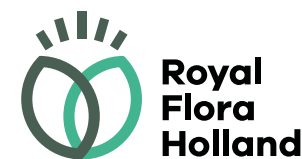


# Forward together

Annual Report 2021



CONNECT TO GROW

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**This annual report has not been audited and solely constitutes a translation of the Dutch annual report, which has been audited.**



## Foreword by the CEO

# Investing heavily in the future

**“I would say that, compared to the start of 2021, we really are a different cooperative and a different business”**



At the time of writing this foreword, war is raging in Ukraine. Dark clouds are hanging over the approaching peak season for floriculture, in the form of the drama unfolding on our television screens. What is happening now is beyond all imagination. I have great sympathy for the people in Ukraine and for all those forced to flee from the violence. The positive feeling we had about 2021 is being greatly subdued by a partial drop in demand and the huge rise in energy prices due to the conflict. What the consequences will be on the supply and pricing of floriculture products, both in 2022 and over the longer term, is extremely uncertain.

Last year, 2021, was an extraordinary year for our cooperative. Records are made to be broken, but a jump in revenue from €4.8 billion in 2019 to €5.6 billion in 2021 is unheard of. With the coronavirus pandemic continuing, the demand for flowers and plants remained high all year long, which is the most important reason for the positive movement in prices. When I see how revenues have developed in the marketplace, that confirms our position. Partly due to the commissions earned on the high sales, we are in the black this year. We are financially sound and are investing heavily in our future. Given that the strategic challenge for our members and our cooperative is undiminished, as is the need for our business to develop new earnings models, this is something we have to do. Global geopolitical instability makes it all the more urgent.

## More dialogue than ever

The year was also exceptional due to the intense discussions within the cooperative in the first half of the year. A great deal happened in a very short time. In February 2021, we put back the completion date for 100% Digital in the wake of market feedback on the Floriday platform and its implementation. On the advice of the Members' Council, we then gathered ideas on how to improve Floriday in dozens of sessions with growers, buyers and software suppliers. Partly thanks to clear signals from the Members' Council and on the basis of the market's concerns, we made a conscious choice to switch to another approach. I suspect that never before in the history of our cooperative has so much structured dialogue taken place with and between our stakeholders as last year. As examples, I can point to the intense consultations with the Members' Council, the sessions with members, the monthly consultations with the Management Board and the discussions held by steering and support teams with growers and buyers in the context of our strategic programmes. After intense debate, we came to good working arrangements with the Dutch floriculture wholesalers' association (VGB), and fortunately constructive consultations have resumed.

The starting point is the individual customer-supplier relationship. Three customer platforms will be set up, each specifically designed to meet the needs of different segments. We will also hold an annual joint strategy session between the VGB board and Royal FloraHolland. In the second half of 2021, we restarted our strategy sessions with individual customers, and these are continuing in 2022. Dialogue, it should be remembered, does not mean that we always agree.

The important thing is to keep talking to each other, to be open to each other's point of view, and to work together wherever possible. We need each other, after all. Only by working together can we strengthen the position of the Netherlands as a floriculture hub. With all the major changes we are facing as a sector, it is my honest opinion that dialogue is a necessity. This is fully in line with the kind of cooperative we want to be.

By opting for dialogue, we are also choosing consciously to sacrifice speed in favour of broad support. However, as a cooperative we still have to move fast enough to adapt appropriately to the changes in the market, in the interests of the collective. That means we must strike a careful balance. I am prepared to claim that, compared to the start of 2021, we really are a different cooperative and a different business. This is visible in our approach, as described above. It also applies to how we are tackling digitalisation and our role as a service provider.

## Local Auctions

A good illustration of the new approach we adopted in 2021 is the focus group for the Local Auctions project, based at Rijnsburg. The focus group was a forum for wide-ranging

**“We emphatically choose ‘together’. Together with growers, buyers and software suppliers. And our approach of dialogue and a jointly developed roadmap is clearly bearing fruit”**

discussions with growers and buyers about different options. The group sought to identify the underlying issues and understand the considerations involved. Our aim is for our services to enable those needs to be met more easily. In my view, we have done this successfully, by expressly opting for innovation on the one hand, but also to keep Rijnsburg, with its unique community of buyers with specific needs. Ultimately, the market will decide whether the chosen solution remains as effective once Rijnsburg is linked to One auctioning. I sincerely hope it does, but for that to be the case, purchasing power at the Rijnsburg clock auctions will have to hold up.

## Digitalisation

Everyone in the industry now realises that digitalisation is not only inevitable, but also a source of many new opportunities. Our industry is already much more digitalised than we would have thought possible a few years ago. The question is whether everyone will do their own thing, or whether the industry will work together. We emphatically choose ‘together’. Together with growers, buyers and software suppliers. And our approach of dialogue and a jointly developed roadmap is clearly bearing fruit. In 2021, more than €1 billion in direct trade was done via Floriday. Towards the end of the year, we had over four thousand users on Floriday every week, from more than 45 countries. With more than 1700 growers having a shop on Floriday, this makes our platform Europe's biggest B2B digital marketplace. In all our projects, including Floriday, data security and data integrity are our top priority. These are simply basic prerequisites. We are regularly alarmed by data incidents that occur elsewhere in the economy. Last year, we again took further steps in this regard. We had special third-party audits carried out, the results of which were discussed in the data committee together with growers' and traders' representatives. All necessary investments are given the go-ahead with a view to ensuring that systems and data are available 24/7. If people do not trust you to take good care of data and data security, success is an impossibility.

**“To operate efficiently, we also need to standardise wherever possible. Here, too, we have made great strides: we have fully harmonised auction buying at our export locations with video auctions and number entry”**

### **Our role as a service provider**

The most important trends we have to deal with remain unchanged: digitalisation, consolidation, the growth of direct retail, internationalisation and sustainability.

COVID-19 is accelerating these trends and demanding a great deal of adaptability from every business in our industry. The power of the marketplace and the industry lies in the breadth of the product range, making diversity important both among growers and among buyers. Our ordering-payments-delivery strategy derives from our response to these global trends. A good example is Floriway, our joint venture with leading transport firms. The idea for Floriway goes back to 2020, but in 2021 we were given the full go-ahead by the Netherlands Authority for Consumers and Markets (ACM). Moreover, the ACM concluded after an extensive investigation that there would still be freedom of choice for traders and logistics services in the floriculture sector and that data in Floriday would be properly protected. This verdict encourages us to continue on our chosen path.

We are adapting in order to maintain our international position and strengthen it where possible. We are doing this to help maximise the commercial success of our growers and buyers. For us, the individual customer-supplier relationship is paramount. Today's Royal FloraHolland is a service provider offering a large palette of services that facilitate the businesses of growers and buyers and help them enhance their business models. Together, we are strengthening the position of the Netherlands as a global hub for floriculture.

### **Investments**

In 2021, we again invested heavily in our future, and we will continue to do so. We are also investing to strengthen our core processes and digitalise them where possible. Last year, we made great strides with the Basics Right programme. After all, it is crucial not only that we put our own house in order, but also that we are able to give shape to the future.





In addition, we invested in Floriday, in the new logistics approach with order picking, and in property, among other things with the development of Aalsmeer Oost. To operate efficiently and harmonise across our export locations, we also need to standardise wherever possible. Here, too, we have made great strides: we have fully harmonised auction buying at our export locations with video auctions and number entry. The implementation of order picking is another good example. These measures do not only make One action possible but also allow us to offer new services such as the early delivery of auction presales. For more details, see the later sections of this report.

## Sustainability

The systematic implementation of sustainability is becoming increasingly important for all companies. This affects not only RFH, but also the industry as a whole, and it is apparent from the Dutch government's coalition agreement, the plans emerging from Brussels and the actions of civil society organisations. Luckily, we have been tackling this issue for years. In September 2021, we adopted a new approach in relation to digital environmental record-keeping and certification, aimed at *stimulating* uptake by providing growers with assistance and making it easier to participate. We are doing this in close collaboration with our 27 FloraHolland Product Commissions (FPCs). At the same time, we continue to ask all suppliers to keep digital environmental records and to have or obtain an environmental certificate. In terms of packing materials for transport, we worked hard in 2021 on collaboration along the supply chain. One pleasing result is that the new fc588 flower bucket has already saved some 5,000 truck journeys for inward transportation alone. In the construction of our Floradôme office building in Aalsmeer, which we began using in March, sustainability was a core concern. Meanwhile, there are now over 25,000 solar panels on the roofs of our Aalsmeer, Rijnsburg and Eelde sites. I am justly proud of the concrete results we have achieved. And these are just a few examples.

## Active lobbying

Floriculture is no island. Successful implementation of our ordering-payments-delivery strategy requires a favourable political and social climate. Last year, that played a role in the creation of the Emergency Fund. Now it is the energy crisis that demands a great deal of attention. At Royal FloraHolland and in collaboration with others, we promote our interests, the interests of our members and those of the floriculture sector as a whole, focusing specifically on policymakers. We try to influence the relevant political and administrative decision-making processes so that they contribute to the reputation and success of our business and our industry. In collaboration with other parties, we are making great efforts to soften the pain of exorbitant energy prices. One good concrete outcome is that is the low VAT

rate for the floriculture industry has been retained. A good example of collaboration is the Weerbare Sierteeltsector (Resilient Floriculture) programme. In this programme, we work together with local authorities, the police, the Public Prosecution Service, Customs and others to make the industry more resilient to subversive criminal activity. Unfortunately, the industry's efficient logistics creates opportunities for criminals. In our own operations and at our locations, we already have taken plenty of measures to keep criminals at bay. The integrity of floriculture is in the interests of the entire industry.

## And finally...

Due to staff shortages and COVID-19, we had to deal with shortcomings in our logistics operations in the past year. The performance was amazing given the difficult circumstances, including the use of face masks. However, the standard times were not met despite all our efforts. Inevitably this was a nuisance for our customers, which we are most distressed about, since we naturally do everything we can to be a reliable service provider for them. I am pleased to note, and I have also been told by customers, that most customers are understanding about the abnormal circumstances in which RFH had to operate. Our office staff again worked from home most of the time. I want to thank our employees and compliment them for their tremendous effort, flexibility and commitment over the course of the past year. Collaboration with the Council of Members and Supervisory Board was particularly special, sometimes involving some very heated debates – as is only right, for this is a sign of great commitment. The Council of Members speaks for the members and it is their cooperative. As Royal FloraHolland, we have ultimately emerged stronger together.

Thanks are therefore due to the members of the Members' Council and the Supervisory Board. The Supervisory Board not only provides oversight, but is also an important source of advice. My thanks also go out to all the growers and buyers who made an active contribution in steering or support teams. Their commitment is proof that our cooperative enjoys a broad base of support. This is what enables us to create new operating models for the entire sector, such as Floriday and One auctioning, while also providing an adequate response to major shocks such as the Covid crisis. This support base will also be hugely important for the period to come I began this foreword with a reference to the war in Ukraine. The Ukraine crisis may lead to a decline in demand over the longer term. The associated pressure on prices, in combination with extremely high energy prices and the upcoming energy transition, present great challenges to us and to the whole of the floriculture industry.

**STEVEN VAN SCHILFGAARDE**  
CEO, ROYAL FLORAHOLLAND

# Profile

## Our promise, our vision, our strategy



Transactions  
per day

**100,456**



Flower and plant  
varieties traded

**23,219**



Suppliers

**5,064**



Members

**3,574**



Buyers

**2,371**

### Our promise: what we stand for

*Connect to Grow:* Royal FloraHolland connects players in the floriculture industry and creates opportunities for sustainable growth and success in the global market.

### Our vision: what we aim for

We aim for sustainable long-term growth. On our digital B2B platform, we connect growers and buyers to parties across the industry. This not only makes us smarter, more sustainable and more efficient, it is also how we build a modern and future-proof industry.

We are a cooperative of growers. On our digital platform, we give growers, buyers and third parties access to our unique combinations of ordering, delivery and payment services. This is how we create a solid foundation for collaboration by all players in the industry for lasting success in the global floriculture market.

We have been connecting growers and buyers for over one hundred years. This unique collaboration enables us to get the most out of the market. Our aim is to optimise pricing and minimise costs.



## The market is changing

Growers and buyers are continuously looking for the most efficient ways to meet demand for floriculture products. In their efficiency drives, they increasingly opt to trade directly with each other. This is putting pressure on our ability to achieve our goal of optimising pricing and minimising costs. At the same time, however, it is clear for everyone to see that the market is changing. The gap between growers and buyers is increasing, retail is claiming a bigger role and new international markets are emerging. And everything has to be faster, fresher and more sustainable. Thankfully, digitalisation offers us ways to respond to these developments.

## We are keeping up with the changes

We are developing our marketplace into the number one digital business-to-business (B2B) platform for the floriculture industry, with the world's broadest, deepest and most sustainable offering of flowers and plants. Ordering, payments and delivery – we make sure it can all be done on our platform, so that our growers and buyers benefit when trading through Royal FloraHolland, regardless of how they trade (direct sales or sales through our clock auction). Our new services offer smart solutions for growers and tap into buyers' preferences. They allow our customers to focus on what they are good at, allowing us to optimise the floriculture supply chain.



**Ordering** – our platform offers various options for efficient and effective digital trading, either directly with the grower or through our clock auction. Growers and buyers choose the trading mode that best suits them.



**Delivery** – our delivery services offer logistics solutions and transport for all orders from the greenhouse or field to the buyer. This lets us offer more frequent, faster and fresher deliveries.



**Payments** – our invoicing and payment services ensure the secure, reliable and transparent settlement of transactions, taking a weight off our customers' shoulders. We offer these services to all parties, no matter where in the world they are based.

## Together with partners and for everyone

Together we achieve more than we would be able to on our own. With this in mind, we involve our members intensively in our strategy and we work closely with growers, buyers and partners to strengthen our services and find many more unique opportunities for growth and development. We realise that these developments have consequences for our growers' and buyers' businesses. We do everything within our power to make sure that everyone can continue to benefit.

We believe that we are smarter and better together. We can do more, at less cost, than everyone acting individually. Together we are becoming ever more efficient and sustainable, as we build a future-proof floriculture industry. Join us: *connect to grow*.

**“Our new services offer smart solutions for growers and tap into buyers' preferences. They allow our customers to focus on what they are good at, allowing us to optimise the floriculture supply chain”**



# Key financial figures

Report by the  
Management Board

Management &  
Governance

Financial statements

**Revenue** 20.9%  
(in millions of €)

2021	<b>5,627</b>
2020	4,654

**Operating income** 14.8%  
(in millions of €)

2021	<b>391.9</b>
2020	341.3

**Total assets** 5.6%  
(in millions of €)

2021	<b>769.3</b>
2020	728.6

**Profit/loss after tax** > 100%  
(in millions of €)

2021	<b>6.5</b>
2020	-5.8

**Operating expenses** 10.1%  
(in millions of €)

2021	<b>381.3</b>
2020	346.3

**Solvency ratio** 0.7%  
(as a %)

2021	<b>30.3</b>
2020	30.1

**Commission to cover costs** -6.3%  
(net as a %)

2021	<b>3.0</b>
2020	3.2

**Investments** 21.6%  
(tangible fixed assets and software)  
(in millions of €)

2021	<b>68.0</b>
2020	55.9

**Risk-bearing capital** -1.1%  
(as a %)

2021	<b>62.3</b>
2020	63.0

# Our strategy: from physical marketplace to digital trading platform with a broad range of services

## Strategy and progress

**The way ahead with a new  
Royal FloraHolland**

The year 2021 was a tumultuous year for the floriculture industry. On the one hand, Royal FloraHolland recorded its highest ever product revenue, due to the high prices for plants and flowers. On the other, the global coronavirus pandemic continued, staff shortages became more acute, and the second half of the year saw the emergence of the energy crisis. The market changed rapidly. The dominant trends continued this year: digitalisation, consolidation, the growth of direct retail, internationalisation and sustainability. All players in the industry faced an urgent need to adapt to the changes, including Royal FloraHolland.

### Our strategy: from physical marketplace to digital B2B platform with a broad range of services

Royal FloraHolland needs to adapt in order to stay relevant in the supply chain, support the cooperative of growers and build a floriculture industry that is fit for the future. The urgency is great. Royal FloraHolland's clock auction-based business model is under pressure. Change is required if we are to satisfy the needs of our growers and their customers in a modern and efficient way.

In 2019, Royal FloraHolland – in close consultation with its members – developed a multi-year strategy as a response to these global trends. We are implementing this 'ordering-payments-delivery' strategy steadily and consistently, all the while listening to the wishes of our growers and their customers and making the necessary choices on that basis.

The core element is our aim to grow from a physical marketplace to a business-to-business platform for floriculture worldwide. This platform, Floriday, forms the digital heart of our strategy. It creates opportunities for growth and enables the industry to operate more simply and efficiently. Having one single digital platform for floriculture as a whole enables us to concentrate supply and demand in one place, both for clock auctions and direct trading. This allows us to achieve optimum pricing at minimum cost, and to make purchases easier and more efficient for the buyers. This is the reason our cooperative was founded, and it will always be our goal. Via Floriday, we will soon also be able to offer a broad range of ordering, payments and delivery services to benefit growers and buyers, taking a weight off their shoulders. This will enable us to optimise the whole floriculture supply chain and consolidate the position of the Netherlands as a floriculture hub.

### Integrated transformation approach

Royal FloraHolland is taking a four-pronged integrated approach to implementation of its strategy:

- 1 Implementation of strategic change programmes ('**Change**') and the associated development of new services and propositions for both clock auctions and direct trading.
- 2 Continual safeguarding and improvement of existing services ('**Run**'), aimed at meeting current customer needs and keeping the marketplace secure and operational. This was no small challenge in this year of COVID-19.
- 3 Enhancement of internal professionalism, process improvements and cost savings with the **Basics Right** programme. In 2021, we continued to improve, regulate and formalise our internal controls and the reliability of our services in many areas.
- 4 In addition, considerable savings were again achieved, enabling us to invest in the future.

The **Organisational Transformation** programme focuses on developing our culture and leadership in support of our strategy and its implementation.





## “Dialogue in the industry is crucial in the light of the great changes we collectively face”

### Finding the right balance to find the right speed

The urgency for Royal FloraHolland to change – in response to changes in the industry – is now greater than ever. Our cooperative, which celebrated its 110th anniversary in 2021, has always responded to movements in the market – but the market is now moving extremely fast and on all fronts at once. A cooperative such as ours brings together very different types of growers. Despite the widely felt sense of urgency, it is therefore not always easy to find the right pace and the right approach for change. For some, the changes are happening too fast, while others think they are not happening fast enough. Collectively, we have sought to move quickly, but at a pace we can all live with. After all, Royal FloraHolland acts in the interests of all the growers in the cooperative. Indeed, the scale and the diversity of our cooperative is the source of our strength.

### Adjusting our implementation approach

Sometimes we encountered substantial resistance in the market when seeking to implement changes. Indeed, we have also learnt a great deal about how we should carry out changes. At the start of 2021, a number of growers submitted a petition to the Council of Members (the ‘FloriNee’ petition), in which they expressed concerns about the changes taking place at Royal FloraHolland. Partly in response to these signals, we substantially adjusted the speed of change and altered our approach. For example, we adjusted our plans for implementing Floriday and for the introduction of environmental recordkeeping and certification (ERC).

Dialogue within the industry is crucial in the light of the great changes we collectively face. Never before in the history of our cooperative has so much intensive, structured dialogue taken place between Royal FloraHolland and its stakeholders as last year. That was not only the case for the Council of Members and its subcommittees, but also for the steering and support teams that provide input on important programmes and topics such as Floriday, the One auctioning and the new logistics approach.

Relations between Royal FloraHolland and the VGB (the Dutch floriculture wholesalers’ association) were also strained. The relationship needed to be recalibrated. Now there has been a reset, and roles and forms of collaboration have been clarified at the strategic, tactical and operational levels. An important role has been assigned to Royal FloraHolland’s new customer platforms. These will be rolled out in segmented form in early 2022.

All in all, we have collectively laid a solid foundation to address the challenges of the future. We will do that with all the Royal FloraHolland teams, in close cooperation, based on our strengths.

### Strategy implementation in full swing

Implementation of our strategy is well under way. We are in the course of introducing the Floriday digital B2B platform. We are preparing for One auctioning with new logistics and transport services, and we are supporting international growth with new financial services. Great strides are also being made in terms of our sites. In 2021, the decision was taken to develop the Aalsmeer Oost site, directly adjoining our physical marketplace, in order to respond to our customers’ growth needs. We have also set up a Future-Proof Property programme, to develop a clear picture of the buildings to be developed at our three export sites, based on the trends in logistics operations, logistics resources and third-party letting.

Moreover, the floriculture sustainability agenda remains a key issue in all these developments. We are thus making changes on multiple fronts at the same time, but we are implementing the strategy in small steps, together with all our partners in the sector. Important steps were made in this regard in 2021. We outline those steps below.

### Floriday

Floriday is a way for us to increase the opportunities for trade in the global floriculture industry while enabling simpler and more efficient working. With Floriday, we are building the digital heart of floriculture, together with all the stakeholders in the industry: growers, buyers, agents and software suppliers. On the platform, we will soon be able to offer both new and existing services for ordering, payment and delivery.

There has been a big jump in the use of Floriday. This year, over €1 billion of direct sales were transacted via the platform. Our aim is to move all direct trading and clock auctions onto Floriday and to at least double the transactions on the platform in 2022. Platform users have a variety of options: they can use the Floriday screens, link a software package

to it, or use a combination of the two. More and more growers are actively encouraging their customers to place their orders digitally. The platform has over 4,000 active weekly users, and more than 1,700 growers have activated the 'My Shop' feature, making Floriday the biggest digital B2B marketplace in Europe. We can see that Floriday is opening up new international trading opportunities. It now has users from more than 45 different countries.

### Continuing to develop the platform together

In early 2021, we listened closely to the critical voices. We made significant adjustments to our implementation approach so that it is better aligned with working practices and preferences within the industry. We now tackle even more developments collectively (for example, with the interactive roadmap on the platform and in various development sessions), we move forward in smaller steps, and we have adopted a structured release policy to increase the predictability for software suppliers.

