

# Joining forces

# Annual Report 2020



CONNECT TO GROW



# Contents

## Report by the Management Board

Foreword by the CEO	2
Profile	6
Key financial figures	8
Strategy and progress	9
Human resources	15
Results and outlook	20
Sustainability	24
Safety	32
Risk management and risk control	35
Composition of the Management Board and management team	40

## Management & Governance

Corporate governance	41
Composition of the Supervisory Board	44
Report by the Supervisory Board	46
Report by the Audit Committee	48
Report of the Selection and Remuneration Committee	49
Composition of the Members' Council	50
Report by the Members' Council	51

## 2020 financial statements

Consolidated balance sheet	56
Consolidated profit and loss account	57
Consolidated statement of cash flows	58
Consolidated statement of comprehensive income	59
Notes to the consolidated accounts	60
Notes to the consolidated balance sheet	68
Notes to the consolidated profit and loss account	81
Company balance sheet	85
Company profit and loss account	86
Notes to the company accounts	87
Notes to the company balance sheet	88
Overview of participating interests	97

## Other information

Addresses	99
Publication details	100

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

# Joining forces

## Foreword by the CEO

In March 2020, the industry was hit by unprecedented events as a result of the COVID-19 crisis. Never before in our cooperative's long history did so many flowers and plants go unsold from one day to the next. We had no option but to destroy them all. Global demand for flowers and plants plummeted to nearly zero overnight, forcing us to introduce supply regulation for all product groups. In mid-March, it even seemed as if the floriculture industry might collapse, which would have seen growers and buyers go out of business in droves.

**'The COVID-19 crisis has made clear that the world around us is changing. Trends that we were already seeing are suddenly moving up a gear. The industry is going digital and global.'**



**Foreword by the CEO**

By joining forces, we were able to realize an Emergency Fund, as the first and one of very few industries where this has been done. This safety net ensured that growers and buyers could continue to look to the future. Our industry really stepped up to the plate last year and I am extremely proud of the great resilience shown by our sector. Every grower and trader had a different experience of the crisis, simply because their businesses were impacted differently. Some may have had a good year, while others still continue to grapple with the crisis on a daily basis. Those who supply mainly to the events industry are still feeling the pain every day.

**COVID-19 is accelerating trends**

The COVID-19 crisis has made clear that the world around us is changing. Trends that we were already seeing are suddenly moving up a gear. The industry is going digital and global. It is impossible to imagine life without digitalisation, not only in our day-to-day lives, but certainly also in business. Digital applications enable us to keep communicating and trading during lockdowns, which helps us all, including Royal FloraHolland, get through the crisis. Digitalisation makes it possible for people to work from home. At our marketplace, we were able to keep our auctions going thanks to Remote Buying technology. Another key development is the increasing consolidation, not only on the trading side, but also on the production side. Buyers are striking up partnerships and growers are joining forces in collectives. We are also seeing demand for sustainable products increase. More and more consumers, especially the young, want sustainably grown flowers and plants, as do florists and large retailers. And even one non-sustainably grown flower in a bouquet means it cannot be sold as a sustainable product.

**Developing Floriday jointly with market players**

We are currently in the process of turning our physical marketplace into a digital B2B platform, known as Floriday. Customers can already trade with each other directly and will soon also be able to use the clock auction on the platform. While liaising with growers, buyers and software suppliers, we will further develop Floriday and enrich it with new features, always putting user-friendliness first. We want to make headway fast, but it will be the users who determine the success of Floriday. Floriday is a work in progress. We are enabling new services in the areas of Order, Pay and Deliver. I am convinced that we are on the right track. Floriday will help us make sure our marketplace is the strongest it can be. We bring supply and demand together in one place, thus ensuring optimum pricing and maximum efficiency. That is what our cooperative was founded to do, and it continues to be our goal. By doing what we are good at, i.e. facilitating ordering, payments and delivery, we empower our customers to focus fully on their strengths. This is how we optimise the entire floriculture supply chain and stay strong and powerful together.

**‘While liaising with growers, buyers and software suppliers, we will further develop Floriday and enrich it with new features, always putting user-friendliness first.’**

**Our ambition is for Floriday to grow to become the B2B trading platform for the whole floriculture industry**

When it comes to realising our international ambitions, our digital platform plays a crucial role. Floriday has the potential to grow into a global platform. In 2020, our platform saw the first dollar transactions. International growers and buyers want to be able to pay in different currencies, and the fact that we are now able to offer this option is an important milestone. Needless to say, we will be further developing our financial services to members and the industry.

**Rolling out Nationwide Auctioning one step at a time**

Our Eelde site was the first Royal FloraHolland site to implement new deal-making and logistics concepts. We are already using state-of-the-art auctioning and sales technology there. And we have adopted a new approach to logistics, partly based on input from growers and buyers. Our collaboration with them was the key to success. This will be the basic principle underlying the further development of our Eelde site. It is a precursor of what is to come in the area of Nationwide Auctioning with smart logistics. In 2020, we successfully completed the first Nationwide Auctioning pilot. The year 2021 will be all about the step-by-step implementation of this concept at our export sites. Nationwide Auctioning is a major advance for Royal FloraHolland. You could say it marks the completion of the merger. It will be implemented step by step. After the successful pilot with anthurium cut flowers, we will now move on to the next projects. We will be doing this in close consultation with our growers and buyers. The role of the support teams is crucial in such an important project.

## **‘We managed to cut costs significantly and thus considerably limit our losses in 2020, despite the low revenue.’**

### **Optimisation of the logistics chain**

At the start of the fourth quarter, we announced Floriway, our joint venture with a number of major transport companies. The Authority for Consumers & Markets (ACM) has decided that Royal FloraHolland needs to request a licence for this; that application has now been submitted to the ACM. Once operational, Floriway will allow us to optimise our supply logistics and our inter-site logistics. This will not only make logistics in our industry much more efficient, it will also make it more sustainable.

### **More options for environmental registration and certification**

A transparent and reliable marketplace is very important to our growers and their buyers. There is an increasing demand for transparency in all sectors and businesses. Governments, too, are increasingly imposing environmental requirements. Our policy is aimed at making sure our growers are prepared for this. We believe Royal FloraHolland has an important role to play here. That is why in October 2019 we jointly announced our goal for our suppliers to have digital environmental registration systems and environmental certificates. This will let us offer market players uniform, transparent information about the products and production methods. This is crucial for lasting growth in the longer term. In 2020, significant steps were taken in implementing this plan. Most of the preconditions stipulated by the Members' Council have now been fulfilled, for instance. Importantly, growers can now choose from multiple suppliers offering environmental recordkeeping solutions. In consultation with the support team and the Members' Council, we have now (in early 2021) also proposed changes to the pace of the implementation to make environmental registration and, in due course, certification an attainable goal for all our growers. We are doing this because we see that some growers have concerns about the

implementation of our plan and are experiencing problems. We take their concerns very seriously. Many growers have already introduced digital environmental recordkeeping but some growers are struggling with the pace of change, the costs and the fact that data has to be recorded digitally. We have discussed this with the Members' Council and we will now jointly examine how we can accommodate and help our growers. We will therefore be postponing enforcement of the requirements for growers until further notice.

### **Small drop in revenue, considerable loss**

In 2020, everyone across the industry faced challenging market conditions. The coronavirus has had a painful impact on everybody. The dramatic fall in international demand in March and April obviously led to significant uncertainty among our members. However, this period was followed by some buoyant months starting in early May (Mother's Day in many countries). The anticipated major dip in activity did not materialise and the market recovered quickly. A contributory factor was the Emergency Fund, which served as a safety net helping growers maintain their production levels. On the whole, therefore, product sales at the marketplace were down only 2.9% on 2019. Sales were good thanks to solid pricing despite the drop in supplies. That reduced supply did however result in below-target revenues from our provision of services. The resulting loss was € 5.8 million. In May, our employees consented as a group to postponement of the pay rise agreed in the collective labour agreement. The Supervisory Board also waived an increase in compensation and agreed to postponement of the travel allowance. These sacrifices helped restrict the loss incurred by Royal FloraHolland. In spite of the loss, liquidity and solvency remained unchanged. We continued to invest in our strategic projects such as 100% Digital and Nationwide Auctioning. We were able to achieve substantial cost savings, which helped us significantly limit our loss in 2020, despite the low revenues. As in 2019, we made major strides in 2020 in our Basics Right programme. We are in increasingly good shape internally. Optimising our processes is important for various reasons. It will make us both less vulnerable and more efficient. Investments in the Basics Right programme will be recouped in the long run.

### **Stronger together**

Our logistics staff have delivered excellent performance over the past year, while complying with social distancing rules and wearing the compulsory face masks. Our office staff worked from home most of the time. With schools closed and parents having to monitor their children's remote schooling, working from home was quite a challenge sometimes.

**Foreword by the CEO**

This makes me all the more pleased to see that our employees' levels of engagement and enthusiasm have gone up considerably, as shown by the employee engagement survey that we ran. I want to thank our employees and compliment them on the tremendous effort, flexibility and commitment they showed in 2020, a year that was so challenging for everyone. My thanks also go to the members of the Members' Council. They worked intensively with us during the crisis and gave us advice. I would like to take this opportunity to once again stress the importance of the role of the Members' Council. Royal FloraHolland simply cannot do without our growers' experience and brainpower. We have jointly reached the conclusion that we want to reinforce our collaboration. The Members' Council is the best medium for the ongoing dialogue with our members, which speaks to the strength of the cooperative. My gratitude furthermore goes to the growers and buyers who were actively involved in the steering or support teams for various projects. This active involvement of growers and buyers shows that there is broad support for jointly strengthening the floriculture sector. That commitment is a crucial prerequisite. During the first months of 2021, growers and buyers expressed their doubts about the pace and content of certain programmes, in a survey and a petition. We take these signals very seriously, and look for joint solutions in our cooperative. Indeed, I have every confidence in the future: not just the future of Royal FloraHolland, but also the future of the Dutch floriculture sector as a whole.

**And finally...**

In 2020, Ruud Knorr joined our management team as CCO, Françoise Dings as Chief of Strategy & Transformation, and Leendert-Jan Plaisier as COO. That brings our team up to full strength. I would particularly like to thank the Supervisory Board for the pleasurable partnership and constructive input. Their support was crucial in this intense year. In closing, I want to thank our members, buyers and other stakeholders for their collaboration and for placing their trust in us. Together, we are working on sustainable growth for the floriculture industry. In 2020, we made major strides in this respect.  
*Connect to grow!*

**STEVEN VAN SCHILFGAARDE**

CEO, ROYAL FLORAHOLLAND

# Profile

**Our aim is to optimise pricing and minimise costs.**



**Transactions  
per day**

**96,432**



**Flower and plant  
varieties traded**

**22,863**



**Suppliers**

**5,267**



**Members**

**3,763**



**Customers**

**2,421**

## Our promise: what we stand for

*Growing opportunities together:* we connect players in the floriculture industry and create opportunities for sustainable growth and success in the global market.

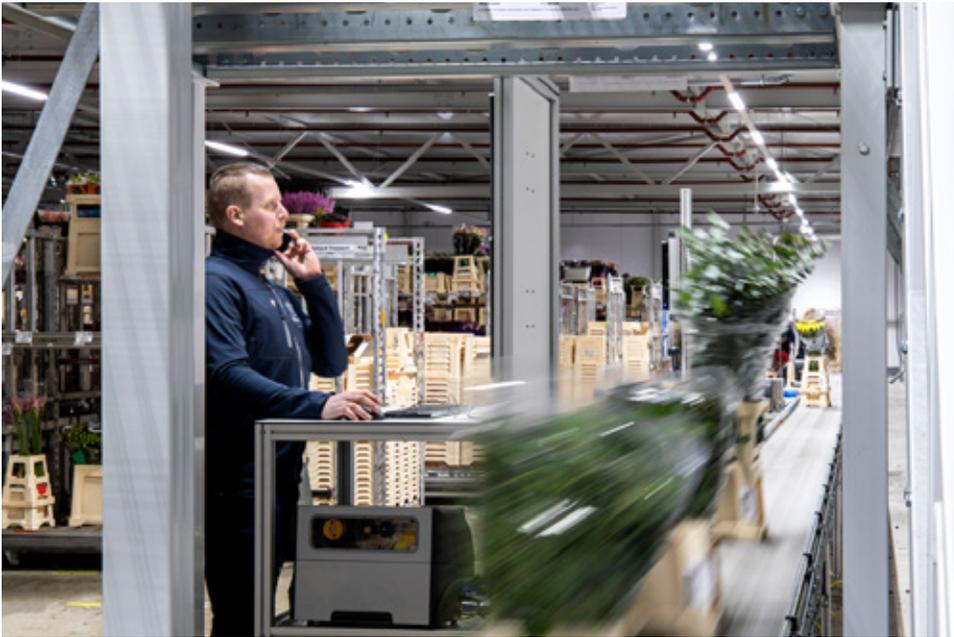
## Our vision: what we aim for

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.

## Profile



regardless of which trading mode they use (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 and they allow 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.
- **Payments** – our invoicing and payment services ensure secure and reliable financial settlement of transactions. We offer these services to all parties, no matter where in the world they are based.
- **Delivery** – our delivery services offer logistics solutions and transport for all orders from greenhouse or field to the buyer. This lets us offer more frequent, faster and fresher deliveries.

### Together with partners and for everyone

Together we achieve more than we would be able to on our own. With this in mind, we get our members intensively involved 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 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 and they allow us to optimise the floriculture supply chain.’**

### The market is changing

Growers and buyers are continuously looking for the most efficient ways to meet demand for floriculture products. We find that growers and buyers increasingly opt to do business directly rather than through our clock auction. That puts pressure on the aim of optimising pricing while 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.

### Royal FloraHolland is keeping pace

We are developing our marketplace into the number 1 digital B2B platform for the floriculture industry with the world's broadest, deepest and most sustainable offering of flowers and plants. Ordering, payments, delivery - we make sure it can all be done on our platform, so that our growers and buyers benefit when trading through Royal FloraHolland,

# Key financial figures

**Revenue** -2.9%  
(in millions of €)

2020	<b>4,654</b>
2019	4,791

**Operating income** -7.4%  
(in millions of €)

2020	<b>341.3</b>
2019	368.5

**Total assets** -6.8%  
(in millions of €)

2020	<b>728.6</b>
2019	781.9

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

2020	<b>-5.8</b>
2019	5.6

**Operating expenses** -2.3%  
(in millions of €)

2020	<b>346.3</b>
2019	354.4

**Solvency ratio** +3.3%  
(as a %)

2020	<b>29.8</b>
2019	28.8

**Commission to cover costs** -3.6%  
(net as a %)

2020	<b>3.2</b>
2019	3.3

**Investments** -16.6%  
(tangible fixed assets and software)  
(in millions of €)

2020	<b>55.9</b>
2019	67.0

**Risk-bearing capital** +4.5%  
(as a %)

2020	<b>63.0</b>
2019	60.3

# Our response to the COVID-19 crisis

## Strategy and progress

**From physical marketplace to  
digital platform**



## Strategy and progress

Standing still is not an option. The COVID-19 crisis has given us a stark reminder that the world around us is changing rapidly and that Royal FloraHolland has to embrace change to be able to stay relevant in the industry and bolster the cooperative of growers. Trends that we were already seeing moved up a gear in 2020. Before the pandemic hit, growers and buyers were already opting to do business directly with each other rather than through our clock auction. The COVID-19 crisis has accelerated this shift. In general, growers who spread their risks and operated a broader business model with multiple sales channels or a more varied product range were better able to weather the crisis.

The floriculture industry is going digital and global at great pace. Both growers and traders are further increasing their scale through intensive partnerships and acquisitions. Retail channels are growing steadily, and e-commerce really took off during the crisis. Consumers increasingly want their floriculture products to be sustainable and they expect transparency across the supply chain. Under pressure from COVID-19, the partial slump in demand and Brexit, the need for the industry to become more efficient and flexible and to cut costs has only become more acute.

Our strategy is our response to all of these developments. The impact of the crisis has made us realise that we need to implement our strategy without delay, so that we can help our growers and buyers get their trade back on track and organise their operations more efficiently. The urgency for Royal FloraHolland to change - in response to changes in the industry - is now greater than ever.

### **Our strategy: from physical marketplace to digital platform**

In order to remain a strong marketplace, we have designed a long-term strategy in close consultation with our members and their customers. We will put all our effort into implementing this strategy. At the core of the strategy lies our transformation from a physical floriculture marketplace into a digital B2B floriculture platform. On this platform called Floriday, our growers sell the broadest, deepest and most sustainable range of flowers and plants to buyers worldwide, who can buy directly from the growers or through the clock auction for same-day or later delivery, whether in the Netherlands, Europe or anywhere else in the world.

Our goal is to continue to play a key role in the global floriculture industry. Scale is a crucial factor in this respect, because a platform needs volume to be financially viable and able to beat the competition. Having one single digital platform for the floriculture industry as a whole enables us to concentrate supply and demand in one place and maintain the strongest marketplace together. For the platform to be a lasting success, it needs to serve a large-scale international network with the broadest possible offering of services. Only then will we be able to achieve optimum pricing at minimum cost. This was our cooperative's founding principle and it still is and always will be our goal.

On the platform, we also offer a comprehensive range of ordering, payment and delivery services. This is how we make life easier for growers, deliver customised solutions for buyers and create a solid foundation for collaboration by all players in the industry for lasting success. Whatever their business model, growers and buyers can take advantage of these services — regardless of whether they are big or small, operate on a local or global scale, trade through the clock auction or directly with each other, or a combination of both. Both channels, clock auction and direct sales, converge on the Floriday platform, which offers new opportunities. Our strategy consolidates the clock auction and creates opportunities for growth in direct flows and international transactions. This is how we optimise the entire floriculture supply chain and stay strong and powerful together.



