculture sector has traditionally faced peaks around Valentine’s Day and in the months of April, May and June, which put extra pressure on Royal FloraHolland’s logistics processes. During this period, the average daily number of transactions can double, from just under one hundred thousand to around two hundred thousand. An additional problem is that the extent of the increase is hard to estimate in advance, partly because of changeable weather conditions.

In 2022, unfortunately, outbound delivery times in peak periods were later than desired. This was due, among other things, to a shortage of workers caused by the tight labour market, a problem which other Dutch industries have also had to wrestle with. Adjustments to logistics systems also played a role. In 2023, we succeeded in preventing delays in delivery from occurring during the peak periods.

### 2023: We dealt with the peaks together

During the busy periods in 2023, Royal FloraHolland followed a new peak time plan called ‘Dealing with peaks together’. In consultation with growers and buyers, we put temporary measures in place to deal more effectively with peak pressure and kept the logistics process as predictable as possible in the meantime. This included monitoring pricing and the maximum availability of logistics resources. Expected finish times were notified in advance on the website and in the Royal FloraHolland app. Royal FloraHolland office workers worked peak-time relief shifts to support their colleagues and provide customers with the agreed service. In varying degrees, we also took extra measures to keep to standard times during the peak period:

- **Kickstart for flowers, final sprint for plants.** By starting on flowers with a full complement of staff, we were able to achieve better finish times. As soon as we knew that we would achieve those finish times, we shifted more of our effort to plants. That meant that we were often finished with plants too by two o’clock in the afternoon. Start and finish times were announced in advance.
- **Early auction days.** On busy days, auctions were started an hour earlier, at five o’clock instead of six. In 2023, there were six early auction days, and buyers were thus able to receive their products sooner.
- **Fewer auction presales.** We adjusted the proportion of auction presales temporarily from 50% to 45% in order to prevent delays. The logistics process for pre-auction sales is particularly intricate and thus time-consuming and demanding on employees.
- **Speedier auctions.** During the peak period, flower and plant volumes are larger, as most buyers buy larger quantities for their customers. We asked the auctioneers – where they thought it was feasible without affecting the prices achieved – to increase the volume of transactions a little faster and thus gain time for logistics processing. In the end, however, this measure only had to be used very sparingly. The impact on the auctions was limited, although it did lead to better finish times on busy days. Transactions in all formats remained possible during these times.

### The peak-time plan bore fruit

Thanks to the above measures and the cooler weather conditions, there were almost no delays in the busy period in 2023. Partly thanks to the well-planned deployment of our staff, we mostly kept within the announced finish times. We also achieved good results for direct goods flows (Connect Logistiek), with an average of 96% delivered within the agreed time. Over the year as a whole, Royal FloraHolland achieved the target of delivering 98% of transactions within the service standard. For 2024, Royal FloraHolland is predicting a similar peak and we will again apply the peak-time plan, with a few adjustments based on the results of the evaluation. We will, for example, only resort to speedier auctions and limiting auction presales during unforeseen major spikes.



## Quality of logistics services

### Achieved in 2023

#### Complaints

< 0.2%

Complaints down in every quarter at locations with order picking → see below, 'From distribution to order picking'



One of the ways in which we measure the quality of the logistics services is the number of customer complaints. In 2023, the total number of complaints remained under 0.2%, based on the number of transactions. We thus achieved our target. Aalsmeer received by far the fewest complaints, while the percentage in Naaldwijk was above the target number. The target for bringing down the number of complaints at the locations where we carry out order picking was also met in 2023.

## From distribution to order picking

Royal FloraHolland is adapting the old distribution process at all locations. In place of 'supply-driven distribution', we are gradually switching over to 'demand-driven order picking'. This gives buyers more control over the delivery times of their flower and plant purchases.

#### Other benefits of order picking are:

- Flowers spend more time in the cold store, which is beneficial for quality;
- Employees' working hours are easier to plan, which makes Royal FloraHolland more attractive as an employer in a tight labour market;
- Peak spreading and ability to deliver in time slots, thus reducing peak-time pressure in logistics processes both at customers and at Royal FloraHolland;
- Same software at all locations, benefiting logistics and improving cooperation within the network;
- Fewer transport movements, leading to greater sustainability and lower costs;
- Ability to develop additional custom services in collaboration with customers;

- Ability to carry out small last-minute orders;
- Ability to combine outbound deliveries of auction and direct sales/purchases.

### 2023: predictable delivery times

In 2022, Royal FloraHolland gained its first experience of order picking in Naaldwijk. From this pilot it emerged that the transition was complex and notably that it had consequences for buyers, which required new agreements to be made about deliveries, and different routines to be followed in workflows and transport.

We learnt the lessons from these experiences together in 2023, taking measures to enable order picking to be introduced in a more flexible way. For instance, where possible we involved customers in the transition and maintained a buyer support team during the switch to order picking. The improved predictability of outbound deliveries was also important.

In the summer of 2023, we began a pilot scheme to work with buyers on reaching a delivery standard that matches buyers' needs and the dynamics of order picking. The pilot indicated that the predictability and reliability of delivery would improve if we switched fully to time slot deliveries. Order picking has also changed how and indeed where (cold store) logistics staff perform their work. The move from distribution to order picking will continue step by step over the next few years, in co-creation with growers and buyers.

#### Step by step from distribution to order picking

- 2022 – Naaldwijk (flowers)
- January 2023 – Rijnsburg
- January 2024 – Naaldwijk (plants – start)
- second half 2024 – 100% Naaldwijk (all plants), Aalsmeer (plants – start)
- second half 2025 – Aalsmeer (flowers – start, after expansion of cold stores)

### Select delivery

Thanks to order picking, Royal FloraHolland will eventually deliver more in terms of customer needs and we are able to offer Select Delivery (time slot deliveries) to our buyers. This enables buyers to decide for themselves whether they wish to receive their flowers and plants earlier, faster or later than the regular logistics process. In 2023, Royal FloraHolland made a set of time slots available that made it possible to make a complete switch to time slot delivery. The target is to deliver at least 98% of all transactions at the delivery times agreed with the customer. And it's working.

## Returning logistics containers

In late 2023, we launched Easy Returns, which makes it easier for buyers to return different logistics containers (buckets, boxes, trays, etc.) and load carriers at the same time. This is a good example of a service developed in co-creation with a buyer.

## Packaging

Royal FloraHolland delivers standardised transport packaging to floriculture businesses, which contributes towards an efficient process with the lowest possible environmental impact. We are also working with growers and buyers to develop product packaging in line with new circular standards. See also the Sustainability Report, Environment - Resource use and circular economy (ESRS E5-1 to E5-5).

## International logistics services

### Dock services ready for international growth

Growers abroad bring their flowers and plants to Royal FloraHolland sites in the Netherlands. In 2023, we developed and tested a new sorting machine with which we can process more international volumes faster and more efficiently in a refrigerated space. The outcome of the test was satisfactory. Processing capacity more than doubled, enabling us to process more international trade. From 1 January 2024, Royal FloraHolland will process all flowers and plants automatically in a refrigerated facility.

### Flower Handling Services by other parties

International growers use Flower Handling Services (FHS) in Naaldwijk to prepare their products for clock auctions. In 2023, it no longer appeared possible to offer these services at acceptable prices. Royal FloraHolland ceased providing Flower Handling Services with effect from 1 January 2024. As from that date, unpacking activities were taken over by Valstar Handling from Kwintseheul and Van Eijk Handling from Rijnsburg. The start of operations by these firms means that third-party unpacking remains an available option for growers at the Naaldwijk hub. Both companies use FHS's existing facilities and equipment but will perform the unpacking activities according to their own specifications.

## Floriway

Transport, as part of the floriculture logistics chain, is a crucial link between growers and buyers. The objective is to organise the transport of floriculture products in an efficient, customer-focused and sustainable way. By combining Floriway with our hubs, we relieve growers and buyers of the burden of logistics, from the place of cultivation to the point of delivery. Smart data usage enables us to optimise the use of the available space in Floriway's trucks: fewer movements means lower costs and less harm to the environment.

The focus at Floriway in 2023 was on achieving good operational quality for customers. This was done, and the improvement in operating quality was visible. Floriway's financial results in 2023 were lower than expected. Revenue was lower than in 2022. The main reasons for this were the intentional winding-down of loss-making activities, lower volumes in the market due to a cold spring, the ongoing energy crisis, and the number of customers who changed haulage provider.

Floriway's costs, although lower, unfortunately did not fall as steeply as revenue. Floriway was well prepared for high volumes during the peak season, but the late arrival of the peak in the industry meant that Floriway was insufficiently able to keep costs down in line with the lower volumes. A relatively high level of sickness absence also caused trouble, making it necessary to hire in less experienced, but more expensive, outside staff. Lastly, the complexity of the integration into a single central logistics planning system led to delays in implementation, which limited Floriway's ability to optimise journeys and planning in 2023. The aimed-for productivity improvement was consequently not achieved in 2023. Although Floriway did make savings by keeping a tight rein on indirect costs (rent, marketing, advisory expenses), contribution was lower due to the sharp fall in revenue.

At the same time, steps were taken to improve operating results. In May 2023, an experienced general manager, Gertjan Breij, was appointed, who is focusing in improving the quality of services, results and the organisation. The results of the customer satisfaction survey make it clear that the majority of Floriway customers were happy with the service level in 2023.

Better financial results are expected for 2024. Midway through January 2024, implementation of a single central logistics planning system was completed, which will contribute to more efficient transport planning. The centralisation of the docks in Aalsmeer and Rijnsburg has also been completed and work is now being done to centralise the docks at Naaldwijk. Lastly, transported volumes should continue to increase, partly because Floriway expects to be able to attract and retain new customers.



## Smart business

Doing business in floriculture requires a combination of many different qualities and skills, from knowledge of flowers and plants to financial management, production and other processes, and the selection, training and support of employees. Royal FloraHolland supports growers and buyers in this with, among other things, a 100% payment guarantee, common purchasing terms, logistics solutions, advisory services and real estate.



## Financial services

In 2023, Royal FloraHolland again processed an average of over a hundred thousand payment transactions a day. Royal FloraHolland supports the financial (and general) administration of growers with a variety of financial services. Linking systems together saves them time and money. In collaboration with growers and buyers, we are working to improve existing payment options and develop new ones. This includes providing access to financial transactions, summaries and bills in the member's or buyer's 'My Royal FloraHolland' environment and on Floriday.

### Payment guarantee

Achieved in 2023

Guaranteed payment to growers

100%



Royal FloraHolland ensures that growers and buyers can do business safely in an atmosphere of mutual trust. Buyers have several options for payment. Most of them pay within 24 hours using an automatic direct debit or from an amount deposited in advance, for example in the recently developed eWallet (see the column to the right). To make purchases, they must provide either security or a bank guarantee in advance. However a buyer chooses to pay, the power of the collective means that we are able to offer 100% security of payment to growers. Royal FloraHolland again upheld this promise in 2023.

### Insights app: price information

For growers and buyers, a real-time view of the prices of flowers of plants is crucial. The Insights app (Floriday) provides a summary of price and market developments and helps growers determine a sales strategy. Since May 2023, Insights has also had a notification function, which provides rapid information to growers about daily clock auction prices. A separate Insights dashboard exists for buyers.

### Better view of buyer's spending limits

Real-time insight is now in place for buyers making direct transactions on Floriday via the eWallet. The first buyers have signed up and are now able to see directly in Floriday how much credit they have remaining for their purchases.

### Management information on the Finance Dashboard

Royal FloraHolland offers financial and trading overviews to both growers and buyers. In 2023, these were complemented by the addition of the Finance Dashboard to My Royal FloraHolland. The dashboard enables buyers to view analyses of their weekly or monthly purchases. For growers, the dashboard also offers an overview of the current value of their member certificates. These features will become available for buyers and growers in the first quarter of 2024.

### eWallet

To enable local and international trade to run smoothly and securely, Royal FloraHolland improved the eWallet in 2023. The eWallet is a digital wallet into which buyers deposit funds in advance, which they can then use to pay for both direct and auction purchases. The eWallet was also used for direct purchases in 2023, for more than 47,000 transactions with a total value of over €15 million.

Royal FloraHolland settles purchases daily from the eWallet so that buyers can keep an up-to-date view of their balance. Before a purchase is made, we automatically check whether the buyer has sufficient credit on their account. This removes the need to provide security such as a security deposit or bank guarantee. Until recently, 'auction pre-payers' would make an advance deposit before trading. Nearly a hundred such buyers migrated to the eWallet in 2023, and this migration will continue in 2024.

### US dollar payments

Royal FloraHolland supports growers and buyers in their international growth ambitions. For this reason, transactions made on Floriday with the Middle East and Africa, among other places, can now be paid for in US dollars. Offering growers' products for sale in US dollars attracts additional purchasing power to the platform, making Royal FloraHolland and Floriday accessible worldwide for new and existing customers.

## Real estate

Royal FloraHolland runs the most important hubs in floriculture. Spread across four locations in the Netherlands (Aalsmeer, Naaldwijk, Rijnsburg and Eelde), they cover an area of some 4.9 million square metres, including 1.8 million square metres of buildings. We use part of the land and buildings for our own logistics operations and for storing logistics containers (such as buckets, trays and boxes) and load carriers. We also let out space to wholesalers, import processors, haulage firms and growers' collectives.

### Land and buildings let to third parties

#### Achieved in 2023

Property occupancy rate

**98.2%**



Royal FloraHolland's real estate provides space to 560 tenants under around 850 leases. The occupation rate of the properties in 2023 was 98.2%. In 2023, we entered into new leases for a fixed term of five years, rather than three. The customer satisfaction survey of tenants showed that 58% were satisfied or very satisfied with the property management and services at our locations. As of 1 May 2024, Royal FloraHolland will terminate the contract with the current provider of property management and maintenance services. A new partner has been selected and a contract has been signed. With this new partner, we will continue to move ahead with the Royal FloraHolland real estate maintenance plan.

Rents at our properties are subject to annual indexation, based on the consumer price index set by Statistics Netherlands (CBS). The index applicable in 2023 was 10.3%, a hefty rise on which we granted an initial 2% discount. An additional reduction of 0.3% was applied to the rents paid in 2023, following a court ruling in a legal case brought by a number of tenants.

### Maintenance of land and buildings

In 2023 Royal FloraHolland again invested in the maintenance and quality of its buildings and infrastructure. We thereby make a contribution to sustainability, safety and customer satisfaction, and to the smooth operation of logistics processes. In 2023, we completed the construction of an additional 10,000 square metres (that's two football fields) of additional cold storage, to enable the logistics process to be switched from distribution to order picking (see 'Customised logistics').

The Customer Contact Centre draws up complaints reports at the end of each year. The report for 2023 shows that the total number of complaints fell by 11% in 2023 relative to 2022. Average processing times decreased by one working day in 2023 relative to 2022. The most common complaints concerned the times and pattern of logistics deliveries, cleanliness, security, buyers' missing trolleys or lots, and matters related to the buildings.

### Scenarios

Royal FloraHolland developed a space strategy in 2023. Among other things, we ran scenarios regarding the growth or contraction of needs for space, including as a result of intended adjustments to our business model. This puts us in a better position to react quickly to changes in demand for own or rental space. We also use the insights obtained when we make investment decisions and conclude new leases and lease extensions with tenants.

### Aalsmeer-Oost

To meet the demand for rental space and strengthen our services, we are developing new multifunctional, sustainable properties and redeveloping existing areas. As a result, we will ultimately create an additional 135,000 square metres of floriculture workspace at Aalsmeer-Oost. Owing to developments in the capital markets (higher interest rates), our customers were more cautious in 2023 than we had expected.

## Condition of land and buildings

### Target for 2023

#### Condition score

# NEN 2767

(buildings and facilities): 3



At some Royal FloraHolland locations, there is a backlog of major maintenance work. The multi-year maintenance plan ensures that our real estate will continue to meet our own and our customers' requirements regarding the condition of our land, buildings and facilities. Over the new few years, we will make extra money available to bring the condition of our properties up to the desired level and keep it there.

The NEN 2767 condition score gives an indication of the condition of buildings and building-related facilities. We determine the condition based on age, maintenance needs and damage, on a scale from very good (score 1) to very poor (score 6). Royal FloraHolland sets condition score 3 as its benchmark.

### Overhaul of Naaldwijk cold store facility

To remain in compliance with laws and regulations, we had to replace the cold store facility in Naaldwijk. The overhaul began in September 2023 with the installation of a temporary cold store unit so that operations could continue. In the course of the overhaul, among other things we repaired and upgraded the piping systems. Key points of the renovation were to ensure the safety of the maintenance workers and keep the cold stores operational to maintain the quality of the flowers stored in these areas. Work was completed as expected in early 2024.

## Sustainable property

### Target for 2023

#### Electricity consumption (buildings and facilities)

# -5%

(relative to 2022)



Energy purchases were down by 9% in 2023 relative to 2021. This was partly due to the installation of solar panels and other investments in sustainability, including LED lighting. In 2022/2023, an average of 12% less gas was purchased, thanks in part to geothermal energy and sustainability investments such as smart docks. For more information, see the Sustainability Report, Environment – Climate change (ESRS E1 to E6).

## Safety

In 2023, 40 incidents occurred at Royal FloraHolland's buildings and sites. This figure is 9% lower than in 2022. For more information see the Sustainability Report - Social, page 72.



## Trade fairs and events

Every year, Royal FloraHolland organises a variety of trade fairs and events in the Netherlands and abroad for growers, buyers and suppliers, including the Spring, Autumn and Winter Fairs and the Trade Fairs at Rijswijk and Aalsmeer.

### Aalsmeer Trade Fair

The Aalsmeer Trade Fair took place from 7 to 9 November 2023. At the trade fair, Royal FloraHolland offers a place where growers and buyers can meet and gather knowledge. This year's edition saw the highest ever number of visitors, with over 21,000 importers, exporters, growers, breeders, florists and buyers from major supermarkets, garden centres and DIY stores in the Netherlands and abroad, who had access to 650 exhibitors. Of the visitors 41.8% came from abroad. Knowledge sessions were held at which attention was devoted to digitalisation, developments in the international floriculture sector, and artificial intelligence.

### Among the prizes

#### Glazen Tulp Award 2023-2024

Every year at the Aalsmeer Trade Fair, Royal FloraHolland presents the Glazen Tulp Award (Glass Tulip Award) for an innovative product in the floriculture sector. Growers were judged in five categories by a professional jury. The winners were:

- **Cut Flowers:** Lugt Lisianthus for the double-flowered *Eustoma russellianum* Rosanne Terracotta.
- **Houseplants (Green):** Ansu vof for the *Aglaonema* Painted Celebration.
- **Houseplants (Flowering):** Opti-flor for the *Maxillaria* Unique Coco Malibu in 9cm Tuscany Sand.
- **Garden Plants:** Van Son & Koot BV for the *Hydrangea serrata* Euphoria Pink.
- **Design:** Ansu vof took first prize for their Tillandsia design 'Tilly Tiles' (handmade ceramic tiles topped with a Tillandsia).

#### Greenovation Award 2023

At the Aalsmeer Trade Fair, the 2023 Greenovation Award was presented to Potweb. This product combats potworm in the growth of *Phalaenopsis* orchids in an environmentally friendly way. The Greenovation Award is a way for Royal FloraHolland to promote sustainability in floriculture. Potweb is a consortium of Levoplant, Ter Laak, Opti-flor and Solvent Engineering.

## Advisory services

Royal FloraHolland supports growers and buyers with (paid-for) data and advisory services that give them better insight into market and pricing developments. We also advise them on commercial strategies and expanding networks.

One of the services we offer is Sales Advice, with which we help growers and buyers to increase their knowledge of the market and strengthen their market position. In 2023, we conducted a survey of the appreciation for this advisory service over the year 2022. Of those surveyed, 90% considered the Sales Advice service to be good, very good or outstanding. The consultants appeared to provide added value: in 2021, 95% of them were evaluated as good, very good or outstanding. In 2022, this score rose to 100%.

Growers and buyers also indicated a need for advice on how to set themselves apart from competitors and what strategic choices they could make in respect of buyers. In April 2023, the suggestions for Sales Advice were expanded into a number of different topics in consultation with growers.

### Strategic market insight

Demand amongst growers for data and information is growing. In 2023, more than 55% of them [2022: 55%] made use of one or more services. The Strategic Market Insight service was introduced in 2022. It supplies growers and buyers with data-based information about countries, consumers, sales channels, shop formats and product categories.

The Strategic Market Insight service also organises 'market visits' to relevant partners in the value chain in different countries.





## Risks

### Managing risks and exploiting opportunities

Royal FloraHolland has clear ambitions, and a strategy and objectives for achieving them. There are both opportunities and risks. In achieving its objectives, Royal FloraHolland wants to optimally exploit opportunities and mitigate risks to the greatest possible extent.

Due to the characteristics of the industry and the position that Royal FloraHolland occupies in the floriculture value chain and (as a company) within our cooperative, we are exposed to various risks. We are mindful of our duty to protect the interests of our members, as well as of the systemic role we play in the cooperative and in the sector, so we are generally cautious when it comes to taking risks. As a result, recognising the relevant risks in good time and taking appropriate action are crucially important.

### Risk management

Royal FloraHolland strives to create a culture in which taking responsibility for managing risks is a key priority. So risk awareness must be present in all layers of the organisation. Our employees' expertise, attitude and level of risk awareness are of paramount importance here. We offer targeted training courses and have set up an open dialogue on risks and control measures (based on 'learning tables' and other tools) to further increase risk awareness. This topic is also an important aspect of 'Reliability', one of our four core values. Consequently, risk management and risk awareness are also a component of our organisational transformation programme.

Royal FloraHolland has also formulated a clear risk appetite (i.e. risk acceptance level) for each risk category. That risk appetite expresses the type and size of the risks that the organisation is willing to accept. The appetite therefore reflects what the organisation can bear and is willing to tolerate. The table on the next page identifies the risk tolerance level per risk category. Regular strategic risk assessments are performed with the Royal FloraHolland management team. We assess significant risks based on the extent to which they match the risk appetite and potentially prevent successful achievement of the objectives. We then use that information to determine whether additional mitigation measures are necessary. Royal FloraHolland evaluates the progress regularly.





## Risks, measures and impact

Risks are divided into risk categories. Each category is discussed in turn below. The table also indicates which topics were identified as relevant in the double materiality assessment (see also sub-section 5 of this Risk section, 'ESG risks').

Risk category		Risk tolerance level					Examples	
		Averse	Minimal	Cautious	Open	High		
1. Market/environment							Not influenced/difficult to influence by Royal FloraHolland	
2. Strategy	Policy				●		Goals/strategy Organisation & Culture Sustainability Reporting (ESRS 2) Added value	
	Implementation			●			Order picking/Central Auctioning	
3. Auctions and logistics (operational)				●			Clock auction process Logistics process	
4. Financial				●			Financial stability Debtor risk Tax risk	
5. ESG	Environmental			●			Climate change (ESRS E1)/ carbon emissions Energy (ESRS E1) Water pollution Biodiversity (ESRS E4) Waste/circularity (ESRS E5)	
	Social	●					Working hours (ESRS S1)/Health & Safety Own workforce (ESRS S1)/Workers in the value chain Political engagement/lobbying activities (ESRS S1) Customer/end user and member satisfaction	
	Governance	Compliance	●					PSD2/GDPR Corruption/bribery (ESRS G1)
		Safety	●					Violence/inappropriate conduct (ESRS S1) Health/safety (ESRS S1)
	Cyber security	●					Network stability/IT continuity Data security Cyber attacks (ESRS G1)	

## 1. Market and business environment

Implementation of the strategy places high demands on the organisation, the employees and the stakeholders. Some risks are difficult or impossible to mitigate, since they are outside our sphere of influence. These include geopolitical tensions, systematic high energy prices, and changes in supply and demand. However, all risks are closely monitored.

The continuing war between Russia and Ukraine and the tensions in Israel give rise to risks that are outside Royal FloraHolland’s control, but which impact our organisation, our growers and our buyers. The continuing high level of/increase in energy prices and the relatively high level of inflation have also affected the whole of the floriculture value chain. The impact on Royal FloraHolland is described in the section on financial risks below.

## 2. Strategy

Implementation of the strategy involves many changes. Many customers experience an immediate effect on their operations when Royal FloraHolland makes changes to its services and business model. In view of this, active stakeholder management and liaising with external parties – including growers, buyers and IT vendors – on the impact of these changes was again a key area of focus last year, and will remain so this year.

Key risks and uncertainties that might potentially impede strategy implementation include the degree of competition and our competitive position, added value, organisational transformation (culture), personnel, IT, and sustainability. We have devised concrete steps to ensure that our strategy is implemented. Royal FloraHolland has set up a compact and efficient organisational and consultative structure for the overall management and control of strategic projects. Regular reporting ensures that projects remain manageable and controllable during the transformation.

## 3. Auctions and logistics (operational)

Significant operational risks relate to the logistics fulfilment of the auction process, transport, disruptions, incidents and emergencies. Risks can arise from physical security issues, such as collisions or fire, but also from problems in the auction process or logistics process, or with infrastructure (such as IT disruptions, power failures or water damage). We manage risks on a site-by-site basis, which requires the different parties in logistics, commercial services, security, company emergency response and the on-site fire service to work together.

To respond more appropriately to emergencies, a new integrated emergency plan, replacing the existing three separate emergency plans, has been developed for the Naaldwijk site. This on-site emergency plan has been drawn up with the aim of ensuring the safety of our staff, suppliers, customers and other visitors to the floriculture marketplace in the event of an emergency. The Naaldwijk emergency plan was put together based on the elaboration of normative scenarios for the Naaldwijk site. It was designed to provide for an effective, coordinated response by the company’s emergency response, security, fire service and emergency coordinator to a variety of emergencies, such as a fire or an ammonia leak, and provide a clear structure for information and escalation to the local crisis team. In 2024, this new emergency plan concept will be worked out for the Aalsmeer and Rijnsburg sites as well.



The information, escalation and communication lines for IT disruptions in the logistics and auction processes were simplified. This has created uniformity in the procedure for escalation to the crisis organisation and the form of communications during disruptions.

Royal FloraHolland has set up a crisis organisation for crisis situations, which can be brought into action at any time. A site action team at each site manages local emergencies. We also have a crisis management team for crises that affect all the sites and/or the floriculture value chain. In 2023, we again performed training exercise and drills to increase the core knowledge and crisis experience of all crisis team members and key personnel. For the first time, an interactive drill took place in which multiple crisis teams took part, including the site action teams from Aalsmeer and Rijnsburg and the crisis management team, with a specific focus on how to work together during a crisis. Points for evaluation and improvement on the basis of 2023's exercises and drills have been incorporated into the crisis management plan and will be included in the annual Education, Training and Practice plan for 2024.

Lastly, a number of different crisis playbooks, including for strikes and phytosanitary issues (such as an infectious plant disease) have been developed as part of the crisis organisation. The crisis playbook serves as a guideline for the crisis teams if a crisis of the relevant type occurs.

## 4. Financial

Financial risks include risks related to liquidity, interest rates, currency, commodity prices, credit risk on financial and non-financial counterparties, property and participations. The general risk policy is designed to identify, analyse and, where necessary, mitigate these risks so as to prevent any financial losses and ensure we comply with our covenants. Outside experts are engaged if the need arises.

Royal FloraHolland has established a Treasury Committee and a Commodity Risk Committee in recent years. Both committees are multi-disciplinary teams; this is where the practical implementation of the financial risk management policy is monitored and discussed, which includes checking for compliance with the framework/set limits. The committees also advise on the question of the extent to which the framework/set limits are still adequate, and whether these should be deliberately departed from, given special market circumstances or other relevant developments in the market. Both committees are chaired by the CFO and each of them provides feedback to the Management Board.

### Liquidity

Taking account of the €195 million credit facility, sufficient short-term liquidity is available. At the end of 2023 €8 million had been drawn on the credit facility, meaning the remaining available credit remained well above the minimum of €50 million that must be maintained according to the Royal FloraHolland financial policy. Royal FloraHolland is comfortably within the financial covenants imposed by the banks in respect of the facility. The current facility runs until September 2024. For this reason, a financing/refinancing project was started in mid-2023. A new facility has since been agreed.

### Interest

Since little or no use has been made of the bank finance, there has been no need to actively hedge interest rate risks in recent years. Financing needs are regularly determined, along with any potential consequences for interest rate hedging. The aim of any hedging measures is to limit fluctuations in the net interest expense and minimise any interest rate risk.

### Foreign currency

Royal FloraHolland has small open foreign currency positions in US dollars and British pounds. Given the small volume of the positions held, no use is currently made of forward contracts or other financial instruments to mitigate currency risk.

### Commodity prices

Royal FloraHolland has a price hedging policy for gas and electricity, which is regularly reviewed. Energy price movements are regularly discussed and checks are made to ensure that in practice the policy is actually followed within the prescribed limits. The policy is primarily designed to cushion the impact of energy price volatility on Royal FloraHolland's profit and loss account. No active hedging policy is applied for other relevant commodities. However, risks ('exposures') and market price developments in relation to other commodities are regularly discussed. This includes the prices of card/cardboard, plastic and aluminium.

### Credit risk on non-financial counterparties

Debtor risk is very actively managed at Royal FloraHolland, resulting in a low percentage of overdue items. Risk in relation to day-to-day trade receivables is also covered by a combination of bank guarantees, advance payments and credit insurance.



**Credit risk on financial counterparties**

Cash is kept wherever possible at first-class international banks, i.e. banks with at least a single A credit rating. Credit risk is managed by systematically monitoring the creditworthiness of financial counterparties.

**Real estate**

Royal FloraHolland carries out a real estate review in which the main risks in relation to the property portfolio are monitored, such as compliance risks and the risk that customers cannot pay their rent or fall into arrears. The fact that various disciplines are represented in the real estate review enables Royal FloraHolland to respond promptly and effectively when necessary.

**Participations**

Each year, we draw up a financial risk analysis to assess the valuation of Royal FloraHolland's significant participations. If there is evidence of impairment, it is assessed whether an impairment loss needs to be recognised in relation to the participations concerned. The main findings of this analysis are acted upon properly and appropriately.

**5. ESG risks**

In 2023, Royal FloraHolland began carrying out a double materiality assessment to map the impact and financial risks of sustainability matters in a structured way. This assessment takes account of the stakeholders' points of view using the step-by-step action plan drawn up by the Royal Netherlands Institute of Chartered Accountants (NBA) and adheres to the principles of ESRS 1. The internationally recognised terms Environmental, Social and Governance (ESG) make the concept of sustainability more concrete. The section of this report on sustainability reporting pursuant to the CSRD covers risks such as climate change (mitigation, adaptation and energy), biodiversity, own workforce (health and safety, working hours and social safety), integrity (anti-corruption and anti-criminality), and reliability and transparency in relation to the sustainability of the floriculture products traded via RFH. The risk of political decisions with significant consequences for the sector (such as the VAT rate applicable to floriculture products or certain subsidy regulations), and thus the mitigation of risks to the sector through advocacy/lobbying, is also covered in the Sustainability Report.

**Environmental and Social**

For ESG Environmental risks, please refer to ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model, ESRS E1 Climate change, ESRS E4 Biodiversity and ecosystems, and ESRS E5 Resource use and circular economy. For ESG Social, see ESRS S1 Own workforce.