New functionalities are made available on Floriday twice a year. These are then developed by the software suppliers and implemented at their customers. A good example of this shared development was the launch of the improved Floriday function for creating auction notes. This was a particular wish of growers. A group of growers worked very closely with us in the design and testing process. The result is a new and much-simplified auction function. The majority of auction growers now use it, and it has a high satisfaction rating. Various other improvements to the Floriday sale process have also gone live, including the offer feature, a widely used feature that enables you to quickly make special offers to buyers.

### Data security and confidentiality

The Floriday platform is an ongoing work in progress, where data security is extremely important. The Data Committee was set up at the end of 2020. This is a forum for committee members, including growers and buyers, to discuss data-related issues. For the Floriday platform to succeed, it is of course crucial that confidential data stays 100% confidential. Our customers need to be able to have absolute faith in that. Data security and confidentiality must be firmly cemented not only in the data policy but also in systems and processes and in the minds and conduct of our employees. In 2021, an external IT auditor concluded that confidential data is being handled properly. The Netherlands Authority for Consumers and Markets (ACM) confirmed this in its investigation of Floriway.



## Ordering

### One auctioning in preparation

An important element of our strategy implementation is the development of One auctioning. We are working gradually to move from the three current regional auction venues (Aalsmeer, Naaldwijk and Rijnsburg) to a single digital nationwide auction, bringing all the supply and demand for flowers and plants together in one place. The aim is to concentrate purchasing power, leading to more stable and more efficient pricing and bolstering the clock auction format. Ultimately, we are working towards a nationwide auction schedule that gives buyers an overview of all auctions. The associated new logistics approach is discussed later in this report. This year, we have taken important preparatory steps towards harmonising the auction methods at the different locations. In 2020, we already moved to 100% remote buying. In summer 2021, we took the next step, which was to have full video auctions at all locations. The practice of placing flower carts in front of the clock had already stopped; this year, we stopped doing that for plants, too.

In November, we switched to buying by number entry at all locations. Thanks to extensive preparations, an upgrade to the remote buying system and a personal approach, this transition has gone smoothly with buyers. We also worked with buyers and auctioneers throughout the year on the new buyer and auctioneer workstations for digital auctions.

### Ensuring high-quality product information and photos

In a world where trade is increasingly conducted digitally, the reliability of photos and product information is becoming ever more important. When they purchase products, buyers need to be confident that the products they receive will be of the right quality without having to inspect them physically in advance. The switch to video auctions was therefore accompanied by a number of initiatives aimed at improving the reliability of information about the sale goods.

The first step was to introduce photo apps for growers and buyers. Using an app allows growers to take more pictures, more easily. Buyers can view these pictures during the auction. These product photos are also now subject to more intensive checks. We can see that this is having an effect and that more growers are supplying up-to-date photos in accordance with the rules.

We have also made it easier to submit a complaint, and the Quality Index (QI) was improved in July. The upgraded index gives suppliers a rating of A, B or C, which tells users how reliable their product information has been over the past 62 weeks. Royal FloraHolland has an information, advice and support programme to help suppliers improve their photos and their Quality Index score.

### Local auctions

Numerous growers and buyers were concerned about One auctioning. At their request, we therefore examined the desirability and financial viability of holding local auctions at Rijnsburg in addition to One auctioning. Consultations were held for over six months with a diverse focus group made up of twenty-five buyers and growers. A variety of alternatives were explored.

The conclusion is that Rijnsburg will join the One auctioning at a later stage. Local auctions and a local auction timetable will continue to operate at Rijnsburg until at least 2023. It will remain possible to inspect almost all products clustered, and greater attention will be paid to niches, novelties and seasonal products. After the venue joins the One auctioning, we will look at ways in which local auctions can continue to play a role. Sufficient buyer power will, however, be essential so that growers can continue to supply a broad range of products.



**“Our aim is also to move Rijnsburg to order picking in the course of the year, as well as Aalsmeer for plants”**

This will be elaborated in more detail during the coming period. Rijnsburg – like the other locations – will switch to the new logistics in 2022. The location will continue to hold video auctions and the auction clocks will be further digitalised, enabling the logistics needs of local trading partners to be satisfied more effectively.



## Delivery

### From distribution to order picking

Royal FloraHolland is also making substantial changes in the logistics and transport field. We are building a modern network-based logistics system, so that we can satisfy customers' wishes and make the industry more efficient. This will enable us to carry out the sorting and transportation of floriculture products as efficiently and reliably as possible. We will also be able to offer good solutions for bucket sorting, split trolleys and dedicated trolleys.

The first step in this process is the gradual conversion of the logistics process from distribution to customer-driven order picking. This will enable us to organise the logistical handling of direct trading and auction sales in a single process. It is also an important prerequisite for One auctioning. We will soon be able to deliver more to buyers at a time and place of their choosing. In order picking, we have found a good solution for bucket sorting in the new logistics network.

Remodelling our logistics process is not straightforward as we will be open for business as usual while these changes are implemented. We are there proceeding carefully, step by step. Since order picking was first introduced at Eelde in 2020, we have improved the process there and continued to fine-tune it. This year, we started order picking on a small scale at Rijnsburg, Naaldwijk and Aalsmeer.

At present, around 10% of Royal FloraHolland's auction goods are processed via order picking. We are preparing to move more auction groups to order picking. This is being done in close consultation with the FloraHolland Product Committees (FPCs). Our plan is to make a full switch to order picking at Naaldwijk in the first half of 2022. Our aim is also to move Rijnsburg to order picking in the course of 2022, as well as Aalsmeer for plants. Flowers will not switch at Aalsmeer until 2023, as additional cold storage space needs to be built first.

In addition, order picking will soon make it possible to offer new services, such as time-slot deliveries and early deliveries of auction presales. We intend to pilot this during the second quarter of 2022. Market research has indicated a demand for it. This marks an improvement in our logistics services for customers, which we will introduce as a new paid service. An additional advantage is that we will be able to spread out our logistics process and offer employees longer shifts. It is also important for our new logistics that we look at the process jointly with both growers and buyers, as both parties will have to deal with its impacts on their operations. A new support team for logistics was therefore recently set up. The team discusses issues surrounding the introduction of order picking that affect every part of the supply chain.

### Establishment of Floriway

One big milestone was the establishment at the end of October of Floriway, a joint venture with the transport firms De Winter Logistics, Van Zaal and Wematrans. This took place after the ACM issued its approval for the joint venture between Royal FloraHolland and the transport firms in August.

Floriway will be an independent transport business providing logistics services for floriculture products. For the time being, growers and buyers will notice little difference as a result of the joint venture. The transport companies will continue to perform contracts for their own customers over the coming year. However, the three firms will gradually integrate, so that Floriway becomes increasingly visible. The first Floriway-liveried truck took to the roads in early 2022.

Growers and buyers can choose freely whether to make use of Floriway, operate their own transport or employ another haulier. For Floriway, the priority in the upcoming period will be the integration of the three transport firms.

Together with Floriway, Royal FloraHolland will soon also be able to offer a good logistics service for split trolleys and dedicated trolleys. Along with the order picking processes at the hubs, this will enable us to create economies of scale, increase the level of service, and offer greater flexibility for our growers and their buyers.

## Payments: a new financial service

This year saw the introduction of a new working method in the development of new financial services. Business and IT teams work together on an agile basis to develop pilots for new services in cooperation with growers and buyers. Below is a brief overview.

### International payments

In collaboration with our partner Citibank, we introduced a new infrastructure for international payments, which is now used to transact all incoming and outgoing international payments. This creates new options that RFH can develop for our growers and buyers, and opens up the possibility of making international payments more streamlined and efficient.

In various pilots, Floriday transactions with payments in USD were processed on the important Kenya-Middle East trade route. These international payments will be scaled up in 2022 once the Floriday process has been fully automated.

### New payment solutions

To support further growth, new payment solutions are being developed:

- **eWallet**, prepayments for clock auctions and direct trading. The technical solution for auction prepayments has been created and existing auction prepayments will migrate to the new solution during the upcoming period. Development of an eWallet for direct trading is also under way. It will be made widely available during the first half of 2022. The direct trading eWallet will enable customers who are currently only able to buy from clock auctions with prepayments to make direct purchases, too.
- In co-creation with existing buyer-grower combinations, we are working on an **alternative payment method**. Under this system, buyers themselves will initiate payment, rather than Royal FloraHolland collecting the payment by direct debit. This is an important prerequisite for international growth in countries where direct debit is not possible.
- The new **Pay Later** service is available for a selection of buyers. Work to move existing 14-day credit customers to the new service began in the third quarter, and is set to be completed in the first quarter of 2022.

### Improved billing

In order to satisfy the growing demand for digitalised administration, Royal FloraHolland can now send invoices to buyers and growers in UBL format, in addition to XML and PDF. Royal FloraHolland's digital invoicing thus complies with this European standard.

Following a wide-ranging survey of customer needs, work has begun on developing a new invoicing dashboard. Data that was previously only available via invoices can thus be downloaded directly by buyers and growers for use in their own operational management. This dashboard is being developed jointly with a number of growers and buyers. It will be made more widely available in the course of 2022.



**“Following a wide-ranging survey of customer needs, work has begun on developing a new invoicing dashboard. Data that was previously only available via invoices can thus be downloaded directly by buyers and growers for use in their own operational management”**

# The importance of employee engagement

## Human resources

**Employee engagement is a key prerequisite for  
successful implementation of our strategy**



Royal FloraHolland helps its employees to be successful in their work. Employee engagement – our employees' enthusiasm and commitment to our company – is key here. We believe it is important that employees know and embrace our shared strategy. We also focus on developing a corporate culture that supports that strategy – a culture in which people feel at home. Leadership and personal development are important focal points here.

### Engagement still high in 2021

Employee engagement is a key prerequisite for successful implementation of our strategy. Engaged employees are committed to our vision and ambition, and believe in the course we have chosen. A clear and coherent strategy will, furthermore, ensure that everyone knows what Royal FloraHolland stands for and where we are headed. Enthusiastic employees are dedicated and understand their profession. They are willing to grow, pursue personal development, and use their knowledge and expertise to further improve our services.

Our approach to employee engagement will not change over the coming years, because it seems to work. In this approach, we focus on the crucial role of all staff in leadership positions, meaning both senior management and team managers. Together with their teams, and with help from HR advisers, they make plans to increase engagement and enthusiasm in their respective departments. There are specific events that boost employee engagement, such as *team journeys*, employee meetings and the Weekly Review sessions. These are all events where managers share details of successes, whether of the organisation as a whole or their team, with their employees. To keep managers informed, monthly online focus group meetings are held.

In 2021, the results were again positive. The annual employee survey indicates that the engagement score for Royal FloraHolland as a whole – after having risen for four years in a row – did go down slightly to 78.4% (2020: 81.0%), but it remains above the previously set target of 78.0%.

### Focus on the organisational culture

Royal FloraHolland has a warm, collective and committed family culture. It is a culture that dates back many years. Looking out for each other, loyalty and enthusiasm are powerful aspects. We cherish this culture, because it has brought us so much. It is a culture that rests on core values with four key elements: *Collaboration, Focus on Results, Innovation*



and *Reliability*. These core values reflect a balance between the culture that we want to preserve and the culture that we are pursuing for the future. In order to be able to realise our ambitions, we want to further develop our culture. Implementation of the core values is part of our organisational transformation plan, which is being fleshed out by a dedicated transformation team. We are making good progress in this transformation thanks to team journeys, internal coaches, employee meetings and a process to further unfold our core values.

An important cultural moment was the Tour de Fleurs, a cycling tour of our growers for all our managers. The aim is to increase our bonds with the industry and give concrete shape to our collaboration and our results-oriented, customer-focused approach. All of the insights obtained from the Tour can be put to use to further strengthen our strategy implementation. For 2022, we are planning a Tour de Fleurs of our buyers. We also hope to be able to organise an international Tour de Fleurs for growers.

## Impact of the COVID-19 crisis on our employees

Sadly, the COVID-19 crisis continued to impact our employees in 2021. For a time it looked as if we could go back to the office and put the face masks away, which gave us a chance to breathe freely and meet up. Unfortunately, it didn't last long, and many of the coronavirus restrictions were required again for the rest of the year. This had an impact on all of us. Once again, we had to deal with working from home and colleagues falling ill (and fortunately recovering). The year was marked by testing, social distancing and yet remaining connected. Our employees showed plenty of resilience, which makes us proud.

We gave employees at all our locations the chance to get vaccinated on a voluntary basis on multiple occasions. Almost 400 people took advantage of this easy way to get vaccinated. While the measures were in force, we also strove to promote the wearing of face masks, including by proactively handing them out.

## Learning and development

Royal FloraHolland maintains its focus on personal development and growth. We encourage all our employees to work seriously on their development and career opportunities. For our employees, we have the Royal FloraHolland Academy, where, among other things, we provide new digital content in a straightforward way. All our staff have easy access to this content. We also run the tailor-made Young Potentials plans and the Medior Talent programme. These programmes are intended to ensure continuity in management and strategic roles. Our aim is to work together to create an organisation that never stops learning. Whenever things do not run smoothly the first time around, we evaluate them using concepts such as the 'learning tables'.

## Vitality and safety

Royal FloraHolland wants its employees to be fit and healthy and to enjoy their work. Feeling safe, physically and socially, within the primary process is crucial for our employees. Our approach to health and fitness (vitality) is focused both on managers and other employees.

In 2020, the impact of the Covid-19 pandemic led to a high rate of sick leave (7.3%); in 2021, this trend sadly continued, with sick leave at a level of 6.4%.\*

\* Coöperatie Royal FloraHolland U.A. excluding group companies.

Concern for safety is an important part of our approach to absenteeism. It focuses on safe working on-site and affects all employers whose work necessarily involves performing physical tasks. The safety of our employees comes first. We pay specific attention to safety each week in various ways to further increasing our employees' sense of safety. In addition, we have been actively concerned with social safety for a number of years now. We have run a number of pilot projects to raise awareness of this issue among employees. In 2022, we will continue on this path and make further enhancements to our approach. For more details, see page 38 for our chapter on safety.

## A new collective labour agreement

A new collective labour agreement has been signed which runs until 31 December 2022. The agreement includes a 2.0% salary increase for all employees as from 1 June 2022, as well as a one-off bonus of €850 gross for all employees at the end of 2021, partly to thank them for their dedication during the coronavirus period. Temporary staff also received a one-off bonus of €200 gross. The minimum wage has also been increased to at least €13 per hour.



The home working rules that were agreed in negotiations with the trade unions earlier in 2021 are also enshrined in this new collective agreement. The allowance for home working equipment has been raised to €750 including VAT.

## Staffing

Logistics staff were in short supply all year long. So great was the extent of the shortage that we set up local action teams, who came up with a wide range of initiatives and pilot projects to tackle the problem.

We continued to hire temporary staff at an undiminished rate. In addition, we sought cooperation with new temporary staffing agencies, with longer working hours and with more freedom of choice for applicants. We also worked with student organisations to interest students in working for us in the peak season. Furthermore, we have joint working arrangements with firms in the floriculture industry, so that together we can offer appealing contracts.

The initial results of all these actions can now be seen, but staffing will remain an important point of concern in the immediate future.

## Digitalising HR processes

In 2019, we launched the HR Master Plan, which aims to implement our core values in our processes and systems. Reliability comes first, so that we can standardise our working methods and eliminate errors. The keywords are 'simple' (where user-friendliness and administrative convenience go hand in hand), 'personal' (to grow engagement among our managers and other employees) and 'innovating' (whereby our employees' experience sets the tone for the digital platform in our strategic path).

In 2021, the focus lay on preparing for a new workforce management system, with the aim of introducing it in early 2022. At the end of 2021, the provider of the old system unfortunately suffered a severe hack, as a result of which Royal FloraHolland will now migrate to the new system earlier than planned. Workflow processes will subsequently be standardised further and the department will keep the new processes up to date on a continuous improvement basis.



## Key figures\*

## Total number of FTEs

2021	<b>2,089</b>
2020	2,092
	↓ -0.1%

## Total number of employees

2021	<b>2,759</b>
2020	2,725
	↑ 1.2%

## Sex ratio

Male	<b>72%</b>
	2020: 72%
Female	<b>28%</b>
	2020: 28%

## Working hours

(Full-time)

2021	<b>40%</b>
2020	42%

## New hires

(FTEs)

2021	<b>243</b>
2020	260

## Left employment

(FTEs)

2021	<b>246</b>
2020	176

## Average age

2021	<b>49.5</b>
2020	49.6

## Different nationalities

2021	<b>58</b>
2020	49

## Sick leave

2021	<b>6.4%</b>
2020	7.3%

\* Coöperatie Royal FloraHolland U.A. excluding group companies.

# Keeping operations going and controlling costs

## Results and outlook

High prices drive up product revenue





In 2021, 11.7 billion products were traded at Royal FloraHolland, 3% more than in 2020. Revenue rose by 21% to €5.6 billion (2020: €4.7 billion). Product sales in the cut flower segment were up 25% on 2020. Product revenue from plants was up 16%. Operating income was 15% higher than 2020, primarily due to higher product revenue because of higher prices. Operating profit before interest, depreciation and amortisation (EBITDA) increased by €26 million to €99 million (excluding Floriway: €101 million; 2020: €73 million).

### High prices drive up product revenue

The increase in product revenue is largely due to the substantially higher prices for both flowers and plants. Product volume was 3% higher in 2021 than in 2020, when volumes came under severe pressure at the start of the coronavirus crisis, but 5% lower than the product volume traded in 2019. The overall average unit price rose by 17% to €0.48 (2020: €0.41).

In 2021, clock auction revenues rose as a proportion of the total revenue in comparison with 2020. This is mainly due to the higher auction prices achieved for flowers in 2021, relative to the coronavirus-impacted prices in 2020. However, the shift away from auctions towards direct sales arranged between the grower and customer continued in 2021. There was a shift of 1.2 percentage points from clock auctions to direct sales in comparison with 2019. Clock auctions accounted for 39.5% of total product revenue in 2021 (2019: 40.7%) while 60.5% of revenue was earned from direct sales (2019: 59.3%).

Operating income rose by 13% to €386 million, or by 15% if Floriway is included (2021: €392 million; 2020: €341 million). The income figure was also bolstered by the gains from property disposals (2021: €11 million; 2020: €2 million).

### Increasing wage costs

Wage costs rose by 9% to €173 million in 2021, or by 13% if Floriway is included (2021: €180 million; 2020: €159 million), while the average workforce (expressed as FTEs) was 1.2% higher than in 2020 (including Floriway: 5.2%). The rise was caused by an increase in the deployment of external staff, plus a rise in regular wages and a one-off bonus in 2021, both as agreed under the collective labour agreement. If Floriway is



excluded, other operating expenses are in line with 2020. In 2021, the additional costs caused by the effects of Covid-19 and the associated restrictions (higher sickness absence and operational inefficiencies) were offset by one-off reductions in marketing and communications costs, travel and accommodation costs and trade fair costs. Overall, operating costs climbed by 6% to €284 million, or by 9% if Floriway is included (2021: €292 million; 2020: €268 million).

### Higher income led to a sound operating profit and profit before tax

Operating profit before interest, depreciation and amortisation (EBITDA) increased by €28 million to €101 million (not including Floriway: €99 million; 2020: €73 million). Higher product revenue, due to higher pricing, led to higher earnings from commissions. After a €10 million fall in 2020, operating costs rose by €16 million in 2021 (increase including Floriway: €24 million).

Profit before tax was €12 million (including Floriway: €9 million), i.e. a €16 million improvement on 2020. Amortisation and depreciation was €10 million higher in 2021 than in 2020, due to one-off increases in charges. These concerned the accelerated write-down of fixed assets that are no longer in use, the accelerated write-down and phasing-out of obsolete IT systems and the impairment loss on goodwill in relation to



FloraXchange (FX), following the further development of Floriday and the integration into Floriday of the FX platform's functions. At €2 million, interest costs remained comparable to 2020.

## Profit after adjustment for exceptional items

The profit before tax, after adjustment for exceptional items, was €12 million (2020: €9 million loss). The net total of the exceptional items was a €2.8 million expense (2020: €2.5 million income). Exceptional expenses were higher in 2021 primarily as a result of the aforementioned accelerated write-downs and impairment losses, which were partly offset by the higher gains on property disposals.

## Positive developments in free cash flow

The cash flow from operating activities increased to €109 million (2020: €62 million), primarily as a result of the higher operating profit and movements in working capital. The cash flow from investing activities was €60 million (2020: €56 million), mainly due to increased investments in both tangible and intangible fixed assets. The cash flow from financing activities fell to an outflow of €3 million (2020: €10 million), mainly due to the loans acquired within Floriway.

## Financing ratios stable

Member financing is and will continue to be the foundation on which the cooperative is built. This is partly why clear criteria have been adopted concerning the cooperative's financial ratios. The solvency ratio\* increased to 30.3% in 2021 (2020: 30.1%), thus complying with the guideline of at least 30%. At 62.3% in 2020, the risk-bearing capital\*\* remained well above the 45%-55% bandwidth (2020: 63.0%). The liquidity ratio\*\*\* of 0.0 (2020: 0.2) was well below the norm of 3. RFH had no drawings on the credit facility at the end of 2021.

\* Calculated as: (group equity) / (total assets net of cash and cash equivalents).

\*\* Calculated as: (equity + B/C/D depositary receipts) / (total assets net of cash and cash equivalents).

\*\*\* Calculated as: bank financing / EBITDA cash flow.

## Outlook

After a good year in 2021, 2022 will be a challenging year from a financial point of view, for several reasons. High energy prices will put pressure on prices for products in the supply chain and thus on product supplies. The trend towards falling auction volumes and rising direct sales is expected to continue in 2022. The pressure on costs is continuing to increase, due among other things to the rise in energy costs, the effects of the negotiated wage agreements and inflationary effects on supplier agreements. It is also expected that some costs that temporarily fell as a consequence of COVID-19 will bounce back up. Due to scarcity in the labour market, maintaining the quality of our services (specifically, lead times in the logistics process) will continue to be a challenge in 2022. The impact of the Ukraine crisis on Royal FloraHolland and the floriculture sector as a whole is still unclear at the time of writing, but is being closely monitored.