## Royal FloraHolland's comprehensive transformation approach

Royal FloraHolland has adopted a comprehensive four-pronged transformation approach:

- implementation of strategic change programmes
- continuous improvement of existing services ('Run')
- cost savings and the Basics Right programme: improving internal professionalism
- culture and leadership programme (Organisational Transformation)

### Strategic change programmes

Over the coming years, we will be transforming Royal FloraHolland in three steps through the 100% Digital, Nationwide Auctioning and International Financial Services strategic programmes.

#### Step 1: 100% Digital

We are developing our digital B2B platform Floriday as the basis for our strategy. It will allow all growers to sell their products in one convenient place and let us offer the broadest and deepest range of flowers and plants. Buyers can order products easily and quickly through the clock auction or directly from growers, using the Floriday screens, the Floriday API or Blueroots. They can order for same-day delivery or later delivery in the Netherlands, Europe and worldwide. 100% Digital trading is a prerequisite for our continued success. First, we will move all direct transactions to Floriday. Clock auction transactions will follow later, once the digital clock auction is up and running. Going forward, we will be able to use the data on orders in Floriday to optimise payment and delivery processes.

#### Step 2: Nationwide Auctioning with smart logistics, with new ordering, delivery and payment services

In 2021, the focus will be on the step-by-step implementation of Nationwide Auctioning. On the one hand, we will be concentrating all supply and demand for flowers and plants in a single digital clock auction for the whole country. This is how we intend to optimise pricing. On the other hand, we will organise smart, joined-up logistics and transport that tie in seamlessly with growers' and buyers' business processes. Our focus will subsequently shift to developing new sustainable ordering, payment and delivery services for Floriday users, both for clock auctions and direct trading.

#### Step 3: International expansion

We have meanwhile started expanding our international financial payment solutions to make international trading on our digital platform easy and convenient for our customers (growers and buyers). Thanks to these solutions, growers selling their products worldwide can rely on the same payment security that we offer for domestic sales. We open up new markets and help both growers and buyers seize opportunities.

## Sustainable development

Alongside the strategic programmes, we will continue to pursue sustainable development. We see sustainability as an opportunity and feel responsible for making the floriculture sector better in partnership with sector players. We are, for example, jointly working on an effective plant passport and sound environmental recordkeeping. The aim is to have an environmental certification programme in place from 2022. For details, see the 'Sustainable development' chapter in this annual report.

**'We see sustainability as an opportunity and as our responsibility to improve the floriculture industry together with all parties across the supply chain.'**

### Continuous improvement of existing services ('Run')

'Run' is the basis on which we are building. In 2020, we continued with our improvements to our existing services, keeping our marketplace operational while observing safety rules during the COVID-19 crisis, and focusing on satisfied growers, buyers and employees.

### Cost savings

In this COVID-19 year, we did everything within our power to bring our cost levels down, so as to mitigate the financial impact of the crisis. Efforts in this respect included scaling back investments and drastically reducing the number of temporary staff we hire.

The Basics Right programme has borne fruit. We have achieved significant savings and made great strides in terms of reliability. Many systems and processes have been streamlined, while the implementation of our Internal Control Framework is helping to formalise our internal controls.

We have made major progress in exploring possible cost savings in our three main areas of expenditure: property, overheads and IT. Needless to say, we make sure that cost savings are never at the expense of continuity and innovation. We are looking into whether there are smarter and more efficient ways to use our current buildings at all our sites.

Our current operations require a lot of floor space. More efficient end-to-end logistics (from greenhouse or field to the buyer's door) can potentially significantly reduce the amount of space we need in the longer term. In late 2020, we launched the Future-Proof Property programme to get a clear idea from a commercial, logistics and property

## Strategy and progress

perspective of what kind of buildings we will need at our three export sites in the future. This ties in with the future requirements of Royal FloraHolland and third parties. It will also give us something to go by when making decisions about developing, letting and selling land and buildings. Given the massive demand from customers, we have decided to start building at the Aalsmeer-Oost site. Work on preparing the site for construction started in the summer of 2020.

### Organisational transformation: culture and leadership development

The organisational transformation programme is hugely important for supporting the implementation of our strategy. The primary development topics are cross-functional collaboration and a focus on results. Back in 2019, we started with team journeys, which have shown excellent results. When the COVID-19 pandemic hit, we put these journeys on hold for a few months. After the summer, we picked up where we left off, mainly in a digital setting or with a few adjustments.

We also started preparations for a new round of employee café sessions, on the topic of social safety this time. A key milestone came in early October as we further unveiled our positioning and revised core values of Collaborative, Result-Driven, Innovating and Reliable. With the kick-off events for the *Connect to Grow* programme behind us, the teams have now started using the *Connect to grow* toolkit in workshops. In 2021, we will broaden the scope of the organisational transformation programme by including a focus on management development, moving forward with the team journeys, assessments, 360-degree scans, and start-the-week sessions as part of the intensified leadership communication.

### Important steps in 2020

In the past year, we made significant progress in the development of the 100% Digital programme, new financial services and preparations for Nationwide Auctioning. We tested key parts of the Nationwide Auctioning concept in Eelde and through a pilot project with anthurium cut flowers. We switched to 100% Remote Buying. In late 2020, we announced Floriway, a joint venture with three transport companies in the floriculture industry.

#### 100% Digital

The 100% Digital programme was our number one priority. Our aim was for all direct transactions to run via the Floriday platform by the end of 2020. This required great effort from all parties involved: buyers, growers and software suppliers. All the pieces of the jigsaw had to fall into place. The Floriday support and implementation teams liaised with growers and buyers every day. They also worked closely with software suppliers. Towards the end of 2020, the phone never stopped ringing, emails kept coming in and the chatbot went into overdrive at Royal FloraHolland's support department and customer contact



centre. Flori2Days, a two-day Floriday webinar in early November was a huge success, attracting thousands of participants. However, it also became clear once again just how complex and diverse our industry is. The digital platform Floriday is based on intense collaboration with groups of growers and buyers, whose input guided choices about functionality. We have opted to digitalise the floriculture supply chain. Digitalisation is more than simply replicating current working methods online: we aim to optimise the supply chain, and that requires a whole new approach. It is only when you start implementing and using the system that it becomes clear what procedures need to change and what is lacking. We have found that the implementation is both time-consuming and challenging for growers, buyers and software suppliers. This shows just how complex and diverse our industry is. After consulting with all parties in the sector, we concluded that the rapid pace at which we planned to implement 100% Digital was too ambitious. We also realise that some of the features in Floriday need to be better aligned with current working practices in order to simplify the onboarding and migration process. After consulting all stakeholders in the sector, Royal FloraHolland has now decided on a different approach, with postponement of implementation by means of a leniency arrangement for growers and buyers. The Connect EAB electronic supply form will remain available for the time being. This means the completion date for 100% Digital will be put back. The urgent need for further digitalisation remains, and there is broad support across the sector for Floriday as a platform. To achieve this together, we are working with the various market players to determine what additional features are required for them to be able to use Floriday and what we could improve. Based on these discussions, we are drawing up a clear plan with

**Strategy and progress**

steps and a timetable that will give users and software suppliers sufficient time to implement Floriday properly. We continue to do everything we can to offer a helping hand during the implementation. We want to get everyone on board and to develop a user-friendly B2B platform for the entire floriculture industry.

As part of the 100% Digital programme, growers and buyers are sharing more data on direct transactions with Floriday than before. Over the past few months, we have tightened our data policy based on feedback from growers and buyers, so that all users can now be fully confident of the integrity of the data processing. A decision was also made to set up a data committee with buyers and growers before the end of 2020. This committee will discuss and review the data policy in practice.

**Dollar transactions now possible**

In 2020, a long-cherished dream of our international members became a reality. They can now order and pay in US dollars. In November, Floriday processed the first international dollar transactions for the Kenya-Middle East trade route.

**Eelde site future-proofed**

In September 2020, our Eelde site was connected up to Royal FloraHolland's group systems. All purchases at Eelde are now remote buying, the video auctioning option agreed on with buyers is up and running, and order picking has replaced the old distribution system. Despite a few teething problems in the technology, the initial experiences are positive. Lessons learnt from the evaluation will be used when rolling out these innovations at our export sites.

**Nationwide Auctioning pilot with the product group anthurium cut flowers**

In September 2020, we started the Nationwide Auctioning pilot project with anthurium cut flowers. In this pilot, all anthurium cut flowers are combined and auctioned nationally at a single clock auction, i.e. no longer separately in Naaldwijk and Aalsmeer. Royal FloraHolland arranges transport between the sites for the buyers. This pilot is going well, and both growers and buyers are positive.

**100% Remote Buying**

Since 2 November 2020, all buyers who buy through Royal FloraHolland's clock auction do so remotely. Buying on site using the buttons at the bidding desks is a thing of the past. In the months prior to that date, Royal FloraHolland helped the final few hundred buyers switch to Remote Buying, using a personalised approach in many cases. The bidding desks in the auction halls have been converted into Remote Buying Workstations. The auction halls in Aalsmeer and Naaldwijk have been merged in a COVID-proof set-up, while all the auction halls at the export sites have been fitted with new infrastructure. Thanks to thorough preparations, the transition went smoothly.



**‘In September 2020, our Eelde site was connected up to Royal FloraHolland's group systems.’**

**Floriway**

In late 2020 we announced Floriway, a joint venture with three transport companies in the floriculture industry: De Winter Logistics, Van Zaal Transport and Wematrans. This initiative is a milestone for the industry. Royal FloraHolland will hold a majority stake in the joint venture. Joining forces with these transport companies allows us to merge the logistics for both clock-auction sales and direct sales. This means fewer journeys in the supply chain, delivering both cost savings and improved sustainability.

The joint venture ties in seamlessly with Royal FloraHolland's strategy. It is a logical next step after 100% Digital. Having logistics services available through Floriway means that growers and buyers can schedule collections and deliveries whenever and wherever they want.

## Strategy and progress

The Authority for Consumers & Markets (ACM) has decided that Royal FloraHolland needs to request a licence for this; that application has now been submitted to the ACM.

### Sustainability

In terms of sustainability, Royal FloraHolland has made important advances, especially in environmental recordkeeping, environmental certification and the 'plant passport'. Progress made and results achieved in this area are detailed in the 'Sustainable development' chapter of this annual report.

### More to come: outlook for 2021

We have a lot in the pipeline and 2021 will be another important year. 100% Digital trading is and will continue to be fundamental for us. We will add numerous new features to the Floriday platform.

Our priority will be the roll-out of Nationwide Auctioning with smart logistics from greenhouse or field to customer. The idea is to gradually convert our current distribution process into customer-driven order picking. This will allow us to organise the logistics for both direct and clock-auction transactions in a combined process. We expect to be able to switch the first flower auction categories to the new logistics in the first quarter of 2021. We will do this in small steps, switching one site and one auction category at a time, so as to inconvenience our customers as little as possible. Later on in the year, we will also gradually switch plants to the new system. From that point on, plants will no longer be wheeled out in front of the auction clock. With this in mind, we are working with growers and buyers on measures to improve the quality of their product photos and product information, before we stop displaying plants in front of the auction clock. We will also offer an alternative way to inspect plants before buying them. We expect to have switched all flower and plant auction categories at the three export sites to the new logistics by mid-2022.

Plans are meanwhile being made for the first tests of integrated delivery through Floriway, i.e. transport from greenhouse or field to buyer for growers. Our auction sites currently still have separate logistics processes and delivery chains for direct trading and trading through the clock auction. Merging these processes will make logistics and transport flows in the supply chain less fragmented and more efficient.

After the summer of 2021, we will be testing the new digital auction in Eelde. The switch to nationwide digital auctioning will follow in 2022. Our auctions will then be location

independent. From that moment onwards, the supply and demand at our three export sites will be brought together in one single digital (global) marketplace, i.e. our digital auction. Besides hosting direct sales, Floriday will also offer a digital clock auction. This will allow growers to offer their products through different trading channels on one single platform, enabling them to reach more buyers. Moreover, Floriday gives buyers access to the full product range of all the growers who sell through Floriday. Concentrating supply and demand on the Floriday platform will optimise pricing, make the buying process more efficient and easier, and significantly reduce the administrative burden.

In 2021, we also have important improvements lined up for payments. We will make dollar transactions available to more buyers and growers, initially on the Kenya-Middle East trading route and later also for other trading routes outside the SEPA zone. This will allow us to service the kinds of international trade flows that currently bypass Royal FloraHolland. We plan to introduce flexible payment instalments for buyers while still paying out the full amount immediately to growers. And we will take the first steps towards digitalising our invoicing, with links with our customers' systems.

We expect Royal FloraHolland to have created an entirely new ecosystem around Floriday by the end of 2022. Floriday will be the central hub that will offer a comprehensive package of new ordering, payment and delivery services. From 2022 onwards, both buyers and growers will experience the major benefits and propositions of Nationwide Auctioning and our new platforms for ordering (Floriday), deal-making (the national digital clock auction), logistics (fulfilment) and joined-up transport (Floriway). In parallel to this transformation, we are developing new business propositions with associated fees.

### Working together

In a nutshell, the floriculture industry finds itself on the verge of a major change. In 2021, Royal FloraHolland will be building a new foundation for the industry as a whole. The final objective is not something we will achieve overnight. We will be making a start in 2021, transforming the auction, logistics and financial services step by step, with the cooperative mindset as our guiding principle.

This means that our members will be intensively involved in our strategy and that we will work closely with growers, buyers and partners. We are thoroughly aware that new developments have an impact on our growers' and buyers' businesses. We will do our utmost to keep everyone well-informed and involve them in these changes. Change is always a joint effort.

# The importance of employee engagement

Human resources

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



Our Human Resources department helps Royal FloraHolland employees be successful in their work. Employee engagement – our employees' enthusiasm and commitment to our company – is key here. We focus heavily on strategy alignment, which is to say that we want employees to be aware of and embrace the strategy. We also work on developing a corporate culture that supports the strategy and where people feel at home. Leadership and personal development are important focal points here.

### Employee engagement continues to rise

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 charted. 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, simply because it is effective. We are focusing specifically on the role of managers. Advisers from the HR team help managers to make plans to increase engagement and enthusiasm in their respective departments. There are specific events that boost employee engagement, such as the 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.

In 2020, all these efforts yielded fine results. For the fourth consecutive year, the annual employee survey showed that employee engagement was up, with the score rising to 81% (2019: 76%). Managers receive special attention, not only senior management, but also team managers. After all, theirs is a crucial role in boosting employee engagement. For them, we organised focus group meetings. In 2021, we will start implementing weekly leadership communication meetings (*stand-ups*) and develop a leadership programme.



### 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 for the industry are powerful elements of this culture. We cherish this culture, because it has brought us so much.

It is a culture that rests on core values that revolve around four 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 programme, which is run by a dedicated transformation team. We are making good progress in this transformation thanks to the team journeys, internal coaches, employee meetings and a process to further unfold our core values.

**Human resources****Impact of the COVID-19 crisis on our employees**

The COVID-19 pandemic in 2020 had a huge impact on our industry and on our own staff. Operational employees had to cope with large numbers of plants and flowers that suddenly needed to be destroyed, along with new working methods, face masks and the need to keep a distance of 1.5 metres. Office staff shifted to working from home. All employees had to deal with colleagues falling ill (and fortunately recovering), tests, social distancing and the challenge of remaining in contact. We are proud of how well everyone has coped with this situation.

We saw evidence of our employees' flexibility when they agreed to put off the pay rises scheduled for 1 April and 1 July until 1 October 2020. Payment of the variable remuneration was also deferred until that date. It is partly thanks to this flexibility and this sacrifice by our staff that Royal FloraHolland was able to keep its loss relatively limited in 2020. We hugely appreciate this.

**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. Learning in our organisation is geared to the context of the company's operational and strategic needs. On top of that, we help employees achieve and maintain sustainable employability. Our managers are essential in this respect. For their development, a significant part of all the training efforts in 2020 were dedicated to the abovementioned organisational transformation programme.

For our employees, we have the Royal FloraHolland Academy, where we rolled out new, easy-to-access digital content for all our employees in 2020. The two-year customised programmes for thirteen high-potential young employees also continued in 2020. These programmes are intended to ensure continuity in management and strategic roles. Our aim is to jointly make our organisation one that learns continuously. Whenever things do not run smoothly the first time around, we evaluate them using concepts such as the 'learning tables'. This concept has proven to be a big hit and has enabled us to implement changes and innovations faster, more efficiently and better.

**Fit and healthy employees and COVID-19**

Royal FloraHolland wants its employees to be fit and healthy and to enjoy their work. When the COVID-19 pandemic hit, making our employees feel safe within the primary process became a crucial concern. A factor for employees who were able or had to work from home was their sense of togetherness. Our approach to health and fitness is focused both on managers and other employees. Over the past years, this approach has brought sick leave down (2019: 4.6%, 2018: 5.5%).

In 2020, the impact of the COVID-19 pandemic led to a big increase in sick leave (2020: 7.3%). Our focus on employee health and fitness continues unchanged. We have put this into practice in an 'Action Plan' with specific resources and support for managers to enable them to give employees the attention they need, regardless of whether they are working on site or from home (because they have no other option). A lot of attention also went into safe working practices at our sites. This concerns all employees who do the indispensable physical work at our sites. The safety of our employees comes first. We run weekly trials to see if we can add to employees' sense of safety.

## Permanent jobs for temporary staff

In our drive to improve logistics services and give temporary staff prospects of permanent employment, we gave 193 temporary employees permanent contracts in 2020. Despite the COVID-19 pandemic, we plan to continue with this as a large group of older employees are set to retire over the coming years. There is still sufficient interest in jobs at Royal FloraHolland.

## 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 2020, we introduced a new onboarding process, while also overhauling a major part of the exit process. Over the coming year, work will continue on internal transfer processes such as leave, sickness absence and performance reviews. These will be implemented in the course of 2021.