**Governance: Safety**

For ESG Governance – Safety risks, please refer to ESRS-S1-14.

**Governance: Compliance**

The Compliance department motivates the organisation to act in accordance with the applicable laws and regulations in the course of its daily affairs. Where necessary, the department advises on ways to enhance internal policies on this point. Compliance is responsible for the privacy policy, including the role of the Privacy Officer, for managing the whistleblower hotline (SpeakUp) and for the fraud policy.

With respect to legal and regulatory compliance, the department’s scope focuses on the internal integrity of Royal FloraHolland’s operations. Compliance closely monitors adherence to sanctions legislation (including sanctions against Russia). Serious reports about identified or suspected irregularities or cases of wrongdoing are dealt with in accordance with the internal fraud policy, with Compliance taking the lead in the required investigation. In 2023, Compliance received no alerts about actual, alleged or suspected irregularities or cases of wrongdoing, including fraud or corruption.

The alerts received by Compliance via SpeakUp or internal reporting routes concerned breaches of the Royal FloraHolland code of conduct. This misconduct had a negative impact on social safety. In 2023, there were six such alerts, from various departments. These were addressed and dealt with appropriately by Human Resources and the responsible managers.

During the past year, Compliance was again actively involved in various projects and partnerships aimed at promoting ethical business practices. Internal policy has been refined and recalibrated. The policy was recalibrated as a result of the customer acceptance project, and the core task of the review committee was expanded to include dealing with sanctions measures on behalf of third parties.

The *Weerbare Sierteeltsector* (Resilient Floriculture) public-private partnership is offering increasing insight into the risks of irregularities and wrongdoing, both in the industry and in our own organisation. Royal FloraHolland has taken and further refined a range of internal measures to combat irregularities and wrongdoing. Royal FloraHolland will continue to work together to manage the associated risks.

**Governance: Cybersecurity**

The march of digitalisation places heavy demands on the availability and security of our IT services. As a result, the security risks also change continuously. The digital repercussions of the current conflicts abroad are a good example. We therefore focus constantly on having sound security measures. In 2023, there were no cyber incidents that had

a significant impact on our operations. Nevertheless, our technical and organisational measures show that this threat exists, and we take active pre-emptive steps to identify and minimise risks.

To respond more effectively to the current threats, Royal FloraHolland is investing in a security operations centre to safeguard our services 24 hours a day, seven days a week. We are thus scaling up our prevention and detection, but also our ability to recover in the event of a cyber attack.

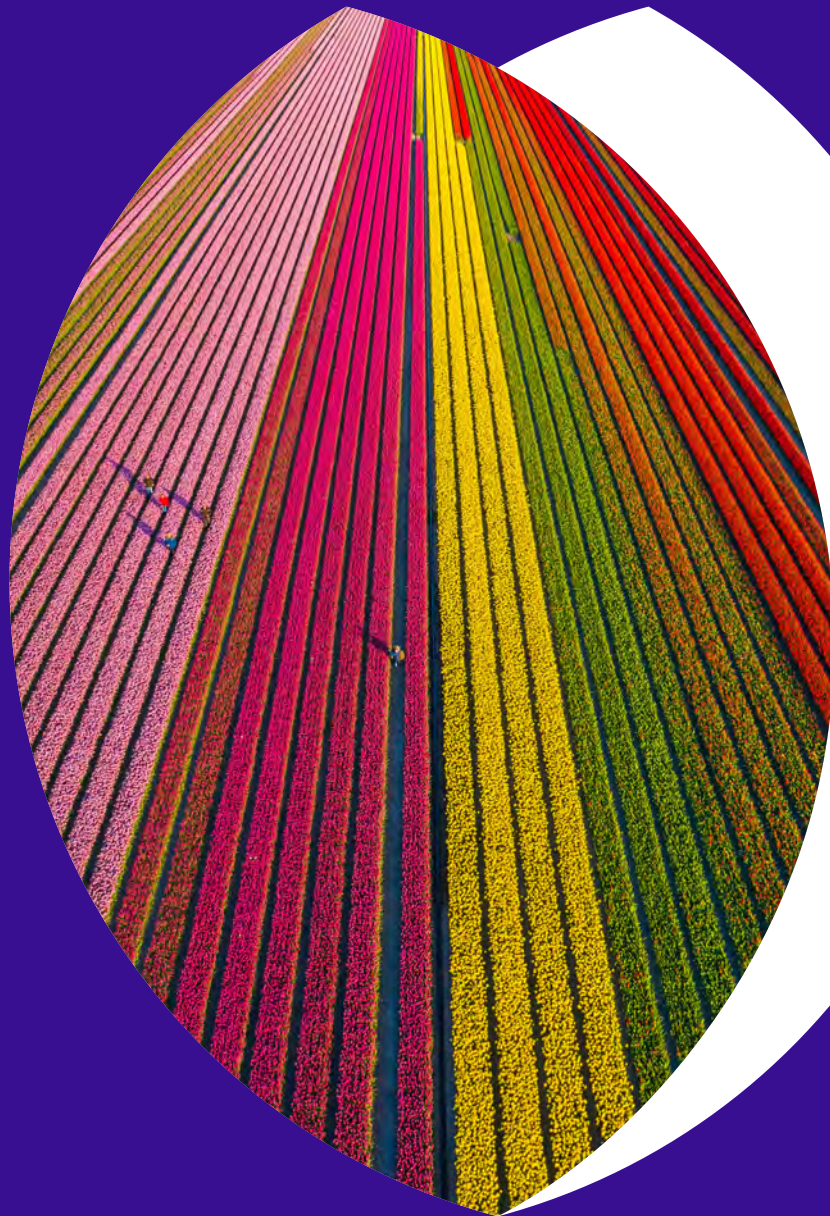
Due to the increased threat from ransomware, Royal FloraHolland is training itself to respond to a variety of cyber crisis scenarios to ensure that we are prepared for a rapid restoration of service. User awareness among employees and improving cyber awareness in the floriculture value chain remain a priority. We work on this issue via active training sessions for staff on topics such as phishing, as well as through our active participation in the Greenport Cyber Resilience Centre. We will continue to invest in taking the right steps in the coming years. That way, we can keep our services safe for our members, customers, employees and third parties, as well as ensuring that we can execute a recovery as fast as possible and so guarantee that our business continues to operate.

**Governance: Internal control framework**

The processes relevant to financial reporting are included in the scope of the Internal Control Framework in order to ensure the quality of our internal and external reporting. The framework ensures that Royal FloraHolland is aware of the degree to which the organisation is in control of the operational risks that could affect the reliability of our financial reporting. The control measures have been aligned with the financial reporting process, documented, and tested for effectiveness through self-assessments and independent audits.

The results of the audits and self-assessments are regularly evaluated with the Management Board and reported to the Supervisory Board. In cases where shortcomings or limitations were found in the implementation of control measures, measures were identified to address them. Royal FloraHolland implements improvement measures to strengthen the internal controls. We also meet to discuss these measures with the external auditor, whose role gives them insight into RFH’s internal control. The results of the audits and self-assessments offer sufficient assurance and also show scope for further improvements. In 2024, we will continue our efforts to further strengthen and optimise the control framework, including adjustments to the dashboards and advanced analytics. We will also begin incorporating sustainability aspects into the Internal Control Framework.





# Governance

## Governance structure

Due to its size, Royal FloraHolland is classed as a two-tier cooperative, with a Supervisory Board and a Works Council. Royal FloraHolland also has a Council of Members, which exercises the powers previously vested in the General Meeting of Members (AGM).



## Council of Members

The Council of Members appoints the members of the Supervisory Board and determines their remuneration. The Council of Members also adopts the annual financial statements and determines the main membership rates. The Council of Members has a right of approval for investments of €20 million or more.

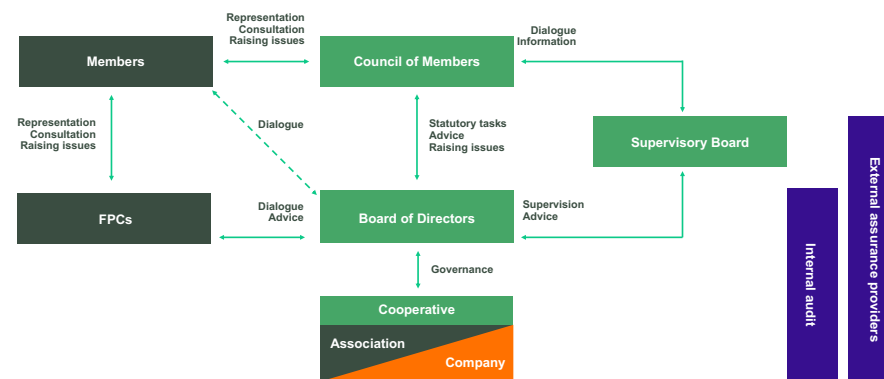
The Council of Members is currently made up of 39 people. Following nomination by the Nominating Committee provided for in the Articles of Association, they are appointed by the members at an annual Meeting of Members. The maximum term of office for members of the Council of Members is eight years (two four-year terms), which may be extended by a further two terms of two years if there are compelling reasons for doing so. The members of the Council all have a single vote during the meetings of the Council of Members. The rules of procedure stipulate that the formal Council of Members meetings (held twice a year) are chaired by the Chair of the Supervisory Board and the other meetings (held four times a year) by the Chair of the Council of Members.

In addition to these formal duties and powers, the Council of Members also advises the Management Board. The description of this role is laid down in the rules of procedure of the Council of Members. Relevant topics are often discussed first in one of the four committees set up by the Council of Members.

One important function of the Council of Members is to maintain the connection with the cooperative's grassroots, i.e. the members of Royal FloraHolland. Member sessions are organised for this. Typically, member sessions are held in both the spring and the autumn. Each round of sessions involves roughly 15 meetings, which are held in the Netherlands and abroad. The members are involved in the decision-making processes within the cooperative via the Council of Members, specifically through the FloraHolland Product Committees (FPCs) and the Regional Advisory Committee (RAC).

The FPCs also give members a say in the implementation of decisions and the day-to-day running of the business. Each product group has an FPC of five to nine members and acts as a sounding board for product-specific matters, both for the business and for the membership. The focus here is on product-related topics. Outside the Netherlands, the RAC in Israel advises on regional issues.

## COÖPERATIE ROYAL FLORAHOLLAND How are we managed?



## Management Board

Management of Royal FloraHolland is vested in the Management Board provided for in the Articles of Association, and this body has final responsibility for managing both the cooperative and the company. The Articles of Association stipulate that the Management Board must consist of at least two people: a managing director (CEO) and a financial director (CFO). In 2023, Steven van Schilfgaarde was the CEO and David van Mechelen held the position of CFO. On 15 January 2024, Pieter Bootsma joined the Management Board in the role of Chief Value Officer. The Articles of Association and the rules of procedure of the Management Board specify the topics for which the Management Board requires prior approval from the Supervisory Board and/or Council of Members. The Management Team of Royal FloraHolland comprises the Management Board and a number of senior managers.

The RFH Management Team is responsible for execution, i.e. for the day-to-day management of the company and the cooperative and for implementation of the strategy. The Management Team discusses all current affairs and progress relating to strategy implementation on a weekly or fortnightly basis.

## Supervisory Board

The Supervisory Board supervises the Management Board’s policy and the general state of affairs in the cooperative. The Supervisory Board also has an advisory role. Lastly, the Supervisory Board is the employer of the Management Board, being responsible for the appointment, dismissal and remuneration of its members. The Supervisory Board has assigned selected supervisory directors to an Audit Committee and a Selection and Remuneration Committee.

The committee meetings allow specific topics to be discussed in greater depth. The committees have no decision-making authority. They prepare the topics for formal discussion by the Supervisory Board. The Supervisory Board must consist of at least nine people, the majority of whom must be members. They may serve for two terms of four years, which may be extended by a maximum of two further terms of two years if there are compelling reasons to do so. The Chair must always be a member; the position of Vice Chair is not subject to this requirement. Supervisory Board members are appointed by the Council of Members.

## Governance codes

Royal FloraHolland subscribes to the governance principles set out in the Code for Cooperatives (2019) issued by NCR, the Dutch Council for Cooperatives. We also give due consideration to the principles of the Dutch Corporate Governance Code. Important elements of the latter code include long-term value creation and an increased focus on risk management. In 2021, the Council of Members, Management Board and Supervisory Board adopted the Royal FloraHolland Governance Charter. This charter, based on the Dutch Code for Cooperatives, recaps the main cooperative principles and rules in concrete terms, in a manner that is compatible with Royal FloraHolland’s existing Articles of Association and rules of procedure. In parallel to this charter, some changes were also made to the rules of procedure for the Council of Members.

## Strategy formulation and implementation

Strategic policy-making at Royal FloraHolland takes place as follows:

- The Management Board prepares the strategic policy, draws up plans based on that policy and is responsible for implementation.
- The Council of Members assesses the Management Board’s proposed strategic choices. This may lead to submission of a formal opinion or decision, depending on the topic.
- The Supervisory Board approves the strategic policy. The Supervisory Board is actively and substantively involved in the policy-making process relating to strategic issues.

## Remuneration policy

Royal FloraHolland aims to apply a transparent remuneration policy. The Council of Members determines the remuneration of the members of the Supervisory Board and defines the remuneration parameters for the organisation’s senior managers. Supervisory Board members receive fixed annual compensation and no variable remuneration. Every three years, an external consultancy performs a benchmarking exercise to determine whether the remuneration of the Management Board is still in line with the policy.

For several years now, Royal FloraHolland has taken the median (average) of the general market rate for directors with final responsibility as the benchmark level. In practice, the remuneration paid by the cooperative lies slightly below the median benchmark value.

The Supervisory Board determines the actual remuneration paid to the members of the Management Board. The remuneration of the Management Board is subsequently adjusted in line with wage increases in Royal FloraHolland’s collective agreement. The remuneration paid to the members of the Management Board consists of a fixed component and a variable component. The maximum variable remuneration for the CEO and CFO is 40% of the fixed salary. The members of the Management Board also enjoy the same fringe benefits (such as pensions) as other employees. The amounts paid to the Management Board and Supervisory Board are reported in the financial statements.

## Diversity on the RFH Supervisory Board and Management Team

Royal FloraHolland has sought for many years to maintain a good gender balance on the Supervisory Board and in the Management Team, with at least 30% of positions being occupied by women. In 2023, three of the nine members of the Supervisory Board (33%) and three of the eight members of Management Board/Management Team (37.5%) were female. Both the targets and the actual figures are also reported to the Dutch Social and Economic Council in the Diversity Portal. In 2024, this topic will be further expanded under the leadership of the CHRO and discussed at meetings of the Selection and Remuneration Committee.



## Composition of the Management Board and management team

### CEO

Steven van Schilfgaarde (25 August 1964)  
Dutch  
Employment start date: 17 May 2016

Additional positions:

- Member of the Supervisory Board, LeasePlan Corporation NV
- Board member, VNO-NCW
- Board member, NCR
- Chair, VBN

Steven van Schilfgaarde held the position of CFO at Royal FloraHolland until 31 December 2017.

### CFO

David van Mechelen (14 November 1973)  
Dutch  
Employment start date: 1 October 2018  
David van Mechelen worked for KLM Royal Dutch Airlines until 30 September 2018.

### CVO

Pieter Bootsma (1 September 1969)  
Dutch  
Employment start date: 15 January 2024  
Pieter Bootsma was employed at Air France/KLM prior to 1 January 2024.

### Management team

Steven van Schilfgaarde, CEO  
David van Mechelen, CFO  
Pieter Bootsma, CVO\*  
Ruud Knorr, CCO\*\*  
Leendert-Jan Plaisier, COO  
Anita Bonder, CHRO\*\*\*  
Anja de Bree, CHRO\*\*\*\*  
Claudia Hölzel, CGO  
André van der Linden, CIO  
Olga Kolenburg, Secretary

\* joined 15 January 2024

\*\* left 1 April 2024

\*\*\* joined 16 October 2023

\*\*\*\* not pictured, left 1 March 2023





## Composition of the Supervisory Board

### **Evert van Helvoort (7/3/1988)**

Chair of the Supervisory Board since January 2024  
 Member of the Supervisory Board since January 2020, member of the Selection and Remuneration Committee  
 Member company: Van Helvoort Company

#### Additional positions:

- Member of the Members Council, Rabobank Bommelerwaard – Altena since 1 December 2020

### **Rosaline Zuurbier (26/5/1977)**

Deputy Chair of the Supervisory Board since January 2014, member of the Audit Committee  
 Member company: C.G. Zuurbier & Co. International B.V., Bilashaka Flowers Ltd, Naivasha, Kenya

#### Additional positions:

- None

### **Frank Ammerlaan (21/8/1981)**

Member of the Supervisory Board since January 2023, member of the Selection and Remuneration Committee  
 Member company: AQ Roses PLC, Ethiopia; Rosa Plaza in Aalsmeer

#### Additional positions:

- Co-owner, GVA TZ Ltd (Tanzania)
- Co-owner, Profyta BV

> Composition of the Supervisory Board

**Piet Coelewijn (3/6/1960)**

Member of the Supervisory Board since January 2020, Chair of the Digital Committee

Additional positions:

- Member of the Supervisory Board, Jumbo Supermarkten BV
- Member of the Supervisory Board, DisplayData Ltd (UK)
- Member of the Supervisory Board, Interparking (Belgium), since 1 May 2020
- Chairman, Sonion A/S (Denmark)
- Co-owner, Econowind BV
- Co-owner, Jazzed Ltd (UK)
- Co-owner, Selected Ventures BV

**Richard (Kiki) Fernandes (1/12/1962)**

Member of the Supervisory Board since January 2024, member of the Digital Committee  
Member company: Marginpar BV

Additional positions:

- Chair, Kenya Flower Council since 2019
- Sector board member, ASNET since 2021
- Trustee, Marginpar Foundation
- Owner, Mutimayu Company Limited
- Co-owner, Tacho Limited
- Co-owner, Glawa Limited
- Co-owner, Feruzi Limited
- Director, Karamaini Water Services Ltd

**Linda Hovius (20/8/1961)**

Member of the Supervisory Board since January 2019, Chair of the Selection and Remuneration Committee

Additional positions:

- Owner: Hovius Consultancy
- Member of the Supervisory Board, KPMG
- Member of the Supervisory Board, Flow Traders

- Member of the Supervisory Board, Triple Jump Impact Investment Fund
- Deputy Chair, Royal Dutch Society for Sciences and Humanities
- Member of the Advisory Board, Vereniging Rembrandt

**Birgit Otto (27/11/1963)**

Member of the Supervisory Board since January 2020, member of the Audit Committee and Digital Committee

Additional positions:

- Member of the Supervisory Board, Dutch Federation of Professional Football Organisations (FBO)
- Member of the Supervisory Board, Kika kinderkankervrij
- Member of the Supervisory Board, Handelsveem Beheer BV (Steinweg)
- Member of the Supervisory Board, Royal IHC
- Member of the Supervisory Board, Transavia

**Kees Pingen (12/10/1965)**

Member of the Supervisory Board since January 2019, member of the Audit Committee  
Member company: Smit Kwekerijen BV in Sappemeer, part of Plant World BV

Additional positions:

- None

**Pascal Visée (11/7/1961)**

Member of the Supervisory Board since December 2017, Chair of the Audit Committee

Additional positions:

- Member of the Supervisory Board, Rabobank Group
- Non-executive board member, Ketel One Worldwide BV
- Member of the Monitoring Committee, Code Pensioenfondsen
- Member of the Supervisory Board, Stichting het Limburgs Landschap

**Supervisory Board rotation schedule**

Rosaline Zuurbier 2025, end of term  
Pascal Visée 2025, end of normal term  
Linda Hovius 2026, end of normal term  
Kees Pingen 2026, end of normal term  
Birgit Otto 2027, end of normal term  
Piet Coelewijn 2027, end of normal term  
Evert van Helvoort 2027, end of normal term  
Frank Ammerlaan 2030, eligible for reappointment in 2027  
Richard Fernandes 2031, eligible for reappointment in 2028

All Board members apart from Richard Fernandes are Dutch nationals.

Richard Fernandes is a joint citizen of Kenya and the UK.



## Report by the Supervisory Board

The year 2023 was another dynamic year for Royal FloraHolland and the floriculture sector. Global developments are having an increasing impact on prices and cost trends at all parties in the industry. At the same time, we cannot close our eyes to the debates on social and sustainability issues, to which we as a sector give the only conceivable answer that offers us a perspective on the future: innovation.

It will take time and money to implement all the requirements set by the market and by government in all our businesses. The question is whether we will be granted that time and whether firms can afford all the necessary investments. In this regard, we must use the power of the cooperative to support our growers and our buyers. This is discussed in detail in the Management Report and the CSRD reporting.

### Member packs

You never get used to it, but living in an unstable market seems to be the new normal. We saw this in 2023's prices, where there were big differences between product groups and at the level of individual firms. For us, this was a motive to keep on moving ahead with the development and roll-out of our strategy. Under the leadership of the Management Board and the Management Team, a major step forward was thus made in 2023 with the development and introduction of member packs. This new structure offers members a choice and gives them more influence over the amount of commission they are charged. Of course, certain ground rules apply, and was this was something we looked at carefully over the last year. The packs were introduced as from 1 January 2024. The first year will be a year of learning, in which we will gain new insights we can use to fine-tune and improve the packs. This process of learning, analysis and adjustment will naturally continue over the years ahead.

### In contact with stakeholders

As the body in charge of supervision, the Supervisory Board takes account of the interests of all Royal FloraHolland's stakeholders. As well as the members, that means customers and employees, too. To form a clear picture of customer interests, the Supervisory Board visited a number of exporting firms in 2023 and talked to the people who run them. This was useful and enlightening, and the same was true of contacts with the managers and employees of departments and projects within Royal FloraHolland, and with the Works Council, too.

### Composition of the Supervisory Board

The composition of the Supervisory Board changed in 2023. In accordance with the rotation schedule, Chair Jack Goossens retired and was ineligible for reappointment.

The Board has found a successor in the person of Evert van Helvoort (see inset), whose appointment as from 1 January 2024 was approved by the Council of Members in June 2023.

Richard Fernandes was appointed as a member of the Supervisory Board. With his entrepreneurial talent and international focus, with this addition Royal FloraHolland adds special knowledge and experience to the Supervisory Board. As he does not speak Dutch, the Supervisory Board resolved to hold its meetings exclusively in English as from 1 January 2024. This is a sign of how Royal FloraHolland is becoming increasingly international.

The composition of the Supervisory Board is set out above. In the profile of each member, we indicate which additional positions they hold, and for board members who are members of the cooperative we state which floriculture firm they belong to.

### Composition of the Management Board

In the summer of 2023, the Supervisory Board reached agreement on a new contract with CEO Steven van Schilfgaarde, who has thus renewed his commitment to Royal FloraHolland. The existing contract will continue to run until May 2024, but the Supervisory Board wanted to obtain clarity on leadership in good time for the period thereafter.

As of January 2024, the Management Board was expanded with the appointment of Pieter Bootsma as Chief Value Officer (CVO). This is a new position for Royal FloraHolland, but one that has already added value in other companies, especially those that are going through important digital transitions or other transitions. Given his profile, Pieter is a welcome addition to the Management Board team.

The Supervisory Board is pleased that Steven has extended his contract and that Pieter was willing to make the move from Air France-KLM. We look forward to working with the Management Board in its new composition.

### Meetings of the Supervisory Board

Ordinary meetings of the Supervisory Board were held seven times in 2023. Apart from one board member, who was absent on one occasion for family reasons, all meetings were attended by all members of the board. Supervisory Board meetings are always attended by the Board of Management, although there are some points at which the Supervisory Board members deliberate among themselves.

Evert van Helvoort, Chair of the Supervisory Board

## Innovation, understanding and trust

On 22 June 2023, the Council of Member resolved to appoint Evert van Helvoort as the new Chair of the Supervisory Board of Royal FloraHolland as from 1 January 2024. Van Helvoort succeeds Jack Goossens, whose regular term of appointment has expired. Van Helvoort became a member of the Supervisory Board on 1 January 2020 and has been involved in the administration of Royal FloraHolland since 2010, including as a member of the Council of Members.

Van Helvoort: 'First of all I would like, on behalf of the Supervisory Board, to thank Jack for everything he has done for Royal FloraHolland over the past years. As Chair of the Supervisory Board, he helped provide leadership to the cooperative in what have occasionally been turbulent times, due to the Covid pandemic, geopolitical tensions, substantial market swings, the 2021 members' petition, and the ongoing transformation of the cooperative. Although it was not always easy, he skilfully manoeuvred our Royal FloraHolland past obstacles.

I step into his shoes with the appropriate sense of modesty. My focus will be in the first instance on the continuous improvement of Royal FloraHolland, including through increasing the efficiency of our processes. Through smarter working and making use of innovative technologies, we are raising our services to a higher level so that we can provide even better support to our members.

I also attach a great deal of value to a personal approach within our organisation. It is important not to lose sight of the human factor and to create a culture in which engagement, teamwork and empathy play a central role. Simply by maintaining close contact with our members, employees and stakeholders, we can build real understanding and trust.

Lastly, I and all the members of the Supervisory Board will fight for the interests of Royal FloraHolland and the floriculture sector as a whole. With each other, we will work to build a strong and sustainable Royal FloraHolland.'

In 2023, a number of subjects were discussed on multiple occasions. These included in particular the financial developments within Royal FloraHolland, the progress of Floriday, developments at Floriway, the new 'Together in our cooperative' strategy for the cooperative, the member packs, and sustainability. In addition, the agenda for meeting days often includes a topical discussion or site visit. Between meetings, numerous calls took place to share information in the run-up to meetings or for educational purposes. In 2023, these mainly concerned sustainability. The Supervisory Board Chair, the Management Board and the Secretary discuss the agenda prior to each meeting.

In addition to its regular meetings, the Supervisory Board begins each year with a '24-hour session' that includes a self-evaluation and an evaluation of the Management Board. In May 2023, a day was devoted to the implementation of the strategy. This meeting involved the Management Board and the entire Management Team.





## Report by the Audit Committee

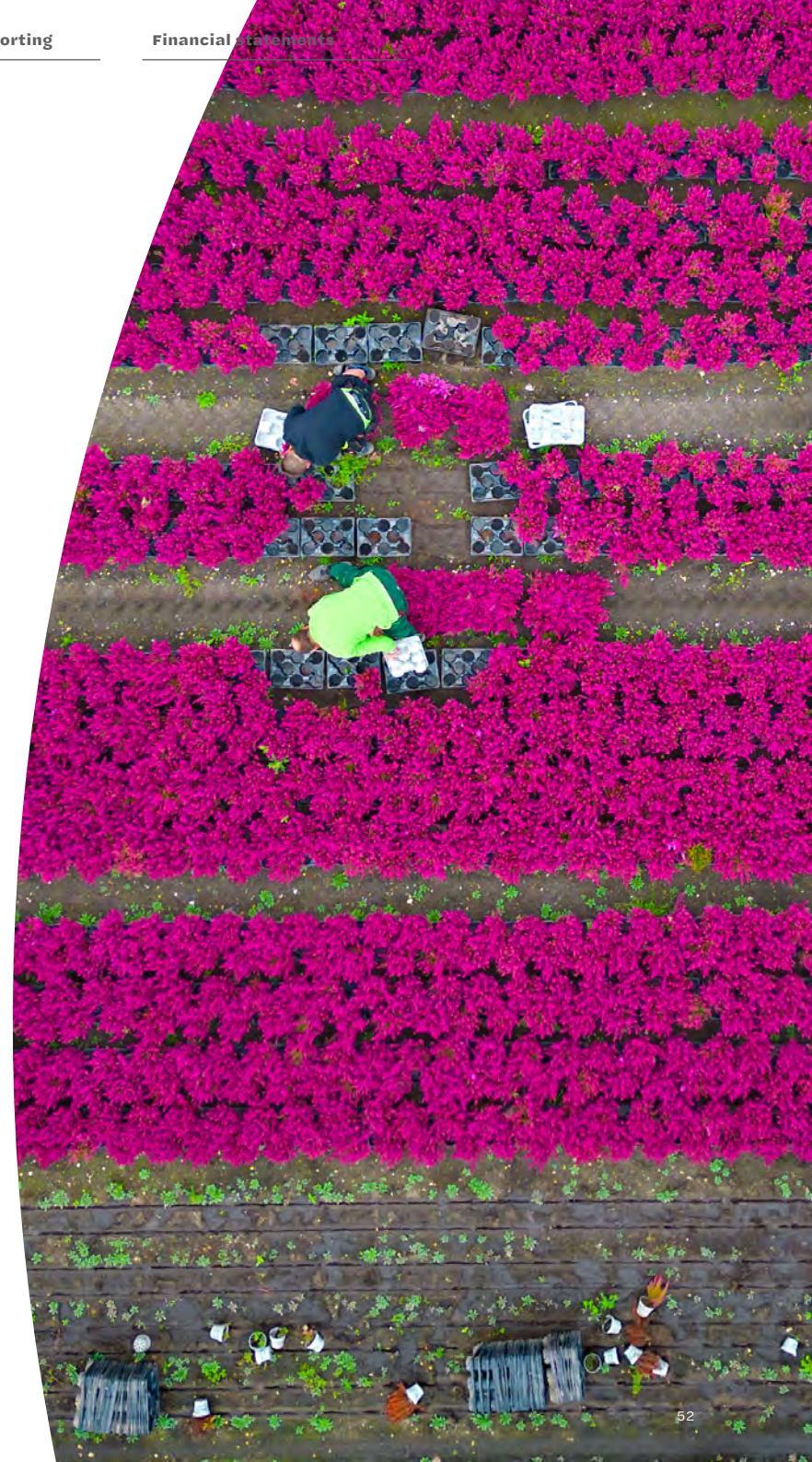
In 2023, the Audit Committee consisted of Pascal Visée (Chair), Rosaline Zuurbier, Kees Pingen and Frank Ammerlaan. Royal FloraHolland's management was represented by the CFO, the Finance manager and the Internal Audit & Risk manager (Secretary) on each occasion. The Audit Committee met a total of seven times (five regular meetings and two additional meetings). All committee members were present at all the meetings. Depending on the topic, the external auditor, other external experts and/or employees from within the organisation were also invited to attend.

### Discussed in 2023

In 2023, the audit committee, with the external auditor in attendance, devoted attention to Royal FloraHolland's financial statements for 2022, the auditor's report, the audit plan and the management letter. The committee also discussed the annual planning and budget for 2024, the financing policy, the Internal Control Framework, compliance, the real estate plans, insurance, participations, tax policy, IT, the energy procurement/risk policy, incident reports and the internal audit plan, including the follow-up of internal audit findings.

The financial implications of the strategy, including the investment plans (among them Aalsmeer Oost) and the financial performance in 2023, were discussed on several occasions. Of course, we devoted extensive time during the year to the (forecast) loss for 2023 and the measures to be taken to turn it around in 2024. Given the great importance of this topic, it was also addressed at an additional meeting with the Supervisory Board.