In 2022, RFH will go full speed ahead with the implementation of its strategy via the ordering, payments and delivery service lines. We will invest in our Floriday digital platform, One auctioning, the new logistics and the financial services. We will also invest in the pool of logistics resources and in maintaining and developing our properties, including the expansion of Aalsmeer Oost. We will do all of this on a sound financial base. Due to the high energy prices, which affect both supplies to the market-place from growers and RFH's own energy bill, and the effects on the market of the Ukraine crisis, our financial results for 2022 are surrounded by great uncertainty. A loss cannot be ruled out.

## Status of participating interests

The participating interest in HBC Beheer BV was disposed of in April 2021, while the shares in Metz Vastgoed BV and Metz Vastgoed II BV were sold at the end of June 2021. In addition, Floriway BV acquired three transport businesses (De Winter, Van Zaal and Wematrans), together with their eleven participating interests, at the end of October 2021. At the same time, RFH Logistics Holdings BV sold 15% of the shares in Floriway BV. Floriway's results have been consolidated in the profit and loss account of Royal FloraHolland with effect from that date. Due to seasonal effects, the result for that period was a €2.4 million loss, which includes the (planned) early write-down of €1 million in software. Over the year as a whole, Floriway recorded a profit of €1 million.

## Total assets and investments

The total assets increased by €41 million to €769 million (2020: €729 million). This increase was largely due to the consolidation of Floriway (€32 million). Investments (€68 million), together with the acquired vehicles and goodwill in relation to Floriway, were offset by depreciation and amortisation costs. Within the working capital, current liabilities increased, partly due to the consolidation of Floriway; this was compensated by a positive balance for cash and cash equivalents of €54 million (2020: €8 million).

## Information on operating profit and exceptional income and expenses

(x € millions)	2021	2020	Δ
<b>Product revenues</b>	<b>5,627</b>	<b>4,654</b>	<b>973</b>
<b>Operating income</b>	<b>392</b>	<b>341</b>	<b>51</b>
Wages and salaries	180	159	21
Other operating expenses	112	109	3
<b>EBITDA</b>	<b>99</b>	<b>73</b>	<b>26</b>
Depreciation and amortisation	89	78	11
<b>Operating profit/loss</b>	<b>11</b>	<b>-5</b>	<b>16</b>
Interest	-2	-2	0
<b>Profit/loss before tax</b>	<b>9</b>	<b>-7</b>	<b>16</b>
Exceptional items included in profit:			
Property sales	11	2	9
Impairment of goodwill	-4	-	-4
Accelerated write-downs and write-offs of assets	-10	-	-10
<b>Exceptional items included in profit</b>	<b>-3</b>	<b>2</b>	<b>-5</b>
<b>Profit/loss adjusted for exceptional items</b>	<b>12</b>	<b>-9</b>	<b>21</b>

# Growing a green future together

## Sustainability

**In 2021, we held to the sustainability  
course we have charted**





## The following SDGs are relevant to Royal FloraHolland:



Clean water



Affordable and clean energy.



Decent work and economic growth.



Sustainable cities and communities.



Responsible consumption and production.



Climate action.



Partnerships for the goals.

Goal 17 is central: we will only achieve our sustainability ambitions if we work together with our members and supply chain partners.

We see sustainable development as an opportunity and responsibility to make our business, the cooperative and the industry better and fit for the future. Sustainability for us is thus more than just preventing and limiting the strain our business puts on the environment. Sustainability is an intrinsic part of our business strategy, which for us also means paying attention to social and management aspects.

In 2021, we held to the sustainability course we have charted, with a key role for these four environmental ambitions:

- Royal FloraHolland is the most reliable marketplace for certified sustainable flowers and plants.
- Royal FloraHolland aims for a circular economy with reuse of raw materials.
- Royal FloraHolland aims to minimise carbon emissions in its operations.
- Royal FloraHolland promotes green innovation together with partners ('Green is more than just beautiful').

We have formulated these ambitions carefully, including with regard to the United Nations Sustainable Development Goals that are the most relevant for Royal FloraHolland.

# Progress on sustainability ambition 1

**Royal FloraHolland is the most reliable marketplace  
for certified sustainable flowers and plants**

## Digital environmental recordkeeping and certification

Digital environmental recordkeeping and certification is an important first step towards making our industry more sustainable. This is the only way we can be transparent about the production process of our flowers and plants and allow the market to see how our beautiful products are grown.

In September, we adopted a revised approach to digital environmental recordkeeping and certification. The approach is focused on **encouraging** adoption, by providing plenty of support to growers and making it easier to take part. We are doing this in close collaboration with our 27 FloraHolland Product Commissions (FPCs). We continue to ask all suppliers to keep digital environmental records and to have or obtain environmental certification. This is also stated in the sustainability rules that form part of the auction regulations. We assist growers in taking these steps if they require help, and we have held numerous face-to-face and online information meetings in this regard. Growers can ask us for a personal visit by an environmental recordkeeping expert, in order to answer their questions and help them get on track. In the meantime, we are closely monitoring progress. At the end of 2022 we will decide whether adjustments are required. Our basic principle is that anyone can participate. The status at the end of 2021 was as follows:



- **56%** of suppliers keep digital environmental records, covering **87%** of revenue.
- **41%** of suppliers have an environmental certificate, accounting for **78%** of revenue.
- **23%** of suppliers were in compliance with FSI-2025, representing **65%** of revenue.

### Cooperation with traders and the VGB

We have had many talks with traders and floriculture wholesalers association VGB on how we can jointly encourage and achieve certified sustainable production and procurement. Royal FloraHolland and these firms are all members of the Floriculture Sustainability Initiative (FSI). The initiative has a clear target, known as 'FSI-2025': by 2025, FSI members aim to ensure that 90% of the flowers and plants that they produce, buy and trade are sustainable. We are also members of the FSI accelerator initiative, in which participating firms strive jointly to accelerate the transition to sustainability and achieve the highest possible percentage of certified production and trade in flowers and plants.




### Development of the HortiFootprint method

The HortiFootprint project, in which RFH plays a leading role, aims to lay down European rules for calculating the footprint of floriculture products. The goal is to create a uniform standard for calculating the environmental footprint of horticultural products that is accepted throughout the supply chain. The methodology targets various important environmental issues such as climate change, toxicity, water scarcity and land use. This industry-wide standardisation is needed in order to provide a full and consistent response to the demand from governments, European authorities and retailers. Completion of the project is expected between late 2022 and early 2023.

### NOTE

### FSI

FSI-certified products traded through Royal FloraHolland as a percentage of the total number of units traded and as a percentage of revenue. These percentages were measured on a weekly basis. The average percentages for 2021 are shown in the dashboard below. Figures are in accordance with the new FSI-2025 requirements.

			Revenue	Units
<b>Total</b>		2021	<b>65%</b>	<b>59%</b>
<b>Flowers</b>		2021	<b>50%</b>	<b>56%</b>
<b>Plants</b>		2021	<b>82%</b>	<b>80%</b>



# Progress on sustainability ambition 2

## Royal FloraHolland aims for a circular economy with reuse of raw materials

### Transport packaging

In packing materials for transport, we have collaborated intensively in the supply chain. Work on sustainability has been carried out with various players in the supply chain, including the market gardening industry, the Province of Zuid-Holland, the VGB and the Ministry of Infrastructure and Water Management. Other forums for boosting sustainability in transport packaging are the Plastic Pact NL and the Sector Innovation Plan for Sustainable Packaging, to which Royal FloraHolland has signed up.

### Efficient flower packing

The introduction of the new, logistically efficient fc588 flower bucket for cut flowers is complete. This new reusable bucket with a built-in stand has meanwhile become a permanent fixture in cut flower supplies. In 2021, the new fc588 led to a saving of some 5,000 truck journeys in the supply chain. Savings in relation to exports are expected to be just as high. The fc588 is thus not only a more efficient bucket, but also a clear sustainability gain.

A so-called 'top collar' for reusable buckets has also been introduced. This cardboard collar is employed in combination with the reusable stand, using up to 60% less cardboard than the cardboard-only solution.

In 2021, that amounted to a saving of some 65,000 kg. In 2022, we expect to save around 100,000 kg of cardboard thanks to this innovation.

### Plant packaging

In plant packaging, the focus is on the targets of the Plastic Pact. We are already in line to meet two of those targets: 100% recyclable packaging and the quantity of recycled plastic. We have set a target of recycling at least 70% and using 20% less plastic by 2025. To this end, we are cooperating with other parties in the supply chain.



This will let us boost recycling and promote the use of reusable plant trays. We are running pilot schemes with trading firms in supply chains that currently use disposable trays only, and we are supporting customers who consciously aim to work more sustainably by introducing reusable trays. This year we again encouraged the use of Floratinos and other reusable plant trays through reduced rental prices.

### Product packaging

Within society, there is considerable interest in cutting down on and increasing the sustainability of single-use plastic packaging such as plant pots and flower sleeves. In addition, European legislation is increasingly imposing stricter requirements for the recyclability of packaging and the use of recycled material. Many retail businesses are responding to this, setting the trend by using less packaging or more sustainable packaging materials. In floriculture, too, some excellent product packaging combinations are already in use, such as recycled plastic and paper.

Together with our supply chain partners, Royal FloraHolland is taking a proactive stance to keep one step ahead of the legislation. We want to help growers choose the most sustainable options and firmly embed this knowledge in the industry. We thus provide assistance on this complex issue for a variety of product groups. Choice of materials, concerns, costs, technology, supply and waste processing chains, and exports all play a role. We look at this issue for each product group individually, but we are working towards standardisation and an approach that covers the whole of the chain. In this regard, we work closely with our supply chain partners and knowledge partners such as the KIDV (Netherlands Institute for Sustainable Packaging). The core question is how to cut down on product packaging so that less unnecessary waste is generated in the chain.

# Progress on sustainability ambition 3

**Royal FloraHolland aims to minimise carbon emissions in its operations.**

We work continuously to reduce our carbon footprint. In 2021, we took the following steps and achieved the following results:

## Solar panels\*

In total there are now more than 25,000 solar panels on the roofs of our sites in Aalsmeer, Rijnsburg and Eelde. Together they produce approximately 7.5 GWh per year, comparable to the electricity consumption of around 2,700 households. This covers around 6.5% of our power usage, thus saving 3,000 tons of CO<sub>2</sub>, or 4.7% of our total carbon emissions.

## Geothermal energy

Royal FloraHolland is a founder and participant in the Trias Westland geothermal energy project. In Naaldwijk, we have been using geothermal heat as sustainable energy as of 2021 for purposes such as heating the bucket washing system, cutting the site's annual gas consumption by around 16% and carbon emissions by 1,200 tons (5% of Naaldwijk's total CO<sub>2</sub> emissions).

## Green electricity\*

We also use 100% certified green power in the form of European wind GoOs (Guarantees of Origin). This year, we began to carry out integrated energy management, using an energy dashboard to obtain better insight into our energy consumption and opportunities for improvement.

## NOTE\*

### Electricity consumption

(MWh)



2021

2020

**110,721**

109,099

↑ 1.5%

### Gas consumption

(m<sup>3</sup>)\*\*


2021

2020

**11,167,036**

9,885,569

↑ 13.0%

### Water consumption

(m<sup>3</sup>)\*


2021

2020

**344,793**

321,687

↑ 7.2%

\* Coöperatie Royal FloraHolland U.A. excluding group companies.

\* Including resale to third parties/tenants.

\*\*\* The water figures for 2020 differ from those reported last year due to a correction of last year's consumption figures.



## NOTE\*

### CO<sub>2</sub> emissions\*

CO<sub>2</sub> emissions associated with the energy consumed (tons)

2021

2020

**21,105**

18684

\* These are the CO<sub>2</sub> emissions associated with the energy consumed by Royal FloraHolland, including resale to third parties/tenants. The emissions were calculated using the CO<sub>2</sub> calculator provided by Klimaatplein. The figure includes our natural gas usage and 100% green electricity via European wind GoOs (Guarantees of Origin).



### **Sustainable commercial premises and office buildings**

In our renovated Floradôme office building in Aalsmeer, which we began using in March, sustainability is a core concern. By wholly reusing the skeleton and shell of this building, we saved 62% of the carbon emissions that would have been generated by constructing a new building from scratch. The carpets, windows, insulation materials and reception desk are made from old fishnets, jeans, washed-up plastic and PET bottles. The building has energy label A+ and meets the criteria for 'Very Good' certification under the BREEAM sustainability rating system.

### **Clean logistics**

Last year, we also contributed to smart and clean logistics to and from our marketplaces. For example, a number of intelligent traffic light control systems have been installed, such as the one on the N222 (the Naaldwijk auction route). A further system will be installed on the N201 (between Aalsmeer and the A4 motorway) in 2022. The smart traffic lights give priority to freight traffic and improve the flow of flower transport movements to and from our marketplace. This saves fuel and reduces CO<sub>2</sub> emissions. Within the Zero Emission Corridor programme (part of Amsterdam Logistics), Royal FloraHolland is collaborating with Floriway to further electrify floriculture transport and make it more sustainable.



## Progress on sustainability ambition 4

### Royal FloraHolland stimulates green innovations together with partners (“Green is more than just beautiful”)

#### Floriade 2022

At Floriade 2022, the Dutch horticulture industry will bring the theme of ‘Growing Green Cities’ to life in collaboration with national and international participants. Royal FloraHolland will help organise the event. The exhibition will present all kinds of green innovations that can make cities more enjoyable, more liveable and more sustainable.

#### Partner in the Delta Plan for Biodiversity Recovery

Ensuring proper biodiversity helps secure the viability of the floriculture industry, both now and in the future. This is an important theme of our ‘Green is more than just beautiful’ sustainability ambition, in which we focus on creating liveable green cities and green communities. That is why we decided to become a partner in the Delta Plan for Biodiversity Recovery last year. The number of plant and animal species in the Netherlands has declined sharply in recent years. As a partner in the Delta Plan, we aim to help remedy this situation. Our initial actions included modifying the landscaping plans at our locations to include year-round flowering plants, a mix of perennial flowering grasses, mixed hedgerows and additional trees.

#### The Green Agenda programme

The Green Agenda programme is an initiative of The Green City Foundation and Royal FloraHolland. The Green Agenda is based on the principle that ‘green’ is much more than just beautiful. The Green Agenda explicitly focuses greater attention on the important role that ‘green’ plays in our lives. Together with our partners — such as Wageningen University & Research — we are involved in research to build scientific knowledge and evidence that will inform and inspire the sector.



## Royal FloraHolland and the IRBC agreement for the floriculture sector

Royal FloraHolland participates in the IRBC agreement for floriculture, together with the wholesale and retail trade, government bodies, various industry organisations, a trade union and an NGO. The aim is to promote international responsible business conduct (IRBC) within the floriculture industry according to the relevant OECD guidelines.

We participate in the IRBC steering committee and in the working groups for sector mapping & due diligence, the living wage and crop protection products, so we are well represented. The projects addressed by the working groups included mapping the main flows in the floriculture sector and the associated risks to people and the environment, drawing up a Code of Conduct for the sector, establishing an environmental indicator for crop protection products, and producing a self-assessment for growers. The self-assessment allows them to demonstrate their compliance with the OECD guidelines, in conjunction with the certificates they have obtained.

All these aspects are part of a strong base for further steps in IRBC developments in the coming years. They help growers and buyers comply with upcoming European and Dutch legislation on supply chain transparency (*due diligence*).





## We encourage sustainable innovation with the Greenovation Award

Royal FloraHolland wants to stimulate and create a stage for sustainable innovations in the floriculture sector. To achieve this, we launched our Greenovation Award for the year's best sustainable product or concept introduction back in 2017. The award is presented during the Aalsmeer Trade Fair, the biggest international trade fair for flowers and plants.

A selection of the nominees during the past few years shows that our industry is actively adapting and developing. The innovations cover a broad spectrum: from sustainable packaging for floral food and plants in fully biodegradable pots to sustainable irrigation powered by solar energy and 100% recyclable flower sleeves manufactured from floriculture industry waste (flower stems).

The winning entries set an example for the whole industry and act as a catalyst for further innovation. Bernhard Plantenkwekerij is a good example. This company heats its greenhouses with geothermal energy. The energy required to power the geothermal heat pumps is generated by 45,000 solar panels floating in a water basin. This combination of solar panels and geothermal energy is unique in the Netherlands. According to the panel of professional judges, this concept makes an enormous contribution to tackling the floriculture sector's biggest sustainability challenge: minimising carbon emissions.



**Steven van Schilfgaarde, CEO of Royal FloraHolland, highlights the importance of the award: “Each year we receive dozens of submissions, each and every one of them inspiring initiatives to make our sector more sustainable. This makes me very proud. Such solutions will help our industry achieve a much-needed reduction in CO<sub>2</sub>. These initiatives are inspirational for all of us and show everyone that we are committed to growing flowers and plants with respect for people and the environment.”**

### Royal FloraHolland's 'Duurzaam Meedoen' project encourages employees to contribute to sustainability

We are convinced that our employees can play an important role in achieving our sustainability goals. Not only do we inform them of our objectives and efforts, we also increasingly involve them in sustainability issues and devising appropriate solutions. In mid-2021, we started taking new employees 'on safari' to our sites to introduce them to the various sustainability initiatives we have in place. This is now part of the introduction programme.

Both new and current employees are regularly asked to read our code of conduct. Among other topics, it describes what they can do in their daily work to contribute to our sustainability goals. Options include the use of online meetings or teleconferencing to reduce commuting and business travel. For example, we implemented the WERK (Workplace And Travel Costs) scheme in 2021, and we encourage hybrid forms of working. In 2022, we will also offer the code of conduct as an e-learning module. The module incorporates further examples of ways our employees can contribute to sustainability.

Employees of Royal FloraHolland can also make use of our bicycle plan, our energy-efficient pool cars and the electric charging stations in our car parks. In September 2020, we changed the company car policy to only include vehicles with a hybrid or fully electric drive system. From January 2022, we will only order fully electric company cars.



## A look ahead to 2022

### Integrating ESG (Environment, Social, Governance) in our strategy

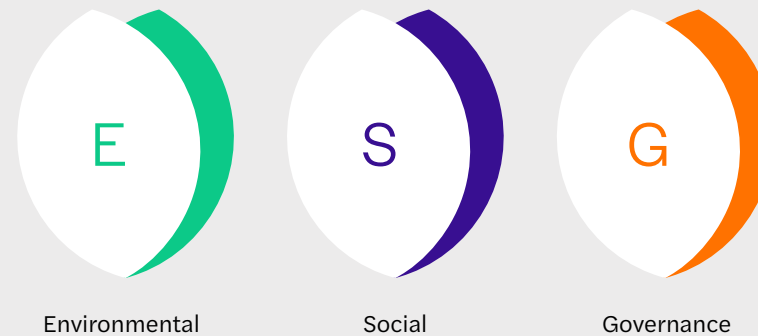
We are taking action to further integrate Environment, Social & Governance (ESG) factors in our business strategy. In doing so, we strive to balance healthy financial results with respect for the environment and people, good governance and transparency about our business operations. For example, we not only want to fulfil our commitments under the International Responsible Business Conduct (IRPC) scheme and the Floriculture Sustainability Initiative (FSI), but also help achieve the goals of the Dutch Climate Agreement and the European Green Deal.

### Preparing for the new Corporate Sustainability Reporting Directive

We are preparing for the new European sustainability reporting legislation: the Corporate Sustainability Reporting Directive (CSRD). This directive requires large companies to provide detailed information on how they deal with social and environmental challenges. The scope extends beyond environmental aspects, such as the use of raw materials and biodiversity, to include social aspects such as health, safety, equal treatment of employees, and the protection of human rights. Since the CSRD indicators are still under development, we are provisionally using the 'common metrics' defined by the World Economic Forum. For details, see the reference table on page 105.

### Developing a sustainability roadmap

We are developing a sustainability roadmap that describes the goals we want to achieve per material issue, and how we will do this. The roadmap is based on the United Nations Sustainable Development Goals (SDGs) that are most relevant to us, widely applied standards for sustainability reporting such as those of the Global Reporting Initiative (GRI), and additional requirements of our key stakeholders identified through a materiality analysis. We are also developing dashboards so that we can better track our progress and focus management action on achieving better results.



### Achieve more faster as a collective

None of this will be possible without encountering bumps in the road. We will face significant challenges as we make our company and the industry more sustainable. Upping sustainability requires thorough research into the actual options, trying things out, making choices and breaking ingrained habits. For example, disconnecting our sites from the gas network and heating our auction buildings and greenhouses with solar panels or geothermal heat sounds simple, but is often complicated in practice. After all, these are large, multi-year investments that involve complex financing and processes, and also long-term collaboration with growers, the energy company and the government. In relation to the energy transition, Royal FloraHolland focuses on eliminating the bottlenecks that stand in the way of sustainability, together with the horticulture sector organisation Glastuinbouw Nederland and other partners.

We realise that changes of this type require conviction and courage. And other indispensable ingredients such as time, and investments. If necessary, we are willing to trade speed for greater support. We are very aware that not everyone aspires to or can maintain the same pace. Ultimately, we want to make a substantial difference with our sustainability efforts so that future generations can continue to enjoy beautiful flowers and plants. So we work together with other parties whenever we can, in line with our cooperative philosophy. We are convinced that we can achieve more, and faster, when acting as a collective. This is hardly surprising in view of our slogan: Growing a green future *together*.



# Safety requires collaboration

## Safety

**We want everyone to be able to work safely  
and enjoy their work**



Safety is an explicit responsibility of all the users of the marketplace. It is an element of one of our core values: Reliability. Safety requires collaboration: together with employees, suppliers, customers and growers, Royal FloraHolland takes action to ensure a safe working environment. We want everyone to be able to work safely and enjoy their work.

Safety received a great deal of attention again in 2021, based on the integrated safety vision.