## Key figures

### Total number of FTEs

2020	<b>2,092</b>
2019	2,002
	↑ 4.5%

### Total number of employees

2020	<b>2,725</b>
2019	2,543
	↑ 7.2%

### Sex ratio

Male	<b>72.5%</b>	72.5%
Female	<b>27.5%</b>	27.5%

### Working hours

(Full-time)

2020	<b>41.7%</b>
2019	44.1%

### New hires

(FTEs)

2020	<b>260</b>
2019	196

### Left employment

(FTEs)

2020	<b>176</b>
2019	289

### Average age

2020	<b>49.6</b>
2019	49.6

### Different nationalities

2020	<b>49</b>
2019	42

### Sick leave

2020	<b>7.3%</b>
2019	4.6%

# Keeping operations going and controlling costs

## Results and outlook

**The COVID crisis led to lower volumes and a drop in product revenues**



## Results and outlook

In 2020, 11.4 billion products were traded at Royal FloraHolland, 7.8% fewer than in 2019. Revenue fell by 2.9% to € 4.7 billion (2019: € 4.8 billion). Product sales in the cut flowers segment were down 6.6% on 2019. This is offset by a 1.7% increase in sales in the plants segment. The operating income was 7.4% lower than 2019, primarily due to lower product sales and a drop in trading volume. The operating profit before interest and depreciation and amortisation (EBITDA) was down € 17 million to € 73 million (2019: € 90 million).

### Drop in product sales as volumes fell due to the COVID-19 crisis

The drop in product sales was primarily due to falling volumes caused by the COVID-19 crisis. Total product volume in 2020 was down 7.8% on 2019. The average unit price rose to € 0.41 (2019: € 0.39). Over the period from March through to the end of May — the period of the first economic downturn in Europe due to the pandemic — there was great pressure on both prices and volumes. The market revived in the period that followed. However, product volumes remained lower than normal, causing product prices to recover.

Like previous years, 2020 showed a shift from sales through the clock auction to direct sales between growers and customers. At 2.4%, this shift was greater in 2020 than in the previous year. The clock auction accounted for 38.3% of total product sales in 2020 (2019: 40.7%) and direct sales grew to 61.7% (2019: 59.3%). Revenue from sales through the clock auction fell by 9.3%, while direct sales generated 1% more in revenue.

These developments ultimately led to a 7.4% drop in revenue to € 341 million (2019: € 368 million).

### Wage costs and general expenses were down

At the start of 2020, the aim was to reduce costs. In response to the sharp drop in product sales and the associated operating income at the start of the COVID-19 crisis, additional cost control measures were taken. The baseline position was that the measures should not affect trading or jeopardise the roll-out of the strategy. Wage costs, including social security costs and pension costs, were down 4.6% in 2020, falling to € 159 million (2019: € 166 million), due to lower average staffing levels as we temporarily ceased recruitment activities and scaled back the hire of external staff. The postponement to 1 October of the pay rises scheduled on 1 April and 1 July also helped keep wage costs



down. General expenses were reduced by 2.8% (€ 3 million). Overall, operating costs decreased by 3.9% to € 267 million (2019: € 278 million).

### Operating profit and net profit lower due to pandemic impact

The operating profit before interest, depreciation and amortisation (EBITDA) fell € 17 million to € 73 million (2019: € 90 million). Cost savings could only partly compensate for the drop in revenue due to the pandemic. After taking into account interest, depreciation and amortisation, net earnings fell by € 14.7 million compared with 2019, giving a loss of € 6.8 million. Because investments in intangible fixed assets have risen over the past years, depreciation and amortisation totalled € 1.7 million more than in 2019. Interest was € 4.3 million less as interest-rate contracts reached the end of their term and market interest rates remained low.

The operating profit/loss was negatively affected by the impact of the coronavirus crisis on revenue, in March and April in particular (net effect of € 11 million). The loss was kept relatively low thanks to cost-cutting measures — some temporary.

### Result adjusted for exceptional items was down

The profit/loss before tax adjusted for exceptional items was a loss of € 9 million (2019: € 0 million). The exceptional items totalled € 2,5 million (2019: € 8 million). The net value of the exceptional items was down in 2020 due to lower proceeds from property sales in 2020.

## Positive free cash flow, but down on 2019

The cash flow from operating activities fell to € 61.0 million (2019: € 89.6 million), primarily as a result of the lower operating profit and movements in the working capital. The cash flow from investing activities fell to an outflow of € 55.9 million (2019: outflow of € 62.8 million), mainly due to reduced investment in tangible fixed assets. The net free cash flow in 2020 was an inflow of € 5 million (2019: € 27 million). The cash flow from financing activities was an outflow of € 10 million (2019: outflow of € 25.4 million) as payouts on 'B' depositary receipts rose, which was offset by lower draw-downs on the credit facility.

## Ratios stable

Member financing is and will continue to be the foundation on which the cooperative is built. This is partly why the cooperative's financial ratios are subject to clear principles. Despite pressure on the operating profit due to the COVID-19 crisis, the ratios for 2020 remained at virtually the same level as in 2019. Our aim is for the solvency ratio to grow to at least 30%. The solvency ratio\* increased to 29.8% in 2020 (2019: 28.8%). At 63% in 2020, the risk-bearing capital\*\* exceeded the 45%-55% bandwidth (2019: 60.3%). The liquidity ratio\*\*\* of 0.3 was well below the norm of 3.

## Status of participating interests

In 2020, Royal FloraHolland both acquired and disposed of participating interests. FH Diensten Holding BV acquired the remaining stake in FloraXchange BV. In 2020, participating interests held by FH Diensten Holding BV in various companies were sold. The participating interests in question were in Groen Groep Eelde BV, De Verenigde Koelhuizen Hobaho BV, Agricultural Fulfilment Center BV, FH Logistics Kenya BV, Greenparc Ontwikkeling BV, Oprichting RFH Logistics Holding BV and Logistiek2 BV.

## Total assets and investments

The total assets showed a decline of € 52.4 million to € 729.5 million (2019: € 781.9 million). This decline was mainly due to fluctuations in working capital and disposals of tangible fixed assets. The difference between the net investment level (€ 55.9 million) and depreciation and amortisation (€ 78.1 million) had a negative effect of € 22.2 million on the balance sheet.

\* Calculated as: (group equity / total assets).

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

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

## Outlook

In 2021, COVID-19 will continue to impact on Royal FloraHolland. The extent of the impact is difficult to estimate. In addition, Brexit also has a potential impact on sales to the UK; the effect is as yet unclear. Royal FloraHolland will keep monitoring the developments closely and is prepared — if necessary like in 2020 — to pre-empt falling revenue by scaling back costs and postponing investments. Again, the basic aim is for such efforts not to affect normal operations and not to jeopardise the roll-out of the strategy.

The events of 2020 reaffirmed how necessary the strategy is. We will, therefore, prioritise its implementation in 2021 as well. Royal FloraHolland is and will continue to be the world's largest international flowers and plants marketplace. In 2021, we will invest in property, Nationwide Auctioning, further digitalisation of Floriday, logistics resources and more.

## Information on operating profit and other income and expenses

(in millions of €)

	2020	2019
<b>Product revenues</b>	<b>4654</b>	<b>4791</b>
<b>Operating income</b>	<b>341</b>	<b>368</b>
Wages and salaries	159	166
General costs	109	112
<b>EBITDA</b>	<b>73</b>	<b>90</b>
Depreciation and amortisation	78	76
<b>Operating profit/loss</b>	<b>-5</b>	<b>14</b>
Interest	-2	-6
<b>Profit before taxation</b>	<b>-7</b>	<b>8</b>
Exceptional items included in profit:		
Property sales	2	8
<b>Exceptional items included in profit</b>	<b>2</b>	<b>8</b>
<b>Profit adjusted for exceptional items</b>	<b>-9</b>	<b>-0</b>

# Growing a green future together

## Sustainability

**Respond or fall behind.**

## The following SDGs are relevant to Royal FloraHolland:

**6 CLEAN WATER AND SANITATION** Ensure availability and sustainable management of water and sanitation for all.

**7 AFFORDABLE AND CLEAN ENERGY** Ensure access to affordable, reliable, sustainable and modern energy for all.

**8 DECENT WORK AND ECONOMIC GROWTH** Promote inclusive and sustainable economic growth, employment and decent work for all.

**11 SUSTAINABLE CITIES AND COMMUNITIES** Make cities and human settlements inclusive, safe, resilient and sustainable.

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION** Ensure responsible use of resources and sustainable consumption and production patterns.

**13 CLIMATE ACTION** Take urgent action to combat climate change and its impacts.

**17 PARTNERSHIPS FOR THE GOALS** Strengthen the means of implementation and revitalise the global partnership for sustainable development.

We see sustainable development as an opportunity and responsibility to better our industry and make it future-proof.

## Growing a green future together

Royal FloraHolland connects players in the floriculture industry. Together, we create opportunities for sustainable growth and success in the global market. Sustainable production and sustainable products are becoming the norm. In order to be and stay successful going forward, we are committed to making the industry more sustainable. We cannot do this on our own; we are working with our growers, buyers and other partners.

## Sustainability ambitions

1. Royal FloraHolland is the reliable marketplace for certified sustainable flowers and plants.
2. Royal FloraHolland aims for a circular use of resources
3. Royal FloraHolland aims for carbon-neutral energy consumption at the marketplace.
4. Royal FloraHolland promotes the idea of 'Green is more than just beautiful' to help create liveable green cities and green communities.

# Sustainability ambition 1

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

In order to realise this ambition, we took the initiative for mandatory digital environmental registration and environmental certification for all suppliers to our marketplace. This is how we and our suppliers are making our sustainability efforts transparent in a verifiable way, thus protecting the reputation of our suppliers' products, our industry and our shared marketplace. This meets the increasing demand among market players for transparency on sustainability, both with respect to flower and plant production and our growers' operations. A digital interface with the databases of the certifying bodies allows us to reliably show suppliers' certificates on all the sales channels for our marketplace.

In October 2019, the Management Board decided to make digital environmental registration and environmental certification mandatory for all flower and plant suppliers to Royal FloraHolland's marketplace. In specific terms, this means:



## 2021

From 1 January 2021 growers will be obliged to carry out digital environmental registration.



## 2022

From 1 January 2022, growers must hold an environmental certificate.

On 22 October 2020, the Management Board adopted a resolution on how to enforce mandatory environmental registration and environmental certification and penalise non-compliance. However, at the end of March 2021 it was decided to postpone enforcement until further notice.

## Sustainability

We have appointed an **advisory team** made up of six growers. Broad backing is important when implementing digital environmental registration and environmental certification. This is why it is crucial that growers join the thought process and the conversation. Growers have the essential knowledge and expertise that we need to be able to solve practical issues and overcome challenges.

Another **support team** has been set up to personally inform suppliers of their options for digital environmental registration and environmental certification. This team will help suppliers get started with that. More information about digital environmental registration and environmental certification is available here: [www.royalfloraholland.com/environmentalcertification](http://www.royalfloraholland.com/environmentalcertification).

## INFORMATION

## 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 2019 and 2020 are shown in the dashboard below.

			Revenue	Units
<b>Total</b>		2020	<b>68%</b>	<b>64%</b>
		2019	55%	53%
<b>Flowers</b>		2020	<b>54%</b>	<b>62%</b>
		2019	41%	51%
<b>Plants</b>		2020	<b>84%</b>	<b>82%</b>
		2019	74%	71%

## Further together

In 2020, we worked closely together with the Sustainability Leading Team and the Members' Council, as well as with supply chain partners and other organisations such as FSI, MPS, GreenlinQdata and GLOBALG.A.P. The introduction of GLOBALG.A.P.'s new environmental solution means that there is now a new option available for digital environmental registration and environmental certification. Royal FloraHolland will continue to engage with the parties to explore possibilities for improvements in terms of user-friendliness, efficiency and cost savings. Aside from that, Royal FloraHolland is in talks with VGB (the association of floriculture product wholesalers) and VBW (the association of retail florists) on how to jointly stimulate and achieve certified sustainable production and procurement.

## How things stand



To date, 455\* growers have adopted digital environmental recordkeeping. This means that, as of early 2021, 50% of all growers are keeping digital records of their environmental impact; this group represents 86% of total revenue. As at early 2021, 35% of growers, accounting for 79% of revenue, have an environmental certificate.

\* Reference date 4/2/2021 versus 4/11/2020

# Sustainability ambition 2

## Royal FloraHolland aims for a circular use of resources.

In 2019, we signed the Plastic Pact. In 2020, further work took place to implement the pact. This mainly involved innovations and improvements relating to transport packaging:

- The existing LCA (life cycle analysis) for single-use and reusable plastic plant trays has been extended to include a single-use cardboard plant tray. The report on this topic is available on the website. It shows that single-use cardboard plant trays are more sustainable than comparable single-use plastic plant trays. However, reusable trays continue to be the most sustainable solution. The use of Floratinos is growing roughly 20% faster than the average plant tray usage.
- The reusable fc588 flower bucket has been introduced for further product groups, such as roses and gerberas. The fc588 improves logistical efficiency, especially when using CC containers.
- We have increased the percentage of recycled material from old buckets in the new fc588 flower bucket to 35%. Some of this recycled material originates from the fc577 flower bucket, which we no longer require due to the introduction of the fc588. This approach ensures that all the old flower buckets come back as new ones.
- All the cardboard purchased by Royal FloraHolland is FSC certified. Our material contains 91% recycled cardboard, which is a very high percentage.

We collaborated with supply chain partners and science institutes to extend our knowledge of product packaging (such as flower sleeves and plant pots). We also held discussions with our supply chain partners to explore the possibilities for introducing concrete initiatives to improve sustainability in 2021. When doing so, we look critically at the design, the materials, use and reuse, residual flows, recycling and new applications for packaging.

In addition, we are continuing our efforts to optimise and increase sustainability in waste streams (plastic, cardboard and paper, organic flower-and-plant waste) and water (reducing our use of drinking water, reusing water, water treatment).

# Sustainability ambition 3

## Royal FloraHolland aims for carbon-neutral energy consumption at the marketplace.

We have set ourselves the target of only using electricity and heat generated in processes that do not release CO<sub>2</sub>. As in previous years, various steps were taken in 2020 to make further progress towards achieving this ambition:

- Solar power systems have been installed on the roofs of our buildings in Eelde. This generates roughly 67% of the electricity we consume each year at the Eelde location and represents a CO<sub>2</sub> saving of 400 tons (31.5% of the Eelde CO<sub>2</sub> emissions).
- We are now installing similar systems on our roofs in Aalsmeer and Rijnsburg, with completion expected at the beginning of 2021.
- We also have roughly 25,000 solar panels on our roofs, which generate 6.5% of the electricity we consume each year. This represents a CO<sub>2</sub> saving of 3,000 tons (4.65% of the CO<sub>2</sub> emissions of Royal FloraHolland).
- As of 1 January 2020, we only purchase certified, green electricity.
- Royal FloraHolland participates in the Trias Westland geothermal energy project. From 2021 onwards, we will use geothermal heat as a sustainable form of energy, for example for the container washing machine, in Naaldwijk. This will reduce our gas consumption in Naaldwijk by around 16% on an annual basis and lead to a reduction in CO<sub>2</sub> emissions of 1,200 tons (5% of the Naaldwijk CO<sub>2</sub> emissions).
- We continue to investigate methods to reduce energy and heat consumption in our buildings and business operations. The new Floradôme in Aalsmeer now meets the requirements for the Very Good label of BREEAM, the certification method for a sustainable built environment.

### INFORMATION

<b>Electricity consumption</b> (MWh)		2020	<b>109,908</b>
		2019	116,137 ↓ 6.1%

<b>Gas consumption</b> (m <sup>3</sup> )*		2020	<b>9,885,569</b>
		2019	10,760,916 ↓ 8.1%

<b>Water consumption</b> (m <sup>3</sup> )		2020	<b>203,991</b>
		2019	385,290 ↓ 47.1%

\* Including resale to third parties/tenants.



### INFORMATION

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

CO <sub>2</sub> emissions associated with the energy consumed (tons)	2020	<b>18,684</b>
	2019	84,633

\* This relates to 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.

# Sustainability ambition 4



Royal FloraHolland promotes the idea of ‘Green is more than just beautiful’ to help create liveable green cities and green communities.

In 2020, Royal FloraHolland actively participated in many green initiatives. The main areas of focus were:

- The Green Agenda programme.** A green environment is much more than just pretty to look at. It is not a luxury, but rather a precondition for a healthy existence, both now and in the future. Greenery has a positive influence on our living and working environment. The Green Agenda is all about ‘greening’ buildings, inside and out, and the urban environment. The Green Agenda partners with the Green City foundation, which initiates scientific research in this area.
- Floriade Expo 2022: creating value for growers.** Royal FloraHolland is represented in Floriade's horticulture team. The Flower and Plant Advisory Council that was formed in 2020 includes many members from various divisions within Royal FloraHolland. This is an opportunity for the members to get actively involved in the nuts and bolts of Floriade and to help give shape to

the chosen theme of ‘Growing Green Cities’. Floriade Expo 2022 is also an opportunity to put our organisation and sector on the map and build long-term relationships with international stakeholders (e.g. retail, countries, international buyers and growers).

- Action Initiative for Restoring Biodiversity.** Royal FloraHolland has signed up as an official partner of the national Action Initiative for Restoring Biodiversity (Deltaplan Biodiversiteitsherstel). Our activities in support of this initiative include the Green Agenda programme, and improving biodiversity in and around Royal FloraHolland’s marketplace.
- HortiFootprint.** The introduction of a uniform standard, which is accepted and recognised by the sector, for calculating the environmental footprint of horticultural products at national and international levels (*hortifootprint*). On 20 July 2020, a consortium of Dutch companies, including Royal FloraHolland, presented the ‘HortiFootprint Category Rules’ (HFCR). This report defines the principles for calculating the ecological footprint of horticultural products for both floriculture and fruit and vegetables. Efforts are now ongoing to have these calculation rules recognised at the European level (FloriPEF).

## A look ahead to 2021

In 2021, Royal FloraHolland will vigorously continue to pursue its four sustainability ambitions, which also reflect our general desire to jointly develop sustainable growth opportunities. Innovation and proposition development play key roles here. Collaboration within the supply chain is essential for this. Together, we are growing a greener future.

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

In 2021, much effort will be put into implementing digital environmental registration and environmental certification and providing support for these processes.