Discussions were also held on cybersecurity (data privacy) and the measures taken in respect of prevention, detection, response and recovery. The Audit Committee was given an extensive update on the preparations for reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD) in the Sustainability Report. The effectiveness of the control measures in the Internal Control Framework was checked via independent audits and self-assessments. The target level was again set high.



## Report by the Selection and Remuneration Committee

In 2023, the Selection and Remuneration Committee consisted of Supervisory Board members Linda Hovius (Chair), Birgit Otto, Evert van Helvoort and Jack Goossens. The committee played a leading role in the Supervisory Board in 2023 with respect to the composition of the Management Board and to strengthening the executive team with a Chief Value Officer (CVO). The latter was appointed in order to continue the development of Royal FloraHolland’s platform function.

### Meetings

The Selection and Remuneration Committee met on five occasions in 2023. Meetings generally took place online, with the CEO of Royal FloraHolland in attendance. In normal circumstances, the CHRO would also have attended; however, this position was vacant in the period from 1 March to 1 October 2023. The committee meetings in February and November were attended by the CHRO. In the intervening period, members of the HR management team were invited where necessary to provide details on specific topics. In addition, a delegation from the Selection and Remuneration Committee was present at two meetings of the Works Council. Collaboration with the Works Council was pleasant and constructive. The same was true of collaboration with the Cooperative Committee of the Council of Members, with which the Selection and Remuneration Committee also held regular discussions in 2023 on a variety of matters that also concerned the Council of Members.

### Discussed in 2023

In 2023 the Selection and Remuneration Committee devoted attention to:

- a. implementation of the strategy and the required organisational transformation (e.g. leadership development and collaboration)
- b. social safety
- c. the search for a new CHRO and the recruitment of HR staff
- d. the outcomes and approach of the engagement survey
- e. movements in and results of KPIs
- f. introduction of the Workforce Management Tool.

#### a) Strategy implementation and organisational transformation

The Organisational Transformation programme (which supports the introduction of the strategy) focused in 2023 on the most important core value from the 2022 culture survey: collaboration. The steps taken also concerned leadership development and the organisation of focus group meetings with the Management Board and Management Team, with an emphasis on understanding and actively embracing the strategy and the desired cultural change.

The development of the organisation was a regular topic of discussion within the committee, with attention being paid to structure and culture, how the organisation is doing and what is going on among the employees. The committee also again discussed the annual ‘inspection of the troops’, at which the performance and potential career steps of individual managers below Management Team level were examined. Lastly, the Selection and Remuneration Committee was informed about developments in the Works Council and the approach to sickness absence, based on a deep dive with people familiar with the situation.

#### b) Social safety

In 2022, individual cases and the results of the employee survey suggested that more attention needed to be paid to social safety. Based on the survey results, as well as on experience garnered from workshops on the shop floor, the social safety project team drew up a plan of attack in early 2023, aimed at setting standards, raising awareness and embedding social safety in the organisation. In 2024, the project team will define social safety as an HR responsibility within the regular organisational structure. The Selection and Remuneration Committee believes that this remains an important issue and will monitor developments closely.

#### c) Departure of CHRO and HR recruitment

In HR, 2023 was a year of changes, beginning with the departure of the CHRO in February. Afterwards, understaffing caused by sickness and staff turnover was a problem all year long in both the HR management team and the HR department, while several major issues needed to be addressed. Over the course of the year, the Selection and Remuneration Committee kept a close eye on the developments in HR and the search for a new CHRO and tried to assist where necessary. The new CHRO started work in October 2023. In 2024, she will be able to build the role and functions of HR within Royal FloraHolland with a largely new HR management team.

#### d) Culture and engagement

Implementing the strategy demands a good culture with the right core values and an engaged and inspired workforce. The Selection and Remuneration Committee therefore closely monitors cultural change and employee engagement (especially the focus group) as an aspect of the Organisational Transformation programme. In this regard, the committee considered the outcome of the 2022 engagement survey and the approach that was drawn up as a result in 2023. The results suggested that more attention needed to be paid to social safety. For this reason, more consideration has been given to this topic in the engagement survey and it has become a standing item on the agenda of the Selection and Remuneration Committee (see also above).

### e) KPIs

The key performance indicators (KPIs) were regularly on the agenda at meetings of the Selection and Remuneration Committee in 2023. This involved assessing the KPI scores for 2022, monitoring of the KPIs in 2023, and drawing up KPIs for 2024. The KPI scores form the basis for determining the variable remuneration of the Management Board and, by extension, that of a number of managers. Each year, the Supervisory Board determines the KPIs for the Management Board. Based on a proposal from the committee, the Supervisory Board set the total KPI score over 2023 at 79%\*.

### f) Workforce Management Tool

In April 2023, after a year-and-a-half of preparations, the new workforce planning tool went live, together with a new time recording system. These two systems, together referred to as the Workforce Management Tool (WFM tool), ought to have delivered flexibility, ease of use and efficiency and thus led to savings. However, what began as a celebratory go-live soon became a headache to which the Business Technology Organisation (BTO), Operations and HR departments were forced to devote a great deal of time. The problems ranged from technical problems and user errors to finding out that even the layout was unworkable in practice. It seemed as if every time a problem was solved, another one appeared. Because of the impact this project had on many employees and potentially on finances, too, the Selection and Remuneration Committee followed the developments with great attention and contributed to the debate on possible solutions.

### Thank you

The Supervisory Board thanks the Management Board, the Management Team and the employees for their efforts on behalf of Royal FloraHolland in 2023.

\* A score is determined for each KPI. Based on a weighting factor, a total KPI score is then produced. Together with other factors, this leads to the determination of a final score, based on which the amount of variable remuneration is set.





## Composition and report by the Council of Members

The Council of Members of Royal FloraHolland has now been in place for five years. The members of this council have been involved in key decisions and policy development from the outset. The Council of Members is a formal part of the governance model of our cooperative, as an association of members with their cooperative-owned company.

The Council of Members is an elected body that reflects the membership as a whole and exercises control on their behalf. In addition to its statutory duties, it has a signalling and advisory function. The Council of Members appoints the members of the Supervisory Board and approves various decisions of the Management Board. The Council of Members is the link between members, the Management Board and the Supervisory Board. It informs and consults members during interactive sessions.

### Meetings

The Council of Members met fifteen times during the year under review, at four formal meetings, four informal meetings and a further eleven additional meetings.

The series of meetings kicked off with an additional online meeting on 19 January. This meeting was dominated by the setting of the framework and principles for the 'Together in our Cooperative' project in preparation for the Two-Day Session on 1 and 2 February. The main issues at that session were 'Together in our Cooperative', the self-examination and effectiveness of the Council of Members, and the annual plans 2023.



For the ‘Together in our Cooperative’ project, discussions were held with the members based on various propositions about the importance of a platform and what Royal FloraHolland’s perspective for the future would be if we were not to invest in and commit to the digital platform. In addition, opinions were canvassed based on a number of propositions about crucial questions that form the basis of the cooperative strategy. These were questions such as, ‘How open should we make our platform?’, ‘How should we deal with new joiners?’, and ‘How much commitment should we demand from members?’ Feedback and input were used by the Strategy Committee for further elaboration of the cooperative strategy plans.

There was also contact between the members outside the regular meetings, as well as with members of the Management Board, the Management Team and the Supervisory Board. In addition, the Chairs of the Management Board, Supervisory Board and Council of Members spoke to each other regularly.

### Advice and decision-making meetings

At the formal Meeting of Members on 30 March, the annual reports were adopted and the Management Board and Supervisory Board were discharged from liability for their management and for the supervision of this management, respectively. At the second formal Council of Members meeting, appointments and reappointments to the Supervisory Board were on the agenda. The appointment of Evert van Helvoort as successor to Jack Goossens was approved. At the Two-Day Session on 21 and 22 September, the Council of Members resolved in favour of the introduction of the member packs from 1 January 2024. Discussions were then held on the indicative communication of 2024’s member fees and a resolution was passed accordingly. On 7 December a vote was held on amendments to the Articles of Association as a result of the ‘Together in our Cooperative’ project. This formal Council of Members meeting also voted on the 2024 member fees, on authorising the Management Board to grant security interests in connection with the refinancing of Royal FloraHolland, and on the reappointment of Birgit Otto and Piet Coelewijn. With these decisions and appointments, the Council of Members can again take steps in 2024 to take the cooperative forward in these turbulent times.

### Member engagement and member consultation

This year, the Meeting of Members was again held on a grand stage, on the Day of the Cooperative. At this meeting, the results of the Council of Members elections were announced and four members left from the Council of Members as a result. Time was then devoted to the departure of Jack Goossens, who stepped down as Chair and member of the Supervisory Board.

This was followed by the Day of the Cooperative. The theme for the day, ‘Building the future of floriculture together’, went down well with the many visitors, members, suppliers and buyers who were present, and was also a central topic in the presentations and the engaging sessions of various speakers over the course of the day. It was a valuable day with plenty of inspiration and good discussions for everyone in the floriculture sector.

This year, extra sessions were held in September at growers’ locations to discuss the specific content of the member packs that had been developed by a team from the business in close collaboration with the Council of Members within the ‘Together in our Cooperative’ project. Members received an update from the Strategy Committee, and the operating business gave a presentation about the four member packs. The feedback and input received from the members enabled the Strategy Committee and the business to make the final tweaks prior to the formal meeting in September, at which the Council of Members resolved to introduce the packs from 1 January 2024.

The Council of Members has established links with the FPCs. Each FPC is attached to a member of the Council, who attends at least one FPC meeting a year to report on the activities of the Council of Members. They also pass on any issues that are raised to the Council. The Chair of the Council of Members attends the six-monthly FPC chairpersons’ meeting. Engagement and information transfer are the central objectives here. These initiatives help bridge the gap between the Council of Members and FPCs and make it easier to share information.

### Evaluation

Each year, the Cooperative Committee of the Council of Members prepares the evaluation to assess the performance of the Council of Members as a whole, its individual members and its committees. The self-evaluation was sent out on 27 November with a deadline for submission of 15 December. The Cooperative Committee examined the findings in early January and addressed the results. Based on the analysis, we will define concrete actions to professionalise and improve the operation of the Council of Members.

### Composition

At the Meeting of Members on 7 December, four representatives left the Council of Members and seven new representatives joined. Five sitting members were reappointed, two of them for extended periods. These extended reappointments were motivated by the desire to ensure continuity and fair representation on the Council of Members and to retain knowledge. As of 1 January 2024, the Council of Members thus consists of 39 members.



## Royal FloraHolland Sustainability Report

As a leading global floriculture platform, Royal FloraHolland connects growers, buyers and other stakeholders in the floriculture sector. This report provides insight into the progress we've made on sustainability, which is how we create long-term value as a cooperative. Royal FloraHolland takes its responsibility seriously when it comes to Environment, Social and Governance (ESG) issues.

List of CSRD/ESRS disclosure requirements included in the 2023 Royal FloraHolland annual report:

**General information**

**ESRS 2 General disclosures**

- BP-1 General basis for preparation of the sustainability statements, p. 59
- BP-2 Disclosures in relation to specific circumstances, p. 59
- GOV-1 The role of the administrative, management and supervisory bodies, p. 59
- GOV-2 Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies, p. 59
- GOV-3 Integration of sustainability-related performance in incentive schemes, p. 60
- GOV-4 Statement on due diligence, p. 60
- GOV-5 Risk management and internal controls over sustainability reporting, p. 60
- SBM-1 Strategy, business model and value chain, p. 60
- SBM-2 Interests and views of stakeholders, p. 60
- SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model, p. 61
- IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities, p. 62
- IRO-2 Disclosure requirements in ESRS covered by the undertaking’s sustainability statement, p. 62

**MDR Certification**

- MDR-P Policies adopted to manage material sustainability matters, p. 63
- MDR-A Actions and resources in relation to material sustainability matters, p. 63
- MDR-M Metrics in relation to material sustainability matters, p. 64
- MDR-T Tracking effectiveness of policies and actions through targets, p. 64

**Environment**

**ESRS E1 Climate change**

- E1-1 Transition plan for climate change mitigation, p. 64
- E1-3 Actions and resources in relation to climate change policies, p. 65
- E1-5 Energy consumption and mix, p. 65
- E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions, p. 66

**ESRS E4 Biodiversity and ecosystems**

- E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model, p. 67
- SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model, p. 67
- E4-2 Policies related to biodiversity and ecosystems, p. 68

- E4-3 Actions and resources related to biodiversity and ecosystems, p. 68
- E4-4 Targets related to biodiversity and ecosystems, p. 68
- E4-5 Impact metrics related to biodiversity and ecosystems change, p. 68

**ESRS E5 Resource use and circular economy**

- E5-1 Policies related to resource use and circular economy, p. 69
- E5-2 Actions and resources related to resource use and circular economy, p. 69
- E5-3 Targets related to resource use and circular economy, p. 70
- E5-4 Resource inflows, p. 71
- E5-5 Resource outflows, p. 71

**Social**

**ESRS S1 Own workforce**

- S1-1 Policies related to own workforce, p. 72
- S1-2 Processes for engaging with own workers and workers’ representatives about impacts, p. 73
- S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns, p. 74
- S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions, p. 74
- S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities, p. 75
- S1-6 Characteristics of the undertaking’s employees, p. 75
- S1-7 Characteristics of non-employee workers in the undertaking’s own workforce, p. 76
- S1-13 Training and skills development metrics, p. 76
- S1-14 Health and safety metrics, p. 76

**Governance**

**ESRS G1 Business conduct**

- G1-1 Corporate culture and business conduct policies, p. 77
- G1-3 Prevention and detection of corruption and bribery, p. 78
- G1-4 Confirmed incidents of corruption or bribery, p. 79
- G1-5 Political influence and lobbying activities, p. 79



## For a better world and better floriculture

Royal FloraHolland has been steadily improving its annual sustainability reporting in accordance with the *Corporate Sustainability Reporting Directive* (CSRD) since 2022. In the annual report for 2025, we are legally obliged to comply with these EU reporting requirements. The European Commission intends to use the CSRD to align companies' ESG reporting with their financial reporting. This will allow stakeholders to assess the economic activities of companies on an equal basis and get a better idea of the extent to which they are creating sustainable financial and non-financial value.

Following the CSRD, the *European Financial Reporting Advisory Group* (EFRAG) has developed the *European Sustainability Reporting Standards* (ESRS). The ESRS, published by the European Commission on 31 July 2023, forms the basis for this sustainability report for 2023. The reporting is factual in nature and includes 43 sustainability reporting requirements. For each section, the ESRS coding of the reporting requirement shows between brackets in the title. This report covers the double materiality assessment process, which Royal FloraHolland has launched according to the general requirements of ESRS 1. A double materiality assessment not only looks at the impact of Royal FloraHolland's activities on people and the environment, but also the positive or negative financial impact of these topics on Royal FloraHolland. Responsibilities are identified, and sustainability governance and CSRD sustainability reporting are broadly anchored in Royal FloraHolland. We will continue to monitor and validate the material topics with our stakeholders in 2024.

Over the coming years, we will make our sustainability reporting more complete every year. We embrace the CSRD as an opportunity to increase the rate for adopting sustainability practises and to increase our knowledge and insights using relevant metrics. This also takes the reports to a higher level, ensuring that they comply with the CSRD legal reporting requirements from FY 2025.

## General disclosures (ESRS 2)

### General basis for preparation of the sustainability statements (BP-1)

The sustainability reporting of Royal FloraHolland follows the boundaries of the financial reporting. This means that this report applies to Royal FloraHolland including group companies, unless otherwise stated. Value chain information is included where relevant.

### Disclosures in relation to specific circumstances (BP-2)

In the context of sustainability reporting, in accordance with ESRS 1, paragraph 77 short-term means less than one year, medium-term means one to five years and long-term means more than five years.

## Management and governance of sustainability

### The role of the administrative, management and supervisory bodies (GOV-1)

The role and composition of the Supervisory Board, the Management Board and the Royal FloraHolland Management Team (RFH MT) are described in the 'Governance' section (see page 44). The Supervisory Board's audit committee will be responsible for overseeing sustainability reporting. The Supervisory Board's rules of procedure will be amended accordingly. The Management Board is responsible for strategic risk management and for identifying the impacts, risks and opportunities using the double materiality analysis. The Management Board is also responsible for all assessments of and changes to sustainability aspects in the company's strategy and business model. In September 2023, the Sustainability Board held their first meeting, including the Management Board, RFH MT and the managers of Sustainable Development, Real Estate & Facility Management and Corporate Control. During three information sessions on sustainability in 2023, the Supervisory Board received additional information on the sustainability situation in which Royal FloraHolland finds itself.

### Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies (GOV-2)

The Management Board, Council of Members and the Supervisory Board discussed various sustainability topics in 2023, including certification. The Sustainability Board made strategic and operational decisions on sustainability on a monthly basis.

**Integration of sustainability-related performance in incentive schemes (GOV-3)**

Sustainability goals are included in Royal FloraHolland’s annual targets (*Objectives, Goals, Strategy and Measures – OGSM*) for 2023. The variable remuneration for the Management Board, Management Team and other members of senior management in 2023 was based on the overall strategic objectives and financial performance. Members of the Supervisory Board do not receive variable remuneration. Our remuneration policy is set out in the ‘Governance’ section (see page 46).

**Statement on due diligence (GOV-4)**

The Sustainable Development department takes the lead on CSRD sustainability reporting. The sustainability information in this annual report has been compiled by designated persons at line (i.e. non-central) departments at Royal FloraHolland. This input has been approved by the designated member of the RFH MT or one level below. This annual report is then presented to and signed off by the Sustainability Board, Management Board and Supervisory Board.

**Risk management and internal controls over sustainability reporting (GOV-5)**

Since 2018, ESG has been one of the five categories in Royal FloraHolland’s risk management (see the ‘Risks’ section, page 37). ESG is category (5), alongside Market/setting (1), Strategy (2), Auctions and logistics (operational) (3) and Financial (4). For these purposes, ‘governance’ is defined as *compliance*, safety and cybersecurity. This year, the topics under the CSRD are included in the scheme for defining the *risk appetite*.

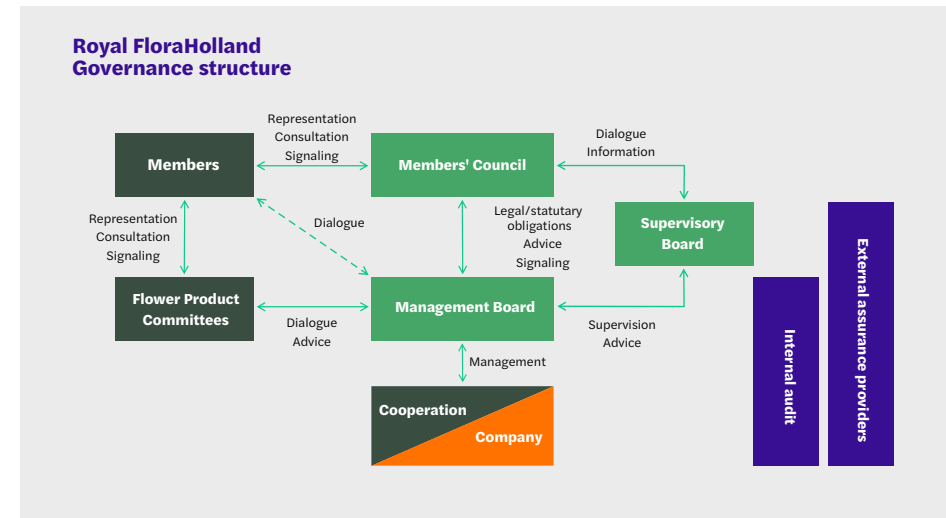
The *Internal Control Framework* focuses on financial reporting and is now also structured for CSRD data. The persons responsible are identified pursuant to the ERSR. Results and controls have since started to be mapped out.

**Strategy**

**Strategy, business model and value chain (SBM-1)**

Our vision is explained in the ‘This is Royal FloraHolland’ section. In addition, the sections ‘How we create value’ and ‘Report by the Management Board’ set out how Royal FloraHolland uses its business model and strategy to create value. The number of employees is listed in S1-6 (see page 75) and the revenue is included in the financial reporting (see page 6).

According to NACE (European Classification of Economic Activities), Royal FloraHolland comes under sector 46.11: Agents involved in the sale of agricultural raw products, live animals, textile raw materials and semi-finished goods. This is the European statistical classification of economic activities. NACE groups organisations according to their business activities.



**Interests and views of stakeholders (SBM-2)**

Royal FloraHolland identifies five key groups of stakeholders: growers, buyers, employees, partners in the floriculture sector, and society.

**Growers**

Growers (producers) of flowers and plants include both members of the Royal FloraHolland cooperative and non-member growers. Members and suppliers can trade through the clock auction, direct sale or both. Members’ interests are promoted through the Council of Members, which is a reflection of the overall membership base. Through the Council of Members, members can influence important and strategic decisions. For product-specific matters, there are the 27 Royal FloraHolland Product Committees (FPCs). Information about how members can exert influence on Royal FloraHolland can be found in the section 'Governance' (see page 45).

**Buyers**

We discuss and assess the interests of buyers in various customer platforms. We regularly invite a selection of around thirty buyers, divided according to customer segment (clock auction, direct sale and hybrid), to sessions in which they give feedback and talk about strategic topics and key challenges for Royal FloraHolland. With the annual customer satisfaction survey, we assess whether our member growers, non-member growers and buyers are satisfied with the various aspects of the cooperative and the service they receive.

**Employees**

The Works Council represents the interests of the employees. Employees are also regularly invited to make their voices heard during employee sessions. One of the members of the RFH MT is responsible for HR (the CHRO). The annual employee survey checks employee enthusiasm and engagement, helping us to address interests and expectations. The findings are incorporated into the development and implementation of the strategy and policy. Trade unions are our partners in the social dialogue and for defining collective working conditions.

**Partners in the floriculture sector**

Our partners in the floriculture sector include Glastuinbouw Nederland, LTO Nederland, Greenports Nederland, VGB, owners of certification criteria schemes and certifying organisations such as GLOBALG.A.P., MPS, the Kenya Flower Council, the EHPEA, Florverde and Floriculture Sustainability Initiative (FSI). Other relevant partners are Bloemen Bureau Holland, Union Fleurs, Tuinbranche Nederland, Anthos, Plantum, NVWA and Naktuinbouw, as well as financiers and insurance providers. We speak regularly with these partners on matters of interest in the floriculture sector and take their input into account in our strategy development and day-to-day operations.

**Society**

We regularly meet with civil society organisations including government bodies (at local, provincial, national and EU level), politicians, Copa Cogeca, NGOs, Delta Plan for Biodiversity Restoration and Wageningen University & Research (WUR). Some of the topics we discuss with these parties are local development, sustainability, and the core economic needs of the floriculture sector.

**Taking interests into account**

We listen closely to the sometimes critical voices of society about our sector. These views are regularly addressed in our decision-making process. We consciously choose to engage in dialogue with our stakeholders; this helps us shape strategy and implement Royal FloraHolland’s policy, ensuring that the interests and needs of our stakeholders really count and influence what we do. With Floriday, the priorities of

customers/users (floriculture marketplace suppliers and buyers) are fundamental in further developing the platform.

A large number of new features were developed based on meetings and the ongoing dialogue with suppliers and buyers, which has led to increased acceptance of the Floriday marketplace.

**Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)**

In 2022, Royal FloraHolland carried out a (single) impact materiality assessment, in which we discussed our sustainability impact extensively with stakeholders. We did this in the form of workshops, interviews and *online surveys*. In 2023, we started work on a double materiality assessment in accordance with ESRS 1 requirements. A double materiality assessment captures both the impact *of* the business and the financial and other risks and opportunities *for* the business in a structured manner (see below).

In this context, the sustainability impacts that stakeholders see are compared against each other according to scores on scale & scope, severity and remediability and likelihood. Moreover, the risks and opportunities of the potential costs if things go wrong are assessed. For our double materiality assessment for 2023, we took the results of the impact assessment from 2022 and expanded on the risks in particular.

**Added value of going green**

Flowers and plants have been proven to have positive effects on human health and wellbeing and biodiversity in the city. The Green Agenda is a knowledge and research programme, in partnership between Royal FloraHolland, De Groene Stad (the Green City Foundation) and Wageningen University & Research. The research results are published by De Groene Stad in factsheets that provide a broad overview of scientifically proven added value of green spaces and elements, supplemented with recommendations.

**Value creation model**

In 2023, the 2022 value creation model was developed further (see page 7). Under our three customer promises of Simplified Dealmaking, Customised Logistics and Smart Business, sustainability forms part of the three ESG pillars:

- reliable and transparent floriculture marketplace
- liveable planet
- enthusiastic and energetic people.



Management teams from the operational departments discuss the key goals for the entity at least once a quarter. This results in more action on and understanding about sustainability and results in further integration of sustainability into strategy and operations. We expect to make progress in this area over the next few years.

**Risks**

In the section on ‘Risks’ (see page 37), we set out how we manage the relevant risks and harness the opportunities, as well as the measures that contribute to achieving the strategy.

**Management of impact, risks and opportunities**

**Description of the process to identify and assess material impacts, risks and opportunities (IRO-1)**

The double materiality assessment has been launched in line with the draft double materiality assessment roadmap of the Royal Netherlands Institute of Chartered Accountants (summer 2023).

**Step 0 – Planning, reporting and audit trail**

For each step, all documentation is recorded in a file so that the auditor can easily understand the process and the content.

**Step 1 – Identify stakeholders**

The five stakeholder groups of Royal FloraHolland are: growers, buyers, employees, partners in the floriculture chain, and society.

**Step 2 – Determine the value creation of our own organisation and formulate the impact in the value chain**

The 2022 value creation model has been revised and aligned with Royal FloraHolland’s medium-term and annual targets. The visualisation of the floriculture value chain, and Royal FloraHolland’s position in this, was drawn up in 2022.

**Step 3 – Draw up the longlist of potential material topics**

The sub-sub-topics from the ESRS 1 annex and the topics from our 2022 impact materiality assessment have been taken into account. We used the objectives of the Floriculture Sustainability Initiative. and for inspiration we drew on a number of sustainability reports from other companies and sector-specific sustainability guidelines such as SASB and MSCI.

**Step 4 – Formulate the risks, opportunities and impact based on the longlist**

The risks, opportunities and impact are described for the topics on the longlist.

**Step 5 – Qualitative assessment of the material topics, both for impact and financial materiality**

In 2022, our stakeholders were directly consulted in workshops and surveys. In 2023, internal experts looked at the material risks, opportunities and impact of 66 sustainability topics through the eyes of our stakeholders. We have assessed four impact materiality factors (scale, scope, remediability and likelihood) and two financial materiality factors (scale & scope and likelihood) as low, medium or high.

The results of the materiality assessment have been discussed with those involved and will be validated further in 2024 with the Management Board and the Sustainability Board of Royal FloraHolland. We will continue to monitor and validate the material topics with our stakeholders in 2024.

**Facilitator of sustainability in the sector**

Royal FloraHolland does not own the floriculture products that are traded through her platforms: Royal FloraHolland provides an auction service and other services to suppliers and buyers. Changes/developments in the sustainability of the horticulture and transport of floriculture products should largely come from the growers and buyers themselves. The direct influence of Royal FloraHolland on these matters is relatively limited. Nevertheless, we want to facilitate sustainability in the sector. That is why we are committed to supporting the floriculture sector as much as possible in making the business and production of floriculture products more sustainable.

**Disclosure requirements in ESRS covered by the undertaking’s sustainability statements (IRO-2)**

The selection of disclosure requirements in this annual report is based on the provisional material topics and ESRS 1 Appendix E: ‘Flowchart for determining disclosures to be included’, where the availability of information is also an important factor.

The following mandatory disclosure requirements are met as fully as possible:

- ESRS 2 General disclosures
- Certification - Minimum Disclosure Requirements (MDR)
- E1 Climate change
- E4 Biodiversity and ecosystems
- E5 Resource use and circular economy
- S1 Own workforce
- G1 Business conduct

For the list of reporting requirements included in this annual report see page 58.



## Certification (ESRS 2 Minimum Disclosure Requirements – MDR)

### Certification – Policies adopted to manage material sustainability matters (MDR-P)

The market is increasingly calling for flowers and plants proven to have been cultivated sustainably. Reliability and transparency of our sustainability platform regarding ESG are indispensable for the reputation and continuity of the cooperative, the company and the floriculture sector.

Moreover, EU legislation requires increasingly transparent sustainability reporting by describing policies and approaches in ESG.

In 2023, the Management Board, Management Team, Supervisory Board and Council of Members discussed sustainability in general and certification policy in particular on several occasions. Certification (from the *FSI Basket of Standards*) is a good way to manage the material topics related to the production of floriculture products. In turn, it underlines reliability and transparency of the floriculture value chain.

The sustainability topics in the Royal FloraHolland value chain that are covered in certifications, at least in part, are:

- climate change
- energy usage
- water pollution
- water consumption
- drivers of biodiversity loss
- working conditions.

Sustainability requires more than just certification; however, certification is an important step towards achieving objectivity, increasing transparency and improving sustainability. Royal FloraHolland is a member of the Floriculture Sustainability Initiative (FSI), sits on the FSI Board and embraces FSI’s ambition in terms of sustainability and certification for the floriculture sector. Certification from the *FSI Basket of Standards* with three scopes (Environmental, Good Agricultural Practice [GAP] and Social) is in line with the provisional material topics of the value chain and thus supports progress. In addition to maintaining close contact with FSI on certification, Royal FloraHolland also collaborates on certification with the FSI Versnellers Handelsbedrijven (FSI accelerators trading companies) and the Dutch Association of Wholesalers in Floricultural Product (VGB).

### Certification – Actions and resources in relation to material sustainability matters (MDR-A)

In 2023, Royal FloraHolland’s policy was aimed at motivating and encouraging members and suppliers to produce certified products. Various actions were carried out to this end.

The Sustainable Development department has a team to guide growers through certification. Forty-five small-scale growers were supported in environmental registration and presenting their certificates on the trading platforms such as Floriday and the clock auction.

Since 2023, Royal FloraHolland has shown on the clock (during the auction process) whether or not the supplier whose products are being auctioned holds an environmental certificate. This allows buyers to make an informed purchasing choice based on the certification information shown.

In 2023, Royal FloraHolland provided support and information to growers. For example, sessions were organised with wholesalers where we updated members and suppliers on certification and how to get started. A partnership was also launched under the FSI to explore the feasibility of a separate international programme for small-scale growers.

**Certification – Metrics in relation to material sustainability matters (MDR-M) and Tracking effectiveness of policies and actions through targets (MDR-T)**

Since 2019, we have been paying more attention to the matter of sustainability certification. Structural data collection was set up in 2023, making this the base year for comparing figures.

Environmental certification is seen as a prelude to full FSI 2025 certification, which is why we measure and monitor across the three pillars of FSI: Environmental, GAP and Social. Each month, the level of certification is reported and discussed and any additional actions considered. The certification data and information is collected by Floricode from assurance scheme operators (e.g. MPS and GLOBALG.A.P.) and aggregated. Royal FloraHolland receives the certification information required for its systems through automatic links with Floricode.