### Lost time accidents

Royal FloraHolland uses the injury frequency (IF) rate as its safety KPI (see graph). We also focus on reporting and actively following up on incidents. Our approach is shifting more and more from reactive to preventive (see table and graph).

There were 45 accidents resulting in sickness absence (2020: 43). Far too many in our opinion. The graph shows that the decline in the IF rate has not continued. In fact, the IF rate has increased slightly compared to 2020. This is partly due to the large influx of new, less experienced employees. Therefore, in 2022 we will take additional action to reduce the number of accidents and the IF rate. For example, there will be extra managerial focus on supervising safe working practices and carrying out accident investigations. We will also improve and renew the Risk Inventory and Evaluation (RI&E) approach.

### Personal safety

At Royal FloraHolland, we work to create an environment where people feel safe. Employees and other marketplace users are expected to act with consideration and respect for each other. Fortunately, things go smoothly most of the time. However, we do see that our employees have to cope with higher than average levels of undesirable behaviour.

So we have started a programme based on three approaches: (1) improve reporting, (2) change behaviour, and (3) learn from incidents. This resulted in a campaign to increase respect for each other. The campaign's theme is: 'This is how we do things here'. Attention is given to the small, everyday niceties of working together pleasantly and respectfully, such as helping each other out when necessary.

## Risk Inventory & Evaluation (RI&E)

Safety and health are best protected by addressing hazards and risks at the source. In occupational health and safety legislation, the Risk Inventory and Evaluation (RI&E) is a good tool for this. Royal FloraHolland implemented a new RI&E policy, method and system in 2021. The goals were as follows: improve the quality of the RI&Es, focus the RI&Es more effectively on improving safety, and make the RI&Es more dynamic. The first new RI&E is ready. The other RI&Es will be updated in 2022, based on the new method.

### Safety and the coronavirus

The coronavirus was obviously a major safety theme once again. Our explicit aim is to ensure a safe workplace for employees and all other marketplace users. We closely followed the guidelines issued by central government and the National Institute for Public Health and the Environment (RIVM). They were reformulated as internal guidelines and documented in a Coronavirus Risk Inventory and Evaluation, alongside the national 'Samen Veilig Doorwerken' protocol for safe working practices. To ensure compliance with the internal guidelines on the part of employees and third parties, we carry out random checks and perform audits. In addition, we once again repeatedly reminded our employees and third parties of the importance of complying with the measures.

### Safety rules

As in 2020, attention was paid to observance of the safety rules in the marketplaces. The coronavirus prevention measures were classified as safety rules in this respect. Furthermore, the regulations applying to driving tractor units and towing trolleys have been updated and harmonised at all the sites.

### Company emergency response

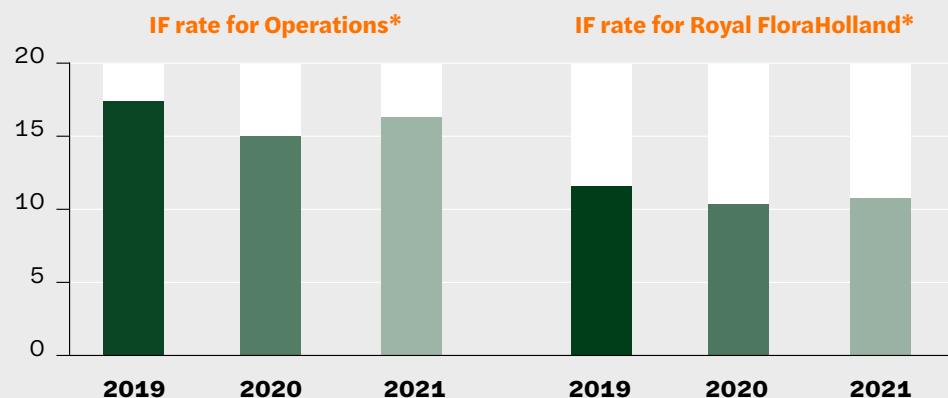
Further improvements were made to the in-house company emergency response (CER) service. Following the appointment of CER coordinators in the line organisation in 2020, further progress was made this year, despite the coronavirus restrictions that hampered training and drills. The team of CER shift leaders and CER officers has been added to. A new CER trainer has also been selected. Structural consultation between the CER coordinators has led to harmonisation and formal integration of the improvements throughout the group.

## Physical security

The Physical Security programme has now been launched. Its purpose is to improve our control over people, vehicles and goods in the marketplaces and ensure that only the right people, vehicles and goods have access to the right spaces. The main achievements of the multi-disciplinary team include putting the first number-plate camera (ANPR) into service, introducing access and locking protocols for Royal FloraHolland's cold storage rooms, and improving cooperation between the departments that are involved in the physical security systems. The programme is being implemented in collaboration with the 'Weerbare Sierteelt' public-private partnership to address crime in the floriculture sector and in alignment with the procedures for obtaining 'Keurmerk Veilig Ondernemen', a Dutch certificate indicating that we have taken adequate action to ensure security at our business sites.

The Physical Security programme will be continued in 2022.

IF rate*	2019	2020	2021
IF rate for Operations	17.3	14.9	16.2
Target IF rate for Operations	17	14	13
IF rate for Royal FloraHolland	11.5	10.3	10.7



The injury frequency index (IF rate) is the number of industrial accidents with at least one day of absence divided by the number of hours worked (by permanent and temporary staff) in millions.

\* Coöperatie Royal FloraHolland U.A. excluding group companies.

## Introduction of safety rules

(also available in other languages)



I keep to the traffic regulations



I only carry out dangerous work if I have a permit



I wear personal protective equipment in logistics areas



I do not take children into logistics areas



I keep my work environment safe and tidy



I do not work under the influence of alcohol or drugs



I challenge others about unsafe behaviour and accept feedback



I do not smoke in the buildings

### Mandatory 100% inspection of exports to the United Kingdom postponed

The (Brexit-related) mandatory 100% inspection of flowers and plants exported to the UK has been postponed until mid-2022, partly due to our efforts. Royal FloraHolland has been working on a self-inspection system in collaboration with the inspection authorities and the Dutch floriculture wholesalers' association (VGB). This system will be introduced in 2022. Exporting companies will benefit from a much more efficient process and a considerable reduction in costs as a result.



# Royal FloraHolland has clear ambitions

## Risk management & risk control

**Together, we achieve our goals and manage the main risks associated with them**

Royal FloraHolland has formulated clear ambitions. We aim to implement them with our strategy. Both opportunities and risks are associated with this strategy. In achieving the objectives, Royal FloraHolland intends to optimally exploit opportunities and mitigate risks to the greatest possible extent. Due to our position in the floriculture industry, we are exposed to various risks. We are mindful of our duty to protect the interests of our members, so we are cautious when it comes to taking risks. As a result, recognising 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.

Royal FloraHolland has also formulated a clear risk appetite for each risk category. That *risk appetite* expresses the type and size of the risks that the organisation is willing to expose itself to in achieving its objectives. 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.

In 2021, several risk assessment sessions were held with the cooperative's senior management. We assess significant risks based on the extent to which they match the *risk appetite* and potentially prevent successful achievement of the objectives. Royal FloraHolland uses that information to determine whether additional measures are necessary. Progress is evaluated periodically.

## Risks, measures and impact

We have categorised the main risks and uncertainties as follows: strategic risks, operational risks, financial risks and legislative and regulatory risks (compliance). Each category is discussed below.



Risk category		Risk tolerance level					Examples
		Averse	Minimal	Cautious	Open	High	
1. Market/environment							Not influenced/difficult to influence by RFH
2. Strategy	Policy				●		Goals and strategy Organisation and culture Added value Image, identity and reputation
	Implementation			●			Fulfilment/new logistics and One auctioning
3. Auctions and logistics (operational)				●			Daily clock auction process and logistics process
4. Financials				●			Financial stability Debtor risk
5. ESG	Environmental			●			Sustainability, FSI
	Social		●				Legislation and regulations
	Governance	Compliance	●				PSD2, GDPR, occupational health and safety and environmental legislation
		Safety	●				Accidents Emergencies (Non) verbal
		Cyber security	●				Network stability IT continuity Cyber security including access to applications and systems Data: storage, processing and distribution

## 1. Market/environment and strategic risks

Royal FloraHolland wants to create added value by developing *the* B2B marketplace for horticulture. We bring supply and demand together, with optimal pricing at the lowest cost as our objective. Implementation of this strategy places high demands on the organisation, the employees and the stakeholders.

Important risks and uncertainties that might potentially impede strategy implementation include the degree of competition (and the competitive position), supply and demand (consolidation in the sector), added value, the organisational transformation (culture), staff, ICT and sustainability. Some of these risks are difficult or impossible to mitigate, since they are outside Royal FloraHolland's sphere of influence. However, all risks are closely monitored.

Concrete steps have been worked out to ensure realisation of the strategy. Following in-depth research into the organisation's culture, we have started an organisational transformation programme. Royal FloraHolland has set up a compact and efficient organisational and consultative structure for the overall management and control of strategic projects. Clear reporting ensures that projects remain manageable and controllable during the transformation.

The impact of the coronavirus epidemic remained limited. The impact of the coronavirus epidemic also remained limited. Implementation of the strategy, and the establishment of Floriway, does involve significant change, however. In view of this, stakeholder management and liaising with external parties (including growers, buyers and IT vendors) on the impact of these changes was a key area of focus in 2021, and will continue to require close attention in the years to come.



The Russia-Ukraine situation is a risk that is outside Royal FloraHolland's control, but one which has an impact both on the organisation and on growers and buyers. At the moment, the impact on the trade in flowers and plants is limited. On the day after the invasion, there were no serious disruptions to auction prices. The extent to which sanctions will directly affect business opportunities is currently still hard to assess. Concerns for the industry are primarily long-term.

## 2. Operational risks

The significant operational risks relate to logistical fulfilment of the auction process, transport, accidents and emergencies. Risks can arise from problems in the clock auction process, in the logistics process and in or with the infrastructure (power failure, water damage, etc.). These risks are mitigated by appropriate measures at each location, which requires the different parties in logistics, commerce, security and emergency response to work together. Our in-house emergency response service is specifically set up to handle the risks and conceivable scenarios that can arise at the sites. We have emergency operational plans ready for auction clock and system failures. There are integrated recovery plans for each site for emergencies such as power outages, water damage, extreme snow and IT outages. Coordination based on the dependencies between the different departments was a particular focus when drawing up these plans.

Royal FloraHolland has set up a crisis organisation for emergencies and crisis situations. 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. The insurance portfolio is actively managed.

Ever-increasing digitalisation places high demands on the availability and security of our IT services. As a result, the security risks also change continuously. We therefore focus constantly on having sound security measures. The operational risks have not changed substantially in relation to 2020.

Cyber resilience is perhaps more critical than ever due to the ever-present threat of developments such as ransomware. Therefore the organisation is investing in response and recovery, as well as prevention and detection. This ensures that Royal FloraHolland can recover faster from a serious incident. Our IT partners monitor the potential threats and we communicate quickly and effectively when action is required. Partly due to these measures, the security vulnerability in Log4j software had a limited impact on Royal FloraHolland. In addition, we continue to spearhead user awareness by actively organising staff training on issues like phishing and how to deal with these situations. We also completed implementation of the Identity & Access Management programme. This gives the organisation greater control over the IT system access risks associated with staff inflows and outflows, and internal job changes.

## 3. Financial risks

The financial risks include risks related to debtors, treasury (financing, interest, liquidity and currency), commodities, property, participating interests and taxation. Several multidisciplinary teams are responsible for managing these specific financial risks and we involve external experts where necessary.

The financial risks have not changed substantially in relation to 2020. We do however see that price volatility has increased, particularly in relation to energy prices and the euro/dollar exchange rate. Rising energy prices are a matter of concern for Royal FloraHolland and especially for growers. Royal FloraHolland is partly hedged, partly not, against rising energy prices. This is a cause of uncertainty.

Corporate Finance monitors developments in the relevant financial ratios, including for the bank covenants for our loans. The team is also responsible for liquidity planning. Specific measures have been implemented to control our credit risk. The daily debt collection facility we have with customers is combined with bank guarantees. In addition, Royal FloraHolland uses credit risk insurance to minimise the financial consequences of possible customer bankruptcies.

Each year, we draw up a financial risk analysis to assess the valuation of Royal FloraHolland's significant participating interests. In the event of indications of risk, an assessment is made to determine whether the participating interests have been subject to impairments. We take appropriate action based on the main findings of this analysis.

Royal FloraHolland also holds regular meetings to discuss property. These meetings are used to monitor the main property-related risks, for example the risk that customers are unable to pay their rent (or unable to do so on time). Because several disciplines are represented in the property meetings, we are able to respond in a timely and effective manner when needed.

The Financial Risk Management Committee (FRMC) was established in 2021. It monitors whether implementation of the financial risk management policy remains within the set frameworks. The FRMC also advises on the question of the extent to which the frameworks are still adequate, and whether they should be deliberately departed from, given special market circumstances or other relevant developments in the market.

For more detailed information on the risks relating to financial instruments, please refer to the notes to the financial statements.

## 4. Legislative and regulatory risks

Royal FloraHolland aims to be a reliable partner in the floriculture industry, now and in the future. Our goal is to do business based on fair and ethical processes. Royal FloraHolland attaches great importance to acting in compliance with applicable laws and regulations at all times. We constantly monitor relevant trends and developments.

Where necessary, Royal FloraHolland takes suitable action to ensure continued compliance with our legal duties. Failure to comply with legislation and regulations exposes us to risks that could seriously damage Royal FloraHolland's reputation and adversely affect confidence in our organisation.

In 2021, much time and effort was devoted to further strengthening of fair and ethical business processes. We work closely with the government in the form of a public-private partnership (PPP) called 'Weerbare Sierteeltsector' that focuses on resilience in the floriculture sector. These activities include countering external forces that subvert our marketplace by setting up and tightening internal barriers. The internal regulations are set out in various policy documents. We ensure that we periodically update, tighten and implement them.

The internal policy and code of conduct together form the guiding principles for the actions of our employees. Royal FloraHolland encourages employees to accept responsibility for their actions and to consciously discuss and learn from mistakes and infringements. Non-compliance with legislation and internal and external regulations leads to corrective action. In the event of an incident, Royal FloraHolland implements preventive measures to avoid repetition. The legislative and regulatory risks have not changed relative to 2020.

### Internal control framework

All processes relevant to the financial statements are included in the scope of the Internal Control Framework, which helps us manage the internal control environment at Royal FloraHolland. The framework ensures that Royal FloraHolland is aware of the degree to which the organisation is in control of the operational risks that may potentially affect the reliability of our financial reporting.

The control measures are documented and tested for effectiveness through self-assessments. The results of the self-assessments are evaluated each year with the Management Board and reported to the Supervisory Board. In cases where shortcomings or limitations in the implementation of control measures were found, compensatory measures have

been identified. Royal FloraHolland implements improvement measures to strengthen the internal controls. We also ask the external auditor for an opinion on these measures, based on the insight into internal controls they obtain in the course of their audit. The results are evaluated each year with the Management Board and reported to the Supervisory Board. They offer sufficient certainty and also show scope for further improvements. In 2022, we will continue our efforts to further strengthen and optimise the Internal Control Framework.

### Risks with significant impact and the associated consequences

Royal FloraHolland has identified two risk areas that are relatively difficult to assess: nature-related risks and systemic risks. The likelihood of these risks occurring is low in most cases, but the consequences are extremely serious. Those risks are generally not limited to our own organisation, but also affect an entire supply chain or system. These risks are inherently difficult to manage, especially if they occur in combination with each other. The coronavirus outbreak is both a nature-related risk and a systemic risk, with a huge impact on all global communities and systems. When a risk of this type manifests itself, it has the potential to be extremely disruptive.

The following are the most significant risks potentially arising from COVID-19 and its consequences:

- 1. Supply chain:** the pandemic has had an impact on the floriculture sector as a whole. In view of our position in the chain, Royal FloraHolland may potentially be affected by the (partial) loss of our supply flow or a fall in purchasing power. That impact turned out to be limited in 2021, as the market recovered strongly shortly after the outbreak of the first wave of the coronavirus (in 2020).
- 2. Revenue and profitability:** The strong and rapid market recovery from spring 2020 led to higher product prices. This is one of the factors behind Royal FloraHolland's strong financial performance. However, for as long as the pandemic lasts we need to exercise caution to make sure we can cover any loss of revenue and reduced profitability.
- 3. Financing and liquidity:** Despite all the uncertainty caused by the coronavirus pandemic, Royal FloraHolland has not needed additional funding. We have reduced our debt position with the banks. At the end of 2021, this position was 0 (zero).

**4. Internal control measures:** Employees in non-operational positions worked in accordance with national guidelines. That meant working from home was mandatory most of the time. This did not result in any additional vulnerabilities. Employees are now used to working from home and dealing with changing guidelines. Processes and systems have been upgraded to facilitate working from home.

Tight labour market conditions have made it difficult for us to deploy enough employees in operational positions at peak times. We took and continue to take action in all kinds of ways to resolve this. For example, operational employees work at different locations, and temporary employees have been offered permanent contracts. We also ask non-operational employees to assist at peak times. The staff shortages in operational positions are expected to continue in the coming year.





From left to right: Anja de Bree, Steven van Schilfgaarde, Leendert-Jan Plaisier, Ruud Knorr, David van Mechelen, Françoise Dings, André van der Linden, Claudia Hölzel.



Not pictured:  
Olga Kolenburg

## Composition of the Management Board and management team

### CEO

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

Additional positions:

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

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

### CFO

David van Mechelen (14 November 1973)  
Dutch nationality  
Employment start date: 01 October 2018  
David van Mechelen worked for KLM Royal Dutch Airlines until 30 September 2018.

### Management team

Steven van Schilfgaarde, CEO  
David van Mechelen, CFO  
Ruud Knorr, CCO  
Leendert-Jan Plaisier, COO  
Anja de Bree, CHRO  
Claudia Hölzel, CGO  
André van der Linden, CIO  
Françoise Dings, CS&T  
Olga Kolenburg, Secretary

# Long-term value creation is a key element

One important function of the Council of Members is to maintain the connection with the cooperative's grassroots





## Corporate 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 that 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.

This Council now consists of 39 members. 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 x four years), 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. Due to coronavirus restrictions, it was not possible to hold face-to-face sessions in 2021 and online meetings were held instead, with the exception of the theme session on digital platforms held at Rijnsburg in September.

The members are involved in the decision-making processes within the cooperative via the Council of Members. The FloraHolland Product Committees (FPCs) and Regional Advisory Committees (RACs) 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 5 to 9 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, RACs in Israel advise on regional issues.

### Management Board

Control of Royal FloraHolland is vested in the Management Board provided for in the Articles of Association, and this body has final responsibility for managing the cooperative. 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 2021, Steven van Schilfgaarde was the CEO and David van Mechelen held the position of CFO.

The Management Board is appointed and dismissed by the Supervisory Board. 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 (MT) of Royal FloraHolland comprises the Management Board and six senior managers. The MT discusses all current affairs on a weekly basis and progress relating to strategy implementation on a 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. The board has assigned selected supervisory directors to an Audit Committee and a Selection and Remuneration Committee (Remco). The committee meetings sometimes allow discussion of specific topics 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 are members. Furthermore, they can be in office 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.



## 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 Code for Cooperatives, recaps the main cooperative principles and rules in concrete terms, in a manner that is compatible with the 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 recommendation.
- 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 labour 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 is 40% of the fixed salary. In the case of the CFO, the maximum variable remuneration is 20% of the fixed salary. In addition to their salary, the members of the Management Board 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.

**“The Council of Members assesses the Management Board's proposed strategic choices.”**

## Composition of the Supervisory Board

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

Member of the Supervisory Board since January 2020  
Royal Schiphol Group, Executive Vice President & COO

Additional positions:

- Member of the Supervisory Board, Eindhoven Airport NV
- Board member, ACI Europe
- Board member, Executive Board, ACI Europe
- Board member, Next Generation Infrastructures
- Board member, NDL (Nederland Distributieland)
- Chair of the Joint Sector Safety Review Board
- Chair of Schiphol Security and Public Safety Steering Group
- Member of Schiphol Security and Public Safety Platform
- Member of the Supervisory Board, Dutch Federation of Professional Football Organisations (FBO)

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

Member of the Supervisory Board since January 2020

Additional positions:

- Member of the Supervisory Board, Jumbo Supermarkten BV
- Member of the Supervisory Board, DisplayData Ltd (UK)
- Member of the Supervisory Board, Joint Venture between Public and Media Market (Greece)
- Member of the Supervisory Board, Interparking (Belgium), since 1 May 2020
- Member of the Supervisory Board, Sonion A/S (Denmark)
- Co-owner, Econowind BV
- Co-owner, Jazzed Ltd (UK)

### **Jack Goossens (18/3/1969)**

Chair of the Supervisory Board since June 2016, member of the Selection and Remuneration Committee

Member company: Gova BV in Nispen

Additional positions:

- Board member, AIPH

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

Member of the Supervisory Board since January 2020

Member company: Van Helvoort Company

Additional positions:

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

### **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, Flow Traders
- Member of the Supervisory Board, Triple Jump Impact Investment Fund
- Deputy Chair, Koninklijke Hollandse Maatschappij der Wetenschappen
- Member of the Advisory Board, Karmijn Capital
- Member of the Advisory Board, Vereniging Rembrandt

### **Kees Pinget (12/10/1965)**

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

Member company: Smit Kwekerijen BV in Sappemeer

Additional positions:

- none

### **Gerben Ravensbergen (16/10/1974)**

Member of the Supervisory Board since January 2014

Member company: Gebr. P. & J. Ravensbergen/Lilies of Life/Dutch Lily Masters

Additional positions:

- Director, Stichting Accon AVM

### **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, Plus Retail
- Member of the Supervisory Board, Rabobank
- Member of the Supervisory Board, Mediq
- Member of the Advisory Board, Nolet Groep
- Member of the Supervisory Board, Erasmus University
- Member of the Supervisory Board, Stedelijk Museum Schiedam
- External senior adviser, McKinsey & Company
- External senior adviser, Genpact

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

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

Additional positions:

- none

### **Supervisory Board rotation schedule**

Gerben Ravensbergen	2022, end of normal term
Rosaline Zuurbier	2023, end of normal term
Jack Goossens	2023, end of normal term
Pascal Visée	2025, end of normal term
Linda Hovius	2026, eligible for reappointment in 2022
Kees Pingen	2026, eligible for reappointment in 2022
Birgit Otto	2027, eligible for reappointment in 2023
Piet Coelewij	2027, eligible for reappointment in 2023
Evert van Helvoort	2027, eligible for reappointment in 2023

All members of the Supervisory Board are Dutch nationals.