We will also continually assess — together with the relevant partners — how we can make digital environmental registration and environmental certification more user-friendly, more efficient and cheaper.

- Royal FloraHolland aims for a circular use of resources**

Royal FloraHolland will continue to work with sector partners to achieve greater sustainability and circularity in the areas of product and transport packaging, waste streams and water usage.

- Royal FloraHolland aims for carbon-neutral energy consumption at the marketplace**

We will continue to install solar panels on the roofs of our auction sites and investigate further options for saving energy. We will start using geothermal energy in Naaldwijk. We have also decided to make our fleet of lease cars more sustainable. The choice of new lease cars has now been limited to fully electric or hybrid vehicles.

- Royal FloraHolland promotes the idea of ‘Green is more than just beautiful’ to help create liveable green cities and green communities.**

We will continue to support ‘Green is more than just beautiful’. The ‘More Green Cities for Europe’ project, which aims to promote plants internationally in the period 2021 to 2023, starts in 2021. In addition, we will continue to organise opportunities for our growers at Floriade 2022 and implement the different aspects of the Action Initiative for Restoring Biodiversity.



## A special partnership: IRBC Agreement for the Floricultural Sector

Together with thirteen other parties active in the floriculture industry and five ‘endorsers’, Royal FloraHolland signed the IRBC Agreement for the Floricultural Sector in September 2019. They are working constructively with trade unions, government agencies and civil society organisations with the aim of identifying, preventing and mitigating risks in the international floriculture supply chain, and communicating about this topic. The agreement’s key purpose is to implement the international OECD guidelines and the United Nations’ Guiding Principles on Business and Human Rights. The companies involved are primarily responsible for this.

Royal FloraHolland started the due diligence process in accordance with the international guidelines in 2020. We helped perform a joint sector-wide risk analysis. We also participate in the working group for crop protection and we are on the steering committee responsible for overseeing the agreement.

# Responsibility and mutual respect

## Safety

**Royal FloraHolland is taking action to ensure a safe working environment.**



**Safety**

Safety is an explicit responsibility of all the users of the marketplace. 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. In 2020, we devoted a great deal of attention to safety. These efforts resulted in the adoption of the vision on integral safety ([click here to read the vision on integral safety online](#)). In addition, Royal FloraHolland has initiated an active safety campaign for all marketplace users. This campaign will be continued and intensified in 2021.

**Physical safety and health**

New, more stringent safety rules came into effect on 1 January 2020 for everybody using the physical marketplace (see page 34). For example, the requirement to wear high-visibility clothing and safety shoes in logistics areas is new. We are pleased with the level of cooperation shown by all our users. Clarification of the safety rules will continue in 2021, when we will turn our attention to the regulations for tractors and towing.

The coronavirus was obviously a major safety theme. Our explicit aim was to ensure a safe workplace for employees and all other marketplace users. Royal FloraHolland closely followed the guidelines issued by central government and the National Institute for Public Health and the Environment (RIVM). These served as the basis for internal guidelines. As of 1 December 2020, face masks must be worn in the general areas.

**KPIs**

Royal FloraHolland bases its safety KPI on the injury frequency (IF) rate (see graph). We also focus on reporting and actively following up on incidents. Our approach is therefore shifting from a reactive approach to prevention. This resulted in a decrease in the IF rate in the period 2018 to 2020 (see table and graph). There were 42 accidents resulting in sickness absence (2019: 51). While we welcome this decrease, we still feel the current number of accidents is far too high. Our ambition is to reduce this metric further.

**Personal safety**

At Royal FloraHolland, we work in an environment where people feel safe. Employees are expected to act with consideration and respect for each other. Most of the time they do. However, our employee survey indicates that many of our employees still have to deal with undesirable behaviour. Despite our policy of reporting and discouraging excesses of this type by applying clear disciplinary measures, too many incidents still go unreported. So we have started a programme with three objectives: improving the reporting rate, raising awareness and influencing behaviour, and learning from excesses. This programme will be continued in 2021.

**Physical security**

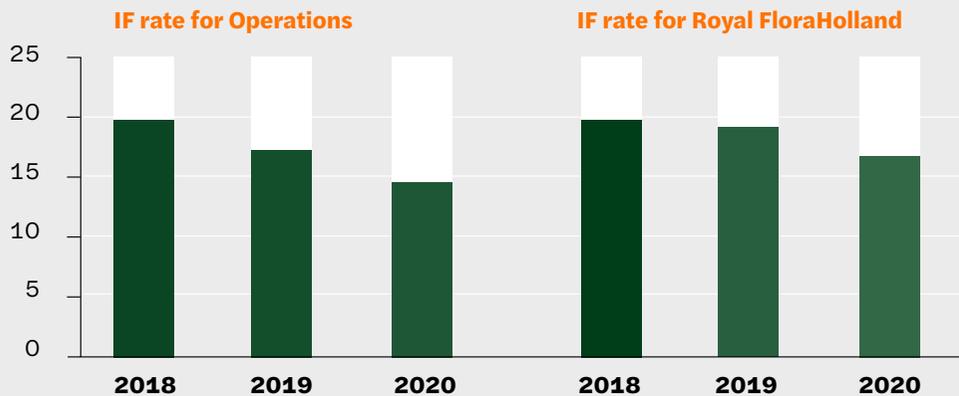
In 2020, we drew up a policy on physical security. The approach we have adopted aims to ensure that only the right people, vehicles and goods have access to the appropriate areas from 2021 onward. The policy is one example of our activities within the Weerbare Sierteelt (Resilient Floriculture Industry) public-private partnership and the procedures for obtaining the 'Keurmerk Veilig Ondernemen' certificate (Centre for Crime Prevention and Safety - CCV) for business operations with adequate security. In the Weerbare Sierteeltsector programme, Royal FloraHolland collaborates with municipalities, the police force, the Public Prosecution Service, Customs and Excise, the Dutch Tax and Customs Administration and other parties. In March 2021, the steering committee presented the investigative report on the sector's vulnerabilities to criminal organisations involved in drug trafficking, labour exploitation and money laundering. The programme has led to various initiatives to combat crime in the floriculture sector.

Safety

### Emergency response

Royal FloraHolland has made good progress in a procedure for formally incorporating the company emergency response in the line organisation. In 2020, we assigned emergency response officers in the logistics departments and we are now expanding the number of such officers. Due to restrictions imposed by the coronavirus measures, training and practice are behind schedule. Royal FloraHolland also further developed the crisis management organisation in this COVID year. The chosen approach is the result of careful analysis and will act as a blueprint for the new crisis management plan. This plan will be drawn up and formally implemented in 2021.

IF rate	2018	2019	2020
IF rate for Operations	19.9	17.3	14.6
Target IF rate for Operations	19	17	14
IF rate for Royal FloraHolland	11.7	11.5	10.1



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.

### 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

# Optimisation of our processes

## Risk management and risk control

**Ever-increasing digitalisation places high demands on the availability and security of our IT services.**



Royal FloraHolland has formulated clear goals. We aim to implement them with our strategy. Both opportunities and risks are associated with this strategy. When achieving the objectives, Royal FloraHolland intends to optimally exploit opportunities and avoid risks to the greatest possible extent. Due to its position in the floriculture industry, the company is 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. Timely recognition and proper anticipation of risks is therefore crucial.

### Risk management approach

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. The employees' expertise, attitude and understanding of risk control are crucially important here. We offer targeted training courses and have set up an open dialogue ('learning tables') on risks and control measures to increase risk awareness.

Royal FloraHolland has also formulated a clear risk appetite and risk tolerances per category. The risk appetite defines the amount and type of risk that an organisation is willing to incur in achieving its objectives. The risk appetite 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 2020, further 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 we identify risks that potentially prevent successful achievement of the objectives. We then use that information to determine whether additional measures are necessary.

The sessions with management take place twice a year. In 2020, only one physical session was arranged due to the coronavirus constraints. Progress is evaluated periodically.



Risk management and risk control

Risk category	Risk tolerance level					Examples
	Averse	Minimal	Cautious	Open	High	
Strategy				●		Goals and strategy Organisation and culture Added value Image, identity and reputation
Auctions and logistics (operational)			●			Daily clock auction process and logistics process
Financial			●			Financial stability Debtor risk Tax risk
Information security (cybercrime) and data		●				Network stability IT continuity Cyber security including access to applications and systems Data: storage, processing and distribution
Legislation and regulations	●					GDPR, occupational health and safety, PSD2 and environmental legislation

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.

1. Strategic risks

Royal FloraHolland wants to create added value by developing an open international digital marketplace. Implementation of the 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, retirement of our members), added value, the organisational transformation (culture), staff, ICT and sustainability.

Specific steps have been worked out to ensure realisation of the strategy. An organisational transformation programme has been developed and worked out in further detail, based on in-depth research into the organisation’s culture. 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 strategic risks remain unchanged in relation to

2019, with the exception of a higher assessed risk associated with global supply and demand for flowers and plants, driven by the impact of the coronavirus. The risk associated with profitability has also increased, as a direct result of the effort required to implement the strategy and the added value we need to deliver. Implementation of the strategy involves many changes. In view of this, stakeholder management and liaising with external parties (including growers, buyers and IT suppliers) on the impact of these changes was a key area of focus in 2020 and will continue to require close attention in the years to come.

2. Operational risks

The significant operational risks relate to the auction process, 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 and emergency response to work together. Emergency response plans have been drawn up for clock auction failures. Royal FloraHolland also has a crisis management team that takes control in emergencies and crisis situations. The insurance portfolio is actively managed. Other than an increase in the estimated IT continuity risk, the operational risks have not changed in relation to 2019.

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 year was devoted to improving security for end users. This involved both improving security awareness and introducing technical measures. We chose to focus on recognising phishing and protecting systems against ransomware and data breaches. We achieved good results through improved technology and increased awareness among our employees. Thanks to this, we detected and pre-empted several phishing attempts in 2020 before any damage was done.

The *end point detection & response* service was put into operation in 2020. This service allows us to digitally detect suspicious or abnormal behaviour in the workplace. Examples are if an employee uses the same personal Royal FloraHolland account to log in from different countries that are hundreds of kilometres apart within half an hour, or if an employee suddenly downloads or deletes large amounts of data. In addition, significant progress has been made in further structuring identity and access management.

3. Financial risks

The financial risks include risks related to debtors, taxation, treasury (interest, liquidity and currency), property and participating interests. Several multidisciplinary teams are responsible for managing these specific financial risks. Given their complexity, we involve external experts where necessary. The financial risks have not changed in relation to 2019.

**Risk management and risk control**

Corporate Finance is responsible for mitigating the risk that Royal FloraHolland can no longer meet the creditworthiness criteria agreed in the bank covenant. The team monitors these ratios periodically and has direct contact with the banks.

During the first months of the coronavirus pandemic, this team spoke to the banks on multiple occasions. Furthermore, the team is responsible for liquidity planning. The most recent plan includes the impact on liquidity of the coronavirus pandemic. That plan also factors in the possibility of faster pay-outs, for example of refundable deposits on packaging.

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, we have taken out credit risk insurance to minimise the possible financial consequences. 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. The main findings of this analysis are acted upon properly and appropriately.

Royal FloraHolland holds regular meetings to discuss property. These meetings are used to monitor the main risks we have identified relative to our property, for example the risk that customers are unable to fulfil their rental obligations (or do not do so on time). Because different disciplines are represented in the property meetings (such as Finance and Real Estate), Royal FloraHolland can react effectively as and when necessary.

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

**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. We act in accordance with the applicable legislation and regulations and continuously monitor and respond to relevant trends and developments. Where necessary, we take 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 2020, we devoted much time and effort to ensuring fair and ethical business processes. The code of conduct was revised and employees were informed of the changes via a compulsory e-learning module. The internal regulations are set out in various policy documents. These regulations are regularly updated, tightened up and re-implemented. The internal policy and code of conduct together form the guiding principles for the actions of employees of Royal FloraHolland. We encourage them to accept responsibility

for their actions and to address and learn from mistakes and infringements. We take action in the event of non-compliance with legislation and internal and external regulations. We also take measures to prevent repetition. The legislative and regulatory risks have not changed relative to 2019.

**Internal control framework**

The Internal Control Framework ensures that Royal FloraHolland is sufficiently aware of the degree to which the organisation is *in control* of the operational risks that can affect the reliability, completeness and accuracy of our financial reporting.

In 2020, the control measures for the main revenue flows, the period-end procedure and the IT general controls were drawn up and tested for effectiveness by means of self-assessments. Members of the management team have indicated a satisfactory level of internal control for the processes within their scope of responsibility. In cases where deficits or limitations in the implementation of control measures were found, compensatory measures have been identified. We use improvement actions as a management tool to strengthen the internal control as quickly as possible. The Internal Control Framework programme will be extended further in 2021.

**Impact if risks and uncertainties arise**

Royal FloraHolland aims to reduce the likelihood of mistakes, incorrect decisions and surprises due to unforeseen circumstances to the greatest possible extent. Our risk appetite is low. When necessary, we take action to limit risks.

Royal FloraHolland has an intensive, complex and well-balanced auction process that involves several departments and clock auctions at different locations. We strive to ensure that this process runs smoothly on a daily basis. Disruptions in the clock auction and logistics process and/or problems with the infrastructure constitute significant risks. The causes can vary and are associated with a broad spectrum of gradations. Consequently, the impact can also vary, ranging from a slight local delay to a complete, nationwide disruption of the auction process. In the latter case, Royal FloraHolland will not only suffer financial damage, its reputation will also be tarnished and it may be liable for consequential losses in the sector.

With this in mind, Royal FloraHolland has implemented both preventive and reactive measures. Our goal is to prevent and/or identify and resolve any disruptions as quickly as possible. We have comprehensive test procedures, emergency drills and detailed emergency plans for each auction site. Detailed responses have been worked out for different disruption levels and scenarios.

## Risks with significant impact and the associated consequences

Royal FloraHolland has also identified two risk areas that are relatively difficult to assess: *nature-related risk* and *systemic risk*. The likelihood of these risks occurring is low in most cases, but the consequences are extremely serious. Those consequences are generally not confined to the organisation itself, but can also bring an entire supply chain or system to a standstill. 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. It also has an impact on the largest system that exists in our frame of reference: the entire world. So this risk has an extremely disruptive effect.

The virus outbreak has therefore inevitably had a negative impact on our business. The scale and duration of the pandemic remain uncertain, but will affect our business activities. The resulting macroeconomic uncertainty will almost certainly cause a downturn in economic activity. However, it is difficult to assess the exact long-term impact on our business activities at this stage.

The following are the most significant risks arising from the uncertain situation caused by the coronavirus:

- 1. Supply chain:** the pandemic has had an impact on the floriculture sector as a whole. In view of our position in the chain, the impact on Royal FloraHolland will be immediately noticeable due to the loss of some growers and/or customers. In 2020, the impact was ultimately relatively limited because the market bounced back quickly. In addition, the level of risk was minimised by the emergency government aid schemes across the full breadth of the floriculture industry.
- 2. Revenue and profitability:** Royal FloraHolland's revenue fell considerably at the beginning of the coronavirus outbreak. However, thanks to a relatively speedy market recovery, the overall impact remained limited. We also took targeted action, such as reducing costs and scaling back investments, to minimise the impact on our 2020 results. We will continue these measures for as long as the pandemic lasts in order to compensate for any loss of revenue and reduced profitability.
- 3. Financing and liquidity:** Royal FloraHolland has engaged in constant dialogue with the banks about financing and compliance with the bank covenants. We decided on this approach to reduce the risk of insufficient financing. Fortunately, no additional financing was necessary. Royal FloraHolland has sufficient liquidity, both now and for the coming twelve months.

- 4. Internal controls:** employees in non-operational positions have been required to work from home since mid-March 2020. This change has exposed us to unavoidable vulnerabilities. Because the employees are working at a distance from each other, there is an increased risk of errors when manual transfers or actions are required. As a result, Royal FloraHolland is potentially vulnerable to errors and/or fraudulent behaviour. We have specifically asked our employees to apply extra vigilance in this respect and remain precise and alert in their work. The recently set-up Internal Control Framework, which entails clear measures and monitoring by management, helps minimise this risk.
- 5. Continuity:** based on the above, we can conclude that Royal FloraHolland's liquidity is adequate, both now and for the coming twelve months.

### Evaluation

Work continued on the Internal Control Framework to further strengthen the internal control environment at Royal FloraHolland. We documented the key control measures relating to the principal processes for producing the financial statements. These measures were then tested, based on self-assessment. The results of the self-assessment tests were evaluated with the Management Board and reported to the Supervisory Board. They offer sufficient certainty and also show scope for further improvements.

### Composition of the Management Board and management team



## 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

# Connecting with our members

## Corporate Governance

**The members are involved in the decision-making processes within the cooperative via the Members' Council.**



Due to its size, Royal FloraHolland is classed as a two-tier cooperative with a Supervisory Board and a Works Council. With effect from 1 January 2019, Royal FloraHolland also has a Members' Council that exercises the powers previously vested in the General Meeting of Members (AGM).

## Members' Council

The Members' Council appoints the members of the Supervisory Board and determines their compensation. The Members' Council also adopts the annual financial statements and determines the main membership rates. The Council has a right of approval relating to investments over € 20 million. The Members' Council currently consists of forty individuals who are appointed by the members — subject to recommendation by the Nomination Committee set up under the Articles of Association — at an annual Members' Meeting.

The maximum term of office for members of the Council is eight years (two terms of four years), which may be extended by a further two terms of two years each if there are compelling reasons for doing so. The members of the Council all have a single vote during the meetings of the Members' Council. The rules of procedure stipulate that the formal Members' Council 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 Members' Council.

In addition to these formal duties and powers, the Members' Council also advises the Management Board. The description of this role is laid down in the rules of procedure of the Members' Council.

Topics of interest are often discussed first in one of the four committees set up by the Members' Council. One important function of the Members' Council is to maintain the connection with the cooperative's grassroots, i.e. the members of Royal FloraHolland. To this end, the Council organises membership sessions, which are generally scheduled in the spring and in the autumn. Each round of sessions involves roughly fifteen meetings, which are held in the Netherlands and abroad.