**Certification\***

Percentage of product sales per FSI pillar per year	2023	2022	2023 vs 2022	2019	2023 vs 2019
Environment	83%	81%	+2%	76%	+7%
GAP	76%	74%	+2%	58%	+18%
Social	38%	37%	+1%	34%	+4%
FSI compliant	70%	68%	+2%	54%	+16%

\* To compare the figures in the table, the assumptions of FSI 2025 have been applied retroactively to the dates of the different years. The level of certification is measured as a percentage of product revenues as this is a widely recognisable unit of measurement at Royal FloraHolland.

In 2023, we focused on environmental certification as well as certification from the GAP and the Social scopes from the *FSI Basket of Standards*.

This also takes into account the FSI 2025 ambition that, by the end of 2025, 90% of revenue from products produced and traded be demonstrably ‘certified sustainable’ according to the *FSI Basket of Standards*.

Major suppliers have generally achieved more progress in the sustainability certification process, with 83% of environmentally certified product revenues coming from 50% of suppliers, and 70% of fully environmentally certified product revenues (FSI compliant) coming from 25% of suppliers.

Royal FloraHolland continues to strive for the highest possible level of certification and continues to support and educate growers in the field of certification.

# Environment



## Climate change (ESRS E1)

**Transition plan for climate change mitigation (E1-1)**

Both global warming and geopolitical developments, which caused energy prices to fluctuate wildly, underline the urgency of addressing climate change and the energy transition, including a higher degree of renewable self-generation. This has an impact on developments in the greenhouse horticulture and floriculture sector in general, and Royal FloraHolland in particular.

Under the slogan ‘Growing greener together’, Royal FloraHolland wants to minimise its impact on the environment and contribute to ambitions for a liveable planet (as described in ESRS 2). The energy transition in the floriculture marketplace and the physical hubs plays a major role in this. That is why, in 2023, we began to explore a feasible and practical climate plan, focusing on:

- Royal FloraHolland buildings and installations
- group companies
- supply and trade chains.



Royal FloraHolland is committed to the transition in the greenhouse horticulture sector and supports activities in the sector through the Greenhouse Energy Transition Covenant 2022-2030. This covenant states that the greenhouse horticulture sector endeavours to achieve economically viable and climate-neutral production by 2040. The objective is to reduce greenhouse gas emissions by 2030 to 55 to 60% of 2020 emissions.

We are seeing that some retailers and wholesalers are calling on their supply chain to reduce greenhouse gas emissions to 50% by 2030. In doing so, they ask their suppliers to provide substantiated calculations of emissions. In the long term, this could mean that the floriculture sector would move to relatively low-emission products.

These are all good reasons for the sector to make progress on reducing its carbon emissions, certainly also with regard to production. Royal FloraHolland is playing a leading role in developing FloriPEFCR, a method of calculating the environmental impact of floriculture products in compliance with EU regulations. This method will be published in early 2024, further increasing transparency and objectivity of the impact of production and transport.

**Actions and resources in relation to climate change policies (E1-3)**

Royal FloraHolland owns a lot of buildings, facilities and equipment that use gas for heating and electricity for cooling, internal transport and lighting. We want to reduce our gas and electricity consumption and prevent waste. We are saving gas by closing certain parts of our offices when the situation permits and by using heating less in offices. We are saving electricity by reducing the lighting intensity in certain spaces (within the legal parameters) and switching to LED lighting. We also conduct regular awareness campaigns to raise employees' awareness about unnecessary energy consumption. For instance, we can save a lot of energy by closing cold store doors properly. In addition, Royal FloraHolland is constantly on the look-out for opportunities to use more renewable energy, such as solar and geothermal.

**Energy consumption and mix (E1-5)**

In 2023, an average of 10% of our total electricity demand (excluding supply to tenants) was generated by solar panels. When procuring power, Royal FloraHolland minimises greenhouse gas emissions based on the supplier's 'power disclosure label' data, possibly in combination with the purchase of Guarantees of Origin (GOs). Since almost all of Royal FloraHolland's energy consumption in 2023 was generated from its own solar panels or practically emission free (nuclear power stations), no GOs were purchased.

**Royal FloraHolland's electricity usage**

In 2023, Royal FloraHolland's target was to reduce the electricity it purchases for its own consumption by 5%. This was not achieved. The proportion of energy purchased in 2023 remained virtually unchanged from 2022. The temporary additional cooling facility in Naaldwijk and the logistical transition to order picking, among other things, have had an impact on the energy transition. Order picking requires more cold store space to preserve the roduct for longer. In addition, the lights in the cold store need to be on for longer for the operations to be carried out.

In 2023, exploratory discussions regarding a climate plan were held with the Management Board. This resulted in deciding the next step: to develop scenarios that have meeting the legal requirements and government reduction targets as the ultimate goal.

Royal FloraHolland purchases electricity from nuclear power stations, which generate few carbon emissions. Nuclear power is currently regarded by a large part of society as sustainable. Two nuclear power stations are under development in the Netherlands, and the EU Taxonomy Directive allows nuclear energy to be classified as *Taxonomy eligible*. This is a view in society to which we also adhere, based on our corporate objectives. We realise that nuclear power is not renewable and we are following the public debate on this closely.

Instead of using financial resources to offset our carbon emissions through Guarantees of Origin (GoOs), we prefer to use these funds to structurally reduce our carbon emissions.

	<b>2023</b>	<b>2022</b>
<b>Total electricity consumption (in MWh)</b>	<b>74,901</b>	75,775
- Non-renewable source	60	68
- Renewable source	67,397	67,038
- Renewable self-generation	7,444	8,670

Royal FloraHolland supplies the electricity and heat that the internal service provider and group company CAAC uses for its electric tugs and rooms.

**Royal FloraHolland’s natural gas usage**

We also have a reduction target for our natural gas usage. Developing a heat transition plan and anchoring this reduction target in all our business processes are crucial actions. This is one of the main tasks of our newly appointed Energy Manager (Buildings and Installations), who started in February 2024.

	2023	2022
<b>Total natural gas consumption (in MWh)</b>	83,350	87,919

**Petroleum consumption**

Floriway’s trucks run on diesel. And a number of other petroleum products are used at Royal FloraHolland.

	2023	2022
<b>Total petroleum consumption (in MWh)</b>	34,847	41,078

**Gross Scope 1, 2, 3 and Total GHG emissions (E1-6)**

Royal FloraHolland has calculated its greenhouse gas emissions at its physical hubs in Aalsmeer, Naaldwijk, Rijnsburg and Eelde. This was done in line with the Greenhouse Gas Protocol (GHG Protocol): Scope 1, 2 and 3. Scope 1 mainly covers natural gas consumption, fuel consumption by trucks and leased cars (non-electric) and the use of refrigerants. Scope 2 covers the emissions from purchased electricity and the electricity used by leased electric vehicles.

For Scope 2, the GHG Protocol requires organisations to calculate and report both location-based emissions and market-based emissions. As emissions are estimated using the operational control approach, this only concerns electricity consumption by Royal FloraHolland itself, while tenants are included under Scope 3. The location-based emissions calculation uses an average emissions factor for the energy mix in the Netherlands, while market-based emissions depend on the contract with the energy supplier. As Royal FloraHolland buys carbon-neutral electricity, its emissions are zero under the market approach. The emissions figure disclosed, expressed in ton CO<sub>2</sub> equivalent (CO<sub>2</sub>e), is location based.

	2023	2022
Scope 1 GHG emissions in ton CO <sub>2</sub> equivalent	27,109	29,509
Scope 2 GHG emissions in ton CO <sub>2</sub> equivalent		
- market-based	-	-
- location-based	20,155	23,339

Scope 3: emissions not available.

**Floriway**

In 2023, we began investigating Floriway’s greenhouse gas emissions (Scope 1, 2 and 3). There is currently uncertainty in the transport sector for several reasons, with the result that investments in sustainability and innovative breakthroughs are lagging behind. The most optimal choice for alternative fuel use varies by mode, subsector and even by company profile. Floriway started collecting data in 2023 to develop a carbon reduction plan. We record the number of kilometres driven, fuel consumption and hours of services hired every month. We then use this data to calculate greenhouse gas emissions. Currently, these only relate to Floriway’s operations. By making optimal use of Floriday with Floriway and other transporters, Royal FloraHolland sees opportunities to, in the future, ‘do more with less’: transport the same volume with fewer transport movements (journeys) and fewer transport kilometres.



## Biodiversity and ecosystems (ESRS E4)

### Transition plan and consideration of biodiversity and ecosystems in strategy and business model (E4-1)

Used in the right way, floriculture products have the potential to make built-up areas and cities more pleasant, liveable and sustainable. Royal FloraHolland aligns its Biodiversity Transition Plan with the Delta Plan for Biodiversity Restoration, in line with the objectives of the United Nations' *Post-2020 Global Biodiversity Framework* and the EU Biodiversity Strategy for 2030. As a partner of the Delta Plan, we aim to help raise awareness about the restoration of biodiversity, both on our own sites and in the floriculture sector as a whole.

In addition, we support Stichting De Groene Stad (the Green City Foundation), an organisation that collects and disseminates knowledge about the value of greenery and green spaces in urban environments and promotes cooperation. The Green Agenda (the knowledge programme of the Green City Foundation) contributes to gathering up-to-date scientific knowledge about the value of green spaces. Together with partners such as Wageningen University & Research, we conduct research to provide scientific insights and inspiration to stakeholders, such as municipal and provincial authorities, architects, students and urban planners.

Royal FloraHolland also promotes biodiversity and ecosystems by:

- encouraging and guiding growers in environmental registration and certification;
- playing a leading role in developing FloriPEFCR, a method of calculating the environmental impact of floriculture products in compliance with EU regulations;
- acting as co-initiator and co-developer of the MIG (Environmental Indicator for Plant Protection Products), aimed at measuring and reducing the environmental impact of the use of these products;
- setting rules/regulations for products traded via Royal FloraHolland in the auction regulations and product group specifications.

### Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

The resilience of aspects of Royal FloraHolland's strategy and business model with biodiversity and ecosystems-related physical, transition and system risks and opportunities are described below.

#### Opportunities

- **Focus on and conservation of biodiversity:** Though the flowers and plants we market may well be the more refined cultivars, simply the wide variety traded on the floriculture marketplace contributes to raising awareness of natural diversity and helps foster a love for that diversity in the Netherlands and across the world. Royal FloraHolland can promote this more actively than it has done so far.
- **Greener cities:** The supply on the floriculture marketplace, together with the nursery and perennial plant sector, makes for a greener living environment in built-up areas.
- **Recovery of pollinators:** Floriculture can contribute to the recovery of pollinators through insect-friendly planting around the greenhouse and a transition to biological control of diseases and pests (chemical-free cultivation).
- **Phytosanitary:** Royal FloraHolland is committed to preventing the introduction of new diseases and pests that pose a threat to nature and public green spaces. We work closely with the government in tracking down quarantine organisms.

#### Tasks

- **Less pollution:** The floriculture sector will have to reduce its use of non-organic plant protection products. In addition, to prevent negative environmental impacts greenhouse horticulture will have to be a close system as far as possible, with no emissions to soil and water.
- **Raw materials:** Peat traditionally forms the basis of potting soil. Excavating peat from bogs for use as a fuel or for use in growing media is undesirable from a biodiversity and climate point of view. Efforts could be made to minimise and, where possible, phase out the use of peat, encourage innovation in alternatives, and minimise damage to biodiversity from peat farming.



- **Invasive alien species:** The floriculture sector produces plant species that can cause significant damage to nature elsewhere in Europe and the world through uncontrolled growth. In addition to influencing the EU’s list of invasive alien species, it is important to anticipate and not to grow or trade in these species. Royal FloraHolland members have a duty to approach this with care.
- **CITES:** Trade in some species of plants is regulated or prohibited under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). Royal FloraHolland members have a duty to comply with the regulations.

**Policies related to biodiversity and ecosystems (E4-2)**

Royal FloraHolland’s policies align with the commitments it has made as a partner to the Delta Plan for Biodiversity Restoration. These contain actions and results to prevent, mitigate or remedy potential negative effects on biodiversity and ecosystems. As a partner of the Delta Plan for Biodiversity Restoration, we report annually on how we have implemented the partner commitment we have made. The following policies are included:

1. Transparent ESG registration and certification of floriculture products and businesses
2. Member of the Green Agenda knowledge programme
3. FloriPEFCR (environmental footprint calculation)
4. Redesigning Royal FloraHolland sites to promote biodiversity
5. Enabling growers to contribute to biodiversity restoration.

**Actions and resources related to biodiversity and ecosystems (E4-3)**

Action plans have been put in place for the following areas:

- the five commitments of the Delta Plan for Biodiversity Restoration, as stated above
- ongoing communication about biodiversity, what this involves and how growers can make a positive contribution
- drawing up a Plant Health Prevention and Action Plan
- continuing the Royal FloraHolland Green Plan 2021 to 2024.

The working hours and funding for these action plans are included in the budget.

**Targets related to biodiversity and ecosystems (E4-4)**

Royal FloraHolland actively contributes to caring for and maintaining biodiversity. We do this by:

- helping to promote awareness (and offering possibilities to act) in relation to the importance of biodiversity;
- supplying plants and flowers that help create a greener living space in built-up areas;
- working on ways to help the recovery of pollinators through insect-friendly planting around greenhouses, and shifting towards the use of organic methods to combat diseases and infestations inside them;
- preventing the introduction of new diseases and infestations (and invasive exotic species) that threaten nature and green spaces;
- carrying out the green plans for our sites, which include flowering evergreen perennials, wildflower meadow seed mixes, mixed hedgerows and additional trees.

Royal FloraHolland reduces the negative impact on biodiversity by:

- encouraging growers to minimise their negative impacts on biodiversity;
- prohibiting the sale of invasive alien species on the list published by the European Union on the floriculture marketplace;
- informing our members about the risks of invasive (and semi-invasive) species through product committees;
- prohibiting the sale of protected species in the floriculture marketplace and only permitting the sale of plants covered by the CITES, in accordance with the law;
- working with other parties, for example in the framework of the Delta Plan for Biodiversity Restoration.

**Impact metrics related to biodiversity and ecosystems change (E4-5)**

The following impact factors for Royal FloraHolland caused by the floriculture marketplace and the production of floriculture products have been identified:

- pollution, e.g. through transport
- raw materials
- invasive exotic species
- trade in regulated or prohibited plants (CITES)
- degradation of nature and the natural landscape by our sites and infrastructure
- global warming (due to greenhouse gas emissions).

In 2023, 72,691 m<sup>2</sup> (2022: 66,461 m<sup>2</sup>) of the green space on our sites had been designed and were being maintained following biodiversity design principles set out in the Royal FloraHolland Green Plan. This does not include the site at Eelde. In the Green Plan, we have made a conscious choice to plant trees, mixed hedgerows, combinations of perennials, and wildflower meadow seed mixes. The first plots in Aalsmeer, Naaldwijk and Rijnsburg have been planted in this way and agreements have been made on management measures and monitoring. In addition, we will continue in the coming years to serve as a partner of the Delta Plan for Biodiversity Restoration and contribute positively to biodiversity with our transition plan, action plans, policies and targets.



## Resource use and circular economy (ESRS E5)

### Policies related to resource use and circular economy (E5-1)

Royal FloraHolland strives for circularity in the use of raw materials by minimising the amount of waste we produce and reusing raw materials. In this respect, we are following the waste hierarchy by trying to prevent waste in the first place.

Royal FloraHolland's policy for circular resource use focuses on:

- sustainable procurement policy (such as IT services and maintenance of our buildings)
- transport packaging (such as flower buckets and plant trays)
- product packaging (such as plant pots and flower sleeves)
- waste management.

### Sustainable procurement policy

Royal FloraHolland started developing a sustainable procurement policy in 2023, which prioritises circularity of used materials and installations. In 2024, we will continue to shape our sustainable procurement policy in collaboration with some of our key suppliers to start off with.

### Transport packaging

Royal FloraHolland facilitates the floriculture value chain through providing standardised transport packaging, which creates an efficient value chain with the lowest possible environmental impact. The protective function of this packaging reduces damage to the product. All single-use and reusable plant trays from Royal FloraHolland have been made from a mono material for years and are 100% recyclable. For flowers, the reusable buckets are most commonly used. We want to work with reusable plant trays on an even larger scale, because these have a lower environmental impact. Royal FloraHolland has been offering these reusable plant trays for years and is trying to increase their use by removing barriers (such as selling them at an attractive price and washing them). Moreover, Royal FloraHolland is exploring the possibility of introducing standardised reusable plant trays for the whole of Europe through its involvement in Euro Plant Tray (EPT).

### Product packaging

Growers choose the product packaging they use, sometimes in consultation with customers. The policy aims to increase awareness of circular alternatives, such as: using less, re-using, using sustainable materials, and recycling. Together with growers and buyers, we are developing new circular standards for the industry.

### Waste management

Royal FloraHolland, together with waste processor Facilicom, gets the most out of its waste through high-quality processing. We monitor this through a waste management system. Royal FloraHolland strives to ensure uniform and optimised waste management for employees and customers at all our locations, with sustainability and innovation in mind. We encourage recycling by actively approaching employees and customers with explanations and guidance on proper sorting.

**Actions and resources related to resource use and circular economy (E5-2)**

**Transport packaging**

In 2023, we launched several initiatives, including our partnership with EPT, with the aim of exploring the possibilities for introducing reusable plant trays across Europe from 2024. More companies are using the shorter reusable box for chrysanthemums, Fc523. This not only saves 30% in material (2023: approx. 20,000 kg) but also 25% in space during transport. Expanding the support-collar range with the Fc588 reusable flower bucket results in 40% less card/cardboard use per package, meaning a reduction of 85,000 kg in 2023 (2022: approx. 70,000 kg). For this Fc588, we developed a new lower reusable rack in 2023 that will save about 100,000 kg of card/cardboard per year from its introduction in 2024. Finally, in 2023, we started exploring an alternative to single-use pallets.

**Product packaging**

By making the right knowledge and tools available, we make it easier for our members to move towards a more sustainable packaging choice. In 2023, Royal FloraHolland progressively guided 12 of the 27 product committees (FPCs) in their search for sustainable packaging. For each product group, we looked at the individual situation and set concrete targets and sustainable strategies that we will bolster in 2024. By having a *life cycle analysis (LCA) quick scan*<sup>2</sup> of the environmental impact of different types of sleeves carried out we were able to determine the best solutions. Furthermore, a prototype digital packaging register has been developed so that value chain partners can share sustainability data about the packaging material used in floriculture. This will be developed further in 2024.

**Waste management**

In order to boost circularity, we are continuously exploring possibilities to get the most out of our waste through high-quality processing. In 2023, we started to collect and process office waste in Aalsmeer and Naaldwijk, such as used coffee grounds and tissues, which we previously treated as residual waste.

We also apply new means to make waste more circular. For example, we reduce the number of waste hauls by compacting waste with our trash compactor in Aalsmeer and the green waste compactor in Naaldwijk. In addition, 250 discarded trolley carts have been converted to new waste collection containers, preventing the need to purchase new containers. In Eelde, we created environmental islands to help employees and customers separate their waste better.

<sup>2</sup> <https://www.royalfloraholland.com/en/news-2023/week-18/which-flower-or-plant-sleeve-is-the-most-sustainable>

**Targets related to resource use and circular economy (E5-3)**

**Transport packaging**

The four targets of the Plastic Pact NL (PPNL) guide us to greater sustainability in the use of single-use plastic plant trays. Since the Plastic Pact NL will be discontinued in early 2024 we will set new targets this year.

Plastic Pact Netherlands 2025 targets	Royal FloraHolland 2023 actions
Plastic packaging are made of 100% recyclable plastic.	All our plant trays are made of 100% recyclable plastic.
In 2025, we will use 20% less plastic than in 2017.	We will make our single-use plant trays lighter and encourage the use of reusable plant trays and trays made of materials other than plastic.
At least 70% of all single-use plastic packaging will be recycled with no loss of quality.	While a lot in the value chain is recycled, there is unfortunately no reliable data available on this
All single-use plastic packaging that comes onto the market will be made of at least 35% recycled plastic	The single-use plant trays that we sell are made of at least 80% recycled material.

**Product packaging**

Royal FloraHolland is helping the FloraHolland Product Committees (FPCs) formulate targets for achieving responsible, circular packaging use. We are doing this in anticipation of packaging legislation (such as the Packaging and Packaging Waste Regulation, PPWR)<sup>3</sup> so that we are compliant with this. In 2023, several FPCs provided packaging figures, which allowed us to gain a better picture of their material choices and quantities used. By taking annual measurements, we will be able to track progress and make timely adjustments in order to meet the targets.

<sup>3</sup> <https://www.royalfloraholland.com/en/news-2023/week-08/european-green-deal-impacts-design-and--use-of-floriculture-packaging>



### Waste management

Together with Facilicom, Royal FloraHolland has set the following targets for its waste management:

- Reduce the overall residual waste as a proportion of total waste generated.
- Reduce the amount of contaminated green waste as a proportion of total waste generated.
- Increase recovered from waste as a proportion of total waste generated.
- Increase the quality of reused/recycled waste as a proportion of total waste generated.

### Resource inflows (E5-4)

#### Sustainable procurement policy

Royal FloraHolland is engaged in an ongoing search for materials that have a better sustainability profile than those currently used. In 2024, we will be mapping out the resource inflows coming from our main suppliers.

#### Transport packaging

In 2023, we used plastic, card/cardboard and aluminium to produce new reusable packaging and stacking trolleys.

x 1,000 kg		2023	2022
<b>Plastic</b>	inflow	948	2,050
	outflow	245	114
<b>Cards &amp; cardboard</b>	inflow	845	886
	outflow	595	700
<b>Aluminium</b>	inflow	-	328
	outflow	2	3

Plastic, wood and card/cardboard have been purchased for the production of single-use transport packaging and load carriers. Because this resource flow is in a closed loop, we do not report on it. All card and cardboard packaging is FSC-certified, with a high percentage of recycled material.

### Waste management

Royal FloraHolland buys as few consumables as possible. Excluding bindwire, we bought no consumables in 2023. Because new waste collection containers were needed, Facilicom invested in new containers, enabling the retired trolley carts to be repurposed as waste collection containers. By repurposing using these disused trolley carts, Royal FloraHolland did not need to purchase any new waste collection containers. Four new compressors have also been installed, reducing the volume of waste and, in turn, the number of transport movements.

### Resource outflows (E5-5)

#### Transport packaging

We recycle damaged and rejected reusable packaging. We process as much recycled plastic, card/cardboard and aluminium as possible into new packaging for Royal FloraHolland itself or as products for third parties. These volumes are listed in the table under E5-4.

#### Waste management

Royal FloraHolland's resource outflow mainly consists of paper/cardboard, residual waste, green waste (contaminated and clean), plastics and wood. At the physical hubs of our floriculture marketplace, a lot of waste is left behind that was not sourced by us. Together with Facilicom, we are investigating the most sustainable and practical option for processing waste and extracting value from it, meaning turning waste into a raw material.

2023 results (as a proportion of total waste generated)	2023	2022
Residual waste	16.7%	19.8%
Contaminated green waste	13.7%	21.3%
Recovered from waste	74.4%	70.2%
Quality material harvested from waste	53.2%	44.3%

<b>Annual waste</b> (in million kg)	<b>2023</b>	<b>2022</b>
Paper, card and cardboard	9.6	8.7
Residual waste	3.8	4.9
Green waste (contaminated)	3.1	5.3
Green waste (clean)	2.5	2.4
Plastics	2.2	2.1
Wood	1.2	1.2
Other	0.2	0.2
<b>Total waste generated</b>	<b>22.6</b>	<b>24.8</b>
<b>Waste processing ratio 2023</b>		
	<b>2023</b>	<b>2022</b>
Recycling	53%	44%
Composting	21%	26%
Incineration	26%	30%

## Social



### Own workforce (ESRS S1)

#### Policies related to own workforce (S1-1)

The HR strategy for 2023 forms the starting point for Royal FloraHolland’s personnel policy. The key topics are:

- engagement
- culture
- organisational development
- leadership
- strategic personnel planning
- personal development
- sickness absence and occupational fitness
- recruitment
- process and service improvements
- relationship with Works Council and our social partners.

Based on the business strategy, the HR department draws up an annual plan each year with objectives, goals, strategies and measures (OGSM). This sets out targets, KPIs and a clear division of roles and responsibilities.

Progress is discussed monthly in the HR management team meeting and fed back to the Royal FloraHolland Management Board.

The starting point of Floriway's HR policy is: *keeping safe and healthy at work, now and in the future.*

The key topics are:

- leadership
- sickness absence
- driver recruitment
- culture
- improving processes (ensuring the fundamentals are in place).

Based on the business strategy, Floriway's HR department then draws up an annual plan. Progress is discussed in HR and the Management Board.

**Social safety**

We stepped up our social safety programme in 2023. Our auction regulations and Code of Conduct contain standards that apply to everyone who sets foot on Royal FloraHolland property, meaning not just employees but also suppliers, visitors, etc. These rules cover aspects including verbal abuse, discrimination, harassment, bullying, physical violence and intimidation. The rules are enforced and appropriate action taken where necessary. We have an accident policy (PDSA) in place to ensure we work in a socially and physically safe environment.

Physical and social safety is also an important topic for Floriway. The Floriway employee handbook includes rules on conduct and safety. This manual contains safety and work instructions for the auction and logistics process. Our guidelines on disciplinary measures, which we adopted in 2023, set out standards for aspects including verbal abuse, discrimination, harassment, bullying, physical violence and intimidation. These regulations are enforced and appropriate action taken where necessary.

**Confidential counsellors**

A confidential counsellor is assigned to each Royal FloraHolland logistics hub (fourteen in all divided across four hubs), and we have a coordinator for these counsellors as well. Employees can find out who their confidential counsellor is from posters and intranet communications. They can also speak to an external confidential counsellor if they wish. Management and HR coordinate confidential counsellors' roles and tasks locally and centrally. An internal and external confidential counsellor is also available at Floriway, which employees are informed about in the newsletter. The HR department at Floriway is responsible for coordinating confidential counsellors' roles and tasks.

**Fit and healthy**

Our occupational fitness programme helps our employees stay fit and healthy, both physically and mentally, so they are happy in their job. We actively help them to achieve a good work-life balance. The philosophy behind it is simple: when you thrive, we grow too.

**Processes for engaging with own workers and workers' representatives about impacts (S1-2)**

**Works Council**

The Works Council is the discussion partner for the Royal FloraHolland Management Board. They represent employees' interests in proposed decisions and plans. In 2023, Works Council members came from various parts of Royal FloraHolland's business, specifically finance, sales, logistics (Aalsmeer, Naaldwijk, Rijnsburg and Eelde), grower services, RE&FM and HR. Consultations are held monthly between the Works Council and Royal FloraHolland Management Board members (complemented by other senior management members where relevant). Some of the topics we discussed in 2023 were: the new logistics process (the order picking system), early auction days, the changing role of the auctioneer, staff shortage, the amended smoking policy, the workforce management (WFM) system and various organisational changes. As with Royal FloraHolland, the Floriway Works Council is in close consultation with Floriway management.

**Social partners**

In 2023, we concluded a collective bargaining agreement with our social partners, trade unions FNV Agrarisch groen and CNV vakmensen, which runs until 2024. This agreement applies to all employees at the Royal FloraHolland floriculture marketplace. We also hold regular consultations (quarterly and the occasional topic-specific session) with trade union representatives and employee representatives of the trade unions. Floriway and CAAC employees are covered by the collective bargaining agreement for the professional freight transport sector. Employees can defend their interests through the trade union. This is laid down in the collective agreement (Article 10).

The employers' associations Transport en Logistiek Nederland (TLN) and Sector Transport en Logistiek (STL) have concluded a new collective bargaining agreement with the trade unions, in force from 1 January 2024 to 31 December 2025. Floriway employees are covered by this agreement. Floriway is in regular consultation with TLN and STL. TLN is a negotiating partner for collective bargaining and legal advice and STL is a partner for industry-orientated training, monitoring trends in the sector and market developments, and bringing them to our attention.



**Employee survey**

Our annual employee survey measures employee engagement at team level. The results indicate the key areas where employees are satisfied or dissatisfied and therefore what we can improve. Floriway conducts a similar annual employee survey for its employees. The management, the Works Council and teams then develop and implement improvement actions within their own sphere of influence.

**Dialogue**

As part of the review cycle (dialogue), the manager and employee meet three times a year to discuss goals and development: the planning interview (January), check-in (June) and review (December). There is time for mutual consultation in between, and for logistics staff there are daily and weekly standups.

At Floriway, employees are in regular consultation with their manager, both individually and as part of a team or department. In 2024, Floriway will continue to work on bringing more structure to its employee development interviews.

**Code of Conduct**

The Royal FloraHolland Code of Conduct sets out what the company expects from employees and what employees can expect from the company in terms of:

- doing business with integrity (fair business practices)
- ensuring a physically and socially safe working environment
- information security and data protection
- what we can do for sustainability and how we can do this together.

Employees are required to be familiar with the Code of Conduct and take the associated eLearning course. This is included in the collective agreement (H3 employer obligations). Floriway also has rules of conduct that describe what the organisation expects from employees.

**Leadership**

The Management Board keeps its managers up to date on strategy, performance and priorities in meetings and calls every month. We encourage the managers to subsequently discuss this with their team. All new managers and employees promoted to a supervisory role go through an *onboarding programme*. Training and courses are also available to develop leadership skills.

**Processes to remediate negative impacts and channels for own workforce to raise concerns (S1-3)**

We measured employee engagement and enthusiasm through an employee survey for the sixth year in a row. The engagement score in 2023 was 7.6 – on par with the previous year. The number of respondents increased from 76% to 79%. The departments will discuss the results in detail. They will then develop a plan to improve scores as needed, in partnership with the HR department.

The employee survey is a vital means for employees to express their satisfaction and concerns. The results provide insight into concerns and satisfaction in key impact areas, and therefore what the management can improve. The annual impact areas are: work, workload, colleagues, managers/supervisors, collaboration, working conditions, core values, organisation and strategy. In 2023, there was a focus on how leaders are driving change in their team. The survey comprises 77 questions, divided into various categories. Of the questions, 95% are the same as in the previous years, so we can compare the results. The survey is conducted by an external agency, which also provides the analysis. The survey is anonymous and the results are analysed down to team level.

The response to Floriway’s employee survey slightly increased, from 49% in 2022 to 54% in 2023. To help gain insight into how familiar Floriway employees are with the concept of ‘sustainable employability’ and how we can work on it over the coming years, this has been added as a new topic on the survey.

**Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4)**

Our employees are most concerned about their physical and social safety. In 2023, we continued to run campaigns and implement measures to improve this, including training and coaching for supervisory staff. We have started setting and enforcing standards, and we take appropriate measures in cases of non-compliance with these standards.

Because it is our conviction that working together better can improve the company’s performance and results, in 2023 we also carried out more work on our Organisational Transformation programme, which focuses on the cultural and behavioural side of the strategy implementation and the transformation that Royal FloraHolland is currently going through.

**Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5)**

**Optimal engagement**

For operations, group, HR and our approximately 200 managers (focus group), the target set for optimal engagement is 7.5.

**Optimal service**

To optimise the service provided by HR, the basis for various HR processes has been brought into focus with the HR Master Plan. HR policy and processes as well as tools have been simplified and modernised. The internal customer has become more central in the services provided by HR.