The Supervisory Board of Royal FloraHolland, left to right: Pascal Visée, Rosaline Zuurbier, Evert van Helvoort, Gerben Ravensbergen, Kees Pingen, Birgit Otto, Linda Hovius, Piet Coelewij, Jack Goossens.



## Report by the Supervisory Board

In the floriculture sector, 2021 was another year of peaks and troughs. We all had to deal with these challenges in one way or another. High prices for our products, but also high prices for gas.

Royal FloraHolland has worked to implement an ambitious vision in recent years. The year 2021 will be remembered specifically as the time when the implementation of the ordering-payments-delivery strategy actually reached members' nurseries, buyers' boxes and many other businesses in the floriculture sector. The introduction of Floriday, environmental recordkeeping and certification and the announcement of Floriway are further milestones. These are just a few examples. Royal FloraHolland aims to modernise at maximum speed. The pace is too fast for some (FloriNEE), and too slow for others (OFA). This is a typical dilemma for every large cooperative.

In early 2021, resistance among parts of the sector to the implementation of the strategy resulted in the submission of the FloriNEE petition. However that resistance was not unanimous. The objections ranged from individual issues with Floriday, Floriway or environmental certification to a fundamental disagreement with the overall strategy of Royal FloraHolland, or a combination of the two.

In addition to the formal process, in accordance with Article 29.4 of our Articles of Association, the Council of Members also initiated an informal process for a dialogue with the members who had signed the petition. The informal process in particular provided valuable information that helped the company improve certain aspects of its strategy implementation. Involving more stakeholders in the impending implementation has increased support on the one hand, but also slowed the speed of implementation on the other. The Supervisory Board understands the reasons for this choice.

The formal process culminated in a public meeting of the Council of Members, followed by final approval on 1 July 2021. The Council of Members unanimously endorsed Royal FloraHolland's strategy and determined the way forward. In addition to improving the strategy implementation, this decision-making process also resulted directly in the Royal FloraHolland Governance Charter. The Charter, which incorporates the lessons learned from the issues raised by the petition, describes how the governance triangle works in practice. Of particular note is that the company's core values are an integral part of this document. This further strengthens the relationship between the association and the company.

In the autumn of 2020, Royal FloraHolland announced its intention to acquire three floriculture transport companies. The proposed acquisition was reported to the Netherlands Authority for Consumers and Markets (ACM). This announcement, combined with complaints from the sector about Royal FloraHolland's chosen course of action, led the ACM to initiate an investigation into the effects of establishing Floriway and the implications of Royal FloraHolland's position in the floriculture sector. After a sector-wide survey, interviews and company visits, the ACM approved the acquisition of the three transport companies and Royal FloraHolland's operations in the floriculture supply chain without attaching any conditions.

The further development of the ordering-delivery-payments strategy has led to many questions and much uncertainty among buyers. Because our buyers are also very diverse, the effects of ordering-delivery-payments are different for everyone. Among other outcomes, the discussion with the association of Dutch floriculture wholesalers' association (VGB) has convinced us that we need to adopt a more differentiated approach in future consultations with buyers. In a customer-supplier relationship, various topics are discussed per customer segment between Royal FloraHolland and representatives of the respective segment.

The above events have demanded a great deal from everyone directly involved in the cooperative, especially given the backdrop of the continuing COVID-19 pandemic with the resulting absenteeism, an extremely tight labour market and exploding energy prices. After all, at the end of the day, our job is to sell all the products, deliver them to the right customers and of course drive innovation to the next stage. The Supervisory Board wishes to express its appreciation to everyone who contributed to this effort: employees, members, buyers and everyone else. We also very much appreciate the work of the Management Board and the MT, who never wavered in their approach within a complex spectrum of stakeholder interests.

This report started with the observation that 2021 was another year of peaks and troughs. Those fluctuations were not solely caused by the market and our environment. They are characteristic of a sector that is changing fast. These changes will continue to play out in the coming period, so further peaks and troughs are to be expected. Let us use the power of the cooperative to deal with this phenomenon. Strengthening the connection between the members and the company is the key to coming out stronger on the other side.

## Meetings

The Supervisory Board held seven regular meetings in 2021, two of which were face-to-face and the remainder online. In addition, eight extra online meetings were held to discuss the FloriNee petition and the planning and decision-making for order picking and Aalsmeer Oost, among other matters. The usual meetings relating to strategy implementation and the On Tour day in June also took place. The latter meeting is mainly intended to look at and learn from developments in the market and/or at other organisations. During this meeting, some companies were visited by representatives of the Council of Members, followed by subsequent discussions with them and the NCR (the Dutch Council for Cooperatives) regarding the Code for Cooperatives. The annual 24-hour session took place in January. During that session, much time and attention was devoted to the company's own performance, the assessment of the Management Board, and the way in which strategy implementation needed to be set up for the remainder of the year. Between formal meetings, the Supervisory Board also attended two plenary training events, engaging with external speakers to share knowledge and experience.

Furthermore, the Supervisory Board attended three formal meetings of the Council of Members. The chair and some supervisory directors also attended various informal Council of Members meetings (online) and/or committee meetings. Supervisory directors were also present at the international member sessions.

Each regular Supervisory Board meeting is attended by the Management Board. Informal consultation takes place between the participants prior to these regular meetings. This is an opportunity for discussing the agenda for the Supervisory Board meeting and any ongoing issues highlighted by the chair of the Supervisory Board or the Supervisory Board committees. During the board meeting itself, the Management Board provides an update on the main developments in the market, the strategy programmes and any ongoing business within the organisation. In addition, themes that may give rise to new policy, such as sustainability and digitalisation, are regularly added to the agenda. In some cases, separate arrangements are also made with managers or departments in order to deepen the board's understanding of specific areas for which they are responsible.

**“2021 was characterised by peaks and troughs caused by the market and our environment.”**



## Report by the Audit Committee

During the year, the audit committee focused on the 2021 financial statements, the auditor's report, the audit plan and the management letter (in the presence of the external auditor), the 2022 annual plan and budget, the Internal Control Framework, insurance, participating interests, tax policy, ICT, incident reports and following up on audit findings.

The financial implications of the strategy and the financial performance in 2021 were discussed on several occasions.

Various other important topics were also deliberated. Given the strategic importance of the new order-picking logistics process, this topic was discussed in an additional meeting together with the Supervisory Board. The meeting was also used to discuss Royal FloraHolland's strategy and how to prepare operations for order picking. In addition, the committee looked in detail at the Aalsmeer Oost investment project. The risks associated with the development project were analysed and discussed. The results of external audits of the B2B Floriday floriculture marketplace were also a subject of discussion. These audits focused on the quality of the software used and the measures taken to ensure strict data confidentiality in Floriday. Royal FloraHolland also shared the results of this latest audit with the ACM, in the context of the licence application for Floriway. In addition, the measures implemented by Royal FloraHolland in the area of cyber security were discussed, i.e. procedures to prevent, detect, respond to and recover from cyber attacks.

The Audit Committee looks back with satisfaction on 2021.

In 2021, the Audit Committee consisted of Pascal Visée (Chair), Rosaline Zuurbier and Kees Pingen. Evert van Helvoort sat in on the meetings as part of his Supervisory Board member training. 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 (six regular meetings and one additional meeting). 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.



## Report by the Selection and Remuneration Committee

In 2021, the Selection and Remuneration Committee (Remco) consisted of Supervisory Board members Linda Hovius (Chair), Birgit Otto and Jack Goossens.

In 2021, the Selection and Remuneration Committee paid close attention to a) the implications of the strategy implementation for the organisation, b) the impact of the pandemic on staff and the organisation, c) the influx of logistics staff, d) the performance of the leadership team (Management Board/MT), e) the KPIs, and f) succession planning within the Supervisory Board.

### a) Strategy and organisation

The Organisational Transformation programme (in support of strategy implementation) focused in 2021 on implementation of the core values, developing an MD programme for the Focus Group, the offering of (largely digital) team journeys, specifically also for multi-disciplinary teams, and focus-group meetings with the Management Board and the MT. This topic was discussed at each meeting, and attention was also given to developments in the Focus Group and how those developments were being incorporated into the organisational transformation, as an important driver for achieving the desired cultural change.

In addition, the development of the organisation is a regular topic of discussion within the Selection and Remuneration Committee. These discussions focus on the structure, culture and setup for processes, the present state of organisation and the mood and concerns among the employees. Is the organisation capable of implementing the strategy and is there confidence in the organisation's leadership? The managerial staff review is a permanent element in these discussions. This review assesses the performance of the individual managers below MT level and consideration is given to possible career moves for these employees. We also discuss succession planning, which involves identifying potential successors to Management Board members and/or MT members.

Finally, the Selection and Remuneration Committee was informed about developments concerning the Works Council, about changes in HR systems and the replacement of Workforce, about personal safety at the marketplace and about the performance of the HR organisation based on the OGSM dashboard.

### b) Pandemic

Sickness absence due to the coronavirus and mitigating measures in the marketplace were a regular topic of discussion, as was facilitating working from home, the scenarios for reopening the offices after the coronavirus pandemic and the form that would be chosen for hybrid working. The impact of long-term home working on employee satisfaction and employee retention was also discussed, as well as activities that could be offered to enhance engagement.

### c) Logistics workers

Achieving a sufficient inflow of logistics workers in a tight labour market is a challenge, especially given the limited contract hours RFH can offer due to the shortness of the peak period. This topic is regularly discussed in the Selection and Remuneration Committee and has our continuous attention, given its potentially significant impact on the effectiveness of our operational services.

### d) Leadership team

At the end of 2021, the Selection and Remuneration Committee initiated and completed an evaluation process for the two Management Board members, involving 360-degree feedback interviews with all MT members, Supervisory Board members and other stakeholders. This allowed us to form a good picture of the Management Board members' leadership qualities, and identify points for attention for 2022. Discussion is also regularly devoted to the dynamics and division of roles in the MT and how the MT's team journeys contribute to the effectiveness of the leadership team. In addition, Supervisory Board members went on a walk with MT members during the summer for a semi-annual check-in.

### e) KPIs

The KPIs were also a regular point for discussion on the Selection and Remuneration Committee's agenda this year. This involved assessing the degree to which the KPIs for 2020 had been achieved (the scores), monitoring the KPIs in 2021 and drawing up KPIs for 2022. The scores for the KPIs are the basis for calculating the Management Board's variable remuneration component and, by extension, that of a number of managers. Each year, the Supervisory Board determines the KPIs for the Management Board. In 2021, no individual KPIs applied to the members of the Management Board. In line with the Selection and Remuneration Committee's proposal, the Supervisory Board assessed the overall KPI score for 2021 at 90%.

### f) Supervisory Board succession planning

The Selection and Remuneration Committee discussed the topic of Supervisory Board succession planning in 2021. Pascal Visée was reappointed for a second term as a member of the Supervisory Board and Chair of the Audit Committee.

The Selection and Remuneration Committee met on four occasions in 2021, mostly in a digital setting. The meetings are always attended by the CEO and the CHRO. In 2021, all the committee members attended all the meetings.

## Composition of the Council of Members

As at 1 January 2022



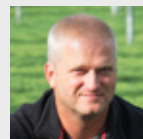
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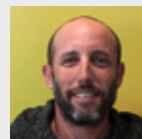
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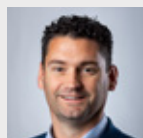
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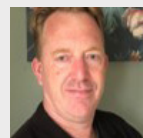
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Bas  
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Lydia  
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Arnoud  
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Robin  
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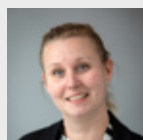
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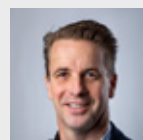
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Marco  
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Ben  
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Jan  
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Riya  
Bunty Shah



Peter Smak  
Chair



Ed  
Stofbergen



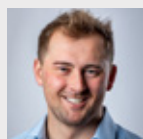
Karolien  
Tesselaar



Sander  
van der Vaart



Peter  
Varekamp



Gerrit  
Vermöhlen



Arend  
Vreugdenhil



André  
Zuidgeest

**The following six members  
resigned from the Council  
of Members in 2021:**



Eva  
van Etten



Goos  
Hofland



Jan  
Mantel



John  
van der Slot



Marcel  
van Tol



Walter  
Zijderwijk

## Report by the Council of Members

The Council of Members was established in 2019. Since then, the members of this council have been involved in key decisions and policy development from the outset. The Council of Members is formally part of our cooperative's governance model and replaces the former General Meeting of Members (AGM). The Council of Members is an elected body that reflects the total membership. The Council of Members exercises control on behalf of the members. 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 consults members during interactive sessions.

### Coronavirus

This year was again largely dominated by the coronavirus and its impact on the members and the cooperative as a whole. By necessity, the Council of Members held many meetings online. Fortunately, the formal meeting of the Council of Members on 1 July could be held in person, albeit with an appropriate distance between those present. This also applied to the two-day meeting of the Council of Members in September. The formal meeting of the Council of Members in December took place online again.

### Petition

At the end of February, the Council of Members received the FloriNee petition, submitted as an 'emergency brake' and signed by over 400 members. This petition focused on three key points: Floriday, mandatory certification and the performance of the Management Board according to Article 3 of the Articles of Association. Regarding the third point, the Articles of Association exclude this scope from the statutory powers of the Council of Members.

In addition to the formal steps taken in response to the emergency brake procedure, the Council of Members started discussions between and with members. In March, the Council of Members organised five petition discussion sessions with over 100 members of Royal FloraHolland who had signed the petition. Those talks with the signatories identified the following five main issues:

- 1** Floriday
- 2** Environmental recordkeeping and certification (MRC)
- 3** Split of roles, responsibility and communication
- 4** Floriway
- 5** One auctioning

On 1 July, the petition procedure was officially completed at a formal meeting of the Council of Members. The Council of Members is now closely involved in implementing improvements to the Floriday concept. The Council has also advised the Management Board on the topic of environmental recordkeeping and certification.

The petition discussions clearly indicated that further thought and work are required. The Council of Members will make every possible effort to ensure that members are listened to more attentively. To achieve this, a new course has been set out for the future. The Council of Members will focus on improvements in three areas: collaboration within the governance triangle in the cooperative, the signalling and advisory function of the Council of Members, and the involvement of the members in strategic decisions. Initial steps have now been taken in all these three areas. Further action will follow in 2022.

### Meetings

The Council of Members met seven times in the year under review, with three formal meetings and four informal meetings. Most of the meetings took place online due to the coronavirus measures. Because of the coronavirus crisis and the extensive programme of changes planned by Royal FloraHolland, the Council of Members came together frequently online outside the regular meetings cycle.

The traditional two-day sessions of the Council of Members were held in January and September. 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.



The progress made in implementing the strategy is a permanent item on the meeting agenda for the Council of Members. The first steps have been taken, but we still have a long way to go. Much still needs to be done to maintain a strong position for growers in the floriculture supply chain and to find a sound business model based on sustainable practices.

The two-day meeting in February was mainly devoted to self-evaluation of the Council of Members. The two-day meeting in September focused on the Charter and included a brainstorming session on the 3Bs and segmentation. The theme session in September focused on the topic of 'digital platforms'. During the year under review, the Council of Members also considered issues such as strengthening the clock auction, digital environmental recordkeeping, Bloemenbureau Holland (BBH, the Flower Council of Holland) and implementation of the strategy, including the new logistics process with order picking.

## Advice and decision-making

The 2020 financial statements of Royal FloraHolland were adopted during the formal meeting of the Council of Members on 22 April. There was also a vote on early distribution of the 2013 annual instalment. Furthermore, a decision was taken on the request in the members' petition to convene an additional Meeting of Members in response to the FloriNee petition. This additional meeting was held on 20 May (online).

In the meeting of 14 October, the Council of Members talked to the Management Board and the Supervisory Board about the general state of affairs at the company. Attention was also given to possible topics that would require debate and decision-making during the formal meeting of the Council of Members in December.

The proposed agenda items were evaluated in a session held on November 18. The Chair of the Council of Members was also elected. Peter Smak won the majority of votes. His position as the new Chair of the Council of Members starts from 1 January 2022.

The member rates were set for 2022 at the formal, final meeting of the year on 9 December 2021. The meeting also gave its consent to the proposed investment for the Aalsmeer Oost development. An agreement was also reached on the progress relating to the collection of BBH funds, and the reappointment of a current member of the Supervisory Board was approved. Partly as a result of these decisions, further steps can be taken next year in order to implement the strategy.

## Member engagement and member consultation

Due to the coronavirus measures, the larger, physical members' meetings could not take place. Therefore this year's 'Members talk to Members' sessions were again held online. The Meeting of Members took place online on 9 December. It delivered valuable input.



In September, the hybrid theme session on ‘digital platforms’ was organised physically in Rijnsburg. This session gave attendees valuable information about global developments relating to digital platforms and provided an update on the status of Floriday.

Members of Royal FloraHolland are also actively involved in the cooperative in other ways. For example, the Astrum sounding board group organised a number of meetings. The Floriday committee is closely involved in the developments relating to the digital platform. Various members were actively involved in the preparations for Floriway. The One auctioning coordination team was also extremely active again this year.

In 2021, a contact for each FloraHolland Product Committee (FPC) was designated in the Council of Members. This designated contact attends the FPC meetings at least once a year to inform FPC members of current issues under consideration by the Council of Members and to answer questions from FPC members. The Chair of the Council of Members and several other council members also attend the six-monthly FPC Chairpersons’ meeting. Engagement and information transfer are the central objectives here. This approach keeps the Council of Members in closer contact with the FPCs and simplifies information transfer.

## 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 performance of the Council of Members had already been discussed with all the members of the Council of Members in small groups in 2020. The survey and group discussions at that time revealed some areas requiring improvement. The Council of Members started working on those issues in 2021.

## Composition

The Council of Members consisted of 40 members. At the end of the calendar year, there were six reappointments; seven members resigned from the Council of Members. Six new members were appointed to the Council of Members at the Meeting of Members on 9 December. Therefore the Council of Members had 39 members as at 1 January 2022. This partial renewal of the Council leads to fresh thinking on existing themes and further development of the Council. New members are selected with due regard for a good spread geographically across the Netherlands and the rest of the world, and in terms of company size and of age. As a result, the Council of Members reflects the make-up of the total membership base.



# Royal FloraHolland in figures

## 2021 Financial Statements





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# Consolidated balance sheet at 31 December 2021

(After proposed appropriation of profit or loss (amounts x €1,000))

## Assets

	Note	2021	2020
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>	(1)	<b>52,509</b>	<b>47,944</b>
<b>Tangible fixed assets</b>	(2)		
Land		105,765	109,171
Buildings		284,150	296,833
Equipment, packaging and logistic resources		64,117	68,959
Other fixed operating assets		43,262	37,557
Not used for business operations		84,307	92,852
		<b>581,601</b>	<b>605,372</b>
<b>Financial fixed assets</b>	(3)		
Participating interests		10,949	11,314
Other receivables		4,474	6,338
Deferred taxes		3,987	–
		<b>19,410</b>	<b>17,652</b>
<b>Current assets</b>			
<b>Inventories</b>		<b>791</b>	<b>596</b>
<b>Receivables</b>			
Trade receivables	(4)	41,514	32,561
Receivables from members/non-members		–	2,338
Receivables from group companies		–	–
Receivables from participating interests		2,722	5,791
Deferred tax assets		–	190
Other receivables, prepaid expenses and accrued income	(5)	16,358	8,132
		<b>60,594</b>	<b>49,012</b>
<b>Cash and cash equivalents</b>	(13)	<b>54,349</b>	<b>8,027</b>
<b>Total</b>		<b>769,254</b>	<b>728,603</b>

## Liabilities

	Note	2021	2020
<b>Group equity</b>			
Equity	(6)	214,262	214,571
Minority interests	(7)	2,689	2,524
		<b>216,951</b>	<b>217,095</b>
<b>Provisions</b>	(8)		
Provision for deferred tax		–	1,039
Other provisions		5,775	6,229
		<b>5,775</b>	<b>7,268</b>
<b>Non-current liabilities</b>			
'B' depositary receipts*	(9)	227,334	233,002
'C' depositary receipts*	(10)	247	475
'D' depositary receipts*	(11)	3,193	5,898
Long-term bank loans	(12)	9,679	3,759
Financial lease obligations	(12)	5,739	–
Other liabilities	(12)	5,862	–
		<b>252,055</b>	<b>243,134</b>
<b>Current liabilities</b>			
Credit institutions	(13)	4,330	14,790
Debts to members/non-members	(14)	66,988	47,642
Repayment obligations to members/non-members	(14)	8,900	8,842
Repayment obligations on non-current liabilities		3,324	–
Accounts payable		26,869	25,879
Refundable deposits	(15)	100,125	96,162
Other liabilities, accrued expenses and deferred income	(16)	83,937	67,791
		<b>294,473</b>	<b>261,106</b>
<b>Total</b>		<b>769,254</b>	<b>728,603</b>

\* Subordinated loans: the effective net worth is the sum of these loans plus the group equity. At year-end 2021, the effective net worth was €445.1 million (2020: €453.9 million).