Royal FloraHolland Product Committees (FPCs) are the exclusive liaison between the product group and the company. FPC members give product group-specific advice on Royal FloraHolland's services and the implementation of the strategy. The FPC

communicates about this with its rank and file, consulting as and when necessary. Each product group is represented by an FPC with between 5 and 9 active members. Outside the Netherlands, RACs 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 shall consist of at least two people; a managing director (CEO) and a financial director (CFO).

In 2020, Steven van Schilfgaarde was 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 the Supervisory Board's prior approval. The management team (MT) comprises the Management Board and six senior managers. This MT discusses all current affairs and progress relating to strategy implementation on a weekly 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). These committees meet to discuss specific topics in greater depth. The committees have no decision-making authority and prepare the topics for formal discussion by the Supervisory Board. The Supervisory Board must comprise at least nine members. The majority of these members come from the cooperative's membership. 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. This requirement no longer applies to the position of deputy chair.

Royal FloraHolland subscribes to the governance principles set out in the Code for Cooperatives (2015) issued by NCR, the Dutch Council for Cooperatives. Royal FloraHolland also gives 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.

### Strategy formulation and implementation

Strategic policy-making takes place as follows:

- The Management Board prepares the strategic policy, draws up plans based on that policy and is responsible for implementation.
- The Members' Council discusses the proposed strategic choices made by the Management Board. 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 Members' Council determines the remuneration of the members of the Supervisory Board and defines the remuneration brackets 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 adequately aligned to the policy. For several years now, Royal FloraHolland has taken the median 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 (CAO). 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 exact amounts paid to the Management Board and Supervisory Board are reported in the financial statements.

On 1 May 2020, agreement was reached to extend the contract with Steven van Schilfgaarde for a period of four years. Implementation of the agreed change to the employment terms and conditions was deferred until 1 October 2020, as was the case for our other employees. Specifically, the changes to the employment terms and conditions involved an increase in salary of 2.26% and an increase in the maximum attainable variable remuneration as a percentage of the fixed salary from 30% to 40%.

**'Royal FloraHolland aims to apply a transparent remuneration policy.'**

### Composition of the Supervisory Board

## Composition of the Supervisory Board

This section of the Annual Report specifies the composition of the Supervisory Board. The additional positions held by the Supervisory Board members are specified for each individual.

This information includes details of the floriculture company they represent, if applicable.

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

Member of the Supervisory Board since January 2020

Royal Schiphol Group, Executive Vice President & COO of Royal Schiphol Group

Additional positions:

- Member of the Supervisory Board, Eindhoven Airport
- Board member, ACI Europe
- Board member, Next Generation Infrastructures
- Chair of Schiphol Security and Public Safety Steering Group
- Chair of the Joint Sector Safety Review Board
- 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
- 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:

- none

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

Member of the Supervisory Board since January 2020

Member company: Van Helvoort Company

Additional positions:

- Member of the Members' Council, 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, Triple Jump Impact Investment Fund
- Deputy chair, Koninklijke Hollandsche Maatschappij der Wetenschappen
- Member of the Advisory Board, Karmijn Capital
- Member of the Advisory Board, Vereniging Rembrandt

#### **Kees Pingen (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 of the Audit Committee

Member company: Gebr. P. & J. Ravensbergen CV

Additional positions:

- Director, Stichting Accon AVM
- Director, MyLily

#### **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 consultant, McKinsey & Company
- External senior consultant, Genpact

### Composition of the Supervisory Board

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

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

Additional positions:

- none

#### Supervisory Board rotation schedule:

	Eligible for reappointment	End of final term
▪ Gerben Ravensbergen	-	2022
▪ Rosaline Zuurbier	-	2023
▪ Jack Goossens	-	2023
▪ Pascal Visée	2021	2025
▪ Linda Hovius	2022	2026
▪ Kees Pingen	2022	2026
▪ Birgit Otto	2023	2027
▪ Piet Coelewij	2023	2027
▪ Evert van Helvoort	2023	2027

#### Note

- After the end of the second regular term of four years, Supervisory Board members may be reappointed twice, for a period of two years on each occasion, if there are compelling reasons for doing so.
- All members of the Supervisory Board are Dutch nationals.

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



## Report by the Supervisory Board

‘The status quo no longer exists’ was how our report last year started. A report that was written in early April 2020, when the impact of the coronavirus crisis on our society and the floriculture sector had yet to reach its full extent. Today, almost a year later, it is clear to everyone that the coronavirus has caused a global crisis that has had an unprecedented impact on humanity as a whole and the global economy. Virtually all existing social patterns and economic models have been affected and this crisis will continue in the coming year.

On 13 March 2020, the floriculture industry suffered a direct hit amidst ships. You have already read about this in detail in the introduction and the Management Board's report. Even though there had never been a practice drill for a crisis of this magnitude, Royal FloraHolland was able to respond alertly and appropriately. This was evidenced by our communication with members, employees and customers, the favourable media reporting, the results of our government lobbying efforts and the creation of the Emergency Fund for the sector. Each and every one of these unique achievements shows that a cooperative that takes the initiative, working in collaboration with others, can achieve concrete results and provide added value for members and the sector as a whole.

The coronavirus has also had a huge impact on Royal FloraHolland as an organisation and its employees. In addition to the financial consequences, our staff's ability to adapt and improvise was tested to the limit. Carefully honed logistics processes had to be adapted rapidly to the safe social distance of 1.5 metres, and working from home has become the norm for office employees. One important point worthy of mention is that the employees explicitly declared their support for the cooperative. In May, they all agreed to delay implementation of the collective bargaining pay rise. This increase was not implemented until October. An unprecedented feat in the world of collective bargaining that was achieved jointly by the employees and the Management Board. Awesome!

### Management and supervision

Crisis management requires decisive and bold action. A crisis management team (CMT) was set up to assess matters on a daily basis and intervene where necessary. The CMT also included a member of the Members' Council. As a result, management was in a position to

directly exploit the cooperative's knowledge and experience and the Members' Council received first-hand information on the CMT's performance.

The Supervisory Board greatly appreciates the way in which the Management Board, the business and the Members' Council collaborated so closely and successfully within this team.

As the Supervisory Board, we aimed to stand shoulder-to-shoulder with the Management Board and give them our full support and appropriate advice during the first half of the year. Several additional online Supervisory Board and committee meetings were held to discuss the most up-to-date operational and financial scenarios. In addition, the Audit Committee was temporarily expanded to include two additional supervisory directors in the period from March to August.

### Effective implementation and support

Even though the coronavirus became the predominant theme of 2020, it did not overshadow our ambitious change plans for the year. Digitalisation, sustainability and new logistics services were the key areas of focus for 2020. The coronavirus only made taking decisive action on these issues even more urgent. Decisions were made after an extensive assessment phase that involved collecting as much input as possible from a variety of sources and giving it careful consideration. The Supervisory Board wishes to thank everybody who contributed to the decision-making process. It should be noted that the rules relating to decision-making made it possible to both conduct a dialogue within the cooperative and bring the associated procedure to a successful conclusion.

Implementation of the decisions will affect many, if not all, companies in our sector. All the parties, large and small, will have their own individual challenges to overcome; growers, buyers, service providers and Royal FloraHolland itself. The fact that multiple far-reaching decisions coincide indicates the pressing need for change, but does not make the process any easier. The complexity and far-reaching impact of the changes are evident, for example, from the fact that one group of members felt compelled to submit a petition to the Members' Council in February 2021 airing their grievances and putting questions to the Council. At the time of writing, this procedure is still ongoing.

2020 was a year of towering highs and deep lows. On balance, it turned out better for many parties from a commercial perspective than initially expected. Last year, our report ended with a reference to the Chinese character for 'crisis', which is a combination of the characters for danger and opportunity. The floriculture sector has shown that it takes threats seriously and acts in unison to mitigate them. At the same time, the opportunities that arise are vigorously grasped and developed. This demonstrates the resilience, entrepreneurship and level of collaboration in our sector. Together, we make floriculture thrive.



## Meetings

The Supervisory Board held six regular meetings in 2020, two of which were physical and the remainder online. In addition, seven extra online meetings were held, to discuss the coronavirus crisis and the planning and decision-making for Floriway among other matters. The usual meetings relating to strategy implementation and the On Tour day also took place. The latter meeting is mainly intended to look at and learn from developments in the market and/or at other organisations. The annual 24-hour session took place in January. Much time and attention was paid to team building given the fact that three new supervisory directors had taken office. Further important topics were the management structure of Royal FloraHolland, the performance of the Supervisory Board and the Management Board, and collaboration between the two boards.

Furthermore, the Supervisory Board attended three formal meetings of the Members' Council. The chair and some supervisory directors also attended various informal Members' Council 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.

**‘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.’**

## Report by the Audit Committee

In 2020, the Audit Committee consisted of Pascal Visée (Chair), Rosaline Zuurbier and Gerben Ravensbergen. Royal FloraHolland's management was always represented by the CFO, the Finance manager and the Internal Audit manager (committee secretary).\*

The Audit Committee met a total of eleven times during 2020 (five regular meetings and six additional meetings). All committee members were present at all the meetings. Depending on the topic, the external auditor, other external experts and/or employees from within the organisation were also invited to attend.

Jack Goossens and Piet Coelewij attended four meetings (two regular meetings and two additional meetings) held around the start of the coronavirus pandemic. During these meetings, the impact of the pandemic on Royal FloraHolland's financing arrangements was discussed at great depth.

Due to a possible conflict of interest in the case of the chair of the Audit Committee (in view of his Supervisory Board membership at Rabobank), the Supervisory Board decided to temporarily expand the Audit Committee at the beginning of 2020. This was a precautionary measure to avoid any appearance of a conflict of interest.

Several special topics were covered in 2020. In view of the importance of a number of special topics, it was decided to deal with them in additional meetings. These additional meetings usually centred on one topic, such as the financial impact of the pandemic, the sale of certain properties and the establishment of Floriway. An additional meeting was also held with the external auditor to discuss the review of the 2019 audit year and the 2020 audit plan.

The Audit Committee also gave consideration to the annual plan and budget for 2021. The 2019 financial statements, audit report, audit plan and management letter were discussed in the presence of the external auditor. Fraud and final implementation of the recovery plan were also considered by the Audit Committee. In view of the impact of the coronavirus crisis, the calculated financial effect of the strategy and financial performance in 2020 received a great deal of attention during the year.

Finally, in 2020 due attention was also given to the Internal Control Framework, insurance, participating interests, tax policy, ICT, incident reporting and following up on audit findings.

The Audit Committee looks back with satisfaction on an eventful 2020.

\* Kees Pingen became a member of the Audit Committee on 11 February 2021. Evert van Helvoort attends the meetings (as a guest as part of a training programme). Gerben Ravensbergen ceased to be a member of the Audit Committee on 11 February 2021.

## Report by the Selection and Remuneration Committee

In 2020, the Selection and Remuneration Committee (Remco) consisted of Supervisory Board members Linda Hovius (chair), Kees Pingen and Jack Goossens.\*

The Remco devoted a great deal of attention in 2020 to a) the impact of the coronavirus crisis on the organisation and its employees, b) the composition and performance of the leadership team (Management Board and MT), c) the implications that strategy implementation would have for the organisation and d) the KPIs.

### a) Coronavirus crisis

After the market collapsed in mid-March as a result of the coronavirus crisis and in view of the significant impact it was expected to have on Royal FloraHolland's financial results, measures for reducing staff expenses were considered (including a reduction in agency and external staff and suspending payment of the variable remuneration for 2019). Agreement was reached with the trade unions on suspending the periodic pay rise, due on 1 April, and the collective bargaining pay rise due on 1 July — a unique and noteworthy achievement. The Management Board also voluntarily waived contractually agreed salary increases. Fortunately, the cash management situation brightened sufficiently to enable belated implementation of the increases on 1 October, and the variable remuneration for 2019 was also paid on that date. Sickness absence due to the coronavirus and mitigating measures in the marketplace were a regular topic of discussion, as was facilitating working from home and the scenarios for reopening the offices after the coronavirus pandemic. A further topic that we discussed was whether or not to apply for the NOW emergency wage support scheme and the Emergency Fund for the floriculture sector.

### b) Leadership team

CEO Steven van Schilfgaarde's employment contract was renewed for a further four years on 1 May 2020. The Supervisory Board is delighted that he has made this long-term commitment in order to implement the strategy for Royal FloraHolland. In 2020, the Remco was closely involved in determining the composition of the MT and further additions to the team. After completion of the recruitment procedures, Ruud Knorr started as our CCO on 1 April, and Leendert-Jan Plaisier joined us as our new COO on 1 December. Furthermore, with all the different strategic implementation programmes in mind, a new Chief of Strategy and Transformation position was created in the MT. This position was filled on 15 May by Françoise Dings. The MT now has sufficient capacity

for further coordinating strategy implementation. At the end of 2020, the Remco 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 enabled a good picture to be formed of the Management Board members' leadership qualities, and points for attention to be identified for 2021.

### c) Strategy and organisation

The development of the organisation is a regular topic of discussion within the Remco. These discussions focus on the structure and culture, how healthy the organisation is 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. The ongoing organisational transformation was paused in the spring due to the lockdown. The Remco considered the desirability and form of a modified programme in order to guarantee the necessary cultural transformation despite the coronavirus situation. The Remco also receives regular updates on developments in the focus group and how those developments are being incorporated into the organisational transformation, as an important driver for achieving the desired cultural change. The new code of conduct for Royal FloraHolland was also discussed. Finally, the Remco was kept informed about developments concerning the Works Council, changes in the HR organisation and the performance of HR, adjustments to HR systems and personal safety at the marketplace.

### d) KPIs

The KPIs were also a regular point for discussion on Remco's agenda this year. This involved assessing the degree to which the KPIs for 2019 had been achieved (the scores), monitoring the KPIs in 2020 and drawing up KPIs for 2021. 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 2020, no individual KPIs applied to the members of the Management Board. In line with the Remco's proposal, the Supervisory Board assessed the overall KPI score for 2020 at 65%. In doing so, the Supervisory Board sought a balance between measuring the achievements made by RFH itself and the sector despite the coronavirus crisis and between the delay on several strategic topics and disappointing financial results, as a result of the crisis.

The Remco met on five occasions in 2020. The meetings are always attended by the CEO and the CHRO. In 2020, all the committee members attended all the meetings.

\* Birgit Otto joined the Selection and Remuneration Committee on 11 February 2021. On the same date, Kees Pingen left this committee and he now sits on the Audit Committee.

**Composition of the  
Members' Council**

# Composition of the Members' Council

**As at 1 January 2021**Frank  
AmmerlaanLeon  
AmmerlaanMatthijs  
BarendseBram  
BernhardUri  
BruckRiya  
Bunty ShahRotem  
DvirJob  
van EgmondCarlo  
EliaEva  
van EttenRichard  
FernandesNiels  
de GrootGoos  
HoflandDick  
HoutenbosRienke  
v.d. HouwenHerman  
de JongToon  
van KesselMarco  
KeyzersLydia  
KlaverArnoud  
van der KnaapRobin  
van der KnaapMartien  
KroonArno  
van der MaarelJan  
MantelMirjam  
van der MeerSteef  
MeewisseMartien  
MiddelburgMarco  
MolBen  
OlsthoornJohn  
van der SlotPeter  
SmakEd  
StofbergenKarolien  
TesselaarMarcel  
van TolSander  
van der VaartPeter  
VarekampGerrit-Jan  
VermöhlenArend  
VreugdenhilAndré  
ZuidgeestWalter  
Zijderwijk**The following nine  
members resigned  
from the Members'  
Council in 2020:**Frans  
van den BosFred  
BunnikJaap  
EversPaul  
KoenraadtWim  
KoolhaasZelalem  
MesseleAvner  
SheerWalter  
StraathofMartien  
v.d. Weijden

## Report by the Members' Council

The Members' Council of Royal FloraHolland acts as the general meeting of the cooperative. The Members' Council has all the powers conferred by law on the General Members' Meeting.

The statutory tasks and powers of the Members' Council are:

- Adopting the financial statements
  - Decisions concerning the profit appropriation
  - Discharging the members of the Management Board from liability
  - Discharging the members of the Supervisory Board from liability
  - Appointing members of the Supervisory Board
  - Determining the compensation of the members of the Supervisory Board
  - Approving amendments to the Articles of Association
  - Decisions concerning mergers, splits, changes to the legal form or the dissolution of the cooperative
- N.B. these changes also require the approval of the members in a members' meeting.*

In addition, the Members' Council also has an advisory role with responsibility for:

- Advising the Management Board on the strategic development of the cooperative and product-overarching policy issues.
- Informing the Management Board of developments in the market, and providing feedback on the strategic path chosen by Royal FloraHolland and the organisation's performance.
- Bringing relevant topics to the attention of the Management Board and the Royal FloraHolland organisation.

The interaction between the knowledge present in the sector and the professionalism of the company is the basis for the further development of Royal FloraHolland and its members.

### Coronavirus

The year was largely dominated by the coronavirus and its impact on the members and the cooperative. The sudden downturn in the market for flowers and plants on 13 March caused considerable uncertainty and unrest in the sector and among the members. The Members' Council was involved closely in the chain of events during this exceptionally difficult period, both within the organisation and throughout the sector. During the first weeks of the coronavirus crisis in March, April and May, the Members' Council met online several times a week. The Council was informed of current developments by the Management Board and the head of the crisis management team (CMT) on a weekly basis.

The feedback role of the Members' Council proved its worth during this period. The Council passed on questions and reports of issues from members to the CMT on a daily basis. That information was important input for the organisation's actions and its communication with members and their customers. The Members' Council organised 'Members talk to Members' sessions to collect valuable feedback from the field and share solutions with members. Some members were also involved in a personal capacity in the CMT and Royal FloraHolland's lobbying activities.

### Meetings

The Members' Council met eight times in 2020: two formal meetings and further informal meetings on six occasions. Most of the meetings took place online due to the coronavirus measures. The Council quickly introduced a suitably adapted, digital method for meetings. Because of the coronavirus crisis and the extensive programme of changes planned by Royal FloraHolland, the Members' Council also consulted frequently online outside the regular meetings cycle.