In 2023, Floriway started to focus on the various HR processes, streamlining three organisations into one. We have also been working with a single HR IT system since 1 January 2023.

**Organisational transformation**

With an integrated approach to cultural change and leadership development, the Organisational Transformation programme contributes to improving the quality of collaboration in and between teams. This collaboration is important and necessary to implement our strategy effectively and provide an optimal service experience to our customers.

**Teams on track**

HR helps to keep teams on track through recruitment, talent development, promotion, offboarding, and occupational health and fitness, and aligning these with Strategic Personnel Planning (SPP).

**Characteristics of the undertaking's employees (S1-6)**

To maintain a good overview of the numbers and quality of our current and future workforce, HR runs an annual Strategic Personnel Planning (SPP) process for each department. The SPP is reviewed annually and is a means for Royal FloraHolland to achieve its operational and strategic goals. We also look at external factors, such as the labour market and the demands and interests of growers and customers. This results in an annual staff establishment plan that gives insight into the actions that need to be performed, such as onboarding, promotion and offboarding, and training and development activities).

With our *succession* planning, we are strategically looking at the internal succession of critical functions at Royal FloraHolland. We focus on the flexibility and reliability in the deployment of our staff, for example by working on:

- striking a good balance between permanent employees and flexible staff;
- offering prospects to flexible staff, with a view to eventually offering them a permanent position;
- improving our processes, such as the working hours regulation and job classification system;
- looking closely at types of contracts that are a better fit with our market, such as the annual working hours model (contract type).

<b>Staff turnover</b>	<b>2023</b>	<b>2022</b>
Inflow	<b>893</b>	<b>923</b>
Outflow	<b>825</b>	<b>842</b>

<b>Number of employees</b>	<b>2023</b>	<b>2022</b>	<b>Permanent</b>	<b>Temporary</b>	<b>Zero hours*</b>	<b>Full-time</b>	<b>Part-time**</b>	<b>Group</b>	<b>Logistics</b>
Male	2,625	2,567	2,149	476	225	1,255	1,370	639	1,986
Female	935	925	755	180	54	214	721	349	586
Other	-	-	-	-	-	-	-	-	-
Not provided	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,560</b>	<b>3,492</b>	<b>2,904</b>	<b>656</b>	<b>279</b>	<b>1,469</b>	<b>2,091</b>	<b>988</b>	<b>2,572</b>

\* Both permanent and temporary employees. \*\* Part-time means fewer than 38 hours a week.

Many of our employees were with us for less than a year. These were mainly logistics workers who had a wide choice of other jobs available outside Royal FloraHolland. Often these employees move to another employer because they can work more hours or even full time there.

**Characteristics of non-employee workers in the undertaking’s own workforce (S1-7)**

Royal FloraHolland uses agency staff and self-employed workers, both in our logistics departments and in the central departments. Flexible staff mainly work in logistics departments because of the high fluctuations in the work on offer (peak and off-peak periods). We hire self-employed people with specialist knowledge mainly to fill central roles for a limited period. This is especially the case for IT projects, such as parts of Floriday, and real estate projects, such as in Aalsmeer-Oost.

Summary of non-employee workers	2023
Agency workers	<b>1,165</b>
Self-employed	<b>143</b>
Employed in	
Logistics	1,168
Business	140
<b>Total</b>	<b>1,308</b>

**Training and skills development metrics (S1-13)**

Royal FloraHolland pays attention to its employees’ personal and professional development. We encourage our staff to work intensively on their development and career opportunities. We provide them with resources through the Royal FloraHolland Academy, our learning & development platform. We are constantly expanding the offering on the platform with new relevant courses, workshops and eLearning modules. We also offer dedicated development programmes: HortiHeros, the Young Potential Programme, and the Medior programme. Our aim is to work together to create an organisation that never stops learning.

**Health and safety metrics (S1-14)**

**All-round safety**

Together with employees, suppliers, buyers and growers, we take action to ensure a safe working environment. For each safety topic (wellbeing and social safety, physical safety, security, and local communities/environment) we lay down, report on and safeguard policy for the floriculture marketplace. We also improve the level of safety for each topic individually. The policy applies to all our employees and agency workers. Twice a year, the Royal FloraHolland Management Board discusses the level of safety, how effective the control measures are, whether we are compliant, and the incidents that have occurred. In 2023, there we organised six safety campaigns where we asked that special attention be paid to the safety rules and monitoring/enforcement of these rules. Moreover, we organised a Safety Week for the first time, during which we organised activities in the area of general safety, social safety and cybersecurity.

Control and assurance was further improved for all of these safety topics in 2023. Royal FloraHolland is obliged to report serious workplace accidents to the Netherlands Labour Authority. In 2023, there were three reportable accidents. For one accident, the authority conducted an investigation but ultimately did not report any issues. For the other accidents, Royal FloraHolland, in consultation with the Netherlands Labour Authority, opted to conduct its own investigation and produce an employer’s report. One such report has been confirmed as being satisfactory, while the others are still awaiting the authority’s final assessment.

The Floriway newsletter, Florinews, regularly reports on how to maintain a safe working environment. We discuss safety instructions with new employees and these are covered in department meetings where necessary.

**Risk Inventory & Evaluation (RI&E)**

The Risk Inventory and Evaluation (RI&E) exercise, as provided for in health and safety legislation, helps us to improve safe and healthy working and, in turn, reduce the number of accidents. In 2023, we introduced a new RI&E method aimed at improving the quality of the RI&Es, making them more relevant and dynamic, and increasing ‘ownership’ of the RI&Es. In 2022 and 2023, the RI&Es were updated and approved by the Works Council. In addition, we have started implementing measures arising from the RI&Es, with 64 measures implemented in 2023.



Where Floriway had been using the RI&E methods of the three formerly separate companies, in 2023 the company – in collaboration with Sector Transport & Logistiek (STL) – started setting up a single RI&E method.

**Workplace accidents (IF rate)**

For workplace accidents, we use the injury frequency (IF) rate as our safety KPI (see table). This IF rate is the ratio between the number of lost-time accidents and the number of hours worked in millions. We also focus on reporting incidents and actively following them up, even if they have not yet resulted in injury and/or lost time.

In 2023, 40 employees were involved in a lost-time accident (2022: 44), which led to 582 lost days. There were also 72 injuries. The IF rate for 2023 has fallen relative to the preceding years. Our existing and additional measures and efforts, such as reporting and resolving minor incidents and giving work instructions as standard practice, are paying off. We see this especially during the transition to order picking in the logistics process at our Rijnsburg hub. Thanks to this increased focus on prevention, many more safety incidents were reported in 2023, far outnumbering the 40 lost-time accidents: 2,180 incidents (2022: 1,947). On the basis of those incidents, 4,500 preventive actions were carried out.

IF rate*	2022	Standard 2023	2023
Logistics	14.7	13.0	12.9
Royal FloraHolland	9.9	9.0	8.8

\*IF-rate = lost-time accidents/(hours worked/1,000,000).

The IF rate is for Royal FloraHolland alone, excluding group companies.

Floriway focuses on reporting incidents and actively following them up. Work will continue on this in 2024.

**Prevention frequency**

The prevention frequency (PF) rate, measured per department, is the ratio between the number of lost-time accidents and the number of preventive measures taken to prevent the accident from recurring. The PF rate is used when setting targets and measures to reduce the IF rate.

## Governance



### Business ethics - Business conduct (ESRS G1)

**Corporate culture and business conduct policies (G1-1)**

**Code of Conduct**

To make sure that all employees can work safely and enjoyably, Royal FloraHolland has drawn up an extensive code of conduct. We revise it every other year and it will be reviewed again in 2024. The Code of Conduct helps employees understand and apply our rules, standards and values. It covers a variety of topics, such as appropriate business conduct and integrity in relation to sustainability, fraud, corruption, conflicts of interest and advocacy/lobbying. For each topic, we explain the conduct that we expect from every employee and how they can personally put it into practice.

We share the Code of Conduct with all employees. To ensure that they are familiar with the code and to promote good conduct, employees are required to take the Code of Conduct eLearning course at least once every two years. Managers and HR monitor follow-up. Employees who have not taken the e-learning course cannot start work or are barred from performing certain potentially high-risk tasks. Agency workers at Royal FloraHolland are obliged to be familiar with the code they receive through their employment agency.

### Information on latest developments

News about developments at Royal FloraHolland and in the sector in general, like changes in internal policy and/or legislation, trends in society, and economic matters affecting the industry, are published on our intranet and regularly brought up for discussion at weekly standups or departmental meetings.

### Initiatives

Royal FloraHolland plays an active part in a variety of initiatives, and we see it as our responsibility to help improve safety and security in the industry. Managers regularly focus attention on the initiatives we are taking, such as the public-private partnership Weerbare Sierteeltsector (Resilient Floriculture) and Cyberweerbaarheidscentrum Greenport (Greenport Cyberresilience Centre) – initiatives in which we actively involve our employees.

### Core values

Royal FloraHolland has set out four core values: collaboration, focus on results, innovation, and reliability. That is what we stand for as an organisation. These core values form a common bond between the people who work for us.

### Reporting misconduct

Together, we ensure that Royal FloraHolland is a company our employees are happy to work for and customers like to do business with. This is something to which we all contribute, and for which every employee bears a responsibility. We encourage good conduct and give compliments, but we also talk to each other and those in our floriculture marketplace about misconduct, and report it when we see it. Misconduct – such as theft, fraud, corruption, threats, harassment, discrimination, sexual misconduct and offensive behaviour – is something we do not tolerate. We put a strong emphasis on reporting misconduct. This can be done through a manager or HR, our confidential counsellors, or anonymously via SpeakUp. All reports are investigated and dealt with thoroughly.

### Compliance

In addition to the auction regulations and the enforcement and sanction policy, the Code of Conduct serves as a framework for the underlying policies and protocols. Breaches of the code can affect an employee's job and even lead to prosecution. Disciplinary measures may be taken against anyone who fails to comply with the code. Royal FloraHolland reports serious and criminal cases to the police.

### Policies

Royal FloraHolland publishes its internal policy on doing business with integrity (fair business practices) on the intranet. Every employee can consult it in the *Business Policy Framework* (BPF), which has been set up for this purpose. In the event of any suspected or detected breach or incident, we act in accordance with the *fraud policy* and *response plan*. Reports are investigated and assessed under the supervision of Compliance. Royal FloraHolland has set up a variety of reporting channels, including the anonymous SpeakUp hotline. In this way, we provide all the components of the compulsory whistleblower system.

Royal FloraHolland has measures in place to prevent, identify and where necessary address infringements. We work in the Weerbare Sierteeltsector (Resilient Floriculture) public-private partnership to put barriers in place and refine our control measures. In addition to our own risk management (our *Internal Control Framework*), the authorities conduct investigations into potentially unfair competition. To ensure we remain alert, we discuss issues on a preventive basis with a specialist law firm.

### Prevention and detection of corruption or bribery (G1-3)

Royal FloraHolland implements various measures to prevent corruption and bribery. One such measure is the Code of Conduct, which forms the basis for fair and transparent business practices. Authorisations are set up and grouped by role. We are cautious about the risk of conflicts of interest. Employees are asked to report any irregularities (anonymously if they wish) through various reporting channels. The Compliance department records notifications of misconduct, including corruption and bribery, and reports this to the Management Board and Supervisory Board. This is documented in the annual Compliance Report.

When a notification is made, we take action in line with the *response plan* and weigh up which managers should be added to the case team.

We routinely track the effectiveness of control measures set out in our *Integrated Control Framework*. In addition, we have set up a dedicated *Security Integrity Team* (SIT) comprising security specialists, a security analyst and a risk officer. Royal FloraHolland works closely with government agencies in Weerbare Sierteeltsector (Resilient Floriculture) to raise awareness of corruption and bribery among employees, members and customers. With this approach we pro-actively catch any warning signs of non-compliance and act on these. In 2023, we opened a 'Centre for Resilient Floriculture' at our hub in Naaldwijk, as an addition to the existing centre in Aalsmeer. The police, Royal FloraHolland security and other parties involved all work together at this centre, increasing the visibility of the police at our site.

**Confirmed incidents of corruption or bribery (G1-4)**

There have been no incidents of corruption or bribery, to our knowledge, in the past three years at the floriculture marketplace of Royal FloraHolland.

**Political influence and lobbying activities (G1-5)**

In 2023, Royal FloraHolland was involved, through the organisation Vereniging Bloemenveilingen Nederland (VBN), in a number of different legislative and regulatory proposals at both Dutch and EU level with potentially significant impacts on the auction business model, members of the cooperative and the floriculture sector as a whole. The VBN, or Dutch Flower Auction Association, has two members: Royal FloraHolland and Plantion. Its board consists of the CEO of Royal FloraHolland and the Managing Director of Plantion and the Public Affairs Manager of Royal FloraHolland serves as its Secretary. The Public Affairs team of Royal FloraHolland carries out VBN’s operations. The main advocacy/lobbying issues are defined in the Public Affairs Annual Plan and are reviewed quarterly. Every month, the Royal FloraHolland Management Team and Plantion’s Managing Director receive a written summary of the work carried out, including the latest developments in politics and advocacy/lobbying.

The key lobbying topics are described under ‘Collaboration and promoting interests’ (see page 19).

Both the European Union and the Dutch government record lobbying activities by various companies in a register. The VBN is listed in the EU Transparency Register under number 60862364841-67. The Dutch government in The Hague keeps a register of organisations, which includes the VBN.

In 2023, Public Affairs sponsored the organisation and decoration (with flower arrangements) of political meetings, such as the Hillenraad Horti Convention prior to the Dutch national elections. None of the members of the Management Board, Supervisory Boards or Management Boards of Royal FloraHolland and VBN have been employed by the government in similar positions in the past two years.







2023 Financial Statements

## Royal FloraHolland in figures



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# Consolidated balance sheet at 31 December 2023

(after proposed appropriation of profit or loss [amounts x €1,000])

## Assets

	Note	2023	2022
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>	(1)	<b>62,045</b>	<b>56,406</b>
<b>Tangible fixed assets</b>	(2)		
Land		110,054	106,606
Buildings		277,734	284,306
Equipment, packaging and logistic resources		80,648	72,386
Other fixed operating assets		26,402	35,561
Not used for business operations		87,214	89,033
		<b>582,052</b>	<b>587,892</b>
<b>Financial fixed assets</b>	(3)		
Participating interests		9,620	8,829
Other receivables		467	315
Deferred taxes		13,425	10,032
		<b>23,512</b>	<b>19,176</b>
<b>Current assets</b>			
<b>Inventories</b>		<b>788</b>	<b>986</b>
<b>Receivables</b>			
Trade receivables	(4)	49,094	47,702
Receivables from participating interests		2,101	2,563
Other receivables, prepaid expenses and accrued income	(5)	23,710	14,085
		<b>74,905</b>	<b>64,350</b>
<b>Cash and cash equivalents</b>	(12)	<b>4,734</b>	<b>23,367</b>
<b>Total</b>		<b>748,036</b>	<b>752,177</b>

## Liabilities

	Note	2023	2022
<b>Group equity</b>			
Equity	(6)	186,929	207,308
		<b>186,929</b>	<b>207,308</b>
<b>Provisions</b>	(7)		
Other provisions		5,745	4,862
		<b>5,745</b>	<b>4,862</b>
<b>Non-current liabilities</b>			
'B' depositary receipts*	(8)	199,557	215,431
'C' depositary receipts*	(9)	44	44
'D' depositary receipts*	(10)	3,035	3,227
Long-term bank loans	(11)	4,810	6,290
Financial lease obligations	(11)	2,165	4,394
Other liabilities	(11)	4,864	5,385
		<b>214,475</b>	<b>234,771</b>
<b>Current liabilities</b>			
Credit institutions	(12)	12,457	3,288
Debts to members/non-members	(13)	71,803	78,171
Repayment obligations to members/non-members	(13)	44,599	6,431
Repayment obligations under financial leases		2,219	3,253
Accounts payable		24,672	38,928
Refundable deposits	(14)	102,442	100,008
Other liabilities, accrued expenses and deferred income	(15)	82,695	75,157
		<b>340,887</b>	<b>305,236</b>
<b>Total</b>		<b>748,036</b>	<b>752,177</b>

\* Subordinated loans. Risk-bearing capital is the equity plus the sum of these loans. At year-end 2023, the risk-bearing capital was €389.6 million (2022: €423.4 million).

# Consolidated profit and loss account for 2023

(amounts x €1,000)

	Note	2023	2022
<b>Operating income</b>			
Commission payments		107,544	91,664
Contributions		9,870	9,512
Lot and auction trolley fees		60,208	61,457
Transaction and service fees		38,633	36,105
Packaging		53,964	52,849
Trolley and CC container rental		29,812	33,525
Property rental		57,904	52,250
Road transport		51,225	63,229
Other logistics services		21,023	19,109
Miscellaneous revenue	(19)	25,286	28,273
		<b>455,469</b>	<b>447,973</b>
<b>Operating expenses</b>			
Wages and salaries	(20)	195,808	182,899
Social security costs		23,275	21,217
Pension costs		17,406	16,658
Amortisation, depreciation and impairments	(21)	74,202	80,051
Other operating expenses	(22)	168,278	155,253
		<b>478,969</b>	<b>456,078</b>
<b>Operating loss</b>		<b>-23,500</b>	<b>-8,105</b>

	Note	2023	2022
<b>Operating loss</b>		<b>-23,500</b>	<b>-8,105</b>
<b>Financial income and expenses</b>			
Interest expenses and similar charges		-3,872	-1,353
Interest income and similar income		2,575	443
		<b>-1,297</b>	<b>-910</b>
<b>Operating loss before tax</b>		<b>-24,797</b>	<b>-9,015</b>
Profit/loss from participating interests	(3)	3,184	2,362
Corporation tax	(23)	4,661	2,181
<b>Loss after tax</b>		<b>-16,952</b>	<b>-4,472</b>



# Consolidated statement of cash flows in 2023

(amounts x €1,000)

	Note	2023	2022
<b>Operating activities</b>			
Operating loss		-23,500	-8,105
Amortisation, depreciation and impairments		74,202	80,009
Proceeds from disposal of fixed assets		233	-2,689
Movement in provisions		883	-914
		<b>51,818</b>	<b>68,301</b>
<b>Change in working capital</b>			
Decrease/increase in inventories		198	-195
Decrease/increase in trade receivables		-1,392	-6,188
Decrease/increase in receivables from participating interests		462	159
Decrease/increase in other receivables		-2,887	11,914
Decrease/increase in debts to members/ non-members		-6,368	14,457
Decrease/increase in accounts payable		-13,433	11,090
Decrease/increase in refundable deposits		2,434	-117
Decrease/increase in other liabilities		5,299	-8,179
		<b>-15,687</b>	<b>22,941</b>
Interest received		2,153	443
Dividend received		2,518	3,121
Interest paid		-1,651	-1,953
Dividend distribution		-	-3,272
Corporation tax paid/received		-6,979	-13,492
		<b>-3,960</b>	<b>-15,153</b>
<b>Cash flow from operating activities</b>		<b>32,171</b>	<b>76,089</b>

	Note	2023	2022
<b>Investing activities</b>			
Investments in tangible fixed assets		-56,440	-73,067
Disposals of tangible fixed assets		1,533	8,680
Investments in intangible fixed assets		-20,150	-19,172
Repayment of long-term receivables	(3)	1,851	43
Investment in financial fixed assets	(3)	-201	-193
<b>Cash flow from investing activities</b>		<b>-73,407</b>	<b>-83,709</b>
<b>Financing activities</b>			
Movement in bank overdrafts	(12)	9,169	-1,042
Movement in long-term loans	(11)	-1,480	-3,389
Financial lease obligations		-2,229	-1,344
Other liabilities		-317	-690
Change in repayment obligations on non-current liabilities		-1,034	-71
Capital contributions		27,332	27,461
Payouts on 'A' and 'E' depositary receipts		-4,165	-4,292
Payouts on 'B', 'C' and 'D' depositary receipts		-4,270	-40,018
Repayments of non-current liabilities and bank loans	(11)	-170	-
<b>Cash flow from financing activities</b>		<b>22,835</b>	<b>-23,385</b>
Currency translation differences		-232	23
<b>Net cash flow</b>		<b>-18,633</b>	<b>-30,982</b>
Cash and cash equivalents at 1 January		23,367	54,349
Cash and cash equivalents at 31 December		4,734	23,367
<b>Movement in cash and cash equivalents</b>		<b>-18,633</b>	<b>-30,982</b>

# Consolidated statement of comprehensive income for 2023

(amounts x €1,000)

	Note	2023	2022
<b>Consolidated net income after tax</b>		<b>-16,952</b>	<b>-4,472</b>
<b>Direct movements in equity</b>			
Translation differences for foreign participating interests		-34	12
<b>Total comprehensive income</b>		<b>-16,986</b>	<b>-4,460</b>

# Notes to the consolidated accounts for 2023

## General notes

### Objectives

Coöperatie Royal FloraHolland UA, further referred to in this report as Royal FloraHolland and the cooperative, is a *coöperatie U.A.*, a cooperative under Dutch law with excluded liability for its members. The cooperative aims to maximise sales revenue for its members at the lowest possible selling costs as well as related services and facilities. Members of the cooperative comprise natural persons and legal entities who operate one or more companies that grow ornamental plants or flowers. The registered office of Royal FloraHolland is in Aalsmeer. Its full address is Legmeerdijk 313, 1430 BA Aalsmeer, the Netherlands, and the cooperative is registered with the Chamber of Commerce under number 34284016.

### Liability of members of the cooperative

Members of Royal FloraHolland enjoy exclusion of liability under the Articles of Association. This means that the members of the cooperative cannot be held liable for unrecoverable losses other than through the cooperative financing in the form of depositary receipts. The 'A' depositary receipts arising from profits and registered to individual members form part of the equity of the cooperative. In addition, each member of the cooperative participates in 'B' depositary receipts by contributing a percentage of their product revenue sold and settled via the cooperative, with the applicable percentage proposed by the Management Board and determined by the Council of Members. Depositary receipts are subordinated to claims from creditors and other providers of loan capital. 'B' depositary receipts can be paid out on proposal by the Management Board and after approval by the Council of Members after expiry of the full term of the related annual instalments, provided that the risk-bearing capital is at least 45%. The financial statements have been prepared subsequent to the proposal for profit appropriation. The profit/loss of the current financial year has therefore been added to the general reserve.

### Applied accounting standards

The financial statements have been prepared in compliance with Part 9 of Book 2 of the Dutch Civil Code and the Guidelines for Annual Reporting. In the interest of clarity regarding the particular nature of the business operation, the profit and loss accounts are presented in greater detail than strictly required under the Annual Accounts Models Decree.

The model used in this report is more comprehensive than the prescribed model. Unless stated otherwise, amounts presented in these notes are expressed in thousands of euros. The presentation of the company profit and loss account makes use of the exemptions stated in Article 2:402 of the Dutch Civil Code.

## Consolidation principles

The 2023 consolidated financial statements include Royal FloraHolland and the group companies with which it forms an organisational and economic unit (collectively referred to as 'the group'). Group companies are companies in which Royal FloraHolland has a direct or indirect controlling interest in their governance and financial policies. A controlling interest in a company is assumed if Royal FloraHolland either owns more than 50% of the share capital, or holds special rights, e.g. potential voting rights that can be exercised directly, such that this company must be considered to be a group company.

Group companies are fully consolidated in the financial statements. The interests of third parties in equity and profit (or loss) are stated separately. Intercompany transactions, receivables and liabilities are eliminated. Consolidation and deconsolidation are applied from the date at which control is respectively obtained or relinquished. Group companies are included in the consolidated financial statements according to Royal FloraHolland's accounting policies for valuation and determination of income.

Where necessary, the accounting policies of group companies and other legal entities included in the consolidation are adjusted to conform with the accounting policies of the group.

## Accounting policies for the valuation of assets and liabilities, income determination and cash flows

### General information

The accounting policies for asset and liability valuation and income determination are based on historical costs. The assets and liabilities are recognised at amortised cost, unless stated otherwise. An asset is recognised in the balance sheet if it is probable that future economic benefits associated with the asset will flow to the company and its value can be reliably determined. A liability is recognised in the balance sheet if it is probable that settlement will be accompanied by an outflow of cash at a value that can be reliably determined.

The accounting policies applied for valuation and income determination have remained unchanged with respect to the previous year. The figures from the previous financial year have been adjusted where necessary for clarity.

### Currency conversion

Royal FloraHolland uses the euro as its functional currency. On initial recognition, transactions in foreign currencies are converted into the functional currency at the exchange rate applicable on the transaction date. Monetary balance sheet items in foreign currencies are converted to the functional currency at the exchange rate prevailing on the balance sheet date. Non-monetary balance-sheet items in foreign currencies that are valued at historical cost are converted to the functional currency at the exchange rate on the transaction date.

With the exception of exchange differences arising from the net investment in a foreign business operation or loans obtained to finance or effectively hedge the net investment in a foreign business operation, exchange differences that arise during the settlement or conversion of monetary items in foreign currency are taken to the profit and loss account. These exchange differences are recognised directly in the translation differences reserve. The translation differences reserve forms part of the 'Statutory reserves' item. On the balance sheet date the assets and liabilities of the foreign business operation are converted into the presentation currency (the euro) at the exchange rate applicable on that date, and the income and expenses in the profit and loss account are converted



at the exchange rate applicable on the transaction date for that year. The resulting exchange differences are recognised directly in the statutory translation differences reserve. In the event of disposal of a foreign business operation, the relevant cumulative amount of the translation differences, which forms part of group equity, is recognised in the profit and loss account as part of the income from the sale.

## Judgements and estimates

In applying the principles and rules for drawing up the financial statements, group management makes various judgements and estimates, some of which will have a significant effect on the amounts reported in the financial statements. Where necessary to provide the understanding required under Article 2:362(1) of the Dutch Civil Code, the notes to the relevant items in the financial statements explain the nature of these judgements and estimates, as well as the assumptions on which these are based.

## Intangible fixed assets

An intangible fixed asset is recognised in the balance sheet if:

- it is probable that the future economic benefits associated with the asset will flow to the group; and
- the costs of the asset can be reliably determined. Intangible fixed assets are carried at the acquisition cost net of amortisation and any impairment losses. The annual straight-line amortisation is based on the expected economic life:
  - Software: amortisation over 3-7 years;
  - Goodwill: amortisation over 10 years.

Impairments can occur when changes or circumstances suggest the carrying value of an asset is unlikely to be recovered (or not in full).

The costs of software development are capitalised provided they meet the specified conditions for technical, commercial and financial feasibility. A statutory reserve is maintained that equates to the balance-sheet value. For the purpose of determining potential impairments, the goodwill arising from an acquisition is allocated on the acquisition date to the cash-generating unit that stands to benefit from the acquired activities, when considered in combination with software development by Royal FloraHolland.

## Tangible fixed assets

Tangible fixed assets are carried at the historical cost or production cost net of depreciation and any impairment losses.

The annual straight-line depreciation is based on the estimated economic life:

- land and assets not used in business operations are not depreciated;
- buildings and site facilities: depreciation over 10 to 33 1/3 years;
- equipment, packaging, logistic resources and other fixed operating assets: depreciation over 2 to 20 years.

The costs of major maintenance are included in the asset cost when incurred and if the criteria for capitalisation are met. These costs are written off over the estimated interval between such maintenance activities, in accordance with the component method of depreciation. All other maintenance costs are recognised directly in the profit and loss account. Impairments can arise when changes or circumstances indicate that the carrying value of an asset is unlikely to be recovered in the future (or not in full). (See also the explanation below concerning impairments of fixed assets.) Unused land intended for sale to third parties is not considered to be economically exchangeable and is valued at the historical cost of acquisition per location, net of cumulative impairment losses.

The land intended either for sale to trading partners or for company use in Aalsmeer, Naaldwijk and Rijnsburg is considered to be economically exchangeable.

Property investments refer to property which is held to generate lease income and not intended for operational use. Properties under construction or development for future use as investments are recognised separately as investment properties. Property investments are initially recognised at acquisition cost, including transaction expenses. Following initial recognition, the property investments are carried at historical cost (net of cumulative depreciation and impairment losses). A property investment ceases to be capitalised in the event of disposal. In the case of permanent disuse, an impairment loss is recognised if no future economic benefits can be expected. The gain or loss arising from the disposal is determined as the difference between the net income and carrying value of the asset, and is recognised in the profit and loss account. In the event of the sale of a tangible fixed asset, the realised portion of the revaluation reserve is included in the other reserves.

### Impairments of fixed assets

An important component of Royal FloraHolland's strategy is to provide attractive floriculture marketplaces that efficiently facilitate traders and secure their loyalty. This strategy calls for significant investments in assets, especially in land, buildings and software, and is an important part of the Royal FloraHolland long-term vision. However, given the market conditions and developments in the financial, digital and property sectors, medium-term and long-term fluctuations in the valuation of fixed assets cannot be ruled out. These fluctuations can therefore lead to impairments, despite the long-term vision. Royal FloraHolland periodically reviews its policies on depreciation, amortisation, valuation principles and investments, in particular in relation to investments in land, buildings, goodwill and software. At each balance sheet date, Royal FloraHolland evaluates potential indications that an asset or cash-generating unit may be subject to an impairment. If such indications exist, the carrying value of the asset is assessed against its realisable value, which is the higher of the net realisable value and the value in use. The value in use is determined by estimating the future net cash flows from continued use of both the asset and the cash-generating unit; these cash flows are then discounted to their present value using the appropriate discount rate. An impairment loss is recognised directly as an expense in the profit and loss account, with a simultaneous reduction in the carrying value of the asset concerned.

### Financial fixed assets

On each balance sheet date the group assesses whether a financial asset or group of financial assets has incurred an impairment. For all categories of financial assets valued at the amortised cost of acquisition, if an impairment is objectively indicated the corresponding impairment loss is determined and recognised in the profit and loss account. For those financial assets valued at the amortised cost of acquisition, the size of the impairment loss is determined as the difference between the carrying value of the asset and the best possible estimate of the future cash flows, discounted at the effective rate of interest that was determined for that financial asset at initial recognition of the instrument. Participating interests subject to significant influence by the group over their financial and operating policies are valued at the net asset value. Significant group influence is in any case assumed to be present when the shareholding exceeds 20%. The net asset value is calculated in accordance with the accounting policies that apply to these financial statements. If the calculated net asset value of a participating interest is negative, then the carrying value is set to zero. In such a situation, if and to the extent that Royal FloraHolland guarantees the debts of the participating interest, whether in full or in part, or has the firm intention to enable the participating interest to repay its debts, a provision is recognised.

Participating interests not subject to significant influence over their financial and operating policies are recognised at acquisition cost net of any necessary write-downs due to permanent impairment. Receivables recognised under financial fixed assets are carried at amortised cost, net of any provision deemed necessary for bad debts.

### Mergers and acquisitions

Acquisitions are recognised in the financial statements using the purchase accounting method. This means that the acquired assets and liabilities are recognised at fair value as at the acquisition date. The difference between the acquisition cost and the company's share in the fair value of the identifiable assets and liabilities acquired at the time of the transaction of a participating interest is recognised as goodwill.