# Consolidated profit and loss account for 2021

(amounts x €1,000)

	Note	2021	2020
<b>Operating income</b>			
Commission payments		98,273	82,134
Contributions		9,661	9,106
Lot and auction trolley fees		58,674	56,017
Transaction and service fees		34,933	32,453
Packaging		52,842	48,311
Trolley and CC container rental		31,983	26,980
Property rental		52,391	52,123
Miscellaneous revenue	(20)	53,135	34,198
		<b>391,892</b>	<b>341,322</b>
<b>Operating expenses</b>			
Wages and salaries	(21)	149,668	129,611
Social security costs		16,512	16,006
Pension costs		13,948	13,180
Amortisation, depreciation and impairments	(22)	88,788	78,099
Other operating expenses	(23)	112,378	109,416
		<b>381,294</b>	<b>346,312</b>
<b>Operating profit/loss</b>		<b>10,598</b>	<b>-4,990</b>

	Note	2021	2020
<b>Operating profit/loss</b>		<b>10,598</b>	<b>-4,990</b>
<b>Financial income and expenses</b>			
Interest expenses and similar charges		-2,168	-2,440
Interest income and similar income		624	599
		<b>-1,544</b>	<b>-1,841</b>
<b>Profit/loss before tax</b>		<b>9,054</b>	<b>-6,831</b>
Profit/loss from participating interests	(3)	2,088	1,184
Corporation tax	(24)	-4,266	134
Minority interests	(7)	-331	-262
<b>Profit/loss after tax</b>		<b>6,545</b>	<b>-5,775</b>



# Consolidated statement of cash flows in 2021

(amounts x €1,000)

	Note	2021	2020
<b>Operating activities</b>			
Operating profit/loss		10,598	-4,990
Amortisation, depreciation and impairments		91,334	78,099
Proceeds from disposal of fixed assets		-11,275	-2,988
Movement in provisions		-1,191	212
		<b>89,466</b>	<b>70,333</b>
<b>Change in working capital</b>			
Decrease/increase in inventories		-195	53
Decrease/increase in trade receivables		-8,953	15,864
Decrease/increase in receivables from participating interests		3,069	-2,080
Decrease/increase in other receivables		-5,698	9,227
Decrease/increase in debts to members / non-members		16,066	-34,887
Decrease/increase in accounts payable		-957	-6,850
Decrease/increase in refundable deposits		3,963	-807
Decrease/increase in other liabilities		16,248	13,930
		<b>23,543</b>	<b>-5,551</b>
Interest received		624	599
Dividend received		2,286	1,930
Interest paid		-2,271	-4,112
Corporation tax paid/received		-4,568	-1,045
		<b>-3,928</b>	<b>-2,627</b>
<b>Cash flow from operating activities</b>		<b>109,081</b>	<b>62,155</b>

	Note	2021	2020
<b>Investing activities</b>			
Investments in tangible fixed assets		-48,966	-41,841
Disposals of tangible fixed assets		21,668	4,799
Investments in intangible fixed assets		-32,170	-13,177
Disposals of intangible fixed assets		-	-
Repayment of long-term receivables	(3)	2,461	1,754
Grants of long-term receivables	(3)	-4,777	-100
Acquisition of group companies	(1)	1,758	-7,300
Sale of group companies	(1)	-	-
Investment in financial fixed assets	(3)	-	-
Disposal of financial fixed assets		-	-
<b>Cash flow from investing activities</b>		<b>-60,025</b>	<b>-55,866</b>
<b>Financing activities</b>			
Movement in bank overdrafts	(13)	-10,459	-7,171
Repayment of long-term loans	(12)	3,540	-280
Financial lease obligations		5,739	-
Other liabilities		5,862	-
Change in repayment obligations on non-current liabilities		3,324	-
Dividend paid to holders of minority interests	(7)	-282	-236
Capital contributions		29,392	24,435
Payouts on 'A' and 'E' depositary receipts		-4,149	-3,422
Payouts on 'B', 'C' and 'D' depositary receipts		-36,001	-23,281
Receipts from non-current liabilities and bank loans	(12)	280	-
<b>Cash flow from financing activities</b>		<b>-2,755</b>	<b>-9,955</b>
Currency translation differences		21	-
<b>Net cash flow</b>		<b>46,322</b>	<b>-3,666</b>
Cash and cash equivalents at 1 January		8,027	11,693
Cash and cash equivalents at 31 December		54,349	8,027
<b>Movement in cash and cash equivalents</b>		<b>46,322</b>	<b>-3,666</b>

# Consolidated statement of comprehensive income for 2021

(amounts x €1,000)

	Note	2021	2020
<b>Consolidated net income after tax</b>		<b>6,545</b>	<b>-5,775</b>
<b>Direct movements in equity</b>			
Translation differences for foreign participating interests		21	-134
<b>Total comprehensive income</b>		<b>6,566</b>	<b>-5,909</b>

# Notes to the consolidated accounts for 2021

## General notes

### Objectives

Coöperatie Royal FloraHolland UA, further referred to in this report as Royal FloraHolland, is a cooperative with excluded liability for its members. The cooperative aims to maximise sales revenues for its members at the lowest possible cost of sales, by organising a system of marketplaces and 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. 50% of the profit/loss of the current financial year has therefore been added to the general reserve and 50% has been included under debts to members/non-members.

### 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.



## Consolidation principles

The 2021 consolidated financial statements include Royal FloraHolland and its 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.

In addition, on 27 October 2021 Floriway BV (formerly Logistiek2 BV) acquired Gebroeders De Winter Holding BV, Hoza BV and Van Marrewijk Holding BV through the acquisition of 100% of the voting shares in those three parties, thus also becoming an indirect shareholder of their subsidiaries. The acquired companies are leading transport firms in the floriculture industry. A list of participating interests is provided on page 103. In 2021, the holdings in Metz Vastgoed BV and Metz Vastgoed II BV were sold.

Immediately after Floriway BV acquired the shares in the aforementioned companies, RFH Logistics Holding BV sold 15% of the share capital of Floriway to WVV BV. As of 27 October 2021, RFH Logistics Holding BV has therefore had an 85% majority shareholding in Floriway BV, meaning that Royal FloraHolland has dominant control. Consequently, Gebroeders De Winter Holding BV, Hoza BV and Van Marrewijk Holding BV and their subsidiaries have been fully consolidated in the Royal FloraHolland group. A right and obligation was also agreed to repurchase the remaining 15% interest in Floriway BV, which has been fully disclosed as a liability in the financial statements.

The purchase accounting method was applied for the initial valuation and recognition of the acquired interest in Gebroeders De Winter Holding BV, Hoza BV and Van Marrewijk Holding BV. 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. Initial recognition of the acquisition is provisional. This means that the recognition of the acquisition is not definitive and that the goodwill may be revised either upwards or downwards.

# 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 will accrue 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. This applies in particular to receivables from and debts payable to members/non-members.

## Currency conversion

Royal FloraHolland uses the euro as its functional currency. Upon initial recognition, transactions in foreign currencies are converted into the functional currency at the exchange rate as applicable on the transaction date. Monetary balance-sheet items in foreign currencies are converted to the functional currency at the exchange rate 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.

Exchange differences that arise during the settlement or conversion of monetary items in foreign currency are booked into the profit and loss account, 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. 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 the application of the accounting policies and rules for the preparation of the financial statements, the group management must make various judgements and estimates.

## Intangible fixed assets

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

- it is likely that the future economic benefits embodied in the asset will accrue 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.

During successive development phases, estimates are used for the capitalisation of development hours for several components. In previous years, a stricter policy was followed with respect to the accounting for hours worked, whereby time spent on in-house software development was capitalised subject to a 15% discount. This was no longer the case in 2021. The quantitative impact for 2021 concerns an increase in intangible fixed assets and a reduction in costs of € 1 million.

## Property, plant and equipment

Tangible fixed assets are carried at the historical cost or production cost net of depreciation and any applicable 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 - 33 1/3 years.
- Equipment, packaging, logistic resources and other fixed operating assets: depreciation over 2 - 15 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 rental income and not intended for operational use. Properties under construction or development for future use as investments are recognised separately within property investments. 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 market-places 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 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 recoverable value, which is the higher of the net realisable value and the value in use. 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

As of 1 January 2020, Royal FloraHolland has placed the basic pension scheme with Pensioenfond PGB, and the supplementary pension scheme has been placed with ABN AMRO Pensioenen. 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 as at 30 September.

A condition for partial or full indexation is that the policy funding ratio must exceed 110% in September. Indexation on 1 January 2021 was not possible. The policy funding ratio was 107.9% as at September 2021 and 111.5% as at December 2021 (2020: 96.3%). The scheme with ABN AMRO Pensioenen 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 2020, 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 5 years (from 1 January 2021 to 1 January 2025). Until 2020, Royal FloraHolland had a Partner Pension at both NN and PGB on an accrual basis. As of 2021, the Partner Pension scheme at PGB is also 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 risks of early termination of employment and death. The present value is based on a discount rate of 0.6% (2020: 0.3%).

### 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. There is a release each year of the outstanding deposit refund liabilities for the reusable packaging as at the balance-sheet date.

## 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 time-weighted basis over the lease term. Initial direct costs are charged directly to the profit and loss account.

## 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 revenues 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 are known prior to preparation of the financial statements.

## 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 on a pro rata basis for the services rendered, based on services rendered up to the balance-sheet date as a proportion of the total value of services to be rendered, provided that the result can be reliably estimated.

## 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. Deferred tax assets and liabilities are recognised at their nominal value, based on the current and future tax rate of 25.0%.

## 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. Valuation and recognition of derivatives are explained the section 'Derivatives and hedge accounting'.

### 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'.



### Derivatives and hedge accounting

Royal FloraHolland neither holds nor issues financial instruments for trading purposes. The group uses derivatives such as interest-rate swaps to hedge the risks to which it is exposed due to interest rate fluctuations.

The group applies cost price hedge accounting based on individual hedge documentation.

The group documents the following:

- How the individual hedging relationship fits with the risk management objectives, and a description of the hedging strategy, including expectations regarding the effectiveness of the hedging relationship.
- The hedging instrument involved in the individual hedging relationship and the hedged position or transaction.

The hedges that meet these strict conditions for hedge accounting are recognised as explained below.

The valuation of the derivative depends on the hedged item and is as follows:

- If the hedged item is recognised in the balance sheet at cost price, then the derivative is also valued at cost price.
- The hedging instrument in the cost price hedge cannot be revalued until the hedged item is recognised in the balance sheet.

The effect on determination of income is as follows:

- At each balance-sheet date, the effectiveness of the hedge is assessed.
- If the critical terms of the hedge instrument and the hedged item do not match (or did not match in the past), then this is an indication that a component of the cost price hedge is ineffective.
- In that event, the ineffective component is determined using the dollar offset method.
- If the ineffectiveness cumulatively results in a loss as at the balance-sheet date, the ineffectiveness is recognised in the profit and loss account.

Cost price hedge accounting is discontinued when:

- The hedge instrument expires, or is sold, terminated or exercised. The cumulative gain/loss realised on a hedge instrument that was not yet recognised in the profit and loss account when the hedge was effective is recognised in the balance sheet as an individual accrual until the hedged transaction takes place.
- The hedging relationship no longer fulfils the criteria for hedge accounting.

The group applies cost price hedge accounting for the interest-rate swaps that ensure that certain variable-rate debts are converted into fixed-rate loans. The ineffective component of the change in value of the interest-rate swaps is recognised in the profit and loss account under financial income and expenses.

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

# Notes to the consolidated balance sheet for 2021

(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	2021	2020
<b>Balance as at 1 January</b>	<b>5,821</b>	<b>42,123</b>	<b>47,944</b>	<b>46,172</b>
<b>Movements</b>				
Investments	12,221	19,332	31,553	14,086
Transfers	–	–	–	5
Amortisation	–1,095	–13,754	–14,849	–11,195
Disposals	–	–	–	–
Corrections	–	–1,416	–1,416	–
Impairment losses	–4,307	–6,416	–10,723	–1,124
<b>Balance as at 31 December</b>	<b>12,640</b>	<b>39,869</b>	<b>52,509</b>	<b>47,944</b>
Cumulative purchase value	21,038	81,038	102,076	88,996
Cumulative amortisation and impairment losses	–8,398	–41,169	–49,567	–41,052
<b>Balance as at 31 December</b>	<b>12,640</b>	<b>39,869</b>	<b>52,509</b>	<b>47,944</b>

During the annual impairment tests, Royal FloraHolland concluded on the basis of new information from 2021 regarding the estimable quantity that an impairment loss of €4.3 million was to be recognised as an expense in relation to the goodwill on the FloraXchange BV acquisition.

This is the consequence of the development of Floriday, RFH's digital floriculture marketplace that provides a meeting point for supply and demand, and the integration of the catalogue function of the FloraXchange platform into Floriday in 2022.

In addition, an impairment loss of €6.4 million has been charged during the year on software. This relates to new software developments, strategic choices having been taken whereby some of the legacy systems are to be replaced in the future.

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

	2021	2020
FloraXchange BV	–	5,094
Blueroots BV	594	679
Floriway participating interests	12,004	–
Other	42	48
<b>Total</b>	<b>12,640</b>	<b>5,821</b>

On 27 October 2021, Floriway BV acquired the shares of Gebroeders de Winter Holding BV and its direct and indirect subsidiaries De Winter Transport BV, Logistics Flower Center BV, De Winter Logistics Support BV, De Winter Logistics Services BV and Carrosserie Center Westland BV. On 27 October 2021, Floriway BV also acquired the shares of Hoza BV and its subsidiary P.M. van Zaal Transport BV. Also on 27 October 2021, Floriway BV acquired the shares of Van Marrewijk Holding BV and its subsidiaries Van Marrewijk Verhuur BV and Wematrans BV. The companies acquired (referred to in the following as ‘Floriway participating interests’) are leading transport firms in the floriculture industry.

Immediately after Floriway BV acquired the shares of De Winter, Van Zaal and Wematrans, RFH Logistics Holding BV sold 15% of the share capital of Floriway to the former owners of one of the companies acquired. As of 27 October 2021, RFH Logistics Holding BV thus held an 85% majority shareholding in Floriway, meaning that Royal FloraHolland has dominant control. The activities of the Floriway participating interests and their subsidiaries have therefore been fully consolidated in the Royal FloraHolland group.

RFH Logistics Holding BV also has an agreed right and obligation to repurchase the remaining 15% interest in Floriway BV, which has been disclosed as a liability in the financial statements. The acquisition price contains estimates based on assumed future performance indicators.

Because the activities related to the acquired companies have been acquired 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	INVESTMENTS	TRANSFERS	DEPRECIATION AND IMPAIRMENT LOSSES	DISPOSALS	CONSOLIDATION OF FLORIWAY	CORRECTIONS	BALANCE AS AT 31 DECEMBER
<b>Land</b>								
Land	79,574	–	5,438	–	–6,331	–	–	78,681
Site facilities	29,597	120	682	–3,036	–	–	–279	27,084
<b>Subtotals</b>	<b>109,171</b>	<b>120</b>	<b>6,119</b>	<b>–3,036</b>	<b>–6,331</b>	<b>–</b>	<b>–279</b>	<b>105,765</b>
<b>Buildings</b>	<b>296,833</b>	<b>7,304</b>	<b>17,568</b>	<b>–33,181</b>	<b>–3,976</b>	<b>48</b>	<b>–446</b>	<b>284,150</b>
<b>Equipment, packaging and logistic resources</b>								
Equipment	23,556	3,099	2,734	–3,541	–	–	–24	25,824
Packaging and resources used in logistic processes	45,403	5,324	78	–12,512	–	–	–	38,293
<b>Subtotals</b>	<b>68,959</b>	<b>8,423</b>	<b>2,812</b>	<b>–16,053</b>	<b>–</b>	<b>–</b>	<b>–24</b>	<b>64,117</b>
<b>Other fixed operating assets</b>	<b>37,557</b>	<b>1,790</b>	<b>926</b>	<b>–10,945</b>	<b>–</b>	<b>13,955</b>	<b>–21</b>	<b>43,262</b>
<b>Not used for business operations</b>								
Land and buildings	68,057	–	–5,438	–	–	–	–	62,619
Operating assets under development	24,795	18,882	–21,988	–	–	–	–	21,688
<b>Subtotals</b>	<b>92,852</b>	<b>18,882</b>	<b>–27,426</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>84,307</b>
<b>2021 totals</b>	<b>605,372</b>	<b>36,519</b>	<b>–</b>	<b>–63,215</b>	<b>–10,307</b>	<b>14,003</b>	<b>–770</b>	<b>581,601</b>
<b>2020 totals</b>	<b>631,420</b>	<b>41,821</b>	<b>–5</b>	<b>–65,780</b>	<b>–2,084</b>	<b>–</b>	<b>–</b>	<b>605,372</b>

	LAND	BUILDINGS	EQUIPMENT, PACKAGING AND LOGISTIC RESOURCES	OTHER FIXED OPERATING ASSETS	NOT USED FOR BUSINESS OPERATIONS	2021	2020
Cumulative purchase value	135,445	964,986	295,785	182,781	138,153	1,728,025	1,688,582
Cumulative depreciation and impairment losses	-40,556	-680,835	-231,669	-139,519	-53,846	-1,146,424	-1,083,210
<b>Balance as at 31 December</b>	<b>105,765</b>	<b>284,150</b>	<b>64,117</b>	<b>43,262</b>	<b>84,307</b>	<b>581,601</b>	<b>605,372</b>

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

The carrying value of the land includes an amount of €6.5 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.

In 2021, three large property sales took place. On 1 April, the development site in Rijnsburg was sold. The site had a carrying amount of €0.25 million and a gain of €1.8 million was realised on disposal. Also on 1 April, the Fleurada building, located at Middle Broekweg 41a, Naaldwijk, was sold. The site had a carrying amount of €3.4 million and a gain of €2.2 million was realised on disposal. On 10 December, the TPW Venus 181 building in Naaldwijk was sold. The site had a carrying amount of €6.7 million and a gain of €7.4 million was realised on disposal.

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

As at the balance-sheet date, the fair value of land and buildings not used for business operations was €125.8 million (2020: €98.6 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. Investments put into use in 2021 include the renovation of the new Floradôme office in Aalsmeer, the replacement lines 1-3 of the bucket washing facility at Rijnsburg, phase 2 of the renovation of the Naaldwijk parking deck and the purchase of new auction trolleys.

Investments not yet put into use at the close of 2021 include the new Marginpar building at Aalsmeer Oost, the groundwork and residential infrastructure at Aalsmeer Oost, phase 1 of a newly installed product line at Aalsmeer Oost and lines 4 and 5 of the replacement bucket washing facility at Rijnsburg.

### (3) Financial fixed assets

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

	PARTICIPATING INTERESTS	OTHER RECEIVABLES	DEFERRED TAXES	2021	2020
<b>Balance as at 1 January</b>	<b>11,314</b>	<b>6,338</b>	<b>–</b>	<b>17,652</b>	<b>19,949</b>
<b>Movements</b>					
Investments	–	–	–	–	–
Disposals	–360	–	–	–360	–
Profit/loss from participating interests	2,088	–	–	2,088	1,287
Dividend distribution	–2,286	–	–	–2,286	–1,930
Loans granted	–	53	–	53	200
Repayments	–	–57	–	–57	–1,754
Additions	–	–	4,724	4,724	–
Reclassifications	–	–	–737	–737	–
Other movements	193	–1,860	–	–1,667	–100
<b>Balance as at 31 December</b>	<b>10,949</b>	<b>4,474</b>	<b>3,987</b>	<b>19,410</b>	<b>17,652</b>

Deferred tax assets and liabilities within the group tax entity are presented on a net basis. As at 31 December 2021, this resulted in a deferred tax asset. The deferred tax position originates on the one hand from deferred tax assets resulting from: (1) differences between the commercial and fiscal 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 admitted for tax purposes. On the other hand, the deferred tax position is also determined by deferred tax liabilities resulting from: (1) differences between the commercial and tax valuation of tangible fixed assets with regard to maintenance costs, which are recognised directly in the profit and loss account for tax purposes rather than being capitalised in the balance sheet; and (2) previously formed tax provisions for major maintenance.

The deferred tax provision has been formed based on the current and future corporation tax rate of 25.0%. 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:

	2021	2020
FloriWorld BV	1,540	2,100
Plant Port I BV	2,988	2,955
Veiling Rhein Maas GmbH & Co KG	3,827	3,297
Plantion Holding BV	1,225	1,225
Other participating interests	1,369	1,737
<b>Totals</b>	<b>10,949</b>	<b>11,314</b>

#### Participating interests

The profit or loss from participating interests in the consolidated profit and loss account comprised a profit of €2.1 million (2020: €1.2 million profit).

#### Other receivables

This item includes loans to associated companies to the value of €4.5 million (2020: €4.3 million). These loans bear an average interest rate of Euribor + 1.5% (2020: + 1.5%). Loan components that must be repaid within 12 months after the financial year-end are included under current assets (€1.8 million). Loans totalling €274,000 have less than 5 years remaining to maturity (2020: €2.1 million) and loans totalling €4.2 million have 5 years or longer to maturity (2020: €4.2 million).

#### Transactions with related parties

All transactions with participating interests were effected on market terms. The related parties of Royal FloraHolland comprise the participating interests and 'other related parties'. Other related parties are: Vereniging van Bloemenveilingen in Nederland, Stichting Fonds Coöperatieve Bloemenveilingen, Bloemenbureau Holland, Plant Port 2 BV, VvE Verenigde Bloemenveilingen Aalsmeer, Stichting derdengelden FloraXchange, Sierteelt Verpakings Pool CV, Stichting Obligatiehouders Floriworld, Stichting Florilog and members of the Supervisory Board and 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

	2021	2020
Taxes and social security contributions	670	136
Prepaid costs	8,353	5,647
Other receivables	6,764	1,939
Prepaid expenses and accrued income	571	410
<b>Balance as at 31 December</b>	<b>16,358</b>	<b>8,132</b>

Other receivables, prepaid expenses and accrued income are due in less than one year. The increase in taxes and social security contributions is primarily due to an increase in VAT receivable at the year-end. The increase in prepaid costs is primarily due to a higher number of prepayments than in 2020. Other receivables principally concern a receivable of €1.8 million in relation to the sale of the Bleiswijk site. This amount is in an escrow account and will be received in 2022. Prepaid expenses and accrued income principally concern an advance payment of €3.0 million in relation to the development of the Aalsmeer site. Other receivables, prepaid expenses and accrued income have also risen as a result of the addition of the Floriway entities to the scope of consolidation.