The traditional two-day sessions of the Members' Council 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. The chairs of the Management Board, Supervisory Board and the Members' Council met regularly in order to prepare for the meetings.

### Strategy

The progress made in implementing the strategy was a permanent item on the meeting agenda for the Members' Council. Royal FloraHolland's strategic path has now been clearly defined. There is a pressing need for change. It is clear that much 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 coronavirus pandemic has accelerated existing trends in the sector, such as digitalisation, consolidation and the increasing differences between growers. The Members' Council considers it desirable to be able to respond more quickly and effectively to market opportunities and requirements. Consequently, the speed at which Royal FloraHolland can implement the strategy was an area of explicit focus for the Council. The Members' Council sees two main challenges. First, how can Royal FloraHolland maintain support among its members? Second, how do we keep change going at a fast pace? There is growing diversity among the members. Their interests seem to be moving further and further apart. The Members' Council repeatedly drew attention to the increasing burden of obligations for smaller growers and emphasised the importance of actively involving different types of members in the changes.

During the two-day session in January, the long-term vision and the overarching strategy were discussed in detail with the Management Board. In addition, the Members' Council worked on creating a permanent platform for member involvement and evaluated the effectiveness of steering teams.

During the two-day session in September, the members of the Council explored the strategy implementation approach together with the Management Board and representatives from the strategic project teams. The workshops focused on the three key areas of ordering, payments and delivery. The opportunities and threats associated with the changes were clarified and there was a discussion on how to keep the marketplace as attractive as possible for members and their customers.

Additional thematic sessions were arranged throughout the year to discuss strategic subjects, such as 100% Digital, Floriway, Nationwide Auctioning, digital environmental recordkeeping and certification, the property and location strategy and data governance. The progress and added value for members and their customers were also considered in these sessions.

## Advice and decision-making

The 2019 financial statements and annual report of Royal FloraHolland were adopted by the Members' Council during the Council meeting of 23 April. The Members' Council agreed to add the net profit (after corporation tax) for 2019, an amount of € 5.596 million, to the general reserves. The Members' Council also agreed to early distribution of the 2012 annual instalment.

During the meeting of 8 October, the Members' Council recommended approval of the Management Board's plan for step-by-step introduction of the enforcement policy for environmental registration and certification. Support for this recommendation proved to be limited

The Members' Council was established in 2019 to ensure involvement of the membership base in key decisions and policy development from the outset. The Members' Council is an important sounding board for the Management Board. The Members' Council assesses the organisation's vision, strategy and policy implementation against the everyday reality growers have to contend with, and acts as a channel for feedback from the growers. This helps the organisation make better choices and come up with solutions based on the members' interests. This function of the Council also offers real added value to the growers. The Members' Council is responsible for ensuring constructive dialogue between the members, the Council and the organisation. In order to properly fulfil its advisory and feedback role, the Members' Council needs to be fully aware of the concerns the members have and what is important to them. So member sessions are arranged to hear about members' experiences and obtain feedback. That information is then shared in the discussions with the Management Board.



however. Some of the members of Royal FloraHolland question the benefits of mandatory digital environmental registration and certification. The Members' Council has therefore emphasised the importance of traders committing to certified sustainable procurement. The certification obligation for members has now been made dependent on this. On 10 December, the last meeting of the year under review, the Members' Council approved the 2021 membership rates and a temporary exemption from the reporting obligation for transactions outside the Royal FloraHolland auction environment (BVO) on specific trade routes.

## Member engagement and member consultation

Due to the coronavirus measures, the larger, physical members' meetings could not take place. In addition to the online 'Members talk to Members' sessions and the online Members' meeting on 10 December, the Members' Council organised two sets of online members' sessions: in June/July and November/December. These sessions were attended by approximately 900 members. The sessions delivered valuable input.

The atmosphere during the member sessions in the summer was reasonably relaxed and positive. The members were particularly satisfied with how Royal FloraHolland responded to the coronavirus crisis. During the November/December sessions, members tended to be more critical, especially with regard to Floriday, Floriway and digital environmental registration and certification. A poll taken during these sessions did however show that most members endorse the need for change.

The online sessions were welcomed by many members: they did not have to travel to the meeting, and a great deal of useful information can be exchanged in short sessions. This opens up further opportunities for member engagement and member communication in the long term. Some experiences with the online group discussions were less positive though. In-person contact is no longer possible. That lack of contact makes it difficult to freely exchange ideas. The Members' Council intends to investigate how to exploit digital member engagement in a satisfactory manner in 2021.

Members of Royal FloraHolland are also actively involved in other ways in policy-making and implementation. For example, a coordination team was started for the Nationwide Auctioning project and a Membership steering team created. In August, the Membership steering team organised the first consultative sessions with members to discuss a new membership model. The Sustainability steering team was involved in developing the digital environmental registration and certification process. Members were also actively involved in the Eelde pilot project, the anthurium cut flower pilot and the development of auctioning using digital images. A working group with FPC members worked on redesigning the FPCs to give the product committees a stronger position within the cooperative on

product-related issues. In addition, some members of the Members' Council were also involved in a personal capacity in the preparatory phase of the Floriway joint venture.

## Evaluation

Each year, the Members' Council evaluates its own performance and that of the committees, and interaction between the members, the Management Board and the Supervisory Board. The evaluation was performed by the Cooperative Committee in conjunction with an independent external consultant. The evaluation took the form of a digital questionnaire and a series of group discussions with Council members. The outcomes were discussed by the Cooperative Committee on 21 January 2021 and were the key theme of the two-day session for the Members' Council in early February 2021.

The evaluation shows first of all that there is still complete acknowledgement of the importance of the Members' Council. The Council members are also as highly motivated as ever, even though they have not been able to meet in person for more than a year. However, further refinement is required of the processes (*how are matters to be organised?*) and the development of what is a relatively young Council (*how can the Council and its members learn?*).

The second year of the Members' Council was marked by the coronavirus crisis and full meeting agendas covering crucial strategic topics. The Members' Council was able to quickly develop a new digital meeting structure. At the start of the coronavirus crisis, the Members' Council proved its worth by channelling feedback to the cooperative on issues raised by members. Even so, the full agenda in combination with the coronavirus crisis did to some extent affect the quality of the dialogue and the ability to reach a shared opinion internally. The outcomes of the evaluation revealed a number of specific areas for improvement. The Members' Council will now work on a personal development programme, the impression-judgement-decision process and intensification of the dialogue with members.

## Composition

The Members' Council consisted of 42 members. At the end of the year, six members resigned in accordance with the rotation schedule. Three members resigned voluntarily. Seven new members were appointed to the Members' Council at the Members' Meeting on 10 December. As a result, the Council numbered 40 members on 1 January 2021. This partial renewal of the Members' Council leads to fresh thinking on existing themes and further development of the Council. New members of the Members' Council are selected with due regard for a good spread geographically across the Netherlands and the rest of the world, in terms of company size and in terms of age. As a result, the Members' Council reflects the make-up of the membership base.

# Royal FloraHolland in figures

## 2020 Financial Statements

**Achieving the highest sales revenues at the lowest selling costs.**



# Contents

<b>2020 financial statements</b>	54	<b>Other information</b>	98
Consolidated balance sheet	56	Addresses	99
Consolidated profit and loss account	57	Publication details	100
Consolidated statement of cash flows	58		
Consolidated statement of comprehensive income	59		
Notes to the consolidated accounts	60		
Notes to the consolidated balance sheet	68		
Notes to the consolidated profit and loss account	81		
Company balance sheet	85		
Company profit and loss account	86		
Notes to the company accounts	87		
Notes to the company balance sheet	88		
Overview of participating interests	97		

# Consolidated balance sheet at 31 December 2020

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

## Assets

	Note	2020	2019
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>	(1)	<b>47,944</b>	<b>46,172</b>
<b>Tangible fixed assets</b>	(2)		
Land		109,171	110,663
Buildings		296,833	314,611
Equipment, packaging and logistic resources		68,959	69,237
Other fixed operating assets		37,557	40,675
Not used for business operations		92,852	96,234
		<b>605,372</b>	<b>631,420</b>
<b>Financial fixed assets</b>	(3)		
Participating interests		11,314	11,957
Other receivables		6,338	7,992
		<b>17,652</b>	<b>19,949</b>
<b>Current assets</b>			
<b>Inventories</b>		<b>596</b>	<b>649</b>
<b>Receivables</b>			
Trade receivables	(4)	32,561	48,424**
Receivables from members / non-members		2,338	2,510**
Receivables from participating interests		5,791	3,711
Deferred tax assets		190	157
Other receivables, prepaid expenses and accrued income	(5)	8,132	17,221
		<b>49,012</b>	<b>72,023</b>
<b>Cash and cash equivalents</b>	(13)	<b>8,027</b>	<b>11,693</b>
<b>Total</b>		<b>728,603</b>	<b>781,906</b>

## Liabilities

	Note	2020	2019
<b>Group equity</b>			
Equity	(6)	214,571	222,965
Minority interests	(7)	2,524	2,536
		<b>217,095</b>	<b>225,501</b>
<b>Provisions</b>	(8)		
Provision for deferred tax		1,039	2,217
Other provisions		6,229	6,017
		<b>7,268</b>	<b>8,234</b>
<b>Non-current liabilities</b>			
'B' depositary receipts*	(9)	233,002	233,651
'C' depositary receipts*	(10)	475	1,102
'D' depositary receipts*	(11)	5,898	6,519
Debts to related parties	(1)	-	6,689
Long-term bank loans	(12)	3,759	4,319
		<b>243,134</b>	<b>252,280</b>
<b>Current liabilities</b>			
Credit institutions	(13)	14,790	21,680
Debts to members / non-members	(14)	47,642	82,579**
Repayment obligations to members / non-members	(14)	8,842	6,677
Accounts payable		25,879	31,841**
Refundable deposits	(15)	96,162	96,969
Other liabilities, accrued expenses and deferred income	(16)	67,791	56,145
		<b>261,106</b>	<b>295,891</b>
<b>Total</b>		<b>728,603</b>	<b>781,906</b>

\* Subordinated loans: the effective net worth is the sum of these loans plus the group equity. At year-end 2020, the effective net worth was € 454.5 million (2019: € 464.2 million).  
 \*\* Adjusted for comparison purposes.

# Consolidated profit and loss account for 2020

(amounts x € 1,000)

	Note	2020	2019
<b>Operating income</b>			
Commission payments		82,134	85,388
Contributions		9,106	8,882
Lot and auction trolley fees		56,017	63,741
Transaction and service fees		32,453	34,065
Packaging		48,311	50,696
Trolley and CC container rental		26,980	27,296
Property rental		52,123	52,491
Miscellaneous revenue	(20)	34,198	45,897
		<b>341,322</b>	<b>368,456</b>
<b>Operating expenses</b>			
Wages and salaries	(21)	129,611	138,215
Social security costs		16,006	16,676
Pension costs		13,180	11,533
Amortisation, depreciation and impairments	(22)	78,099	76,389
Other operating expenses	(23)	109,416	111,616
		<b>346,312</b>	<b>354,429</b>
<b>Operating profit/loss</b>		<b>-4,990</b>	<b>14,027</b>

	Note	2020	2019
<b>Operating profit/loss</b>		<b>-4,990</b>	<b>14,027</b>
<b>Financial income and expenses</b>			
Interest expenses and similar charges		-2,440	-7,035
Interest income and similar income		599	912
		<b>-1,841</b>	<b>-6,123</b>
<b>Profit/loss before tax</b>		<b>-6,831</b>	<b>7,904</b>
Profit/loss from participating interests	(3)	1,184	-619
Corporation tax	(24)	134	-1,396
Minority interests	(7)	-262	-293
<b>Profit/loss after tax</b>		<b>-5,775</b>	<b>5,596</b>

# Consolidated statement of cash flows in 2020

(amounts x € 1,000)

	Note	2020	2019
<b>Operating activities</b>			
Operating profit/loss		-4,990	14,027
Amortisation, depreciation and impairments		78,099	76,265
Proceeds from disposal of fixed assets		-2,988	-9,438
Movement in provisions		212	-4,678
		<b>70,333</b>	<b>76,176</b>
<b>Change in working capital</b>			
Decrease/increase in inventories		53	-30
Decrease/increase in trade receivables		15,864	-499
Decrease/increase in receivables from participating interests		-2,080	-3,354
Decrease/increase in other receivables		9,227	1,275
Decrease/increase in debts to members / non-members		-34,887	23,593
Decrease/increase in accounts payable		-6,850	-10,483
Decrease/increase in refundable deposits		-807	2,692
Decrease/increase in other liabilities		13,930	4,727
		<b>-5,551</b>	<b>17,921</b>
Interest received		599	912
Dividend received		1,930	2,041
Interest paid		-4,112	-7,146
Corporation tax paid/received		-1,045	-338
		<b>-2,627</b>	<b>-4,531</b>
<b>Cash flow from operating activities</b>			
		<b>62,155</b>	<b>89,566</b>

	Note	2020	2019
<b>Investing activities</b>			
Investments in tangible fixed assets		-41,841	-60,984
Disposals of tangible fixed assets		4,799	22,419
Investments in intangible fixed assets		-13,177	-16,809
Repayment of long-term receivables	(3)	1,754	201
Grants of long-term receivables	(3)	-100	-5,600
Acquisition of group companies	(1)	-7,300	-50
Investment in financial fixed assets	(3)	-	-2,000
Disposal of financial fixed assets			
<b>Cash flow from investing activities</b>			
		<b>-55,866</b>	<b>-62,823</b>
<b>Financing activities</b>			
Movement in bank overdrafts	(13)	-7,171	-39,820
Repayment of long-term loans	(12)	-280	108
Dividend paid to holders of minority interests	(7)	-236	-201
Capital contributions		24,435	24,784
Payouts on 'A' and 'E' depositary receipts		-3,422	-3,816
Payouts on 'B', 'C' and 'D' depositary receipts		-23,281	-6,457
<b>Cash flow from financing activities</b>			
		<b>-9,955</b>	<b>-25,402</b>
<b>Net cash flow</b>			
		<b>-3,666</b>	<b>1,341</b>
Cash and cash equivalents at 1 January		11,693	10,352
Cash and cash equivalents at 31 December		8,027	11,693
<b>Movement in cash and cash equivalents</b>			
		<b>-3,666</b>	<b>1,341</b>

# Consolidated statement of comprehensive income for 2020

(amounts x € 1,000)

	Note	2020	2019
<b>Consolidated net income after tax</b>		<b>(5.775)</b>	<b>5,596</b>
<b>Direct movements in equity</b>			
Translation differences for foreign participating interests	(31)	-134	-
<b>Total comprehensive income</b>		<b>(5.909)</b>	<b>5,596</b>

# Notes to the consolidated accounts for 2020

## General notes

### Objectives

Cooperatie Royal FloraHolland UA, further referred to in this report as Royal FloraHolland, is a cooperative of members with excluded liability. The cooperative aims to maximise sales revenues for its members at the lowest possible cost of sales, by organising a system of marketplaces as well as related services and facilities. Members of the cooperative comprise natural persons and legal entities who operate one or more companies that grow ornamental plants or flowers. The registered office of Royal FloraHolland is in Aalsmeer at the address Legmeerdijk 313, 1430 BA Aalsmeer, the Netherlands. 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 approval by the Council of Members after expiry of the full term of the related annual instalments, provided that the risk-bearing capital is at least 45%. The financial statements have been prepared subsequent to the proposal for profit appropriation. The profit/loss of the current financial year has therefore been added to the general reserve.

### Applied accounting standards

The financial statements have been prepared in compliance with Part 9 of Book 2 of the Dutch Civil Code and the Guidelines for Annual Reporting. In the interest of clarity regarding the particular nature of the business operation, the profit and loss accounts are presented in greater detail than strictly required under the Annual Accounts Models Decree. The model used in this report is more comprehensive than the prescribed model. Unless stated otherwise, amounts presented in these notes are expressed in thousands of euros.

## Consolidation principles

The 2020 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 the organisational structure, Royal FloraHolland has chosen to incorporate those activities that directly support its core activities within the cooperative. Those activities that do not directly support auction operations, together with several other financial interests, are held as participating interests. See page 97 for the consolidation base. In 2020, the interest in Groen Groep Eelde BV was disposed of, and the group companies FH Logistics Kenya BV, Greenparc Ontwikkeling BV, Agricultural Fulfilment Center BV and De Verenigde Koelhuizen Hobaho BV were liquidated. In addition, the remaining equity interest in FloraXchange BV was acquired in 2020, such that FH Diensten Holding BV now holds a 100% interest in FloraXchange BV. In 2020 the companies RFH Holding BV, RFH Logistics Holding BV and Logistiek2 BV (trading as Floriway) were formed. Figures from RFH Logistics Holding BV and Logistiek2 BV are not included in the 2020 consolidated financial statements, as the transactions of both entities combined over 2020 have only negligible significance within the group accounts.

## 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 and debts between Royal FloraHolland and 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 carried 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. In the context of potential impairments, the goodwill arising from an acquisition is allocated from the date of acquisition to the marketplace of the cash-generating unit that stands to benefit from the acquisition and its activities in combination with software development by Royal FloraHolland.

**Changes to estimated costs of software development** During successive development phases, estimates are used for the capitalisation of development hours for several components.

In 2020 a tighter policy with regard to accounting for software development hours has led to adjusted estimates. The quantitative impact for 2020 concerns an increase in intangible fixed assets and a reduction in costs of € 0.7 million.

## Tangible fixed assets

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 marketplaces that efficiently facilitate traders and secure their loyalty. This strategy calls for significant investments in assets, especially in land, buildings and software, and is an important part of the Royal FloraHolland long-term vision. However, given the market conditions and developments in the financial, digital and property sectors, medium-term and long-term fluctuations in the valuation of fixed assets cannot be ruled out. These fluctuations can therefore lead to impairments, despite the long-term vision.