### Inventories

Inventories mainly comprise single-use packaging; they are valued at acquisition cost or the net realisable value if lower. The acquisition cost of inventories is determined according to the 'first in, first out' rule. The acquisition cost is made up of the purchase price plus additional costs. Additional costs comprise any import duties and other taxes, transport and handling costs, plus any other costs directly attributable to obtaining the inventories. The net realisable value is determined based on the prices in the most recent sales transactions net of the estimated selling costs.

### Receivables

Any loans provided and other receivables are initially recognised at fair value plus transaction costs and subsequently valued at amortised cost net of any required provision for bad debts. If there are no premiums, discounts or transaction costs, the amortised cost is equal to the nominal value of the receivables.

## Cash and cash equivalents

Cash and cash equivalents refers to cash and the balances in bank accounts, which are stated at nominal value. Cash and cash equivalents to which the group will not or is not expected to have access for more than twelve months are classified as financial fixed assets.

## Provisions

A provision is recognised when on the balance sheet date, the group has a legally enforceable or constructive payment obligation the settlement of which is likely to require an outflow of money and where the amount can be reliably estimated. The size of the provision is determined as the best estimate of the amounts necessary to settle the relevant liabilities and losses as at the balance sheet date. Unless stated otherwise, provisions are recognised at present value.

### Pensions

The Dutch pension schemes are subject to the Dutch Pensions Act (*Pensioenwet*). The company pays basic premiums to pension funds and insurance companies on a mandatory, contractual or voluntary basis. The premiums are recognised in employee expenses at the time they fall due. Premiums paid in advance are recognised in prepaid expenses and accrued income if they will lead to a refund or to a reduction in future payments. Premiums not yet paid at balance sheet date are recognised in the balance sheet as a liability.

A provision is recognised for present obligations (other than premiums payable) towards the pension provider and/or employees. Such pension provisions are measured on the basis of the best estimate of the present value of the amounts expected to be required to settle the obligation. The discount rate used to determine the present value is the market yield on high-quality corporate bonds. If the discounting period for the expenditure is one year or less, the obligation is not discounted. Creation and release of pension provision are debited or credited, respectively, to the profit and loss account.

Royal FloraHolland has placed the basic pension scheme with Pensioenfond PGB since 1 January 2020. Following a transfer of undertaking, the supplementary pension scheme has been placed with Central Beheer PPI since 1 September 2022. The scheme with Pensioenfond PGB is a conditional defined-benefit (average salary) scheme with conditional indexation. The accrual percentage is 1.75%. The board of Pensioenfond PGB decides annually whether indexation is possible on the basis of the policy funding ratio for December. A condition for partial or full indexation is that the policy funding ratio must exceed 110% in December. The funding ratio in December 2022 was 116.5%.

In 2023, indexation was applied and the PGB pension was increased by 7%. The scheme with Centraal Beheer PPI is a defined contribution scheme. Amounts are contributed to the pension capital in accordance with the age-dependent scale.

Until 31 December 2019, Royal FloraHolland had an insured pension scheme with Nationale-Nederlanden (NN). In 2021, Royal FloraHolland reached agreement with the unions on the use of the separate investment fund, which is intended for pension purposes. The amounts released will be used to unconditionally index the pension accrued with NN by 1.232% over a period of 4 years (from 1 January 2021 to 1 January 2025). Until 2021, Royal FloraHolland had a Partner Pension scheme at both NN and PGB on an accrual basis. As of 2021, the Partner Pension scheme at PGB is on a risk basis.

### Work anniversaries

The provision for work anniversaries relates to the present value of the cost of future bonuses to employees for long periods of service, taking into account the chance of early termination of employment and death. The present value is based on a discount rate of 3.2% (2022: 3.8%).

### Restructuring

The restructuring provision relates to the costs attributable to redundancies under the social plan. The restructuring provision is recognised at nominal value.

## Non-current liabilities

Non-current liabilities are initially recognised at fair value. If subsequent valuations are not based on fair value with value adjustments recognised in the profit and loss account, then on initial recognition the directly attributable transaction costs are deducted from the fair value. After initial recognition, non-current liabilities are valued at the amortised cost according to the effective interest method. Profit or loss is recognised in the profit and loss account as soon as the liabilities cease to be recognised in the balance sheet, as well as through the process of amortisation.

### Depository receipts

Members participate in the capital of the cooperative by holding fully or partially paid-up 'A' depository receipts (equity) and 'B' depository receipts (loan capital). In addition, the cooperative may agree with members, but also with non-members, that under certain conditions they can participate in the loan capital of the cooperative by means of 'C' and 'D' depository receipts.

On 31 December 2016, the credit balance in a member's participation account was used to fully pay up their 'A' depositary receipt. If the credit balance was in excess of €20,000, the excess amount became the new balance in the participation account. This balance, and the balance in the participation accounts of former members on that date, make up the Final Balance.

The conditions under which members and/or non-members can participate in depositary receipts, including stipulations regarding interest and rights to distribute/claim the paid balances, are stated in Articles 17 and 40 of the Articles of Association of the cooperative.

## Current liabilities

Current liabilities are initially recognised at fair value. If subsequent valuations are not based on fair value with value adjustments recognised in the profit and loss account, then on initial recognition the directly attributable transaction costs are deducted from the fair value. After initial recognition, current liabilities are valued at the amortised cost according to the effective interest method. Profit or loss is recognised in the profit and loss account as soon as the liabilities are no longer recognised in the balance sheet, as well as through the process of amortisation.

## Refundable deposits

Deposit refund liabilities are recognised at the face value of the deposits paid for reusable packaging in circulation as at the balance sheet date, net of an estimated amount for packaging that will not be returned. The size of the deposit refund liability is determined annually, based on the quantity of reusable packaging in circulation at the balance sheet date. Any difference to the previous balance is debited or credited to the profit and loss account, as appropriate.

## Leasing

The judgement as to whether an agreement entails a lease is based on the economic reality at the commencement date of the contract. In the case of finance leases (whereby the advantages and disadvantages of ownership of the leased object are borne entirely or almost entirely by the lessee), the leased object and the related liabilities are recognised in the balance sheet at commencement of the agreement at the fair value of the leased object, or at the present value of the minimum lease payments if lower. The initial direct costs for the lessee are included in the initial recognition of the asset. The lease payments are split into interest expenses and repayment of the outstanding liability, with a constant interest rate applicable to the remaining net liability. The lease obligations, excluding the

interest component, are recognised under non-current liabilities. The interest component is reported in the profit and loss account over the term of the contract. Capitalised leased objects are depreciated over the shorter of the lease term and the useful life of the object.

In the case of operating leases, the lease payments are charged to the profit and loss account on a straight-line basis over the lease term. In operating leases where Royal FloraHolland is the lessor, the lease income is credited to the profit and loss account on a pro-rata basis over the lease term. Initial direct costs are charged directly to the profit and loss account.

## Income

Income from the sale of goods is recognised as soon as all significant rights and risks related to ownership of the goods are transferred to the purchaser, Royal FloraHolland no longer has the goods at its disposal, the income can be reliably determined, and it is likely that the income will accrue to Royal FloraHolland.

Income from services is recognised by reference to the stage of completion of the transaction as at the balance sheet date relative to the total value of services to be rendered, provided that the result can be reliably estimated.

## Other operating income

Other operating income is income that is not directly related to the supply of goods or services in connection with normal, recurring operations.

## Net revenue

Net revenue is income from the supply of goods and services. The services provided by Royal FloraHolland and its group companies mainly concern the auctioning of flowers and plants, the rental of packaging, trolleys and CC containers, property leasing and road transport. The income associated with these services comprise commissions on the auction prices of products, fees based on the number of auctioned lots and transactions, rented trolleys and services provided, rental income from the rental of packaging, trolleys, CC containers and leasing of property, and income from transport shipments. Income is recognised at the transaction price, which is the amount to which Royal FloraHolland expects to be entitled in exchange for transferring promised goods or services to a buyer. This amount excludes amounts collected on behalf of third parties (including taxes levied on revenue).



Discounts and rebates are applied to the income based on agreements with growers and buyers. Determination of the transaction price does not take account of credit risk.

When determining the transaction price, it is assumed that the goods or services will be supplied in accordance with the terms of the relevant contract and that the contract will not be cancelled, extended or otherwise amended.

## Determination of profit or loss

The profit or loss, i.e. the net result from the operating income and expenses for the financial year, is attributed to the year in which it was earned. Operating income ('profit') other than product revenue is recognised provided it was realised on or before the balance sheet date. Operating expenses ('losses') that originate before the end of the financial year are recognised only if they become known prior to the preparation of the financial statements.

## Employee benefits

### Periodically payable remuneration

Wages, salaries and social security costs are recognised in the profit and loss account according to the terms of employment and to the extent that they are due to employees or the tax authorities respectively.

## Profit/loss from participating interests

The group's share in the profit or loss of participating interests in which the group does not have a controlling interest is recognised in the profit and loss account based on the net asset value. Insofar as recognition is not based on the net asset value, the profit/loss referred to is the dividend received in the financial year and any impairment losses.

## Financial income and expenses

### Interest income and expenses

Interest income and expenses are recognised on a time-weighted basis, taking into account the effective interest rate of the corresponding assets and liabilities. Recognised transaction costs on loans received are taken into account when recognising the interest expenses.

## Exchange differences

Exchange differences occurring in the settlement or conversion of monetary items are recognised in the profit and loss account for the period in which they occur.

## Dividends

Dividends receivable from participating interests and securities not valued at net asset value are recognised as soon as Royal FloraHolland obtains the right to them.

## Taxes

Corporation tax on the stated profit is calculated taking account of tax-exempt items and fully or partially non-deductible expenses. A deferred tax liability or deferred tax asset is recognised for taxable or deductible temporary differences. A deferred tax asset is recognised under current assets if it is expected that this receivable can be set off against tax payable in future. The deferred tax asset is recognised as available for carry-forward losses to the extent that it is likely that taxable profit will be available in future for set-off. The deferred tax assets and liabilities are recognised at nominal value, based on the current and future tax rate of 25.8%. Deferred tax assets are carried at their nominal value.

## Statement of cash flows

The statement of cash flows is prepared according to the indirect method.

The funds in the statement consist of cash and cash equivalents. Cash flows in foreign currencies are converted at an estimated average exchange rate. Exchange differences relating to cash and cash equivalents are shown separately in the statement of cash flows.

Income and expenses from interest, dividends received and corporation tax are stated in the cash flow from operating activities. Dividends paid are stated in the cash flow from financing activities. The acquisition cost of acquired group companies and the selling price of group companies that were sold are stated in the cash flow from investing activities, provided that payment was made in cash or cash equivalents. The cash resources available in these group companies have been deducted from the purchase price and the selling price respectively.

Transactions that do not involve an exchange of cash resources are not included in the statement of cash flows.

## Financial instruments

Financial instruments include both primary financial instruments such as receivables, securities and debt, and financial derivatives. All purchases and sales of financial assets in accordance with standard market conventions are recognised on the transaction date, i.e. the date at which the group enters into the binding agreement.

The principles that apply to the primary financial instruments are explained in the notes per balance-sheet item.

### Fair value of financial instruments

The fair value is the amount at which an asset can be traded or a liability settled between properly informed parties who are mutually independent and willing to enter into a transaction. If a reliable fair value cannot immediately be determined, the fair value is approximated based on the fair value of its components or of a comparable financial instrument, or by using valuation models and methods. Such methods include:

- the use of recent market transactions between independent parties;
- the use of the current fair value of another instrument that is almost identical;
- analysis based on discounted cash flows or other valuation models.

The fair values of financial instruments are explained in the notes to the balance sheet, under 'Financial instruments and risk management'.

### Risk management

The principal risks related to the group's financial instruments are the interest-rate risk, credit risk and liquidity risk. Transactions in foreign currencies take place only to a limited extent. Assets and liabilities are also generally denominated in euros. The exchange risk is therefore limited.

A description of group policy to limit these risks is provided in the section 'Financial instruments and risk management' of the notes to the consolidated balance sheet.

# Notes to the consolidated balance sheet for 2023

(amounts x €1,000)

## Fixed assets

### (1) Intangible fixed assets

The carrying value as at the balance sheet date and movements are as follows:

	GOODWILL	SOFTWARE	2022
<b>Balance as at 1 January 2022</b>	<b>12,640</b>	<b>39,869</b>	<b>52,509</b>
<b>Movements</b>			
Investments	-	19,133	19,133
Transfers	-	-83	-83
Amortisation	-1,310	-13,813	-15,123
Disposals	-	-	-
Corrections	-30	-	-30
Impairment losses	-	-	-
<b>Balance as at 31 December</b>	<b>11,300</b>	<b>45,106</b>	<b>56,406</b>
Cumulative purchase value	13,104	92,300	105,404
Cumulative amortisation and impairment losses	-1804	-47,194	-48,998
<b>Balance as at 31 December 2022</b>	<b>11,300</b>	<b>45,106</b>	<b>56,406</b>

	GOODWILL	SOFTWARE	2023
<b>Balance as at 1 January 2023</b>	<b>11,300</b>	<b>45,106</b>	<b>56,406</b>
<b>Movements</b>			
Investments	-	21,545	21,545
Transfers	-	221	221
Amortisation	-1,424	-15,578	-17,002
Disposals	-	-	-
Corrections	319	2,598	2,917
Impairment losses	-	-2,042	-2,042
<b>Balance as at 31 December 2023</b>	<b>10,195</b>	<b>51,850</b>	<b>62,045</b>

	GOODWILL	SOFTWARE	2023
Cumulative purchase value	13,423	112,046	125,470
Cumulative amortisation and impairment losses	-3,228	-60,196	-63,425
<b>Balance as at 31 December</b>	<b>10,195</b>	<b>51,850</b>	<b>62,045</b>

Investments concerned the development of new software and the further development of existing software. An impairment loss of €2 million was recognised as an expense during the year in relation to software developments that will no longer be used.

Goodwill concerns the acquisition of the shares of three transport companies in 2021 by Floriway Logistics BV (Floriway).

Because the activities related to the acquired companies have been procured for the long term, the estimated economic life of the goodwill is 10 years.

As in 2022, higher energy prices had an adverse impact on production and transport volumes in the floriculture sector. Owing to a cold winter, the peak season also began later than normal in 2023. As a result of these factors, as well as the fact that a number of customers changed transport provider, Floriway's revenue contracted in 2023. Although Floriway's expenses were also lower, the reduction was not sufficient to match the reduction in volumes. High levels of sickness absence meant that the company could not achieve the targeted mix of in-house and external labour. Lastly, the complexity of the integration into a single planning system prevented the company from achieving the targeted productivity improvements. This all had a negative effect on Floriway's results for 2023 and is considered to be a triggering event, i.e. an indication that an impairment loss may need to be recognised on goodwill.

Based on the facts and circumstances at the time the financial statements were prepared, Floriway's management estimates that volumes will recover and that costs will move in tandem with the rise in volumes. The original long-term business plan, based on centralising the organisation and the integration of the planning system, thus remains intact. Predictions regarding revenue/margin improvements, discounting rates and input variables have become more uncertain. These are inherent uncertainties that go hand in hand with the valuation of intangible fixed assets.

As at the end of 2023, the realisable value of the goodwill was determined based on its value in use. This indicated that an impairment loss did not need to be recognised. The realisable value at the end of 2023 was calculated based on a discount rate (WACC) of 11.15% (2022: 11.90%) and average annual growth in free cash flow of 20%. The cash flow forecasts were based on the latest forecasts prepared by Floriway's management (2024-2029) and the 2024 budget as approved by the shareholders. Forecast cash flows for the period thereafter, as drawn up by Floriway's management, are based on an extrapolation of the cash flows using a constant growth rate of 1.8% per year (2022: 1.5%). As part of the sensitivity analysis of the realisable value, management has elaborated two scenarios in which free cash flows are 40% and 60% lower over the longer term due to weaker revenue growth and smaller margin improvements. In the scenario with 40% lower free cash flows the headroom is 43% of the realisable value. In the scenario in which free cash flows are 60% lower than the base scenario outlined above, the headroom is nil. It follows that an impairment would not need to be recognised under either scenario.

If the WACC applied in the first scenario were increased by 20%, this would also not lead to an impairment. In this case, the headroom would be 60% of the realisable value.

Goodwill was recognised at the time of acquisition of the companies listed below:

	2023	2022
Blueroots BV	424	509
Floriway Logistics BV	9,741	10,755
Other	30	36
<b>Total</b>	<b>10,195</b>	<b>11,300</b>

Because the activities related to the acquired companies have been procured for the long term, the estimated economic life of the goodwill is 10 years.



## (2) Tangible fixed assets

The carrying value as at the balance sheet date and movements are as follows:

	BALANCE AS AT 1 JANUARY 2022	INVESTMENTS	TRANSFERS	DEPRECIATION AND IMPAIRMENT LOSSES	DISPOSALS	BALANCE AS AT 31 DECEMBER 2022
<b>Land</b>						
Land	78,681	1,838	1,990	0	-5,286	77,222
Site facilities	27,084	4,450	3,525	-2,847	-2,827	29,384
<b>Subtotals</b>	<b>105,765</b>	<b>6,288</b>	<b>5,514</b>	<b>-2,847</b>	<b>-8,113</b>	<b>106,606</b>
<b>Buildings</b>	<b>284,150</b>	<b>26,394</b>	<b>4,939</b>	<b>-31,173</b>	<b>-3</b>	<b>284,306</b>
<b>Equipment, packaging and logistic resources</b>						
Equipment	25,824	4,686	3,869	-4,118	-225	30,037
Packaging and resources used in logistic processes	38,293	10,470	1,863	-8,276	-	42,349
<b>Subtotals</b>	<b>64,117</b>	<b>15,156</b>	<b>5,732</b>	<b>-12,393</b>	<b>-225</b>	<b>72,386</b>
<b>Other fixed operating assets</b>	<b>43,262</b>	<b>4,102</b>	<b>1,311</b>	<b>-12,773</b>	<b>-341</b>	<b>35,561</b>
<b>Not used for business operations</b>						
Land and buildings	62,619	73	208	0	2	62,902
Operating assets under development	21,688	19,042	-14,599	-	-	26,131
<b>Subtotals</b>	<b>84,307</b>	<b>19,115</b>	<b>-14,392</b>	<b>0</b>	<b>2</b>	<b>89,033</b>
<b>2022 totals</b>	<b>581,601</b>	<b>71,054</b>	<b>3,104</b>	<b>-59,186</b>	<b>-8,680</b>	<b>587,892</b>

	BALANCE AS AT 1 JANUARY 2023	INVESTMENTS	TRANSFERS	DEPRECIATION AND IMPAIRMENT LOSSES	DISPOSALS	BALANCE AS AT 31 DECEMBER 2023
<b>Land</b>						
Land	77,222	1,564	-853	-	-191	77,742
Site facilities	29,384	1,778	4,411	-3,261	-	32,312
<b>Subtotals</b>	<b>106,606</b>	<b>3,342</b>	<b>3,558</b>	<b>-3,261</b>	<b>-191</b>	<b>110,054</b>
<b>Buildings</b>	<b>284,306</b>	<b>15,671</b>	<b>10,548</b>	<b>-31,840</b>	<b>-951</b>	<b>277,734</b>
<b>Equipment, packaging and logistic resources</b>						
Equipment	30,037	9,764	3,200	-5,237	-	37,764
Packaging and resources used in logistic processes	42,349	6,758	2,400	-8,623	-	42,884
<b>Subtotals</b>	<b>72,386</b>	<b>16,522</b>	<b>5,600</b>	<b>-13,860</b>	<b>-</b>	<b>80,648</b>
<b>Other fixed operating assets</b>	<b>35,561</b>	<b>1,336</b>	<b>744</b>	<b>-10,837</b>	<b>-402</b>	<b>26,402</b>
<b>Not used for business operations</b>						
Land and buildings	62,902	-	1	-	-1	62,902
Operating assets under development	26,131	18,853	-20,672	-	-	24,312
<b>Subtotals</b>	<b>89,033</b>	<b>18,853</b>	<b>-20,671</b>	<b>-</b>	<b>-1</b>	<b>87,214</b>
<b>2023 totals</b>	<b>587,892</b>	<b>55,724</b>	<b>-221</b>	<b>-59,798</b>	<b>-1,545</b>	<b>582,052</b>

	LAND	BUILDINGS	EQUIPMENT, PACKAGING AND LOGISTIC RESOURCES	OTHER FIXED OPERATING ASSETS	NOT USED FOR BUSINESS OPERATIONS	2023	2022
Cumulative purchase value	156,717	1,021,584	338,570	189,530	141,060	1,847,461	1,793,503
Cumulative depreciation and impairment losses	-46,663	-743,850	-257,922	-163,128	-53,846	-1,265,409	-1,205,611
<b>Balance as at 31 December</b>	<b>110,054</b>	<b>277,734</b>	<b>80,648</b>	<b>26,402</b>	<b>87,214</b>	<b>582,052</b>	<b>587,892</b>

Land not used for business operations is land reserved for sale to trading parties and/or third parties. The land kept available for sale to trading parties is held for future sale to customers of Royal FloraHolland in support of the central floriculture marketplace function.

As at the balance sheet date, the fair value of land and buildings not used for business operations was €138.8 million (2022: €132.4 million).

Operating assets under development refer to investments not yet in use as at the balance-sheet date. Investments put into use during the year are assigned to the appropriate asset category via the 'transfers' column.

The investments put into use in 2023 include the construction and preparation for occupation of the Aalsmeer Oost site, spending on the reduction of diesel emissions, the expansion of cold storage space at Aalsmeer and order-picking at Rijnsburg.

Investments not yet put into use at the end of 2023 include the further expansion of the cold storage space at Aalsmeer, the refurbishment of the cold storage system at Naaldwijk and the group-wide replacement of fluorescent lighting with LEDs.

The carrying value of the land includes an amount of €5.2 million for a site for which Royal FloraHolland has no legal ownership. The Green Horti Center is located on this site, which Royal FloraHolland has leased as a long-term ground lease to Plant Port 2 BV.

Tangible fixed assets are depreciated based on their estimated economic life.

### (3) Financial fixed assets

The carrying value as at the balance sheet date and movements are as follows:

	PARTICIPATING INTERESTS	OTHER RECEIVABLES	DEFERRED TAXES	2023	2022
<b>Balance as at 1 January</b>	<b>8,829</b>	<b>315</b>	<b>10,032</b>	<b>19,176</b>	<b>19,410</b>
<b>Movements</b>					
Investments	49	152	-	201	193
Disposals	-	-	-	-	-
Profit/loss from participating interests	3,184	-	-	3,184	2,374
Dividend distribution	-2,518	-	-	-2,518	-3,121
Loans granted	-	-	-	-	-
Repayments	-	-	-	-	-99
Additions	-	-	5,320	5,320	6,033
Reclassifications	-	-	-1,927	-1,927	-
Impairment losses	-	-	-	-	-5,670
Other movements	76	-	-	76	56
<b>Balance as at 31 December</b>	<b>9,620</b>	<b>467</b>	<b>13,425</b>	<b>23,512</b>	<b>19,176</b>

Deferred tax assets and liabilities within the group tax entity are presented on a net basis. As at 31 December 2023, this resulted in a deferred tax asset.

The net deferred tax position originates on the one hand from deferred tax assets resulting from (1) differences between the commercial and tax valuation of tangible fixed assets that reach fiscal salvage value and the reinvestment reserve formed on property; (2) tax-deductible losses; and (3) provisions that are not allowable for tax purposes. The total of these amounts is then reduced by the deferred tax liability positions in relation to (1) differences between the commercial and tax values of tangible fixed assets, where maintenance costs are expensed immediately for tax purposes but capitalised as assets in the commercial balance sheet; and (2) the tax provision formed in the past for major maintenance.

The deferred tax provision has been formed based on the current and future corporation tax rate of 25.8%. This provision has a term of more than one year.

The carrying value of the participating interests as at the balance sheet date is broken down as follows:

	2023	2022
Plant Port I BV	3,270	2,974
Veiling Rhein Maas GmbH & Co KG	3,721	3,290
Plantion Holding BV	1,225	1,225
Other participating interests	1,404	1,340
<b>Totals</b>	<b>9,620</b>	<b>8,829</b>

#### Participating interests

The profit or loss from participating interests in the consolidated profit and loss account comprised a profit of €3.2 million (2022: €2.4 million profit).

#### Other receivables

This item includes loans to associated companies to the value of €467,000 (2022: €316,000). Loan components that must be repaid within 12 months after the financial year-end are included under current assets (€67,000). Loans totalling €172,000 have less than 5 years remaining to maturity (2022: €122,000) and loans totalling €296,000 have 5 years or longer to maturity (2022: €193,000).

#### Transactions with related parties

All transactions with participating interests were effected at arm's length. The related parties of Royal FloraHolland comprise the participating interests and 'other related parties'. Other related parties are: Brancheorganisatie Sierteeltproducten, Floriculture Sustainability Initiative (FSI), Nationale Coöperatieve Raad (NCR), Personeelsvereniging Bloemenveiling FloraHolland, Stichting Bloemenbureau Holland (BBH), Stichting De Groene Stad, Stichting Dergengelden FloraXchange, Stichting Goede Doelen FloraHolland, Stichting Greenport Aalsmeer, Stichting Greenport Westland Oostland, Stichting Greenports Nederland, Stichting Herstructurering en Ontwikkeling Tuinbouwsector (HOT), Stichting Hortipoint, Stichting Innovatieve Glastuinbouw (SIGN), Stichting Kom in de Kas, Stichting MPS, Stichting Obligatiehouders FloriWorld, Stichting Seniorenclub FloraHolland Naaldwijk, Stichting Tuinbouw Ondernemersprijs, Vereniging Bedrijventerrein Locatie Oost, Vereniging Nederlandse Tuinbouwraad (NTR), Vereniging van Bloemenveilingen, Vereniging van Eigenaren Trade Parc Westland, Vereniging van Eigenaren VBA-Zuid Terrein, Stichting Florilog, Sierteelt Verpakkingspool CV, and members of the Supervisory Board and the Management Board. The most common transactions with related parties are in the areas of financing, levies charged to growers and buyers, and salaries and general expenses.

## Current assets

### Receivables

#### (4) Trade receivables

All receivables included under trade receivables are due in less than one year.

#### (5) Other receivables, prepaid expenses and accrued income

	2023	2022
Taxes and social security contributions	11,912	1,902
Prepaid costs	5,966	10,655
Other receivables	392	716
Prepayments and accrued income	5,440	812
<b>Balance as at 31 December</b>	<b>23,710</b>	<b>14,085</b>

Other receivables, prepaid expenses and accrued income are due in less than one year. The increase in taxes and social security contributions is mainly due to a receivable totalling €9.5 million from the Dutch tax authority in relation to corporation tax for 2022 and 2023. The decrease in prepaid costs is primarily due to a lower number of prepayments than in 2022. The increase in prepaid expenses and accrued income relative to 2022 is due to an increase in the amount of revenue and rechargeable costs that had not yet been billed.



## Group equity

### (6) Equity

As at the balance-sheet date, the cooperative's equity amounted to €186.9 million (2022: €207.3 million). The consolidated equity is identical to the company equity. Further information is provided in the notes to the company balance sheet.

### (7) Provisions

	2023	2022
<b>Balance as at 1 January</b>	<b>4,862</b>	<b>5,775</b>
<b>Movements</b>		
Additions	1,080	259
Withdrawals	-197	-1,172
<b>Balance as at 31 December</b>	<b>5,745</b>	<b>4,862</b>

The remaining provisions comprise provisions for long-service payments (€3.8 million) and restructuring expenses (€1.2 million). The restructuring provision mainly concerns the termination of the Flower Handling Services activities as of 31 December 2023. Most provisions have a term of more than one year.

## Non-current liabilities

The balances stated under non-current liabilities for 'B' depositary receipts, 'C' depositary receipts and 'D' depositary receipts as at 31 December 2023 have a term longer than one year. Payouts to be made during 2024 have a term of less than one year, and are therefore recognised under current liabilities.

### (8) 'B' depositary receipts

	2023	2022
<b>Balance as at 1 January</b>	<b>215,431</b>	<b>227,334</b>
<b>Movements</b>		
Capital contribution credits	25,572	25,282
Additional payouts during current financial year	-1,797	-35,035
Payouts in next financial year, recognised under current liabilities	-39,649	-2,150
<b>Balance as at 31 December</b>	<b>199,557</b>	<b>215,431</b>
Of which:		
Term < 1 year	39,649	2,150
Term >1 and <5 years	102,482	121,770
Term > 5 years	97,076	93,662
<b>Total</b>	<b>239,206</b>	<b>217,582</b>

Payout obligations within 12 months after the end of the financial year as shown in the table are recognised under current liabilities.

As in the previous year, the capital contribution consists of a contribution of 0.5% deducted from the product revenue of members and non-members. In 2023, the value of these capital contributions (spread over the 'A', 'B', and 'D' depositary receipts) was a total of €27.3 million (2022: €27.5 million).

Article 17(4)(e) of the Articles of Association states that if the Risk-bearing Capital ratio exceeds the upper limit, the Council of Members can decide, on recommendation by the Management Board, to repay more than just the oldest annual instalment ahead of schedule. In June 2016 the General Members' Meeting decided to maintain the upper limit for the risk-bearing capital at 55%.

Credits against 'B' depositary receipts each year start earning interest from 1 January of the subsequent year.

No annual instalments were repaid in 2023, as the 2014 annual instalment had already been repaid in 2022. The annual instalment for 2015 will be repaid in 2024. Interest of 1% was paid for 2023 (2022: 0.0%). The total expected to be paid out to former members in 2024 is €4 million (2023: €2.7 million). The annual instalment for 2015 will be repaid in 2024.

Article 17(4)(h) of the Articles of Association stipulates that 'B' depositary receipts are subordinated to all third-party claims against Royal FloraHolland.

### (9) 'C' depositary receipts

	2023	2022
<b>Balance as at 1 January</b>	<b>44</b>	<b>247</b>
<b>Movements</b>		
Additional payouts during current financial year	-	-
Payouts in next financial year, recognised under current liabilities	-	-309
Other movements	-	106
<b>Balance as at 31 December</b>	<b>44</b>	<b>44</b>
Of which:		
Term < 1 year	-	309
Term >1 and <5 years	44	44
Term > 5 years	-	-
<b>Total</b>	<b>44</b>	<b>353</b>

Payout obligations within 12 months after the end of the financial year as shown in the table are recognised under current liabilities.

The amounts paid in for 'C' depositary receipts are repayable after five years. The interest rate paid in 2023 was 1.5% (2022: 0.5%).

Article 17(5) of the Articles of Association stipulates that 'C' depositary receipts are subordinated to all claims against Royal FloraHolland by third-parties and holders of 'B' depositary receipts.

### (10) 'D' depositary receipts

	2023	2022
<b>Balance as at 1 January</b>	<b>3,227</b>	<b>3,193</b>
<b>Movements</b>		
Capital contribution credits	372	448
Additional payouts during current financial year	-11	-411
Payouts in next financial year, recognised under current liabilities	-553	-3
<b>Balance as at 31 December</b>	<b>3,035</b>	<b>3,227</b>
Of which:		
Term < 1 year	553	3
Term >1 and <5 years	1,437	1,653
Term > 5 years	1,598	1,574
<b>Total</b>	<b>3,588</b>	<b>3,230</b>

Payout obligations within 12 months after the end of the financial year as shown in the table are recognised under current liabilities.