## Group equity

### (6) Equity

As at the balance-sheet date, the cooperative's equity amounted to €214.3 million (2020: €214.6 million). The consolidated equity is identical to the company equity. Further information is provided in the notes to the company balance sheet.

### (7) Minority interests\*

	2021	2020
<b>Balance as at 1 January</b>	<b>2,524</b>	<b>2,536</b>
<b>Movements</b>		
Share in net profit/loss in financial year	447	224
Dividend distribution	-282	-236
<b>Balance as at 31 December</b>	<b>2,689</b>	<b>2,524</b>

\* 'Minority interests' refers to the minority interests held by third parties in Royal FloraHolland group companies.  
A list of participating interests is provided on page 103.

### (8) Provisions

	DEFERRED TAXES	OTHER PROVISIONS	2021	2020
<b>Balance as at 1 January</b>	<b>1,039</b>	<b>6,229</b>	<b>7,268</b>	<b>8,234</b>
<b>Movements</b>				
Additions	87	1,015	1,102	5,400
Withdrawals	-389	-1,129	-1,518	-6,351
Release	-	-340	-340	-15
Reclassification	-737	-	-737	-
<b>Balance as at 31 December</b>	<b>-</b>	<b>5,775</b>	<b>5,775</b>	<b>7,268</b>

Deferred tax assets and liabilities within the group tax entity are presented on a net basis.

The balance of €737,000 as at 31 December 2021 has therefore been reclassified to financial fixed assets.

The remaining provisions comprise provisions for long-service awards (€4.5 million), restructuring expenses (€0.5 million), missing CC containers (€0.4 million) and payments for prolonged illness (€0.3 million). The provision for missing CC containers was formed for the shortfall in CC containers found when the CC labels were replaced in early 2019. During 2021, the shortfall in CC containers was largely offset by the purchase of new CC containers for €0.9 million. The restructuring provision relates to a change in the logistics process whereby a transition is being made from the current supply-driven distribution process to a demand-driven order picking process. The majority of the restructuring provision has a term of less than one year, while the majority of other 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 2021 have a term longer than one year. Payouts to be made during 2022 have a term shorter than one year, and are therefore recognised under current liabilities.

### (9) 'B' depositary receipts

	2021	2020
<b>Balance as at 1 January</b>	<b>233,002</b>	<b>233,651</b>
<b>Movements</b>		
Capital contribution credits	26,878	22,216
Additional payouts during current financial year	-28,736	-18,916
Payouts in next financial year, recognised under current liabilities	-3,810	-3,949
<b>Balance as at 31 December</b>	<b>227,334</b>	<b>233,002</b>
Of which:		
Term < 1 year	3,810	3,949
Term >1 and <5 years	137,253	130,178
Term > 5 years	90,081	102,824
<b>Total</b>	<b>231,144</b>	<b>236,951</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 revenues of members and non-members. In 2021, the total value of these capital contributions (spread over the 'A', 'B', and 'D' depositary receipts) was €29.4 million (2020: €24.4 million).

Article 17, paragraph 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.

In 2021, the Royal FloraHolland 2013 annual instalment was repaid early for a total of €28.7 million. No interest was paid in 2021 (2020: 0.0%). The total expected to be paid out to former members in 2022 is €3.8 million (2020: €3.9 million).

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

### (10) 'C' depositary receipts

	2021	2020
<b>Balance as at 1 January</b>	<b>475</b>	<b>1,102</b>
<b>Movements</b>		
Additional payouts during current financial year	–	–3
Payouts in next financial year, recognised under current liabilities	–331	–624
Other movements	103	–
<b>Balance as at 31 December</b>	<b>247</b>	<b>475</b>
Of which:		
Term < 1 year	331	624
Term >1 and <5 years	247	431
Term > 5 years	–	44
<b>Total</b>	<b>578</b>	<b>1,099</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 2021 was 0.5% (2020: 0.5%).

Article 17, paragraph 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.

### (11) 'D' depositary receipts

	2021	2020
<b>Balance as at 1 January</b>	<b>5,898</b>	<b>6,519</b>
<b>Movements</b>		
Capital contribution credits	444	386
Additional payouts during current financial year	–2,611	–816
Payouts in next financial year, recognised under current liabilities	–538	–191
<b>Balance as at 31 December</b>	<b>3,193</b>	<b>5,898</b>
Of which:		
Term < 1 year	538	191
Term >1 and <5 years	1,597	3,467
Term > 5 years	1,596	2,431
<b>Total</b>	<b>3,731</b>	<b>6,089</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. In 2021, the Royal FloraHolland 2013 annual instalment was repaid early for a total of €2.6 million. No interest was paid in 2021 (2020: 0.0%). The total expected to be paid out to former non-member holders in 2022 is €538,000 (2020: €191,000).

Article 17, paragraph 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.



**(12) Long-term bank loans and Other liabilities**

	LONG-TERM BANK LOANS	FINANCIAL LEASE OBLIGATIONS	OTHER LIABILITIES	2021	2020
<b>Balance as at 1 January</b>	<b>3,759</b>	<b>–</b>	<b>–</b>	<b>3,759</b>	<b>4,319</b>
<b>Movements</b>					
Repayments	–280	–	–	–280	–280
Payouts in next financial year, recognised under current liabilities	–280	–	–	–280	–280
Other movements	560	–	–	560	–
Consolidation FloriWay	5,920	5,739	5,862	17,521	–
<b>Balance as at 31 December</b>	<b>9,679</b>	<b>5,739</b>	<b>5,862</b>	<b>21,280</b>	<b>3,759</b>

The balance of long-term bank loans as at 31 December 2021 has a term longer than one year, but shorter than five years. Repayment obligations within 12 months after the end of the financial year are recognised under current liabilities. The bank loans are secured by charges on rental income, shares and receivables, by a mortgage on property and by an overlapping security arrangement (*wederzijdse zekerhedenregeling*). The average interest rate is 2.90%.

**Current liabilities**

All current liabilities are due in less than one year.

**(13) Credit institutions and cash and cash equivalents**

This includes the credit facility with the banks. In 2017, Royal FloraHolland arranged refinancing whereby a syndicate of banks provided a credit facility 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 2021, none of this facility was utilised (2020: €14.8 million).

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 2021, Royal FloraHolland satisfied the requirements for both of these ratios as agreed in the bank covenant. This credit facility is unsecured. The cash and cash equivalents are at the free disposal of the legal entity.

**(14) Debts and repayment obligations to members/non-members**

Debts to members/non-members include the product revenues of 27, 28, 29, 30 and 31 December 2021 that were yet to be paid out. The rise of €6.7 million is due to the fact that the figure at year-end 2021 includes product revenues from 27 December that had not yet been paid out, whereas the figure for 2020 only includes undistributed product revenues from 28, 29, 30 and 31 December. The repayment obligations to members/non-members include the 2021 repayment obligation for 'A', 'B', 'C' and 'D' depositary receipts plus closing balances on participation reserves.

**(15) Refundable deposits**

There is a release each year of the outstanding deposit refund liabilities for the reusable packaging as at the balance-sheet date. Up to and including 2020, this release was calculated on the basis of a percentage of 1.4%. Due to a change in the estimation method used to calculate the percentage, the release percentage for the financial year 2021 has been set at 1.7%. The quantitative effect of the change in the basis of estimation in 2021 is €0.4 million.

**(16) Other liabilities, accrued expenses and deferred income**

	2021	2020
Taxes and social security contributions	15,823	7,957
Holidays and holiday pay	13,558	12,696
Interest expense payable to banks and on members' loans	833	935
Accrued expenses and deferred income	6,527	8,288
Other liabilities	47,196	37,915
<b>Balance as at 31 December</b>	<b>83,937</b>	<b>67,791</b>

The increase in taxes and social security contributions is primarily results from the €9.2 million of corporation tax payable on the 2021 profit, which was partly driven by the difference between the commercial and tax carrying values of tangible fixed assets. The increase in other liabilities is due to the fact that the amount for pending invoices at 31 December 2021 was higher than at 31 December 2020, and to the addition of the Floriway entities to the scope of consolidation.

## (17) 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.

Unlike the 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.

The principal risks related to the group's financial instruments are the interest-rate risk, credit risk and liquidity risk. The group policy pursued to manage these risks is described in the following sections.

### 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 Javado Vastgoed BV bank loan is — in view of the interest rate level — only partially hedged by means of interest-rate swaps. Given the current balance of the credit facility, the cash flow interest-rate risk of a 1% rise in the Euribor rate equates to €0.1 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 2021, the proportion of loans with a variable interest rate related to group financing was 100% (2020: 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 covering Royal FloraHolland clock auction and Connect purchases. As at 31 December 2021, Royal FloraHolland holds a total of €41.3 million in bank guarantees and security deposits (31 December 2020: €38.7 million).

As at 31 December 2021, trade receivables totalled €41.6 million (31 December 2020: €32.6 million). This amount is net of a provision for doubtful debtors of €0.3 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.

The group assumes the full credit risk of members and suppliers by guaranteeing weekly payment for the products they sell and supply, but solely insofar as invoicing and payment 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. 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 credit-worthiness ratios of Royal FloraHolland. No assets have been pledged as security for the credit facility. One bank loan to one group company is secured with a mortgage on group property together with pledged rental income and receivables. For another bank loan to another group company, the shares in the company concerned have been pledged by the intermediate holding company, together with the operating assets and receivables.

Royal FloraHolland prepares 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 liquidity risks of the interest-rate swaps is provided below under 'Fair value of derivatives'. An explanation of the credit facility and related covenants is provided in the notes on non-current liabilities.

### Fair value of derivatives

The fair value of the interest-rate swaps used to hedge the interest-rate risk on variable-rate long-term liabilities is determined by discounting the expected future cash flows from these interest-rate swaps using the zero coupon curve.

As at the year-end, the group has one interest-rate swap contract outstanding. Under that contract, the group receives the market interest rate equal to the 6-month Euribor on a nominal amount of €2.6 million (2020: €2.9 million) and pays interest of 1.03% on that nominal amount. This interest-rate swap contract took effect on 1 July 2016 and matures on 1 January 2023.

The interest-rate swap serves to hedge the interest-rate risk exposure of the group on the Javado Vastgoed BV bank loan. As at 31 December 2021, the outstanding principal on the Javado Vastgoed BV bank loan was €3.8 million (2020: €4.0 million). The variable interest rate on the bank loan is based on the 6-month Euribor. More information on the obligations related to the bank loan is provided in the note on non-current liabilities.

The interest-rate swap contracts have a fair value of €0.1 million negative (2020: €0.8 million negative) and they form part of an effective hedging relationship, in which cost price hedge accounting is applied based on individual hedge documentation. Royal FloraHolland has no margin call obligations on interest-rate swap contracts. The interest-rate swap contracts therefore do not expose the group to possible liquidity risks.

**(18) Off-balance sheet assets, obligations and arrangements**

	31 December 2021				31 December 2020			
	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Investment obligations	32,470	360	990	33,820	16,012	364	990	17,366
Operating lease obligations	1,324	2,734	243	4,300	1,130	2,047	2	3,179
Rental obligations	1,653	704	–	2,357	1,210	1,329	–	2,539
Guarantees	1,774	–	–	1,774	1,589	–	–	1,589
Miscellaneous service contracts	70,115	89,043	9,274	168,431	68,921	125,404	10,736	205,061
<b>Total</b>	<b>107,336</b>	<b>92,840</b>	<b>10,507</b>	<b>210,682</b>	<b>88,862</b>	<b>129,144</b>	<b>11,728</b>	<b>229,735</b>

Obligations pertaining to operating leases and rents are in line with 2020. Investment obligations rose by €16.4 million compared to 2020. This is due to major new obligations entered into in respect of forthcoming investments, including for the development of Aalsmeer Oost.

As at 31 December 2021, Royal FloraHolland has issued bank guarantees for an amount of €1.8 million (2020: €1.6 million).

The miscellaneous service contracts fell by €36.6 million compared to 2020, mainly due to the expiry of a number of contracts with ICT suppliers for software development and administration activities.

The minimum future rental income is €15.5 million (2020: €14.3 million), divided over the coming years as follows:

	31 December 2021				31 December 2020			
	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Rental income	12,989	2,467	5	15,461	13,401	831	35	14,267
<b>Total</b>	<b>12,989</b>	<b>2,467</b>	<b>5</b>	<b>15,461</b>	<b>13,401</b>	<b>831</b>	<b>35</b>	<b>14,267</b>

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

**(19) Notes to the statement of cash flows**

In 2021, Floriway BV acquired Gebroeders De Winter Holding BV, Hoza BV and Van Marrewijk Holding BV. The payment was made in cash and is disclosed in the statement of cash flows. The investments in tangible fixed assets include only those investments that caused an outflow of cash resources in 2021.



# Notes to the consolidated profit and loss account for 2021

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

## Product revenues

(x €1 million)	2021	2020
Total clock revenue	2,220	1,783
Direct sales revenue	3,407	2,871
<b>Total product revenues of Royal FloraHolland</b>	<b>5,627</b>	<b>4,654</b>

Royal FloraHolland's clock auction revenue accounted for 39.5% in 2021 (2020: 38.3%). The share of direct sales revenue in 2021 was 60.5% (2020: 61.7%). In 2021, Royal FloraHolland members generated total product revenue of €5,323 million (2020: €4,389 million), while other suppliers generated total product revenue in 2021 of €304 million (2020: €265 million).

Members can use the Temporary Exemption from Member Obligations (TEMO) scheme, on which Royal FloraHolland charges commission. In 2021, members retrospectively paid TEMO commission to Royal FloraHolland on €249 million of non-auction product revenues (2020: €234 million).

## Operating income

### (20) Miscellaneous revenue

The miscellaneous revenue booked in 2021 was €53.1 million (2020: €34.2 million). The increase is principally due to the inclusion in this item of gains from the sale of land and buildings. In 2021, this mainly concerned gains on the sale of properties. More information is provided in the note 'Tangible fixed assets'.

The increase in miscellaneous revenue was partly due to an increase in services for imports such as Flower Handling (€1.2 million), and Kopen Op Afstand (€0.9 million).

## Operating expenses

### (21) Wages and salaries

	2021	2020
Group employees' salaries	120,028	102,781
External personnel	29,640	26,830
	<b>149,668</b>	<b>129,611</b>

#### 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 €392,000 (2020: €392,000). This compensation for their work is a fixed sum. The Chair of the Supervisory Board is paid €50,000 per year plus €50,000 to cover the cost of a replacement for his duties in his own production business. The Vice Chair is paid €36,500 per year. The ordinary members are paid €31,500 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. Training costs paid to the members of the Supervisory Board totalled €28,000 in 2021.

Fixed and variable remuneration paid to the two members of the Management Board totalled €1.3 million before tax in 2021 (2020: €1.2 million). This figure included variable remuneration totalling €263,000 payable to the two members. This is their variable remuneration for the year 2021, which will be paid in 2022. The variable remuneration paid to S. van Schilfgaarde is 34% of his fixed salary, and for D. van Mechelen the variable component is 17% of his fixed salary.

Management remuneration*	2021	2020	2021	2020	2021	2020	2021	2020
	FIXED	FIXED	VARIABLE	VARIABLE	PENSION	PENSION	TOTAL	TOTAL
D. van Mechelen	453	425	76	51	22	18	551	494
S. van Schilfgaarde	554	524	187	116	20	20	761	660
	<b>1,007</b>	<b>949</b>	<b>263</b>	<b>167</b>	<b>42</b>	<b>38</b>	<b>1,312</b>	<b>1,154</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 2021 was €13,000 (2020: €13,000); for S. van Schilfgaarde, it was €13,000 (2020: €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.

**(23) 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:

	2021	2020	2021	2020	2021	2020
Accountant's fees	PWC NEDERLAND	PWC NEDERLAND	PWC OTHER (NETWORK)	PWC OTHER (NETWORK)	TOTAL	TOTAL
Audit of the financial statements	496	518	19	17	515	535
Other audit engagements	44	156	29	14	73	170
Tax consultancy services	–	–	25	1	25	1
	<b>539</b>	<b>674</b>	<b>73</b>	<b>32</b>	<b>612</b>	<b>706</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.

**(24) Corporation tax**

	2021	2020
Based on profit/loss for financial year	–8,916	–658
Corrections to previous years	–75	–94
Movement in deferred tax	4,725	886
	<b>–4,266</b>	<b>134</b>

**Tax burden**

	2021	2020
Applicable tax rate	25.0%	25.0%
Effective tax rate	39.5%	6.0%

**Average numbers of employees and FTEs**

	2021	2020	2021	2020
	AVERAGE NUMBER OF EMPLOYEES	AVERAGE NUMBER OF EMPLOYEES	AVERAGE NUMBER OF FTEs	AVERAGE NUMBER OF FTEs
Operations	1,922	1,915	1,376	1,404
Commercial	462	467	402	408
Support services	304	242	288	227
<b>Royal FloraHolland</b>	<b>2,688</b>	<b>2,624</b>	<b>2,066</b>	<b>2,039</b>
Participating interests*	56	55	55	56
Floriway	407	–	339	–
	<b>3,151</b>	<b>2,679</b>	<b>2,460</b>	<b>2,095</b>

\* Including 40 employees (39 FTEs) working abroad.

**(22) Depreciation, amortisation and impairments**

	2021	2020
Intangible fixed assets	25,573	12,319
Tangible fixed assets	63,215	65,780
	<b>88,788</b>	<b>78,099</b>

The increase in the amortisation and impairment of intangible fixed assets was partly due to a €6.4 million impairment loss in relation to software, as a result of strategic choices whereby part of the legacy systems are to be replaced in the future. An impairment loss of €4.3 million has also been charged in relation to the goodwill on the FloraXchange BV acquisition. This is the consequence of the development of Floriday, RFH's digital flori-culture marketplace that provides a meeting point for supply and demand, and the integration of the catalogue function of the FloraXchange platform into Floriday in 2022. The depreciation of tangible fixed assets increased mainly as a result of accelerated write-downs of disposed assets and assets that will no longer be used in future.

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

<b>Operating profit/loss before tax</b>	<b>9,054</b>	
Profit/loss from participating interests	2,088	
Minority interests	-331	
<b>Profit/loss before tax</b>	<b>10,812</b>	
Corporation tax based on applicable tax rate	-2,703	25.0%
Differences due to differences in tax rates and disallowed expenses	-1,372	12.7%
Offsettable losses	-117	1.1%
Corrections to previous years	-75	0.7%
Corporation tax based on effective tax rate	-4,267	39.5%

The difference between the effective and the applicable tax rates in 2021 is mainly due to the different tax rates applied to foreign participating interests, disallowed expenses and offsettable losses.

## (25) Events after the balance-sheet date

The impact of the Ukraine crisis on Royal FloraHolland and the floriculture sector as a whole is unclear at the time of writing, but will be closely monitored.



# Company balance sheet as at 31 December 2021

(After proposed appropriation of profit or loss (amounts x €1,000))

## Assets

	Note	2021	2020
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>	(26)	<b>39,717</b>	<b>39,776</b>
<b>Tangible fixed assets</b>	(27)		
Land		98,880	102,286
Buildings		281,277	293,865
Equipment, packaging and logistic resources		64,095	68,957
Other fixed operating assets		29,022	37,240
Not used for business operations		84,308	92,852
		<b>557,582</b>	<b>595,200</b>
<b>Financial fixed assets</b>	(28)		
Participating interests in group companies		16,891	21,490
Other receivables		235	2,038
Deferred taxes		3,999	–
		<b>21,125</b>	<b>23,528</b>
<b>Current assets</b>			
<b>Inventories</b>		<b>575</b>	<b>596</b>
<b>Receivables</b>			
Trade receivables	(29)	38,247	32,227
Receivables from members/non-members		–	2,338
Receivables from group companies		9,625	18,223
Receivables from participating interests		2,618	5,691
Other receivables, prepaid expenses and accrued income	(30)	14,057	6,990
		<b>64,547</b>	<b>65,469</b>
<b>Cash and cash equivalents</b>		<b>45,146</b>	<b>4,178</b>
<b>Total</b>		<b>728,691</b>	<b>728,747</b>

## Liabilities

	Note	2021	2020
<b>Equity</b>	(31)		
General reserve		116,410	114,958
Legal entities reserve		2,634	2,635
'A' depositary receipts		48,418	47,824
Final balance		4,881	7,699
Statutory reserve		41,948	41,455
		<b>214,291</b>	<b>214,571</b>
<b>Provisions</b>	(32)		
Provision for deferred tax		–	650
Other provisions		5,651	6,206
		<b>5,651</b>	<b>6,856</b>
<b>Non-current liabilities</b>			
'B' depositary receipts*	(9)	227,334	233,002
'C' depositary receipts*	(10)	247	475
'D' depositary receipts*	(11)	3,193	5,898
		<b>230,774</b>	<b>239,375</b>
<b>Current liabilities</b>			
Credit institutions		–	14,510
Debts to members/non-members	(14)	66,988	47,642
Repayment obligations to members/non-members	(14)	8,900	8,842
Debts to group companies		52	8,031
Accounts payable		24,317	25,651
Refundable deposits	(15)	100,125	96,162
Other liabilities, accrued expenses and deferred income	(33)	77,595	67,107
		<b>277,975</b>	<b>267,945</b>
<b>Total</b>		<b>728,691</b>	<b>728,747</b>

\* Subordinated loans: the effective net worth is the sum of these loans plus the group equity. At year-end 2021, the effective net worth was €445.1 million (2020: €453.9 million).