Royal FloraHolland periodically reviews its policies on depreciation, amortisation, valuation principles and investments, in particular in relation to investments in land, buildings 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

From 1 January 2020, Royal FloraHolland has placed the basic pension scheme with Pensioenfond PGB, and a supplementary pension scheme has been placed with ABN AMRO Pensioenen. The scheme with Pensioenfond PGB is a 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. A condition for partial or full indexation is that the policy funding ratio must exceed 110% in September. Indexation on 1 January 2020 was not possible. The funding ratio as at December 2020 was 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).

### 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 0.3% (2019: 0.4%).

### Restructuring

The restructuring provision relates to the costs attributable to redundancies under the social plan. The restructuring provision is recognised at nominal value. As at 31 December 2020, there are no instances of compensation payable due to restructuring.

## 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' depository 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 depository 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 or 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. The deferred tax assets and liabilities are recognised at nominal value, based on the current and future tax rate of 25%.

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

# Notes to the consolidated balance sheet for 2020

(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	CONCES- SIONS	2020	2019
<b>Balance as at 1 January</b>	<b>6,704</b>	<b>39,468</b>	<b>-</b>	<b>46,172</b>	<b>40,535</b>
<b>Movements</b>					
Investments	-	14,086	-	14,086	13,996
Transfers	-	5	-	5	353
Amortisation	-883	-10,312	-	-11,195	-8,712
Impairment losses	-	-1,124	-	-1,124	-
<b>Balance as at 31 December</b>	<b>5,821</b>	<b>42,123</b>	<b>-</b>	<b>47,944</b>	<b>46,172</b>
Cumulative purchase value	8,782	73,853	6,361	88,996	74,906
Cumulative amortisation and impairment losses	-2,961	-31,730	-6,361	-41,052	-28,734
<b>Balance as at 31 December</b>	<b>5,821</b>	<b>42,123</b>	<b>-</b>	<b>47,944</b>	<b>46,172</b>

The investments relate to software. An impairment loss of € 1.1 million has been charged to the profit and loss for the financial year. This is related to software licenses. As a result of strategic choices, some of the licenses will not be used. The concessions item concerns packaging concessions that were written off in 2015.

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

	<b>2020</b>	<b>2019</b>
FloraXchange BV	5,094	5,881
Blueroots BV	679	764
Other	48	59
<b>Total</b>	<b>5,821</b>	<b>6,704</b>

The acquisition cost of the remaining shares in FloraXchange BV includes estimates related to the expected technical functionality and future income (what is termed the ‘contingent consideration’). The residual purchase price of € 7.3 million was paid on 13 August 2020, making FloraXchange BV a fully owned subsidiary of FH Diensten Holding BV. As at 31 December 2019, the net present value of the residual purchase price obligation amounted to € 6.7 million, which was recognised under non-current liabilities payable to related parties.

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	BALANCE AS AT 31 DECEMBER
<b>Land</b>						
Land	79,694	30	-100	-	-50	79,574
Site facilities	30,969	1,089	455	-2,783	-133	29,597
<b>Subtotals</b>	<b>110,663</b>	<b>1,119</b>	<b>355</b>	<b>-2,783</b>	<b>-183</b>	<b>109,171</b>
<b>Buildings</b>	<b>314,611</b>	<b>7,825</b>	<b>8,751</b>	<b>-34,138</b>	<b>-216</b>	<b>296,833</b>
<b>Equipment, packaging and logistic resources</b>						
Equipment	19,498	4,331	2,937	-3,210	-	23,556
Packaging and resources used in logistic processes	49,739	9,309	897	-14,542	-	45,403
<b>Subtotals</b>	<b>69,237</b>	<b>13,640</b>	<b>3,834</b>	<b>-17,752</b>	<b>-</b>	<b>68,959</b>
<b>Other fixed operating assets</b>	<b>40,675</b>	<b>4,912</b>	<b>3,076</b>	<b>-11,104</b>	<b>-2</b>	<b>37,557</b>
<b>Not used for business operations</b>						
Land and buildings available for sale	68,999	659	85	-3	-1,683	68,057
Operating assets under development	27,235	13,666	-16,106	-	-	24,795
<b>Subtotals</b>	<b>96,234</b>	<b>14,325</b>	<b>-16,021</b>	<b>-3</b>	<b>-1,683</b>	<b>92,852</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>605,372</b>
<b>2019 totals</b>	<b>660,735</b>	<b>53,965</b>	<b>-353</b>	<b>-67,554</b>	<b>-15,373</b>	<b>631,420</b>

	LAND	BUILDINGS	EQUIPMENT, PACKAGING AND LOGISTIC RESOURCES	OTHER FIXED OPERATING ASSETS	NOT USED FOR BUSINESS OPERATIONS	2020	2019
Cumulative purchase value	146,691	944,487	284,575	166,131	146,698	1,688,582	1,648,849
Cumulative depreciation and impairment losses	-37,520	-647,654	-215,616	-128,574	-53,846	-1,083,210	-1,017,429
<b>Balance as at 31 December</b>	<b>109,171</b>	<b>296,833</b>	<b>68,959</b>	<b>37,557</b>	<b>92,852</b>	<b>605,372</b>	<b>631,420</b>

The land available for sale 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 2020, the final phase was completed of sale of the Bleiswijk sites: 47,000 m<sup>2</sup> with a carrying value of € 1.8 million and a profit on sale of € 2.2 million. In 2018 and 2019, 330,000 m<sup>2</sup> had already been sold with a carrying value of € 11.5 million and profits on sale of € 14.3 million.

As at the balance-sheet date, the fair value of land and buildings available for sale amounts to € 98.6 million (2019: € 103.0 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 2020 include the renovation of the Naaldwijk parking deck, the construction of the cold store 126 in Aalsmeer, the major overhaul of the overhead conveyor system, and the purchase of new packaging and new auction trolleys.

Investments not yet put into use at the close of 2020 include improvements to the Aalsmeer Oost infrastructure (Legmeerdijk junction to roundabout), the groundwork and residential infrastructure at various sites (DHG, TPW Mars and Aalsmeer Oost), the new Floradôme Aalsmeer offices, the packaging washing facility at Rijnsburg, and the fire safety programme.

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.

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

### (3) Financial fixed assets

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

	PARTICIPATING INTERESTS	OTHER RECEIVABLES	2020	2019
<b>Balance as at 1 January</b>	<b>11,957</b>	<b>7,992</b>	<b>19,949</b>	<b>13,637</b>
<b>Movements</b>				
Investments	-	-	-	1,151
Profit/loss from participating interests	1,287	-	1,287	1,803
Loans granted	-	200	200	3,800
Repayments	-	-1,754	-1,754	-201
Dividend distribution	-1,930	-	-1,930	-2,041
Other movements		-100	-100	1,800
<b>Balance as at 31 December</b>	<b>11,314</b>	<b>6,338</b>	<b>17,652</b>	<b>19,949</b>

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

	2020	2019
FloriWorld BV	2,100	2,500
Plant Port I BV	2,955	3,008
Veiling Rhein Maas GmbH & Co KG	3,297	3,175
Plantion Holding BV	1,225	1,225
Other participating interests	1,737	2,049
<b>Balance as at 31 December</b>	<b>11,314</b>	<b>11,957</b>

#### Participating interests

The profit or loss from participating interests in the consolidated profit and loss account comprised a profit of € 1.2 million (2019: € 0.6 million loss). This item includes recognised losses from sales transactions during 2020 to the value of € 0.1 million (2019: € 2.4 million).

#### Other receivables

This item includes loans to associated companies to the value of € 4.3 million (2019: € 6.2 million). These loans bear an average interest rate of Euribor + 1.5% (2019: 5.0%). Loan components that are repaid within 12 months after the financial year-end are included under current assets (€ 100,000).

Loans totalling € 2.1 million have less than 5 years remaining to maturity, and loans totalling € 4.2 million have 5 years or longer to maturity.

#### 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, 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

	2020	2019
Taxes and social security contributions	136	2,351
Prepaid costs	5,647	5,919
Other receivables	1,939	6,164
Prepaid expenses and accrued income	410	2,787
<b>Balance as at 31 December</b>	<b>8,132</b>	<b>17,221</b>

Other receivables, prepaid expenses and accrued income are due in less than one year. The decrease in taxes and social security contributions is primarily due to a net receivable VAT position at year-end 2019, while at 31 December 2020 the net VAT position is a payable.

The decrease in other receivables is mainly due to the receipt of a € 4.6 million pay-out by the fraud insurer, related to the theft detected in 2019. The decrease in prepaid expenses and accrued income is explained by the refund in 2020 of an excessively high advance payment to the pension insurer in 2019.

## Group equity

### (6) Equity

As at the balance-sheet date, the cooperative's equity amounted to € 214.6 million (2019: € 223.0 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\*

	2020	2019
<b>Balance as at 1 January</b>	<b>2,536</b>	<b>2,452</b>
<b>Movements</b>		
Share in net profit/loss in financial year	224	285
Dividend distribution	-236	-201
<b>Balance as at 31 December</b>	<b>2,524</b>	<b>2,536</b>

\* Minority interests refers to the minority interests held by third parties in Royal FloraHolland group companies. A list of these interests is provided on page 22.

### (8) Provisions

	PROVISION FOR DEFERRED TAX	OTHER PROVISIONS	2020	2019
<b>Balance as at 1 January</b>	<b>2,217</b>	<b>6,017</b>	<b>8,234</b>	<b>11,854</b>
<b>Movements</b>				
Additions	4,529	871	5,400	5,556
Withdrawals	-5,707	-644	-6,351	-8,066
Release	-	-15	-15	-1,108
<b>Balance as at 31 December</b>	<b>1,039</b>	<b>6,229</b>	<b>7,268</b>	<b>8,234</b>

Deferred tax assets and liabilities within the group tax entity are presented on a net basis. As at 31 December 2020, 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 valuation for commercial and tax purposes of tangible fixed assets that reach the minimum value for tax purposes 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 for tax purposes are recognised directly in the profit and loss account 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%. In 2019, the deferred tax provision was formed based on the then applicable rate of 25.0% and an expected future rate of 21.7%. The opening balance for 2020 has been adjusted based on the rate of 25.0%. This provision has a term of more than one year.

The remaining provisions comprise provisions for long-service awards, legal claims, payments for prolonged illness, and missing CC containers. The provision for missing CC containers was formed for the shortfall in CC containers found when the CC labels were replaced in early 2019. The shortfall in CC containers will be largely offset by the purchase of new CC containers in 2021 to the value of € 0.9 million. Most 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 2020 have a term longer than one year. Payouts to be made during 2021 have a term shorter than one year, and are therefore recognised under current liabilities.

### (9) 'B' depositary receipts

	2020	2019
<b>Balance as at 1 January</b>	<b>233,651</b>	<b>215,100</b>
<b>Movements</b>		
Capital contribution credits	22,216	22,186
Additional payouts during current financial year	-18,916	-537
Payouts in next financial year, recognised under current liabilities	-3,949	-3,098
<b>Balance as at 31 December</b>	<b>233,002</b>	<b>233,651</b>
Of which:		
Term < 1 year	3,949	20,178
Term >1 and <5 years	130,178	103,209
Term > 5 years	102,824	113,362
<b>Total</b>	<b>236,951</b>	<b>236,749</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 2020, the value of these capital contributions (spread over the 'A', 'B', and 'D' depositary receipts) was a total of € 24.4 million (2019: € 24.8 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 Risk-bearing Capital at 55%.

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

In 2020, the Royal FloraHolland 2012 annual instalment was paid out early for a total of € 17.1 million. No interest was paid in 2020 (2019: 0.3%). The total expected to be paid out to former members in 2021 is € 3.9 million (2019: € 3.1 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

	2020	2019
<b>Balance as at 1 January</b>	<b>1,102</b>	<b>1,407</b>
<b>Movements</b>		
Additional payouts during current financial year	-3	-
Payouts in next financial year, recognised under current liabilities	-624	-440
Other movements	-	135
<b>Balance as at 31 December</b>	<b>475</b>	<b>1,102</b>
Of which:		
Term < 1 year	624	440
Term >1 and <5 years	431	1,102
Term > 5 years	44	-
<b>Total</b>	<b>1,099</b>	<b>1,542</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 2020 was 0.5% (2019: 0.8%).

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

	2020	2019
<b>Balance as at 1 January</b>	<b>6,519</b>	<b>6,618</b>
<b>Movements</b>		
Capital contribution credits	386	409
Additional payouts during current financial year	-816	-500
Payouts in next financial year, recognised under current liabilities	-191	-8
<b>Balance as at 31 December</b>	<b>5,898</b>	<b>6,519</b>
Of which:		
Term < 1 year	191	783
Term >1 and <5 years	3,467	3,467
Term > 5 years	2,431	3,237
<b>Total</b>	<b>6,089</b>	<b>6,527</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 2020, the Royal FloraHolland 2012 annual instalment was paid out early for a total of € 775,000. No interest was paid in 2020 (2019: 0.3%). The total expected to be paid out to former non-member holders in 2021 is € 191,000 (2019: € 8,000)

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

	2020	2019
<b>Balance as at 1 January</b>	<b>4,319</b>	<b>4,641</b>
<b>Movements</b>		
Repayments	-280	-322
Payouts in next financial year, recognised under current liabilities	-280	-
<b>Balance as at 31 December</b>	<b>3,759</b>	<b>4,319</b>

The balance of the long-term bank loans as at 31 December 2020 has a term of 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 loan is secured by a mortgage on group property and pledges of rental income and receivables. The average interest rate is 1.54%.

## 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 2020, a total of € 14.8 million had been drawn under this facility (2019: € 21.7 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 2020, 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 28, 29, 30 and 31 December 2020 that were yet to be paid out. The decrease of € 34.9 million is due to the situation at year-end 2019, when two weeks of product revenues were due for payment, while in 2020 this was just one week. 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. The release percentage for the financial year 2020 has been set at 1.4%, the same as in 2019.

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

	2020	2019
Taxes and social security contributions	7,957	4,072
Holidays and holiday pay	12,696	11,420
Interest expense payable to banks and on members' loans	935	3,218
Accrued expenses and deferred income	8,288	1,140
Other liabilities	37,915	36,295
<b>Balance as at 31 December</b>	<b>67,791</b>	<b>56,145</b>

All debts, accrued expenses and deferred income are due in less than one year. The increase in taxes and social security contributions is primarily due to a payable pension contribution of € 3.8 million; at year-end 2019 this was a receivable position.

The decrease in the interest expense is primarily due to the reduced debt to credit institutions at year-end 2020, compared to 2019. 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.

## (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.

Aside from derivatives, the group's primary financial instruments serve to finance the group's operating activities or result directly from these activities. The group also transacts in derivatives (solely interest-rate swaps) to hedge the interest-rate risk arising from the group's financing activities. Group policy is not to trade in financial instruments for speculative purposes.

The principal risks related to the group's financial instruments are the interest-rate risk, credit risk and liquidity risk. The group policy pursued in order 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 2020, the proportion of loans with a variable interest rate related to group financing was 100% (2019: 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 may be asked to provide certain collateral to limit the risk of bad debts. The majority of trade receivables are covered by bank guarantees, and if a 14-day credit is provided for Royal FloraHolland Connect purchases, by a credit insurance policy. As at 31 December 2020, Royal FloraHolland holds a total of € 38.7 million in bank guarantees and security deposits (as at 31 December 2019: € 37.4 million).

As at 31 December 2020, trade receivables totalled € 32.6 million (31 December 2019: € 50.9 million). This amount includes a provision for doubtful debtors of € 1.6 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 in the event that invoicing and collection are carried out by Royal FloraHolland, and provided that the members and suppliers have complied with the applicable conditions of the Auction Regulations. The group has drawn up guidelines to limit the size of the credit risk for each financial institution and debtor (approx. 90% of the trade receivables balance is covered by the credit risk insurance). The group also continuously monitors its receivables and applies a strict reminder procedure. Thanks to the measures outlined above, the credit risk to the group is minimal. Within the group there are no significant concentrations of credit risk.

### Liquidity risk

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

The bank covenant contains further agreements with credit institutions on the creditworthiness ratios of Royal FloraHolland. No assets have been pledged as security for the credit facility. One bank loan to one group company is secured with a mortgage on group property together with pledged rental income 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 under 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 financial year-end, the group has three interest-rate swap contracts outstanding. Under the first contract, for the nominal amount of € 20.0 million (2019: € 20.0 million), the group receives the market interest rate equal to the 6-month Euribor plus a margin of 0%, and the group pays a fixed interest rate of 2.43% on this nominal amount. This interest-rate swap contract took effect on 1 November 2011 and matures on 1 November 2021.

Under the second contract, for the nominal amount of € 20.0 million (2019: € 20.0 million), the group pays the market interest rate equal to 6-month Euribor plus a margin of 0.86%, and the group receives a variable interest rate of 8-year CMS on this nominal amount. This interest-rate swap contract took effect on 1 November 2015 and matures on 1 November 2021. Under the third interest-rate swap contract, for the nominal amount of € 2.9 million (2019: € 3.0 million), the group receives the market interest rate equal to 6-month Euribor, and the group pays 1.03% on this nominal amount. This interest-rate swap contract took effect on 1 July 2016 and matures on 1 January 2023.

The interest-rate swaps serve to hedge the interest-rate risk exposure of the group on 'B' depositary receipts and on the Javado Vastgoed BV bank loan. As at 31 December 2020, the total value of 'B' depositary receipts was € 236.9 million (2019: € 236.7 million). The variable interest rate on 'B' depositary receipts is based on the average interest on 8-year Dutch government bonds. As at 31 December 2020, the bank loan principal was € 4.0 million (2019: € 4.3 million). The variable interest rate on the bank loan is based on 6-month Euribor. More information on the obligations related to 'B' depositary receipts and the bank loan is provided in the respective notes for the depositary receipts and long-term bank loans.