Credits against 'D' depositary receipts each year start earning interest from 1 January of the subsequent year. No annual instalments were repaid early in 2023. Interest of 1% was paid for 2023 (2022: 0.0%). The total expected to be paid out to former non-member holders in 2024 is €52,000 (2022: €14,000).

Article 17(5) of the Articles of Association stipulates that 'D' depositary receipts are subordinated to all claims against Royal FloraHolland by third-parties and holders of 'B' depositary receipts.

## (11) Long-term bank loans and Other liabilities

	LONG-TERM BANK LOANS	FINANCIAL LEASE OBLIGATIONS	OTHER LIABILITIES	2023	2022
<b>Balance as at 1 January</b>	<b>6,290</b>	<b>4,394</b>	<b>5,385</b>	<b>16,069</b>	<b>21,280</b>
<b>Movements</b>					
Repayments	-	-	-170	-170	-1,822
Addition	-	-	-	-	370
Other movements	-1,480	-2,229	-351	-4,060	-3,759
<b>Balance as at 31 December</b>	<b>4,810</b>	<b>2,165</b>	<b>4,864</b>	<b>11,839</b>	<b>16,069</b>

The long-term bank loans as at 31 December 2023 mature on 1 January 2028. Repayment obligations within 12 months after the end of the financial year are recognised under current liabilities. For the bank loan, the shares in the company concerned have been pledged by the intermediate holding company, together with the operating assets and receivables. The average interest rate is 6.5%. For more information, please refer to note 12 and the events after the balance sheet date.

## Current liabilities

All current liabilities are due in less than one year.

### (12) Credit institutions and cash and cash equivalents

This includes the credit facility with the banks. Royal FloraHolland has a credit facility with a syndicate of banks for a total of €195.0 million, comprising €75.0 million of revolving credit and a €120.0 million facility for short-term loans of one, three or six months. In 2019 the term of the credit facility was extended to September 2024. At year-end 2023, €8.0 million had been drawn on this facility. The main conditions for the availability of this credit facility are that the leverage ratio (net debt/EBITDA) must not exceed 3.5 (over a 12-month period), and the risk-bearing capital must be at least 35%. These two ratios are measured and reported twice per year. As at 31 December 2023, Royal FloraHolland satisfied the requirements for both of these ratios as agreed in the bank covenant. This credit facility is unsecured. For more information, please refer to the events after the balance sheet date.

Floriway Logistics BV had an overdraft facility of €5 million, of which €2.9 million was drawn down as at 31 December 2023. For the bank loan and credit facility provided to Floriway Logistics BV, the shares in Floriway Logistics BV have been pledged by the intermediate holding company, together with the operating assets and receivables. During 2023, the covenants agreed with the bank (minimum EBITDA) were not met; new agreements have been made in this regard in 2024. For more information, please refer to the events after the balance sheet date.

The cash and cash equivalents are at the free disposal of the legal entity.

### (13) Debts and repayment obligations to members/non-members

Debts to members/non-members include the product revenue for 27, 28 and 29 December 2023 that was yet to be paid out. In 2022, these debts included the product revenue for 27, 28, 29, and 30 December that was yet to be paid out. The repayment obligations to members/non-members include the 2023 repayment obligation for 'A', 'B', 'C' and 'D' depositary receipts (2015 annual instalment) plus closing balances on participation reserves.

### (14) Refundable deposits

There is a release each year of the outstanding deposit refund liabilities for the reusable packaging as at the balance sheet date. The release percentage for the financial year 2023 has been set at 1.7%, the same as in 2022.

## (15) Other liabilities, accrued expenses and deferred income

	2023	2022
Taxes and social security contributions	11,748	8,133
Annual leave and holiday allowance	16,578	13,516
Interest expense payable to banks and on members' loans	2,506	233
Accrued expenses and deferred income	1,322	1,020
Other liabilities	50,541	52,255
<b>Balance as at 31 December</b>	<b>82,695</b>	<b>75,157</b>

Payables in relation to taxes and social security contributions increased mainly because the payroll taxes, pension contributions and VAT payable at 31 December 2023 were higher than at 31 December 2022.

The reserve for annual leave and holiday allowances increased relative to the figure at 31 December 2022 mainly as a result of a provision in relation to extra hours worked/time off in lieu by/for logistics employees and the increase in hourly pay.

The interest expense payable to banks and on members' loans mainly comprises the interest payable on members' loans at 31 December 2023, which amounted to €2.2 million.

The other liabilities comprise a large number of different items. The biggest changes relative to 31 December 2022 are an increase of €2.0 million in the reserve for invoices not yet received, an increase of €2.0 million in the reserve for buyers' security deposits and a decrease of €1.2 million in employee expenses payable.

## (16) Financial instruments and risk management

### General information

The information provided in these notes is intended as an aid to estimating the size of risks associated with the financial instruments presented in the balance sheet, as well as those not presented in the balance sheet.

Aside from derivatives, the group's primary financial instruments serve to finance the group's operating activities or result directly from these activities. The group also transacts in derivatives (solely interest-rate swaps) to hedge the interest-rate risk arising from the

group's financing activities. Group policy is not to trade in financial instruments for speculative purposes.

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### Interest-rate risk

The interest-rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest-rate risk is subdivided into a fair value interest-rate risk and a cash flow interest-rate risk. The fair value interest-rate risk is the risk that the value of a financial instrument will fluctuate due to fluctuations in the market interest rate. The cash flow interest-rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in the market interest rate.

Receivables and liabilities with variable interest rate agreements expose Royal FloraHolland to risks concerning future cash flows. Because Royal FloraHolland has no receivables and liabilities valued at fair value, it therefore incurs no risks regarding the fair value of fixed-interest receivables and liabilities due to changes in market interest rates.

Royal FloraHolland has no major financial assets exposed to fair value interest-rate risk, and other than cash and cash equivalents, it has no major financial assets exposed to a cash flow interest-rate risk. Therefore, no financial derivatives are contracted to hedge the interest-rate risk of the group's receivables.

The exposure of the group to cash flow interest-rate risk due to fluctuations in market interest rates is mainly related to the variable interest rates on the group's non-current liabilities. The interest-rate risk arising from the variable interest rate on the 'B' depositary receipts and the bank loans were not hedged by means of interest-rate swaps at 31 December 2023. Given the current balance of the credit facility, the cash flow interest-rate risk of a 1% rise in the Euribor rate equates to €0.2 million.

In addition, intra-group financing gives rise to a cash flow interest-rate risk due to long-term loans at variable interest rates. As at 31 December 2023, the proportion of loans with a variable interest rate related to group financing was 100% (2022: 100%).



### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to meet its obligations, causing the other party to incur a financial loss. Royal FloraHolland's counterparties in derivative and liquidity transactions are restricted to financial institutions with high creditworthiness.

The services of Royal FloraHolland are spread across a large group of customers, thus avoiding any undesirable concentration of trade receivables. To manage the risk of irrecoverable trade receivables, this position is continuously monitored. Parties that purchase services from Royal FloraHolland are assessed in advance as to their creditworthiness. Based on the outcome of this assessment, the customer is permitted to purchase certain services, in respect of which it may be asked to provide certain collateral to limit the risk of bad debts. The majority of trade receivables are covered by bank guarantees, bonds and a credit insurance policy. As at 31 December 2023, Royal FloraHolland holds a total of €46.3 million in bank guarantees and security deposits (31 December 2022: €47.5 million).

As at 31 December 2023, trade receivables totalled €49.1 million (31 December 2022: €47.7 million). This amount is net of a provision for doubtful debtors of €0.6 million (2022: €0.5 million).

Expected credit losses are valued based on all possible situations and developments that could arise during the expected total life of the receivable and cause the debtor to default. In addition, the valuation of credit losses is based on information obtainable at reasonable cost and effort on current developments and forecasts related to the market and important trading relationships. Receivables from debtors who are deemed insolvent or who have applied for suspension of payments are provided for in full, as are receivables that are more than 90 days overdue.

Royal FloraHolland assumes the full credit risk of members and suppliers by guaranteeing weekly payment for the products they sell and supply, but solely in the event that invoicing and collection are carried out by Royal FloraHolland and provided that the members and suppliers have complied with the applicable conditions of the Auction Regulations. The group has drawn up guidelines to limit the size of the credit risk for each financial institution and debtor. The credit risk insurance policy covers 90% of the receivables risk, with a retention of €250,000. The group also continuously monitors its receivables and applies a strict reminder procedure. The measures outlined above mitigate the credit risk to the group to the maximum extent possible.

### Liquidity risk

Liquidity risk is the risk that Royal FloraHolland will have difficulty raising the funds necessary to fulfil its short-term liabilities. For Royal FloraHolland, prudent management of the liquidity risk means holding sufficient cash and cash equivalents, and ensuring adequate financing headroom in the form of promised and committed credit facilities.

The bank covenant contains further agreements with credit institutions on the creditworthiness ratios of Royal FloraHolland. No assets have been pledged as security for the credit facility. For the bank loan and credit facility provided to Floriway Logistics BV, the shares in Floriway Logistics BV have been pledged by the intermediate holding company, together with the operating assets and receivables.

Royal FloraHolland and its group companies prepare liquidity plans on a regular basis. In the intervening period, liquidity risks are managed through monitoring and corrective action where necessary. The liquidity plans take account of the limited availability of cash and cash equivalents, including bank guarantees and the possibility of accelerated refunding of packaging deposits, which are classified as current liabilities. An explanation of the credit facility and related covenants is provided in the note on non-current liabilities; see note 12 to the consolidated accounts.

### Fair value of derivatives

As at the financial year-end, the group had no interest-rate swap contracts outstanding.

## (17) Off-balance sheet assets, obligations and arrangements

	31 December 2023				31 December 2022			
	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Investment obligations	28,383	360	540	29,283	24,912	604	630	26,146
Operating lease obligations	2,229	4,823	3,084	10,136	1,979	4,537	4,207	10,723
Lease obligations	953	-	-	953	1,547	297	-	1,844
Guarantees	1,673	-	-	1,673	1,672	-	-	1,672
<b>Total</b>	<b>33,237</b>	<b>5,183</b>	<b>3,624</b>	<b>42,044</b>	<b>30,110</b>	<b>5,438</b>	<b>4,837</b>	<b>40,385</b>

Investment commitments at 31 December 2023 increased relative to 31 December 2022. This was mainly due to agreements entered into in relation to facility services and property investments. The decrease in lease obligations at 31 December 2023 relative to the position at 31 December 2022 was caused by the expiry of the leaseback obligation. Obligations pertaining to operating leases and guarantees are in line with 2022.

As at 31 December 2023, Royal FloraHolland had issued bank guarantees for an amount of €1.7 million (2022: €1.7 million).

In addition, several claims have been filed against Royal FloraHolland and there are also pending disputes.

Current and former employees at the Aalsmeer site may have been exposed to asbestos. No concrete cases of exposure are known at this time, and no claims have been made to date. Since the conditions have not been met, no provision for potential claims has been formed.

All claims are being contested. Where necessary and relevant, Royal FloraHolland has obtained legal advice concerning the claims and disputes. However, the outcome of the negotiations and/or proceedings cannot be predicted with any certainty.

## (18) Notes to the statement of cash flows

The investments in tangible fixed assets include only those investments that caused an outflow of cash resources in 2023.

# Notes to the consolidated profit and loss account for 2023

(amounts x €1,000, unless stated otherwise)

## Product revenues

(x €1 million)	2023	2022
Total clock auction revenue	2,035	2,045
Direct sales revenue	3,076	3,121
<b>Total product revenues of Royal FloraHolland</b>	<b>5,111</b>	<b>5,166</b>

Royal FloraHolland’s clock auction revenue accounted for 39.8% of total product revenue in 2023 (2022: 39.6%).

The share of direct sales revenue in 2023 was 60.2% (2022: 60.4%). In 2022, Royal FloraHolland members generated total product revenue of €4,812 million (2022: €4,872 million), while other suppliers generated total product revenue in 2023 of €299 million (2022: €294 million).

Members can use the Temporary Exemption from Member Obligations (TEMO) scheme, on which Royal FloraHolland charges commission. In 2023, members retrospectively paid TEMO commission to Royal FloraHolland on €384 million of non-auction product revenue (2022: €331 million).

## Operating income

### (19) Miscellaneous revenue

The miscellaneous revenue booked in 2023 was €25.3 million (2022: €28.3 million). This item includes revenue from information services (€7.6 million), other income (€6.1 million), quality assurance services (€3.5 million), facility services (€2.9 million), administrative services (€2.3 million) and brokerage services (€1.8 million). The decrease is primarily due to a decrease in revenue from marketing services, information services and administrative services.

# Operating expenses

## (20) Wages and salaries

	2023	2022
Group employees' salaries	144,863	132,795
External personnel	50,945	50,104
	<b>195,808</b>	<b>182,899</b>

Wages and salaries came to €195.8 million in 2023 (2022: €182.9 million). The increase is mainly caused by new collective bargaining agreements. In addition, adjustments in the logistics process led to temporarily lower labour productivity compared to 2022.

### Compensation paid to the Supervisory Board and remuneration paid to the Management Board

The compensation paid to members of the Supervisory Board and the remuneration paid to members of the Management Board are based on the amounts charged to the profit and loss account in the financial year.

The compensation for the Supervisory Board (nine persons) amounted to €502,000 (2022: €518,500). This compensation for their work is a fixed sum. The Chair of the Supervisory Board is paid €108,500 per year. The Vice Chair is paid €43,500 per year. The ordinary members are paid €40,000 per year. For participation in committees, a committee chair is paid €10,000 and members are paid €5,000 per year. Supervisory Board members also receive a fixed allowance for travel and accommodation costs of €2,500 per year in quarterly instalments. The Chair of the Supervisory Board claims the actual travel and accommodation expenses. The cooperative bears the costs of any training or consultancy provided to members of the Supervisory Board. No training costs were paid to the members of the Supervisory Board in 2023.

Fixed and variable remuneration paid to the two members of the Management Board totalled €1.4 million before tax in 2023 (2022: €1.4 million). This figure included variable remuneration totalling €315 thousand payable to the two members. This is their variable remuneration for the year 2023, which will be paid in 2024. The variable remuneration paid to S. van Schilfgaarde is 29% of his fixed salary, and for D. van Mechelen the variable component is 29% of his fixed salary.

Management remuneration*	2023		2022		2023		2022		2023		2022	
	FIXED	FIXED	VARIABLE	VARIABLE	PENSION	PENSION	TOTAL	TOTAL	TOTAL	TOTAL		
D. van Mechelen	473	460	138	129	20	23	631	612				
S. van Schilfgaarde	614	595	177	168	22	20	813	783				
	<b>1,087</b>	<b>1,055</b>	<b>315</b>	<b>297</b>	<b>42</b>	<b>43</b>	<b>1,444</b>	<b>1,395</b>				

\* This table excludes the employer's portion of other social security costs payable by Royal FloraHolland. The employer's portion of other social security costs (excluding pension contributions) paid for D. van Mechelen in 2023 was €15,000 (2022: €13,000); for S. van Schilfgaarde, it was €15,000 (2022: €13,000). The fixed portion of the remuneration for the two members of the Management Board is made up of their gross salary, holiday bonus and pension contributions.



### Average numbers of employees and FTEs

	2023	2022	2023	2022
	AVERAGE NUMBER OF EMPLOYEES	AVERAGE NUMBER OF EMPLOYEES	AVERAGE NUMBER OF FTEs	AVERAGE NUMBER OF FTEs
Operations	2,139	2,006	1,385	1,345
Commercial	423	437	367	380
Support services	400	381	374	361
<b>Royal FloraHolland</b>	<b>2,961</b>	<b>2,824</b>	<b>2,126</b>	<b>2,086</b>
Group companies*	565	542	469	464
	<b>3,526</b>	<b>3,366</b>	<b>2,595</b>	<b>2,550</b>

\* Including 37 employees (37 FTEs) working abroad.

### (21) Depreciation, amortisation and impairments

	2023	2022
Intangible fixed assets	17,002	15,123
Tangible fixed assets	59,798	59,186
Financial fixed assets	-	5,742
Corrections to prior-year depreciation and amortisation	-2,598	-
	<b>74,202</b>	<b>80,051</b>

### (22) Other operating expenses

Expenses charged to the group in the financial year for the services of the external auditor, the firm of accountants and the entire network to which this firm of accountants belongs, are as follows:

	2023	2022	2023	2022	2023	2022
	PWC NEDERLAND	PWC NEDERLAND	PWC OTHER (NETWORK)	PWC OTHER (NETWORK)	TOTAL	TOTAL
<b>Accountant's fees</b>						
Audit of the financial statements	495	462	12	17	507	479
Other audit engagements	21	13	0	21	21	34
Tax consultancy services	-	-	51	10	51	10
	<b>516</b>	<b>475</b>	<b>63</b>	<b>48</b>	<b>579</b>	<b>523</b>

The fees stated above for the audit of the financial statements are based on the total fees for the audit of the financial statements, regardless of whether the activities had already been carried during the financial year.

### (23) Corporation tax

	2023	2022
Based on profit/loss for financial year	-850	-3,852
Corrections to previous years	191	-
Movement in deferred tax	5,320	6,033
	<b>4,661</b>	<b>2,181</b>

### Tax burden

	2023	2022
Applicable tax rate	25.8%	25.8%
Effective tax rate	21.6%	32.8%

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

<b>Operating loss before tax</b>	<b>-24,797</b>	
Profit/loss from participating interests	3,184	
<b>Profit/loss before tax</b>	<b>-21,613</b>	
Corporation tax based on applicable tax rate	5,576	25.8%
Disallowed expenses	-916	-4.2%
Corporation tax based on effective tax rate	4,661	21.6%

The difference between the effective and the applicable tax rates in 2023 is mainly due to prior-year corrections, disallowed expenses and unrecognised losses. As at 31 December 2023, this resulted in a deferred tax asset for the Royal FloraHolland group tax entity.

## (24) Events after the balance sheet date

On 12 March 2024, Royal FloraHolland signed an agreement on the financing/refinancing of Royal FloraHolland whereby a syndicate of banks will provide a credit facility for a total of €210.0 million for a period of five years, with an option to extend for a further 2 years. Security interests will be provided over part of the operating buildings, depending on the amount borrowed under the facility. The remaining terms and condition are in line with the current credit facility.

Due to the non-compliance of Floriway with its borrowing covenants, new agreements on Floriway's financing have been made in 2024 between RFH and the bank, concerning the restructuring of Floriway's financing within the group.

# Company balance sheet as at 31 December 2023

(After proposed appropriation of profit or loss [amounts x €1,000])

## Assets

	Note	2023	2022
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>	(25)	<b>51,764</b>	<b>45,019</b>
<b>Tangible fixed assets</b>	(26)		
Land		109,088	106,069
Buildings		277,546	283,164
Equipment, packaging and logistic resources		80,648	72,176
Other fixed operating assets		17,294	23,335
Not used for business operations		87,214	89,032
		<b>571,790</b>	<b>573,776</b>
<b>Financial fixed assets</b>	(27)		
Participating interests in group companies		5,354	2,275
Other receivables		172	4,146
Deferred taxes		13,425	10,032
		<b>18,951</b>	<b>16,453</b>
<b>Current assets</b>			
<b>Inventories</b>		674	795
<b>Receivables</b>			
Trade receivables	(28)	45,990	43,206
Receivables from group companies		6,260	10,541
Receivables from participating interests		2,101	2,563
Other receivables, prepaid expenses and accrued income	(29)	20,619	11,718
		<b>74,970</b>	<b>68,028</b>
<b>Cash and cash equivalents</b>		<b>2,759</b>	<b>18,128</b>
<b>Total</b>		<b>720,908</b>	<b>722,199</b>

## Liabilities

	Note	2023	2022
<b>Equity</b>	(30)		
General reserve		83,315	105,700
Legal entities reserve		2,634	2,634
'A' depositary receipts		47,762	48,630
Final balance		-	2,362
Statutory reserve		53,218	47,983
		<b>186,929</b>	<b>207,309</b>
<b>Provisions</b>	(31)		
Restructuring provision		1,249	538
Other provisions		4,341	4,176
		<b>5,590</b>	<b>4,714</b>
<b>Non-current liabilities</b>			
'B' depositary receipts*	(8)	199,557	215,431
'C' depositary receipts*	(9)	44	44
'D' depositary receipts*	(10)	3,034	3,227
		<b>202,635</b>	<b>218,702</b>
<b>Current liabilities</b>			
Liabilities to credit institutions		8,026	-
Debts to members/non-members	(13)	71,803	78,171
Repayment obligations to members/non-members	(13)	44,599	6,431
Debts to group companies		57	44
Accounts payable		23,588	36,951
Refundable deposits	(14)	102,442	100,008
Other liabilities, accrued expenses and deferred income	(32)	75,239	69,869
		<b>325,754</b>	<b>291,474</b>
<b>Total</b>		<b>720,908</b>	<b>722,199</b>

\* Subordinated loans. Risk-bearing capital is the equity plus the sum of these loans. At year-end 2023, the risk-bearing capital was €389.6 million (2022: €423.4 million).

# Company profit and loss account for 2023

(amounts x €1,000)

	2023	2022
Company profit/loss after tax	-14,813	-3,787
Profit/loss from participating interests after tax	-2,140	-685
<b>Loss after tax</b>	<b>-16,952</b>	<b>-4,472</b>





# Notes to the company accounts for 2023

## General notes

The accounting policies for valuation and determination of company profit or loss are the same as those for the consolidated financial statements. Information on the accounting policies is provided in the notes to the consolidated financial statements. The notes to the 2023 company financial statements describe only those items where the amounts differ from the amounts in the consolidated balance sheet.

The presentation of the company profit and loss account makes use of the exemptions stated in Article 2:402 of the Dutch Civil Code.

# Notes to the company balance sheet as at 31 December 2023

(amounts x €1,000)

## Fixed assets

### (25) Intangible fixed assets

The carrying value as at the balance sheet date and movements are as follows:

	<b>2023</b>	<b>2022</b>
<b>Balance as at 1 January</b>	<b>45,019</b>	<b>39,717</b>
<b>Movements</b>		
Investments	21,480	18,613
Transfers	221	-82
Amortisation	-15,514	-13,229
Disposals	-	-
Corrections	2,598	-
Impairment losses	-2,042	-
<b>Balance as at 31 December</b>	<b>51,764</b>	<b>45,019</b>
Cumulative purchase value	111,744	92,084
Cumulative amortisation and impairment losses	-59,980	-47,065
<b>Balance as at 31 December</b>	<b>51,764</b>	<b>45,019</b>

### Development costs **2023**

**Balance as at 1 January** **45,019**

#### Movements

Capitalisation of development costs	21,702
Amortisation	-15,514
Disposals	-
Prior-year corrections	2,598
Impairment losses	-2,042
<b>Balance as at 31 December</b>	<b>51,764</b>

Investments concerned the development of new software and the further development of existing software. An impairment loss of €2 million was recognised as an expense during the year in relation to software developments that will no longer be used.

## (26) Tangible fixed assets

The carrying value as at the balance sheet date and movements are as follows:

	BALANCE AS AT 1 JANUARY 2022	INVESTMENTS	TRANSFERS	DEPRECIATION AND IMPAIRMENT LOSSES	DISPOSALS	BALANCE AS AT 31 DECEMBER 2022
<b>Land</b>						
Land	71,797	1,838	1,989	-	-	75,623
Site facilities	27,083	4,450	1,760	-2,847	-	30,446
<b>Subtotals</b>	<b>98,880</b>	<b>6,288</b>	<b>3,748</b>	<b>-2,847</b>	<b>-</b>	<b>106,069</b>
<b>Buildings</b>	<b>281,277</b>	<b>26,324</b>	<b>6,703</b>	<b>-31,140</b>	<b>-</b>	<b>283,164</b>
<b>Equipment, packaging and logistic resources</b>						
Equipment	25,813	4,682	3,849	-4,092	-225	30,025
Packaging and resources used in logistic processes	38,282	10,470	1,675	-8,276	-	42,151
<b>Subtotals</b>	<b>64,095</b>	<b>15,151</b>	<b>5,523</b>	<b>-12,366</b>	<b>-225</b>	<b>72,176</b>
<b>Other fixed operating assets</b>	<b>29,022</b>	<b>2,119</b>	<b>1,501</b>	<b>-9,307</b>	<b>-</b>	<b>23,335</b>
<b>Not used for business operations</b>						
Land and buildings	62,619	73	209	-	-	62,900
Operating assets under development	21,689	19,042	-14,599	-	-	26,132
<b>Subtotals</b>	<b>84,308</b>	<b>19,115</b>	<b>-14,391</b>	<b>-</b>	<b>-</b>	<b>89,031</b>
<b>2022 totals</b>	<b>557,582</b>	<b>68,996</b>	<b>3,083</b>	<b>-55,661</b>	<b>-225</b>	<b>573,776</b>

	BALANCE AS AT 1 JANUARY 2023	INVESTMENTS	TRANSFERS	DEPRECIATION AND IMPAIRMENT LOSSES	DISPOSALS	BALANCE AS AT 31 DECEMBER 2023
<b>Land</b>						
Land	75,623	1,244	98	-	-191	76,774
Site facilities	30,446	1,779	3,460	-3,371	-	32,314
<b>Subtotals</b>	<b>106,069</b>	<b>3,023</b>	<b>3,558</b>	<b>-3,371</b>	<b>-191</b>	<b>109,088</b>
<b>Buildings</b>	<b>283,164</b>	<b>15,607</b>	<b>10,548</b>	<b>-31,773</b>	<b>-</b>	<b>277,546</b>
<b>Equipment, packaging and logistic resources</b>						
Equipment	30,025	9,769	3,200	-5,233	-	37,761
Packaging and resources used in logistic processes	42,151	6,850	2,400	-8,514	-	42,887
<b>Subtotals</b>	<b>72,176</b>	<b>16,619</b>	<b>5,600</b>	<b>-13,747</b>	<b>-</b>	<b>80,648</b>
<b>Other fixed operating assets</b>	<b>23,335</b>	<b>1,091</b>	<b>743</b>	<b>-7,875</b>	<b>-</b>	<b>17,294</b>
<b>Not used for business operations</b>						
Land and buildings	62,900	-	1	-	-	62,901
Operating assets under development	26,132	18,853	-20,672	-	-	24,313
<b>Subtotals</b>	<b>89,031</b>	<b>18,853</b>	<b>-20,671</b>	<b>-</b>	<b>-</b>	<b>87,214</b>
<b>2023 totals</b>	<b>573,775</b>	<b>55,193</b>	<b>-222</b>	<b>-56,766</b>	<b>-191</b>	<b>571,790</b>

	LAND	BUILDINGS	EQUIPMENT, PACKAGING AND LOGISTIC RESOURCES	OTHER FIXED OPERATING ASSETS	NOT USED FOR BUSINESS OPERATIONS	2023	2022
Cumulative purchase value	155,113	1,016,957	331,616	173,460	126,085	1,803,231	1,748,450
Cumulative depreciation and impairment losses	-46,025	-739,411	-250,968	-156,166	-38,871	-1,231,441	-1,174,674
<b>Balance as at 31 December</b>	<b>109,088</b>	<b>277,546</b>	<b>80,648</b>	<b>17,294</b>	<b>87,214</b>	<b>571,790</b>	<b>573,776</b>



Land not used for business operations is land reserved for sale to trading parties and/or third parties. The land kept available for sale to trading parties is held for future sale to customers of Royal FloraHolland in support of the central floriculture marketplace function.

As at the balance sheet date, the fair value of land and buildings not used for business operations was €138.8 million (2022: €132.4 million).

Operating assets under development refer to investments not yet in use as at the balance-sheet date. Investments put into use during the year are assigned to the appropriate asset category via the 'transfers' column. The investments put into use in 2023 include the construction and preparation for occupation of the Aalsmeer Oost site, spending on the reduction of diesel emissions, the expansion of cold storage space at Aalsmeer and order-picking at Rijnsburg.

Investments not yet put into use at the end of 2023 include the further expansion of the cold storage space at Aalsmeer, the refurbishment of the cold storage system at Naaldwijk and the group-wide replacement of fluorescent lighting with LEDs.

The carrying value of the land includes an amount of €5.2 million for a site for which Royal FloraHolland has no legal ownership. The Green Horti Center is located on this site, which Royal FloraHolland has leased as a long-term ground lease to Plant Port 2 BV.

Tangible fixed assets are depreciated based on their estimated economic life.

## (27) Financial fixed assets

The carrying value as at the balance sheet date and movements are as follows:

	PARTICIPATING INTERESTS IN GROUP COMPANIES	OTHER RECEIVABLES	DEFERRED TAXES	2023	20221
<b>Balance as at 1 January</b>	<b>2,275</b>	<b>4,146</b>	<b>10,032</b>	<b>16,453</b>	<b>21,124</b>
<b>Movements</b>					
Profit/loss from participating interests	-2,140	-	-	-2,140	-684
Liquidation of participating interests	-	-	-	-	-
Dividend distribution	-583	-	-	-583	-13,732
Other direct equity movements	5,802	-5,542	-	260	-200
Loans granted	-	1,568	-	1,568	4,024
Repayments	-	-	-	-	-59
Additions	-	-	5,320	5,320	-
Reclassifications	-	-	-1,927	-1,927	-
Other movements	-	-	-	-	5,980
<b>Balance as at 31 December</b>	<b>5,354</b>	<b>172</b>	<b>13,425</b>	<b>18,951</b>	<b>16,453</b>

The carrying value of the participating interests as at the balance sheet date is broken down as follows:

	2023	2022
Sivepo CV	48	48
RFH Holding BV	5,306	2,227
<b>Totals</b>	<b>5,354</b>	<b>2,275</b>

### Participating interests in group companies

Royal FloraHolland holds 100% of the shares in the intermediate holding company RFH Holding BV, which in turn holds 100% of the shares in RFH Deelnemingen Holding BV, RFH Diensten Holding BV, RFH Vastgoed Holding BV and RFH Logistics Holding BV. The other subsidiaries and participating interests are each held by the intermediate holding company for the entity concerned. Royal FloraHolland also indirectly holds a 100% interest in Sierteelt Verpakkingspool CV.

A list of all legal entities is provided on page 123.

### Other receivables

This item includes loans to associated companies to the value of €104,000 (2022: €4.1 million). The interest on these loans is 0%. The loans have a term of more than one year, but less than five years. In 2023, the loan made to Floriway was converted into equity.

### Deferred taxes

Deferred tax assets and liabilities within the group tax entity are presented on a net basis. As at 31 December 2023, this resulted in a deferred tax asset. The net deferred tax position originates on the one hand from deferred tax assets resulting from (1) differences between the commercial and tax valuation of tangible fixed assets that reach fiscal salvage value and the reinvestment reserve formed on property; (2) tax-deductible losses; and (3) the work anniversary provision and provision for CC containers, which are not allowable for tax purposes. The total of these amounts is then reduced by the deferred tax liabilities in relation to (1) differences between the commercial and tax values of tangible fixed assets, where maintenance costs are expensed immediately for tax purposes but capitalised as assets in the commercial balance sheet and (2) the tax provision formed in the past for major maintenance.