# Company profit and loss account for 2021

(amounts x €1,000)

	2021	2020
Company profit/loss after tax	12,818	-5,152
Profit/loss from participating interests after tax	-6,273	-623
<b>Profit/loss after tax</b>	<b>6,545</b>	<b>-5,775</b>

# Notes to the company accounts for 2021

## 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 2021 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 2021

(amounts x €1,000)

## Fixed assets

### (26) Intangible fixed assets

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

	2021	2020
<b>Balance as at 1 January</b>	<b>39,776</b>	<b>36,318</b>
<b>Movements</b>		
Investments	19,045	13,555
Transfers	–	5
Amortisation	–11,272	–8,978
Disposals	–	–
Corrections	–1,416	–
Impairment losses	–6,416	–1,124
<b>Balance as at 31 December</b>	<b>39,717</b>	<b>39,776</b>
Cumulative purchase value	73,554	67,005
Cumulative amortisation and impairment losses	–33,837	–27,229
<b>Balance as at 31 December</b>	<b>39,717</b>	<b>39,776</b>

Investments concerned the development of new software. An impairment loss of €6.4 million was charged during the year on software. This relates to new software developments, strategic choices having been taken whereby some of the legacy systems are to be replaced in the future.



**(27) Tangible fixed assets**

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

	BALANCE AS AT 1 JANUARY	INVESTMENTS	TRANSFERS	DEPRECIATION AND IMPAIRMENT LOSSES	DISPOSALS	CORRECTIONS	BALANCE AS AT 31 DECEMBER
<b>Land</b>							
Land	72,690	–	5,438	–	–6,331	–	71,797
Site facilities	29,596	120	682	–3,036	–	–279	27,083
<b>Subtotals</b>	<b>102,286</b>	<b>120</b>	<b>6,120</b>	<b>–3,036</b>	<b>–6,331</b>	<b>–279</b>	<b>98,880</b>
<b>Buildings</b>	<b>293,865</b>	<b>7,304</b>	<b>17,568</b>	<b>–33,038</b>	<b>–3,976</b>	<b>–446</b>	<b>281,277</b>
<b>Equipment, packaging and logistic resources</b>							
Equipment	23,555	3,086	2,734	–3,538	–	–24	25,813
Packaging and resources used in logistic processes	45,402	5,314	79	–12,513	–	–	38,282
<b>Subtotals</b>	<b>68,957</b>	<b>8,400</b>	<b>2,813</b>	<b>–16,051</b>	<b>–</b>	<b>–24</b>	<b>64,095</b>
<b>Other fixed operating assets</b>	<b>37,240</b>	<b>1,709</b>	<b>927</b>	<b>–10,833</b>	<b>–</b>	<b>–21</b>	<b>29,022</b>
<b>Not used for business operations</b>							
Land and buildings	68,057	–	–5,438	–	–	–	62,619
Operating assets under development	24,795	18,884	–21,990	–	–	–	21,689
<b>Subtotals</b>	<b>92,852</b>	<b>18,884</b>	<b>–27,428</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>84,308</b>
<b>2021 totals</b>	<b>595,200</b>	<b>36,417</b>	<b>–</b>	<b>–62,957</b>	<b>–10,307</b>	<b>–770</b>	<b>557,582</b>
<b>2020 totals</b>	<b>621,118</b>	<b>41,554</b>	<b>–5</b>	<b>–65,382</b>	<b>–2,085</b>	<b>–</b>	<b>595,200</b>

	LAND	BUILDINGS	EQUIPMENT, PACKAGING AND LOGISTIC RESOURCES	OTHER FIXED OPERATING ASSETS	NOT USED FOR BUSINESS OPERATIONS	2021	2020
Cumulative purchase value	138,687	957,774	288,949	168,006	123,179	1,676,596	1,652,940
Cumulative depreciation and impairment losses	-39,807	-676,497	-224,855	-138,984	-38,871	-1,119,013	-1,057,740
<b>Balance as at 31 December</b>	<b>98,880</b>	<b>281,277</b>	<b>64,095</b>	<b>29,022</b>	<b>84,308</b>	<b>557,582</b>	<b>595,200</b>

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

In 2021, three large property sales took place. On 1 April, the development site in Rijnsburg was sold. The site had a carrying amount of €0.25 million and a gain of €1.8 million was realised on disposal. Also on 1 April, the Fleurada building, located at Middle Broekweg 41a, Naaldwijk, was sold. The site had a carrying amount of €3.4 million and a gain of €2.2 million was realised on disposal. On 10 December, the TPW Venus 181 building in Naaldwijk was sold. The site had a carrying amount of €6.7 million and a gain of €7.4 million was realised on disposal.

As at the balance-sheet date, the fair value of land and buildings not used for business operations was €125.8 million (2020: €98.6 million).

Investments put into use during the year are assigned to the appropriate asset category via the 'transfers' column. Investments put into use in 2021 include the renovation of the new Floradôme office in Aalsmeer, the replacement lines 1-3 of the bucket washing facility at Rijnsburg, phase 2 of the renovation of the Naaldwijk parking deck and the purchase of new auction trolleys.

Investments not yet put into use at the close of 2021 include the new Marginpar building at Aalsmeer Oost, the groundwork and residential infrastructure at Aalsmeer Oost, phase 1 of a newly installed product line at Aalsmeer Oost and lines 4 and 5 of the replacement bucket washing facility at Rijnsburg.

The carrying value of the land includes an amount of €6.5 million for a site for which Royal FloraHolland has no legal ownership. This concerns the land that Royal FloraHolland has leased to Plant Port 2 BV on which the Green Horti Center is located. Tangible fixed assets are depreciated based on their estimated economic life.

## (28) Financial fixed assets

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

	PARTICIPATING INTERESTS IN GROUP COMPANIES	OTHER RECEIVABLES	DEFERRED TAXES	2021	2020
<b>Balance as at 1 January</b>	<b>21,490</b>	<b>2,038</b>	<b>–</b>	<b>23,528</b>	<b>33,805</b>
<b>Movements</b>					
Profit/loss from participating interests	-6,273	–	–	-6,273	-623
Liquidation of participating interests	–	–	–	–	–
Dividend distribution	-2,247	–	–	-2,247	-7,766
Other direct equity movements	3,921	–	–	3,921	-134
Loans granted	–	54	–	54	–
Repayments	–	-57	–	-57	-1,754
Other movements	–	-1,800	3,999	2,199	–
<b>Balance as at 31 December</b>	<b>16,891</b>	<b>235</b>	<b>3,999</b>	<b>21,125</b>	<b>23,528</b>

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

	2021	2020
Sivepo BV	48	48
RFH Holding BV	16,843	21,442
<b>Totals</b>	<b>16,891</b>	<b>21,490</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 a direct 100% interest in FH Deelnemingen Holding BV, FH Diensten Holding BV, FH Vastgoed Holding BV and RFH Logistics Holding BV.

A list of participating interests is provided on page 103.

**Other receivables**

This item includes loans to associated companies to the value of €0.2 million (2020: €0.2 million). The loans have a term of longer than one year, but shorter than five years.

**Transactions with related parties**

All transactions with participating interests were effected on market terms. The related parties of Royal FloraHolland comprise the participating interests and 'other related parties'. Other related parties are: Vereniging van Bloemenveilingen in Nederland, Stichting Fonds Coöperatieve Bloemenveilingen, Bloemenbureau Holland, Plant Port 2 BV, VvE Verenigde Bloemenveilingen Aalsmeer, Stichting derdengelden FloraXchange, Sierteelt Verpakkings Pool CV, Stichting Obligatiehouders Floriworld, Stichting Florilog and members of the Supervisory Board and 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

**(29) Trade receivables**

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

**(30) Other receivables, prepaid expenses and accrued income**

	2021	2020
Taxes and social security contributions	–	98
Prepaid costs	8,353	5,647
Other receivables	5,133	835
Prepaid expenses and accrued income	572	410
<b>Balance as at 31 December</b>	<b>14,057</b>	<b>6,990</b>

Other receivables, prepaid expenses and accrued income are due in less than one year. The increase in prepaid costs is primarily due to a higher number of prepayments than in 2020. The 'Other receivables' item principally concerns a receivable of €1.8 million in relation to the sale of the Bleiswijk site. This amount is in an escrow account and will be received in 2022.

**(31) Equity**

General reserve	2021	2020
<b>Balance as at 1 January</b>	<b>114,958</b>	<b>124,311</b>
<b>Movements</b>		
Movement in statutory reserve	-472	-3,578
Movement in equity	-1,349	-
Transfer of profit/loss from current financial year	3,273	-5,775
<b>Balance as at 31 December</b>	<b>116,410</b>	<b>114,958</b>

The equity movement of €1.3 million primarily concerns the acquisition of a minority interest of €3.0 million as a result of the Floriway acquisition and a capital injection of €1.5 million in De Winter.

In anticipation of adoption by the Council of Members, the profit after tax for the 2021 financial year is booked as follows:

	2021	2020
Withdrawal from/addition to general reserve	3,273	-5,775
Payable to members*	3,272	-
<b>Total profit/loss after tax</b>	<b>6,545</b>	<b>-5,775</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 2021 (2020: €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.

<b>'A' depositary receipts</b>	<b>2021</b>	<b>2020</b>
<b>Balance as at 1 January</b>	<b>47,824</b>	<b>47,268</b>

**Movements**

Capital contribution credits	2,070	1,833
Addition of allocated profit	284	-
Additional payouts during current financial year	-273	-127
Payouts in next financial year, recognised under current liabilities	-1,487	-1,150
<b>Balance as at 31 December</b>	<b>48,418</b>	<b>47,824</b>

Under the Articles of Association, Article 40 'Transitional provisions 2016', paragraph 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, paragraph 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>2021</b>	<b>2020</b>
<b>Balance as at 1 January</b>	<b>7,699</b>	<b>10,741</b>

**Movements**

Additional payouts during current financial year	-39	-78
Payouts in next financial year, recognised under current liabilities	-2,735	-2,927
Other movements	-44	-37
<b>Balance as at 31 December</b>	<b>4,881</b>	<b>7,699</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>2021</b>	<b>2020</b>
<b>Balance as at 1 January</b>	<b>41,455</b>	<b>38,010</b>
<b>Movements</b>		
Translation differences	21	-134
Transfer from general reserve - participating interests	530	121
Transfer from general reserve - intangible fixed assets	-58	3,458
<b>Balance as at 31 December</b>	<b>41,948</b>	<b>41,455</b>

The statutory reserve was formed for translation differences relating to participating interests in foreign currencies (€114,000), retained earnings from participating interests (€1.8 million) and intangible fixed assets (€39.7 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.

## (32) Provisions

	PROVISION FOR DEFERRED TAX	OTHER RECEIVABLES	<b>2021</b>	<b>2020</b>
<b>Balance as at 1 January</b>	<b>650</b>	<b>6,206</b>	<b>6,856</b>	<b>7,582</b>
<b>Movements</b>				
Additions	75	891	966	5,400
Withdrawals	-725	-1,106	-1,831	-6,088
Release	-	-340	-340	-38
<b>Balance as at 31 December</b>	<b>-</b>	<b>5,651</b>	<b>5,651</b>	<b>6,856</b>

Deferred tax assets and liabilities within the group tax entity are presented on a net basis. As at 31 December 2021, this results in a deferred tax liability. The deferred tax position originates on the one hand from deferred tax assets resulting from: (1) differences between the commercial and fiscal 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 admitted for tax purposes. On the other hand, the deferred tax position is also determined by deferred tax liabilities resulting from: (1) differences between the commercial and tax valuation of tangible fixed assets with regard to maintenance costs, which are recognised directly in the profit and loss account for tax purposes rather than being capitalised in the balance sheet; and (2) previously formed tax provisions for major maintenance.

The deferred tax provision has been formed based on the current and future corporation tax rate of 25.0%. The provision has a term of more than one year.

The remaining provisions comprise provisions for long-service awards (€4.5 million), restructuring expenses (€0.5 million), missing CC containers (€0.4 million) and payments for prolonged illness (€0.3 million). The provision for missing CC containers was formed for the shortfall in CC containers found when the CC labels were replaced in early 2019. During 2021, the shortfall in CC containers was largely offset by the purchase of new CC containers for €0.9 million. The restructuring provision relates to a change in the logistics process whereby a transition is being made from the current supply-driven distribution process to a demand-driven order picking process. The majority of the restructuring provision has a term of less than one year, while the majority of other provisions have a term of more than one year.

# Current liabilities

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

	2021	2020
Taxes and social security contributions	6,410	7,839
Holidays and holiday pay	13,558	12,696
Interest expense payable to banks and on members' loans	833	935
Accrued expenses and deferred income	9,594	8,288
Other liabilities	47,200	37,349
<b>Balance as at 31 December</b>	<b>77,595</b>	<b>67,107</b>

All debts, accrued expenses and deferred income are due in less than one year.

The increase in accrued expenses and deferred income is due to an amount of €7.9 million repayable as at 31 December 2020 to the UWV (national employment insurance agency). This sum was paid in advance to Royal FloraHolland under the temporary NOW scheme (coronavirus emergency bridging finance for employers), but Royal FloraHolland was subsequently found to be ineligible for an allowance under the scheme.

The increase in other liabilities is due to the fact that the amount in pending invoices at 31 December 2021 was higher than at 31 December 2020.

## (34) Financial instruments

Information on the financial instruments is provided in the notes to the consolidated financial statements.

**(35) Off-balance sheet assets, obligations and arrangements**

	31 December 2021				31 December 2020			
	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Investment obligations	31,690	–	–	31,690	16,012	4	–	16,016
Operating lease obligations	1,306	2,681	243	4,230	1,130	2,047	2	3,179
Rental obligations	913	704	–	1,617	1,210	1,329	–	2,539
Guarantees	1,774	–	–	1,774	1,589	–	–	1,589
Miscellaneous service contracts	70,115	89,043	9,274	168,431	68,921	125,404	10,736	205,061
<b>Total</b>	<b>105,798</b>	<b>92,427</b>	<b>9,517</b>	<b>207,742</b>	<b>88,862</b>	<b>128,784</b>	<b>10,738</b>	<b>228,385</b>

Obligations pertaining to operating leases and rents are in line with 2020. Investment obligations rose by €15.7 million compared to 2020. This is due to major new obligations entered into in respect of forthcoming investments, including for the development of Aalsmeer Oost.

As at 31 December 2021, Royal FloraHolland has issued bank guarantees for an amount of €1.8 million (2020: €1.6 million).

The miscellaneous service contracts fell by €36.6 million compared to 2020, mainly due to the expiry of a number of contracts with ICT suppliers for software development and system administration activities.

The minimum future rental income is €15.5 million (2020: €14.3 million), divided over the coming years as follows:

	31 December 2021				31 December 2020			
	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Rental income	12,989	2,467	5	15,461	13,401	831	35	14,267
<b>Total</b>	<b>12,989</b>	<b>2,467</b>	<b>5</b>	<b>15,461</b>	<b>13,401</b>	<b>831</b>	<b>35</b>	<b>14,267</b>

Furthermore, several claims have been filed against Royal FloraHolland and there are also pending disputes. All claims are 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, as at 1 January 2021 Royal FloraHolland constituted a group tax entity with its subsidiaries FH Vastgoed Holding BV, Siervast BV, RFH Holding BV, RFH Logistics Holding BV and Floriway BV (formerly: Logistiek2 BV). Floriway BV left the group tax entity during the course of 2021 as a consequence of the share transaction of 27 October 2021, whereby 15% of the shares were sold to a third party. As at the end of 2021, Royal FloraHolland still holds 85% of the shares in Floriway BV (via its subsidiary RFH Logistics Holding BV). Taxes are attributed to the legal entity to which the position applies. For the purposes of value added tax, Royal FloraHolland 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.

Aalsmeer, 15 March 2022

**Steven van Schilfgaarde**  
CEO, Royal FloraHolland

**David van Mechelen**  
CFO, Royal FloraHolland



# Overview of participating interests

Royal FloraHolland has directly or indirectly a full or partial interest in the following companies:

	LOCATION	2021 Interest %	2020 Interest %
<b>RFH Holding BV*</b>	Honselersdijk	100	100
<b>FH Diensten Holding BV*</b>	Honselersdijk	100	100
Servi FloraHolland 2002 SL*	Valencia, Spain	100	100
FloraHolland Flower Combination BV*	Honselersdijk	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 Verpakings Pool BV*	Honselersdijk	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 (WFOE)*	Hong Kong, China	100	100
Trias Westland BV	Poeldijk	10	10
FloraXchange BV*	Honselersdijk	100	100
FloraXchange Services BV*	Honselersdijk	100	100
Ethiopian Perishable Logistics PLC	Ethiopia	10	10
Fresh Port PLC	Ethiopia	99	99
CAAC BV*	Aalsmeer	100	100
Blueroots BV	Honselersdijk	50	50
<b>FH Vastgoed Holding BV*</b>	Honselersdijk	100	100
Siervast BV*	Rijnsburg	100	100

	LOCATION	2021 Interest %	2020 Interest %
Metz Vastgoed BV	Honselersdijk	–	90
Metz Vastgoed II BV	Honselersdijk	–	90
Javado Vastgoed BV*	Honselersdijk	51	51
Plant Port 1 BV	Aalsmeer	49.5	49.5
FloriWorld BV	Aalsmeer	33.33	33.33
HBC Beheer BV	Naaldwijk	–	30
<b>FH Deelnemingen Holding BV*</b>	Honselersdijk	100	100
Plantion Holding BV	Bemmel	35	35
Veiling Rhein Maas GmbH & Co. KG	Herongen	25	25
Veiling Rhein Maas GmbH	Herongen	100	100
<b>Sivepo CV*</b>	Honselersdijk	100	100
<b>RFH Logistics Holding BV</b>	Aalsmeer	100	100
Floriway BV (formerly: Logistiek2 BV)	Aalsmeer	85	100
Gebroeders de Winter Holding BV*	Honselersdijk	100	–
De Winter Transport BV*	Honselersdijk	100	–
Logistics Flower Center BV*	Aalsmeer	100	–
De Winter Logistics Support BV*	Honselersdijk	100	–
De Winter Logistics Services BV*	Honselersdijk	100	–
Carrosserie Center Westland BV*	Honselersdijk	100	–
Hoza BV*	De Kwakel	100	–
P.M. van Zaal Transport BV*	De Kwakel	100	–
Van Marrewijk Holding BV*	Naaldwijk	100	–
Van Marrewijk Verhuur BV*	Naaldwijk	100	–
WEMATTRANS BV*	Naaldwijk	100	–

\* Consolidated participating interest.

# 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, clause 2, section (i) of these Articles of Association, motions by the Management Board under this article require the approval from the Supervisory Board.

## World Economic Forum reference table – Common metrics

We are making preparations for the new European Corporate Sustainability Reporting Directive (CSRD). Since the CSRD indicators are still under development, we are provisionally using the ‘common metrics’ defined by the World Economic Forum. RFH uses ESG to translate sustainability into practice. The WEF common metrics add ‘prosperity’ and present the other three areas in a different order, beginning with Governance, followed by Environment (Planet) and then Social (People). RFH’s four ambitions have also been added to this table as material topics. For more information, go to [www.weforum.org/stakeholdercapitalism/our-metrics](https://www.weforum.org/stakeholdercapitalism/our-metrics)

	Topics	Core metrics and disclosures	RFH disclosure
Principles of Governance	Governing purpose	<b>Setting purpose</b>	p.6
	Quality of governing body	<b>Governance body composition</b>	p.47
		Competencies relating to economic, environmental and social issues	
		Tenure on the governance body	p.52
		Number of each individual’s other significant positions and commitments, and nature of the commitments; gender; membership of under-represented social groups	p.51
		Stakeholder representation	p.49 and p.57
	Stakeholder engagement	<b>Material issues impacting stakeholders</b>	p.26
	Ethical behaviour	<b>Anti-corruption</b>	p.45
		<b>Protected ethics advice and reporting mechanisms</b>	Not reported
	Risk and opportunity oversight	<b>Integrating risk and opportunity into the business process</b>	pp. 43-46
Planet	Climate change	<b>Greenhouse gas (GHG) emissions</b> - Metric tons of carbon dioxide equivalent, scope 1 and scope 2 emissions	p.31 and p.32
		Estimate and report material upstream and downstream (GHG Protocol scope 3 emissions), where appropriate	Not reported
		<b>TCFD Implementation</b>	Not reported
	Nature loss	<b>Land use and ecological sensitivity</b>	Not reported
	Freshwater availability	<b>Water consumption and withdrawal in water-stressed areas</b>	p.31

Topics		Core metrics and disclosures	RFH disclosure
People	Dignity and equality	<b>Diversity and inclusion (%)</b>	p.20
		<b>Pay equality (%)</b>	Not reported
		<b>Wage level (%)</b>	p.18
		<b>Risk for incidents of child, forced or compulsory labour</b>	p.34
	Health and well-being	<b>Health and safety %</b>	p.39 and p.40
Prosperity	Employment and wealth generation	<b>Skills for the future – training provided</b>	p.18
		<b>Absolute number and rate of employment</b>	p.20 and p.89
		<b>Economic contribution</b> - Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organisation's global operations	
		Revenue	p.8, p.22, p.23, and p.87
		Operating costs	p.22, p.23
		Employee wages and benefits	p.22 and p.88
		Payments to providers of capital	p.63, p.64, p.65 and p.83
		Payments to government	p.64, p.80, p.83
		Community investment	Not reported
		Financial assistance received from the government	Not reported
		<b>Financial investment contribution</b>	
		Total capital expenditure	p.65
		Share buybacks plus dividend payments, supported by narrative	Dividend payments and payments to certificates p.65
		<b>Total R&amp;D expenses</b>	Not reported
		<b>Total tax paid</b> - Total global tax home borne by the company by category of taxes	* Deferred taxes - p.63, p.79 and p.91 * Corporate income tax - p.62, p.64, p.65, p.90 and Information p.73 * Income taxes - p.65 * Taxes and social security contributions - p.80 and p.83



	Topics	Core metrics and disclosures	RFH disclosure
Material topics	Ambition 1	Royal FloraHolland is the most reliable marketplace for certified sustainable flowers and plants.	p.27 and p.28
	Ambition 2	Royal FloraHolland aims for a circular economy with reuse of raw materials	p.29 and p.30
	Ambition 3	Royal FloraHolland aims to minimise carbon emissions in its operations	p.31 and p.32
	Ambition 4	Royal FloraHolland promotes green innovation together with partners ('Green is more than just beautiful')	p.33

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