The deferred tax provision has been formed based on the current and future corporation tax rate of 25.8%. This provision has a term of more than one year.

### Transactions with related parties

All transactions with group companies and participating interests were effected at arm's length. The related parties of Royal FloraHolland comprise the participating interests and 'other related parties'. Other related parties are: Brancheorganisatie Sierteeltproducten, Floriculture Sustainability Initiative (FSI), Nationale Coöperatieve Raad (NCR), Personeelsvereniging Bloemenveiling FloraHolland, Stichting Bloemenbureau Holland (BBH), Stichting De Groene Stad, Stichting Derdengelden FloraXchange, Stichting Goede Doelen FloraHolland, Stichting Greenport Aalsmeer, Stichting Greenport Westland Oostland, Stichting Greenports Nederland, Stichting Herstructurering en Ontwikkeling Tuinbouwsector (HOT), Stichting Hortipoint, Stichting Innovatie Glastuinbouw (SIGN), Stichting Kom in de Kas, Stichting MPS, Stichting Obligatiehouders FloriWorld, Stichting Seniorenclub FloraHolland Naaldwijk, Stichting Tuinbouw Ondernemersprijs, Vereniging Bedrijventerrein Locatie Oost, Vereniging Nederlandse Tuinbouwraad (NTR), Vereniging van Bloemenveilingen, Vereniging van Eigenaren Trade Parc Westland, Vereniging van Eigenaren VBA-Zuid Terrein, Stichting Florilog, Sierteelt Verpakkingspool CV, and members of the Supervisory Board and the Management Board. The most common transactions with related parties are in the areas of financing, levies charged to growers and buyers, and salaries and general expenses.

# Current assets

## Receivables

### (28) Trade receivables

All receivables included under trade receivables are due in less than one year.

### (30) Other receivables, prepaid expenses and accrued income

	2023	2022
Taxes and social security contributions	9,462	772
Prepaid costs	5,584	10,373
Other receivables	321	473
Prepayments and accrued income	5,252	100
<b>Balance as at 31 December</b>	<b>20,619</b>	<b>11,718</b>

Other receivables, prepaid expenses and accrued income are due in less than one year. The increase in taxes and social security contributions is mainly due to a receivable totalling €9.5 million from the Dutch tax authority in relation to corporation tax for 2022 and 2023. The decrease in prepaid costs is primarily due to a lower number of prepayments than in 2022. The increase in prepaid expenses and accrued income relative to 2022 is due to an increase in the amount of revenue and rechargeable costs that had not yet been billed.

### (30) Equity

	2023	2022
<b>General reserve</b>		
<b>Balance as at 1 January</b>	<b>105,700</b>	<b>116,410</b>
<b>Movements</b>		
Movement in statutory reserve	-5,467	-6,023
Movement in equity	34	-215
Transfer of profit/loss from current financial year	-16,952	-4,472
<b>Balance as at 31 December</b>	<b>83,315</b>	<b>105,700</b>

In anticipation of adoption by the Council of Members, the loss after tax for the 2023 financial year is booked as follows:

	2023	2022
Withdrawal from/addition to general reserve	-16,952	-4,472
Payable to members*	-	-
<b>Total profit/loss after tax</b>	<b>-16,952</b>	<b>-4,472</b>

\* The sum to be paid out to members is after deduction of a limited amount for addition to 'A' depositary receipts, if these are not yet fully paid up.

### Legal entities reserve

The legal entities reserve of €2.6 million as at 31 December 2023 (2022: €2.6 million), referred to in Article 35 of the Articles of Association, was formed in previous years from the corporation tax encumbrance settled with member legal entities. This was because reimbursements of auction commission to member legal entities were not tax deductible. No movement occurred during the financial year.

	2023	2022
<b>'A' depositary receipts</b>		
<b>Balance as at 1 January</b>	<b>48,630</b>	<b>48,418</b>
<b>Movements</b>		
Capital contribution credits	1,383	1,731
Addition of allocated profit	-	-
Additional payouts during current financial year	-181	-80
Payouts in next financial year, recognised under current liabilities	-2,070	-1,471
Other movements	-	32
<b>Balance as at 31 December</b>	<b>47,762</b>	<b>48,630</b>

Under the Articles of Association, Article 40 'Transitional provisions 2016', clause 1 'Participation Reserve', with effect on 31 December 2016 a credit balance in the participation account of a member was used to fully pay up their 'A' depositary receipt. If the credit balance was greater than €20,000, the excess credit balance was added to the 'final balance'. The participation credits as at 31 December 2016 comprised the 1997-2015 credits for Bloemenveiling Aalsmeer and the 1997-2015 credits of the former FloraHolland.

Under Article 17(3)(e), the amount credited to the 'A' depositary receipt can only be paid out after adoption of the financial statements for the third financial year after the financial year in which membership ended, and solely on condition that the General Meeting decides, on the recommendation of the Management Board, to release the 'A' depositary receipts for payment that are eligible for such payment according to the Articles of Association.

<b>Final balance</b>	<b>2023</b>	<b>2022</b>
<b>Balance as at 1 January</b>	<b>2,362</b>	<b>4,881</b>
<b>Movements</b>		
Additional payouts during current financial year	-17	-
Payouts in next financial year, recognised under current liabilities	-2,325	-2,496
Other movements	-19	-23
<b>Balance as at 31 December</b>	<b>-</b>	<b>2,362</b>

The final balance of a member or former member is paid out to the member or former member in eight equal annual instalments, on condition that at the same time as adopting the financial statements of the preceding financial year, the General Meeting decides, on the recommendation of the Management Board, to approve payout and release the aforementioned instalment for payment.

<b>Statutory reserve</b>	<b>2023</b>	<b>2022</b>
<b>Balance as at 1 January</b>	<b>47,983</b>	<b>41,948</b>
<b>Movements</b>		
Translation differences	-232	12
Transfer from general reserve - participating interests	-1,278	721
Transfer from general reserve - intangible fixed assets	6,744	5,302
<b>Balance as at 31 December</b>	<b>53,218</b>	<b>47,983</b>

The statutory reserve was formed for translation differences relating to participating interests in foreign currencies (€332,000), retained earnings from participating interests (€1.8 million) and development costs recognised under intangible fixed assets (€51.8 million).

Changes in the value of participating interests due to conversion of the invested capital and profit or loss from the foreign currency to euros are recognised in the translation differences reserve. The participating interests reserve is formed for participating interests valued at net asset value, and in which Royal FloraHolland has no controlling interest. The reserve for intangible fixed assets is formed for capitalised software, as this can generally be regarded as development costs. The portion of the statutory reserve attributable to participating interests is equal to the change in value of the participating interests based on the share in the profit or loss of the participating interests, net of any dividend distribution. For intangible fixed assets, the attributable portion equals the historical cost net of amortisation.

### (31) Provisions

	<b>2023</b>	<b>2022</b>
<b>Balance as at 1 January</b>	<b>4,714</b>	<b>5,651</b>
<b>Movements</b>		
Additions	1,074	149
Withdrawals	-197	-1,086
Release	-	-
<b>Balance as at 31 December</b>	<b>5,590</b>	<b>4,714</b>

The remaining provisions comprise provisions for long-service payments (€3.8 million) and restructuring expenses (€1.2 million). The restructuring provision mainly concerns the termination of the Flower Handling Services activities as of 31 December 2023. Most provisions have a term of more than one year.



# Current liabilities

## (32) Other liabilities, accrued expenses and deferred income

	2023	2022
Taxes and social security contributions	7,320	5,538
Annual leave and holiday allowance	15,513	12,611
Interest expense payable to banks and on members' loans	2,238	-
Other liabilities	50,168	51,720
<b>Balance as at 31 December</b>	<b>75,239</b>	<b>69,869</b>

All debts, accrued expenses and deferred income are due in less than one year.

Payables in relation to taxes and social security contributions increased mainly because the payroll taxes, pension contributions and VAT payable at 31 December 2023 were higher than at 31 December 2022.

The reserve for annual leave and holiday allowances increased relative to the figure at 31 December 2022 mainly as a result of a provision in relation to extra hours worked/time off in lieu by/for logistics employees and the increase in hourly pay.

The interest expense payable to banks and on members' loans mainly comprises the interest payable on members' loans at 31 December 2023, which amounted to €2.2 million.

The other liabilities comprise a large number of different items. The biggest changes relative to 31 December 2022 are an increase of €2.0 million in the reserve for invoices not yet received, an increase of €2.0 million in the reserve for buyers' security deposits and a decrease of €1.2 million in employee expenses payable.

## (33) Financial instruments

Information on the financial instruments is provided in the notes to the consolidated financial statements.

### (34) Off-balance sheet assets, obligations and arrangements

	31 December 2023				31 December 2022			
	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Investment obligations	28,293	–	–	28,293	24,736	–	–	24,736
Operating lease obligations	2,080	4,440	3,084	9,603	1,961	4,502	4,207	10,670
Lease obligations	395	–	–	395	892	258	–	1,150
Guarantees	1,673	–	–	1,673	1,673	–	–	1,673
<b>Total</b>	<b>32,440</b>	<b>4,440</b>	<b>3,084</b>	<b>39,964</b>	<b>29,262</b>	<b>4,760</b>	<b>4,207</b>	<b>38,229</b>

Investment commitments at 31 December 2023 increased relative to 31 December 2022. This was mainly due to agreements entered into in relation to facility services and property investments.

The decrease in lease obligations at 31 December 2023 relative to the position at 31 December 2022 was caused by the expiry of the leaseback obligation. Obligations pertaining to operating leases and guarantees are in line with 2022.

As at 31 December 2023, Royal FloraHolland had issued bank guarantees for an amount of €1.7 million (2022: €1.7 million).

In addition, several claims have been filed against Royal FloraHolland and there are also pending disputes.

Current and former employees at the Aalsmeer site may have been exposed to asbestos. No concrete cases of exposure are known at this time, and no claims have been made to date. Since the conditions have not been met, no provision for potential claims has been formed.

All claims are being contested. Where necessary and relevant, Royal FloraHolland has obtained legal advice concerning the claims and disputes. However, the outcome of the negotiations and/or proceedings cannot be predicted with any certainty.

# Group tax entity

For corporation tax purposes, in 2023 Coöperatie Royal FloraHolland UA constituted a group tax entity with its subsidiaries RFH Vastgoed Holding BV, Siervast BV, RFH Holding BV, RFH Logistics Holding BV, Sierteelt Verpakkingspool CV, FH Diensten Holding BV, Sierteelt Verpakkingspool BV, Flowerdome BV, FH Flowercombination BV and FH Deelnemingen Holding BV. Corporation tax payable is attributed to the legal entity to which the position applies. In addition, the following directly held Dutch subsidiaries are separately liable to corporation tax: Caac BV, Plantion Holding BV, FloraXchange BV, Trias Westland BV, Plant Port1 BV, Floriworld BV and FloraXchange Services BV. This is also the case for the previously established group holding company Floriway Logistics BV (formerly: Floriway BV / Logistiek2 BV) and its logistics subsidiaries. For the purposes of value added tax, Coöperatie Royal FloraHolland UA constitutes a group tax entity with its subsidiary companies FH Diensten Holding BV, FloraHolland Flower Combination BV, Flowerdome BV, and Siervast BV. Each of the entities within the group tax entity is jointly and severally liable for the debts of the entire group tax entity. Floriway Logistics BV is currently a separate enterprise for VAT purposes, as are a number of its logistics subsidiaries.

Aalsmeer, 13 March 2024

**Steven van Schilfgaarde**  
CEO, Royal FloraHolland

**David van Mechelen**  
CFO, Royal FloraHolland

**Pieter Bootsma**  
CVO, Royal FloraHolland

# List of legal entities

Royal FloraHolland has directly or indirectly a full or partial interest in the following companies:

		2023 Interest %	2022 Interest %
<b>RFH Holding BV*</b>	Aalsmeer	100	100
<b>RFH Diensten Holding BV*</b>	Naaldwijk	100	100
Servi FloraHolland 2002 SL*	Barcelona, Spain	100	100
FloraHolland Flower Combination BV*	Naaldwijk	100	100
FH Consultancy Services PLC*	Addis Ababa, Ethiopia	50	50
FH Services Colombia Ltda*	Bogota, Colombia	50	50
Royal FloraHolland Kenya Ltd*	Nairobi, Kenya	1	1
Sierteelt Verpakkings Pool BV*	Leiden	100	100
Flowerdome BV*	Eelde	100	100
FH Consultancy Services PLC*	Addis Ababa, Ethiopia	50	50
FH Services Colombia Ltda*	Bogota, Colombia	50	50
Royal FloraHolland Kenya Ltd*	Nairobi, Kenya	99	99
FH Services Italy SRL*	Milan, Italy	100	100
Royal FloraHolland Hong Kong Ltd*	Hong Kong, China	100	100
Royal FloraHolland Co. Ltd*	Shanghai, China	100	100
Trias Westland BV	Honselersdijk	10	10
FloraXchange BV*	Honselersdijk	100	100
FloraXchange Services BV*	Honselersdijk	100	100
Ethiopian Perishable Logistics PLC	Addis Ababa, Ethiopia	10	10
Fresh Port PLC	Addis Ababa, Ethiopia	99	99
CAAC BV*	Aalsmeer	100	100
Blueroots BV	Aalsmeer	50	50
<b>RFH Vastgoed Holding BV*</b>	Naaldwijk	100	100
Siervast BV*	Rijnsburg	100	100
Plant Port 1 BV	Aalsmeer	49.5	49.5

		2023 Interest %	2022 Interest %
<b>RFH Deelnemingen Holding BV*</b>	Naaldwijk	100	100
Plantion Holding BV	Ede	35	35
Veiling Rhein Maas GmbH & Co KG	Straelen, Germany	25	25
Veiling Rhein Maas GmbH	Straelen, Germany	100	100
<b>Sivepo CV*</b>	Honselersdijk	100	100
<b>RFH Logistics Holding BV *</b>	Aalsmeer	100	100
Floriway Logistics BV *	Aalsmeer	85	85
Floriway Transport BV*	Aalsmeer	100	100
Floriway BV *	Aalsmeer	100	100
Carrosserie Center Westland BV*	Honselersdijk	100	100
Hoza BV*	De Kwakel	100	100
P.M. van Zaal Transport BV*	De Kwakel	100	100

\* Consolidated group company.



# Other information

## Provisions of the Articles of Association on the appropriation of the profit or loss

Article 34 of the Articles of Association of the cooperative stipulates the following with regard to the appropriation of profit or loss:

### Article 34

1. If the operating account indicates a net profit, the Members' Council, following a proposal by the Management Board, will determine whether this balance or part thereof will be added to the general reserve and which portion is available for payment or for adding to the specified reserve(s) given below.
2. The part of the net profit that is not added to the general reserve will benefit the members and those people whose membership ended in or at the end of the relevant financial year, and in proportion to the commission payable by each of them in the financial year in question.
3. The amounts referred to will be paid within three (3) months after adoption of the annual accounts, subject to the proviso that if a member has not yet paid its depositary receipt 'A', that amount or part thereof will be credited to depositary receipt 'A'.
4. If a deficit is apparent from the operating account, then this deficit will be offset against the general reserve.
5. If a deficit cannot be offset due to important reasons or in all reasonableness by the means indicated in the foregoing clauses, the Members' Council, following a proposal by the Management Board, will decide how the deficit is to be offset and according to which criteria.
6. By virtue of Article 23(2)(i) of these Articles of Association, motions by the Management Board under this article require the approval from the Supervisory Board.

# Auditor's report

To: the Members and Supervisory Board of Coöperatie Royal FloraHolland U.A.

## Report on the audit of the 2023 financial statements

### Our opinion

In our opinion, the financial statements of Coöperatie Royal FloraHolland U.A. ('the cooperative') give a true and fair view of the financial position of the cooperative and the group (the cooperative together with its subsidiaries) as at 31 December 2023 and of the results of its operations during 2023, in accordance with Title 9, Book 2 of the Dutch Civil Code.

### Our audit scope

We have audited the 2023 financial statements of Coöperatie Royal FloraHolland U.A. located in Aalsmeer. The financial statements comprise the consolidated group financial statements and the parent company financial statements.

The financial statements consist of:

- the consolidated balance sheet and parent company balance sheet as at 31 December 2023;
- the consolidated profit and loss account and parent company profit and loss account for 2023; and
- the notes, containing a summary of the accounting policies applied and other explanatory information.

The financial reporting framework used for the preparation of the financial statement is Title 9, Book 2 of the Dutch Civil Code.

### Basis of our opinion

We performed our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities in this respect are described in the section entitled 'Our responsibilities for the audit of the financial statements'.

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

### Independence

We are independent of Coöperatie Royal FloraHolland UA as required by the Audit Firms Supervision Act [*Wet toezicht accountantsorganisaties, Wta*], the Regulation on the Independence of Auditors in Assurance Engagements [*Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten, ViO*] and other independence rules in the Netherlands that are relevant to the engagement. We have also complied with the Regulation on Conduct and Professional Practice Rules for Auditors [*Verordening gedrags- en beroepsregels accountants, VGBA*].

## Information forming the basis of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters arising therefrom, in the context of the audit of the financial statements as a whole and in forming our opinion on them. The information forming the basis of our opinion, such as our findings and observations on the audit approach to fraud risk and the audit approach to going concern, should be considered in that context and not as separate judgements or conclusions.

### Audit approach: fraud risk

We identified and assessed the risks of material misstatement in the financial statements arising from fraud. During our audit, we obtained an understanding of Coöperatie Royal FloraHolland U.A. and its environment, the components of the internal control system, including the risk assessment process, how management responds to fraud risks and monitors the internal control system, and how the supervisory board exercises its supervision and deals with the outcomes. We refer to pages 43, 77 and 78 of the management report, in which management has described its fraud measures.

With regard to the risk of material misstatements due to fraud, we evaluated the design and implementation of internal control, including management's fraud policy, as well as the code of conduct and the whistleblower scheme. We tested the operation of these internal controls to the extent that we considered this necessary for our audit.

We requested information from members of management and the supervisory board on whether they were aware of any actual, alleged or suspected fraud.

As part of our process for identifying risks of fraud, we considered fraud risk factors relating to fraudulent financial reporting, improper appropriation of assets and bribery and corruption. We assessed whether these factors were indicative of the presence of risks of fraud.

The fraud risks we identified and specific activities to mitigate them were as follows:

**Identified fraud risks**

**The risk of management override of internal control measures**

Management is in a unique position to commit fraud because it is able to manipulate accounting records and produce fraudulent financial statements by overriding internal controls that otherwise appear to work effectively.

We therefore address the following points regarding the risk of management override of internal control measures in all our audits:

- journal entries and other adjustments made during the preparation of the financial statements;
- estimates; and
- significant transactions outside the ordinary course of business.

**The risk of fraudulent financial reporting due to the recognition of miscellaneous revenue**

As part of our risk assessment and assuming fraud risks in revenue recognition, we evaluated which types of revenue or assertions gave rise to a risk of material misstatement due to fraud.

FloraHolland’s primary revenues are of a cooperative nature. The diversity of miscellaneous revenue and the one-off nature of certain flows means that there is a significant risk of the overstatement of miscellaneous revenue.

**Our audit procedures and observations**

Where relevant to our audit, we assessed the design and implementation of internal control measures and the effectiveness of those measures in the processes for generating and processing journal entries and making estimates.

We also paid special attention to the security access safeguards in the IT system and the possibility that they may allow controls regarding segregation of duties to be overridden.

We selected journal entries according to risk criteria and performed specific audit procedures on them, also focusing on potentially significant transactions outside the ordinary course of business.

We also performed specific audit procedures on significant estimates made by management, including the valuation of financial fixed assets, property, plant and equipment and intangible fixed assets. We paid special attention to the inherent risk of management bias in estimates.

Our work did not reveal any specific indications of fraud or suspicions of fraud with regard to management override of internal controls.

To the extent relevant to our audit, we evaluated the design of internal controls on the recognition of miscellaneous revenue and in the processes for generating and processing journal entries relating to miscellaneous revenue.

We performed data analysis to identify unusual revenue entries in the financial year. We also performed specific substantive audit procedures to test the existence of transactions in miscellaneous revenue based on payments, price lists or contracts. We also conducted numerical analyses regarding other revenue streams.

Our audit did not yield any specific indications of fraud or suspicions of fraud in respect of the existence of recognised miscellaneous revenue.

We built an element of unpredictability into our audit. We also took note of lawyers' letters and correspondence with regulators and remained alert to signs of fraud during the audit. We also reviewed the outcome of other audit procedures and made a judgement on whether any findings or discrepancies were indicative of fraud or non-compliance with legislation and regulations.

### Audit approach to going concern

Management has prepared the financial statements on the assumption that all the cooperative's operations will continue for at least twelve months from the date of preparation of the financial statements. Our work to evaluate management's going concern assessment includes:

- considering whether management's going concern assessment includes all relevant information of which we were aware as a result of our audit, and querying management about the most important hypotheses and assumptions. In assessing the cooperative's ability to continue as a going concern, management paid attention to the financing policy;
- inquiring whether management has identified events or circumstances that may cast reasonable doubt on the cooperative's ability to continue as a going concern ('going concern risks'). Management sets out the cooperative's financial risks on pages 41 and 42;
- assessing the budgeted operating results and related cash flows for the period of at least twelve months from the date of preparation of the financial statements, taking into account developments in the industry and our learnings from the audit;
- analysing whether the current financing and the financing required for continuing operations as a whole is assured, including compliance with relevant covenants; management has stated its financial position in the annual report, such as the trend in solvency on pages 14 and 15 in 'Results & Outlook'; Management has also set out the required covenants on in note 12 'Credit institutions and cash and cash equivalents' to the consolidated financial statements and the details of loans and other liabilities on in note 11 'Long-term bank loans and Other liabilities'. Management has also set out the outlook for 2024 on page 15 in 'Results & Outlook'.
- obtaining information from management on its knowledge of continuity risks beyond the period of its going concern assessment.

Our audit procedures have not revealed any information that conflicts with management's hypotheses and assumptions regarding the assumption of the company's ability to continue as a going concern.

## Report on the other information included in the annual report

The annual report also contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the work we performed as described below, we conclude that the other information:

- is consistent with the financial statements and contains no material misstatements; and
- presents all the information regarding the management report and the other information that is required pursuant to Title 9, Book 2 of the Dutch Civil Code.

We have read the other information and, based on our knowledge and understanding gained from the audit of the financial statements or otherwise, assessed whether the other information contains any material misstatements.

In performing these activities, we complied with the requirements of Title 9, Book 2 of the Dutch Civil Code and Dutch Standard 720. The scope of these activities is more limited than the scope of those performed in our audit of the financial statements.

Management is responsible for preparing the other information, including the management report and other details pursuant to Title 9, Book 2 of the Dutch Civil Code.

## Responsibilities for the financial statements and the audit

### Responsibilities of management and the supervisory board in relation to the financial statements

Management is responsible for:

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

When preparing the financial statements, management must consider whether the cooperative is capable of continuing as a going concern. Management must prepare the financial statements pursuant to the stated financial reporting framework on the basis of the going concern assumption, unless management intends to liquidate the cooperative or cease operations, or ceasing operations is the only realistic alternative. Management must disclose in the financial statements any events and circumstances that may cast significant doubt on the cooperative's ability to continue as a going concern.

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

### Our responsibilities in relation to the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion.

Our objectives are to obtain reasonable assurances on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an audit opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists.

Misstatements may arise due to fraud or error and are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality of misstatements affects the nature, timing and scope of our audit, and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is given in the annex to our audit report

Amsterdam, 13 March 2024

PricewaterhouseCoopers Accountants N.V.

J.E.M Brinkman RA



## Appendix to our audit report on the 2023 financial statements of Coöperatie Royal FloraHolland U.A.

In addition to the information provided in our audit report, in this appendix we set out in more detail our responsibilities in relation to the audit of the financial statements and provide an illustration of what an audit involves.

### Responsibilities of the auditor for the audit of the financial statements

We conducted this audit with professional scepticism and, where relevant, exercised professional judgement in accordance with Dutch auditing standards, ethical requirements and independence requirements. Our engagement consisted, among other things, of:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk for one resulting from error. Fraud may involve collusion, forgery, intentional omissions of transactions, misrepresentations or the override of internal control;
- obtaining an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the cooperative;
- evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates by management and the related disclosures in the financial statements;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the cooperative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the relevant related disclosures in the financial statements. If such disclosures are inadequate we must modify our opinion. Our conclusions are based on the audit

- evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an organisation to cease to continue as a going concern;
- evaluating the presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Given our ultimate responsibility for the opinion, we are responsible for the direction, supervision and performance of the group audit. In this regard, we determined the nature and scope of the procedures to be performed for the group entities in order to ensure that our audit procedures were sufficient to be able to issue an opinion on the financial statements as a whole. Key factors in this regard are the geographical structure of the group, the scope and/or risk profile of the group entities or the activities, the business processes and internal controls, and the industry in which the cooperative operates. On this basis, we selected the group entities for which it was necessary to perform an audit or assessment of the entity's financial information or of specific items.

Among other matters, we inform the supervisory board of the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Glossary

**Suppliers:** In the context of the floriculture marketplace, a ‘supplier’ is a person or legal entity that is registered as a seller with Royal FloraHolland and is therefore able to sell and invoice products via Royal FloraHolland.

**Biodiversity:** Biodiversity concerns the diversity of plant and animal species, all micro-organisms, and the balance between all species on Earth. It is essential to maintaining ecosystems and a healthy living environment.

**Corporate Sustainability Reporting Directive (CSRD):** EU legislation on mandatory sustainability reporting for businesses.

**Coöperatie U.A.:** Coöperatie Uitgesloten van Aansprakelijkheid (cooperative excluded from liability): this means that members are not required to contribute additional funds in the event that the cooperative is in deficit.

**Participating interests:** Companies in which Royal FloraHolland holds a minority interest, whether directly or indirectly.

**Management Board:** The management body of Royal FloraHolland (both the business and the cooperative). It proposes improvements to operations so as to optimise the strength of the cooperative, takes decisions and bears responsibility for the execution of those decisions

**Double materiality:** Double materiality is the starting point of the reporting. The company reports on the impact of sustainability factors on the business and on the impact of the business on the value chain, people, the environment and animal life. Double materiality has two dimensions: impact materiality and financial materiality. A sustainability issue meets the double materiality criterion if it is material from one or both of these perspectives.

**European Sustainability Reporting Standards:** The CSRD is developed in more detail in the European Sustainability Reporting Standards (ESRS). The ESRS provide information about structure and disclosures required in the sustainability report.

**FloraHolland Product Committees – FPCs:** The purpose of an FPC is to advise the Management Board on the execution of policy in relation to a particular product. It thus:

- makes proposals with regard to additional activities to be carried out in relation to the product and the associated financing;

- contributes towards communications between members and the cooperative at product level in order to strengthen engagement with the cooperative;
- has a feedback role by informing the Management Board about developments in relation to the product.

**Group companies:** Companies in which Royal FloraHolland holds a majority interest (and which are consolidated).

**Members:** Owners of the cooperative. As such, they can participate in the ideas and discussion process on a variety of topics, through participation in member sessions, steering and support teams and FPCs.

**Buyers:** Persons or legal entities who are registered as buyers with Royal FloraHolland and are therefore able to purchase and pay for products via Royal FloraHolland.

**Growers:** Producers of flowers and plants.

**Council of Members:** The Council of Members is a body that reflects and represents the overall membership. The Council of Members exerts influence on the members’ behalf by fulfilling an advisory and feedback role towards the Management Board. It also exercises the legal powers laid down in the Articles of Association of Royal FloraHolland.

**Management Team:** The RFH management team supports the directors under the Articles of Association (CEO and CFO), and acts as the Executive Committee, as described in governance codes. The RFH MT collectively takes all major decisions relating to strategy, policy and operations. The main business units are represented in the RFH MT.

**Floriculture marketplace:** A double-sided platform in which the digital and logistics platform are closely interlinked.

**Materiality analysis:** Method for determining, together with stakeholders, which sustainability matters are the most significant to the business.

**Supervisory Board:** Supervises the Management Board’s policy and the general course of affairs within the cooperative and the company. The Supervisory Board also provides advice to the Management Board.

**(Floriculture) value chain:** A value chain is the series of consecutive steps required to produce an end product, from its initial design until it arrives at the consumer’s home. In the floriculture industry, the floriculture value chain runs from the breeders and propagators to the consumer.

**Stakeholders:** Interested parties, such as growers, buyers, employees, partners in the floriculture chain and civil society organisations.

**Auction regulations:** General terms and conditions applicable to all agreements with Royal FloraHolland, unless expressly agreed otherwise in writing.

**Long-term value creation:** The organisation creates value over the long term (longer than five years) for its various stakeholders through its own activities. Management is responsible for ensuring that the cooperative and its operating business continue as a going concern. Management focuses on the creation of long-term value for the cooperative and its operating business, taking into account the relevant interests of the stakeholders. The Supervisory Board supervises management in this regard.

**Value creation model:** The value creation model reflects the resources (both financial and other resources, such as materials and people) utilised by a business (input) and how the organisation employs them (throughput) to generate products and services (output) – i.e. the business model – and the value that this adds or destroys for stakeholders and society at large (outcome) over both the short term and the long term.

## Abbreviations

<b>CCO</b>	Chief Commercial Officer
<b>CEO</b>	Chief Executive Officer
<b>CGO</b>	Chief Growers Officer
<b>CIO</b>	Chief Information Officer
<b>CFO</b>	Chief Finance Officer
<b>COO</b>	Chief Operations Officer
<b>CVO</b>	Chief Value Officer
<b>CS&amp;T</b>	Chief Strategy and Transformation
<b>CHRO</b>	Chief Human Resources Officer
<b>CITES</b>	Convention on International Trade in Endangered Species of Wild Fauna and Flora
<b>CSRD</b>	Corporate Sustainability Reporting Directive
<b>ESG</b>	Environmental, Social and Governance
<b>ESRS</b>	European Sustainability Reporting Standards
<b>EHPEA</b>	Ethiopian Horticulture Producer Exporters Association
<b>FloriPEF CR</b>	Product Environmental Footprint Category Rules for Floriculture
<b>FSI</b>	Floriculture Sustainability Initiative
<b>FTE</b>	Full time equivalent
<b>FPC</b>	FloraHolland Product Committee
<b>GlobalG.A.P.</b>	A trademark and set of standards for Good Agricultural Practices
<b>RFH Management Team</b>	Royal FloraHolland Management Team
<b>MPS</b>	MPS Group helps horticulture businesses worldwide achieve their sustainability goals. MPS develops innovative (online) tools and certification schemes.
<b>NVWA</b>	Nederlandse Voedsel- en Warenautoriteit (Dutch Food and Consumer Product Safety Authority)
<b>Remco</b>	Selection and Remuneration Committee
<b>SDGs</b>	Sustainable Development Goals
<b>UN</b>	United Nations
<b>VBN</b>	Vereniging Bloemenveilingen in Nederland (Dutch Flower Auction Association)
<b>VGB</b>	Vereniging van Groothandelaren in Bloemkwekerijproducten (Association of Floriculture Product Wholesalers)

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# Connect to grow



Royal  
Flora  
Holland