The interest-rate swap contracts have a fair value of € 0.8 million negative (2019: € 1.1 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 obligations and arrangements

	31 December 2020				31 December 2019			
	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Investment obligations	16,012	364	990	17,366	17,666	368	–	18,034
Operating lease obligations	1,130	2,047	2	3,179	1,359	1,328	–	2,687
Rental obligations	1,210	1,329	–	2,539	1,193	2,340	–	3,533
Guarantees	1,589	–	–	1,589	1,673	–	–	1,673
Miscellaneous service contracts	68,921	125,404	10,736	205,061	47,348	110,481	4,464	162,293
<b>Total</b>	<b>88,862</b>	<b>129,144</b>	<b>11,728</b>	<b>229,734</b>	<b>69,239</b>	<b>114,517</b>	<b>4,464</b>	<b>188,220</b>

Obligations pertaining to investments, operating leases and rents are in line with 2019.

During the financial year, an amount of € 1.4 million in minimum lease payments and € 1.1 million in rental payments were recognised in the profit and loss account.

As at 31 December 2020, Royal FloraHolland has issued bank guarantees for an amount of € 1.6 million (2019: € 1.7 million).

The miscellaneous service contracts increased by € 43 million compared to 2019, mainly due to extensions in the scope of contracts with ICT suppliers for software development and system administration activities.

The minimum future rental income is € 14.3 million (2019: € 13.0 million), divided over the coming years as follows:

	31 December 2020				31 December 2019			
	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Miscellaneous service contracts	13,401	831	35	14,267	12,900	100	20	13,020
<b>Total</b>	<b>13,401</b>	<b>831</b>	<b>35</b>	<b>14,267</b>	<b>12,900</b>	<b>100</b>	<b>20</b>	<b>13,020</b>

In addition, 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 2020 the group acquired the remaining interest in FloraXchange BV, with payment made using cash and cash equivalents; this is shown in the statement of cash flows. The investments in tangible fixed assets include only those investments that caused an outflow of cash resources in 2020.

# Notes to the consolidated profit and loss account for 2020

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

## Product revenues

(x € 1 million)	2020	2019
Total clock revenue	1,783	1,949
Direct sales revenue	2,871	2,842
<b>Total product revenues of Royal FloraHolland</b>	<b>4,654</b>	<b>4,791</b>

Royal FloraHolland's clock revenue in 2020 accounted for 38.3% (2019: 40.7%). The share of direct sales revenue in 2020 was 61.7% (2019: 59.3%). In 2020, Royal FloraHolland members generated total product revenue of € 4,389 million (2019: € 4,526 million), while other suppliers generated total product revenue in 2020 of € 265 million (2019: € 265 million).

Members can use the Temporary Exemption from Member Obligations (TEMO) scheme, on which Royal FloraHolland charges commission. In 2020, members retrospectively paid TEMO commission to Royal FloraHolland on € 234 million of non-auction product revenues (2019: € 209 million).

## Operating income

### (20) Miscellaneous revenue

The miscellaneous revenue booked in 2020 was € 34.2 million (2019: € 45.9 million). The decrease is principally due to the inclusion in this item of gains from the sale of land. In 2020 (€ 2.5 million) as in 2019 (€ 9.5 million), this mainly concerns the gains on the sale of the Bleiswijk lots. More information is provided in the note 'Tangible fixed assets'.

Another reason for the decrease in miscellaneous revenue was a decline in income from trade fairs and events (€ 1.5 million) as well as from services related to import flows (€ 1.2 million), both as a result of the coronavirus crisis.

## Operating expenses

### (21) Wages and salaries

	2020	2019
Group employees' salaries	102,781	101,053
External personnel	26,830	37,162
	<b>129,611</b>	<b>138,215</b>

The wages and salaries of € 102.8 million include an amount of € 547,000 (2019: € 1.1 million) for settlement agreements, recognised entirely under current liabilities.

### 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 (2019: € 366,000). 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 various committees, a committee chair is paid € 10,000 and members are paid € 5,000 compensation per year. Supervisory Board members also receive a fixed allowance for travel and accommodation costs of € 2,500 per year in quarterly instalments. As a result of the coronavirus crisis, the Supervisory Board decided to cancel payment of the travel allowance for the second quarter of 2020. The Chair of the Supervisory Board claims actual travel and accommodation expenses. The cooperative bears the costs of any training or consultancy provided to members of the Supervisory Board.

Fixed and variable remuneration paid to the Management Board totalled € 1.2 million before tax in 2020 (2019: € 1.1 million). This figure includes their salary increment. Of this figure, a pre-tax amount of € 167,000 was paid in variable remuneration to both Management Board members jointly. This is their variable remuneration for the year 2020, which will be paid in 2021. The variable remuneration paid to S. van Schilfgaarde is 22% of his fixed salary, and for D. van Mechelen the variable component is 12% of his fixed salary.

Management remuneration*	2020	2019	2020	2019	2020	2019	2020	2019
	FIXED	FIXED	VARIABLE	VARIABLE	PENSION	PENSION	TOTAL	TOTAL
D. van Mechelen	425	392	51	61	18	11	494	464
S. van Schilfgaarde	524	519	116	120	20	11	660	650
	<b>949</b>	<b>911</b>	<b>167</b>	<b>181</b>	<b>38</b>	<b>22</b>	<b>1,154</b>	<b>1,114</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 2020 was € 13,000 (2019: € 13,000); for S. van Schilfgaarde, this was € 13,000 (2019: € 13,000).

Since 2020 it is no longer possible to accrue pension on annual income in excess of € 110,000. Royal FloraHolland has opted to compensate for the pension contribution via the salary. The pension compensation for D. van Mechelen was € 35,000 (2019: € 32,000); for S. van Schilfgaarde this was € 45,000 (2019: € 45,000). No variable remuneration is paid on this component, which is reported in the fixed salary.

### Average numbers of employees and FTEs

	2020	2019	2020	2019
	AVERAGE NUMBER OF EMPLOYEES	AVERAGE NUMBER OF EMPLOYEES	AVERAGE NUMBER OF FTEs	AVERAGE NUMBER OF FTEs
Operations	1,915	1,888	1,404	1,412
Commercial	467	467	408	411
Support services	242	235	227	219
<b>Royal FloraHolland</b>	<b>2,624</b>	<b>2,590</b>	<b>2,039</b>	<b>2,042</b>
Participating interests*	55	59	56	57
	<b>2,679</b>	<b>2,649</b>	<b>2,095</b>	<b>2,099</b>

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

### (22) Depreciation, amortisation and impairments

	2020	2019
Intangible fixed assets	12,319	8,712
Tangible fixed assets	65,780	67,677
	<b>78,099</b>	<b>76,389</b>

### (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:

	2020	2019	2020	2019	2020	2019
Accountant's fees	PWC NEDERLAND	PWC NEDERLAND	PWC OTHER (NETWORK)	PWC OTHER (NETWORK)	TOTAL	TOTAL
Audit of the financial statements	518	326	17	16	535	342
Other audit engagements	156	-	14	-	170	-
Tax consultancy services	-	35	1	21	1	56
	<b>674</b>	<b>361</b>	<b>32</b>	<b>37</b>	<b>706</b>	<b>398</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

	2020	2019
Based on profit/loss for financial year	-658	-1,737
Corrections to previous years	-94	-
Movement in deferred tax	886	341
	<b>134</b>	<b>-1,396</b>

Tax burden	2020	2019
Applicable tax rate	25.0%	25.0%
Effective tax rate	6.0%	20.0%

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

<b>Operating profit/loss before tax</b>	<b>-6,831</b>	
Profit/loss from participating interests	1,184	
Minority interests	-261	
<b>Profit/loss before tax</b>	<b>-5,909</b>	
Corporation tax based on applicable tax rate	1,477	25.0%
Temporary differences	-5,070	-85.8%
Offsettable losses	4,040	68.4%
Corrections to previous years	-94	-1.6%
Corporation tax based on effective tax rate	353	-6.0%

The difference between the effective tax rate and the applicable rate in 2020 is mainly the result of deviations for tax purposes from the commercial profit/loss arising from the restriction under tax rules on the depreciation of property, the recognition for tax purposes of maintenance costs directly in the profit and loss account rather than being capitalised in the balance sheet, and the tax provision formed in the past for major maintenance in combination with the applied carry-forward of tax losses into 2020.

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

In November 2020, Royal FloraHolland signed a share purchase agreement with three logistics companies. This intended transaction has been reported to the Netherlands Authority for Consumers and Markets (ACM). At the time of preparation of these financial statements, ACM had not yet approved this transaction.

# Company balance sheet as at 31 December 2020

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

## Assets

	Note	2020	2019
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>	(26)	<b>39,776</b>	<b>36,318</b>
<b>Tangible fixed assets</b>	(27)		
Land		102,286	103,778
Buildings		293,865	311,357
Equipment, packaging and logistic resources		68,957	69,237
Other fixed operating assets		37,240	40,512
Not used for business operations		92,852	96,234
		<b>595,200</b>	<b>621,118</b>
<b>Financial fixed assets</b>	(28)		
Participating interests		21,490	30,013
Other receivables		2,038	3,792
		<b>23,528</b>	<b>33,805</b>
<b>Current assets</b>			
<b>Inventories</b>		596	555
<b>Receivables</b>			
Trade receivables	(29)	32,227	48,028**
Receivables from members / non-members		2,338	2,510**
Receivables from participating interests		18,223	9,549
Deferred tax assets		5,691	3,364
Other receivables, prepaid expenses and accrued income	(30)	6,990	15,298
		<b>65,469</b>	<b>78,749</b>
<b>Cash and cash equivalents</b>		<b>4,178</b>	<b>8,804</b>
<b>Total</b>		<b>728,747</b>	<b>779,349</b>

## Liabilities

	Note	2020	2019
<b>Equity</b>			
General reserve		114,958	124,311
Legal entities reserve		2,635	2,635
'A' depositary receipts		47,824	47,268
Final balance		7,699	10,741
Statutory reserve		41,455	38,010
		<b>214,571</b>	<b>222,965</b>
<b>Provisions</b>	(32)		
Provision for deferred tax		650	1,565
Other provisions		6,206	6,017
		<b>6,856</b>	<b>7,582</b>
<b>Non-current liabilities</b>			
'B' depositary receipts*	(9)	233,002	233,651
'C' depositary receipts*	(10)	475	1,102
'D' depositary receipts*	(11)	5,898	6,519
		<b>239,375</b>	<b>241,272</b>
<b>Current liabilities</b>			
Credit institutions		14,510	21,681
Debts to members / non-members	(14)	47,642	82,579**
Repayment obligations to members / non-members	(14)	8,842	6,677
Debts to group companies		8,031	13,301
Accounts payable		25,651	31,489**
Refundable deposits	(15)	96,162	96,969
Other liabilities, accrued expenses and deferred income	(33)	67,107	54,834
		<b>267,945</b>	<b>307,530</b>
<b>Total</b>		<b>728,747</b>	<b>779,349</b>

\* Subordinated loans: the effective net worth is the sum of these loans plus the group equity. At year-end 2020, the effective net worth was € 454.5 million (2019: € 464.2 million).

\*\* Adjusted for comparison purposes.

# Company profit and loss account for 2020

(amounts x € 1,000)

	<b>2020</b>	<b>2019</b>
Company profit/loss after tax	-5,152	5,389
Profit/loss from participating interests after tax	-623	207
<b>Profit/loss after tax</b>	<b>-5,775</b>	<b>5,596</b>

# Notes to the company accounts for 2020

## 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 2020 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 2020

(amounts x € 1,000)

## Fixed assets

### (26) Intangible fixed assets

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

	SOFTWARE	CONCESSIONS	2020	2019
<b>Balance as at 1 January</b>	<b>36,318</b>	<b>–</b>	<b>36,318</b>	<b>29,735</b>
<b>Movements</b>				
Investments	13,555	–	13,555	12,805
Transfers	5	–	5	355
Amortisation	–8,978	–	–8,978	–6,577
Impairment losses	–1,124	–	–1,124	–
<b>Balance as at 31 December</b>	<b>39,776</b>	<b>–</b>	<b>39,776</b>	<b>36,318</b>
Cumulative purchase value	60,644	6,361	67,005	53,445
Cumulative amortisation and impairment losses	–20,868	–6,361	–27,229	–17,127
<b>Balance as at 31 December</b>	<b>39,776</b>	<b>–</b>	<b>39,776</b>	<b>36,318</b>

The investments relate to software. An impairment loss of € 1.1 million has been charged to the profit and loss for the financial year. This is related to software licenses. As a result of strategic choices, some of the licenses will not be used. The concessions item concerns packaging concessions that were written off in 2015.

**(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	BALANCE AS AT 31 DECEMBER
<b>Land</b>						
Land	72,810	30	-100	-	-50	72,690
Site facilities	30,968	1,089	455	-2,783	-133	29,596
<b>Subtotals</b>	<b>103,778</b>	<b>1,119</b>	<b>355</b>	<b>-2,783</b>	<b>-183</b>	<b>102,286</b>
<b>Buildings</b>	<b>311,357</b>	<b>7,825</b>	<b>8,751</b>	<b>-33,851</b>	<b>-217</b>	<b>293,865</b>
<b>Equipment, packaging and logistic resources</b>						
Equipment	19,498	4,328	2,937	-3,208	-	23,555
Packaging and resources used in logistic processes	49,739	9,308	897	-14,542	-	45,402
<b>Subtotals</b>	<b>69,237</b>	<b>13,636</b>	<b>3,834</b>	<b>-17,750</b>	<b>-</b>	<b>68,957</b>
<b>Other fixed operating assets</b>	<b>40,512</b>	<b>4,649</b>	<b>3,076</b>	<b>-10,995</b>	<b>-2</b>	<b>37,240</b>
<b>Not used for business operations</b>						
Land and buildings available for sale	68,999	659	85	-3	-1,683	68,057
Operating assets under development	27,235	13,666	-16,106	-	-	24,795
<b>Subtotals</b>	<b>96,234</b>	<b>14,325</b>	<b>-16,021</b>	<b>-3</b>	<b>-1,683</b>	<b>92,852</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>595,200</b>
<b>2019 totals</b>	<b>645,349</b>	<b>53,966</b>	<b>-355</b>	<b>-67,300</b>	<b>-10,542</b>	<b>621,118</b>

	LAND	BUILDINGS	EQUIPMENT, PACKAGING AND LOGISTIC RESOURCES	OTHER FIXED OPERATING ASSETS	NOT USED FOR BUSINESS OPERATIONS	2020	2019
Cumulative purchase value	139,057	937,324	277,761	165,391	131,723	1,652,940	1,611,792
Cumulative depreciation and impairment losses	-36,771	-643,459	-128,151	-128,154	-38,871	-1,057,740	-990,674
<b>Balance as at 31 December</b>	<b>102,286</b>	<b>293,865</b>	<b>68,957</b>	<b>37,240</b>	<b>92,852</b>	<b>595,200</b>	<b>621,118</b>

The land available for sale 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 2020, the final phase was completed of sale of the Bleiswijk sites: 47,000 m<sup>2</sup> with a carrying value of € 1.8 million and a profit on sale of € 2.2 million. In 2018 and 2019, 330,000 m<sup>2</sup> had already been sold with a carrying value of € 11.5 million and profits on sale of € 14.3 million.

As at the balance-sheet date, the fair value of land and buildings available for sale amounts to € 98.6 million (2019: € 103.0 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 2020 include the renovation of the Naaldwijk parking deck, the construction of the cold store 126 in Aalsmeer, the major overhaul of the overhead conveyor system, and the purchase of new packaging and new auction trolleys.

Investments not yet put into use at the close of 2020 include improvements to the Aalsmeer Oost infrastructure (Legmeerdijk junction to roundabout), the groundwork and residential infrastructure at various sites (DHG, TPW Mars and Aalsmeer Oost), the new Floradôme offices, the packaging washing facility at Rijnsburg, and the fire safety programme.

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.

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

## (28) Financial fixed assets

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

	PARTICIPATING INTERESTS IN GROUP COMPANIES	OTHER RECEIVABLES	2020	2019
<b>Balance as at 1 January</b>	<b>30,013</b>	<b>3,792</b>	<b>33,805</b>	<b>48,215</b>

### Movements

Profit/loss from participating interests	-623	-	-623	207
Liquidation of participating interests	0	-	-	-15,516
Dividend distribution	-7,766	-	-7,766	-709
Other direct equity movements	-134	-	-134	1,809
Repayments	-	-1,754	-1,754	-201
<b>Balance as at 31 December</b>	<b>21,490</b>	<b>2,038</b>	<b>23,528</b>	<b>33,805</b>

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

	2020	2019
FH Diensten Holding BV	-	3,948
FH Vastgoed Holding BV	-	15,118
FH Deelnemingen Holding BV	-	10,899
Other participating interests	48	48
RFH Holding BV	21,442	-
<b>Totals</b>	<b>21,490</b>	<b>30,013</b>

**Participating interests in group companies**

RFH Holding BV, in which Royal FloraHolland has a 100% direct interest, was founded in 2020. RFH Holding BV holds a 100% direct interest in FH Deelnemen Holding BV, FH Diensten Holding BV, FH Vastgoed Holding BV, and the newly founded entity RFH Logistics Holding BV. This means Royal FloraHolland no longer has a direct interest in these holding entities.

A list of participating interests is provided on page 97.

**Other receivables**

This item includes loans to associated companies to the value of € 0.2 million (2019: € 2.0 million). The loans have a residual term of less than five years.

**Transactions with related parties**

All transactions with related parties 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, 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**

	2020	2019
Taxes and social security contributions	98	1,160
Prepaid costs	5,647	5,919
Other receivables	835	6,164
Prepaid expenses and accrued income	410	2,055
<b>Balance as at 31 December</b>	<b>6,990</b>	<b>15,298</b>

Other receivables, prepaid expenses and accrued income are due in less than one year. The decrease in taxes and social security contributions is primarily due to a net receivable VAT position at year-end 2019, while at 31 December 2020 the net VAT position is a payable.

The decrease in other receivables is mainly due to the receipt of a € 4.6 million pay-out by the fraud insurer, related to the theft detected in 2019. The decrease in prepaid expenses and accrued income is explained by the refund in 2020 of an excessively high advance payment to the pension insurer in 2019.

**(31) Equity**

<b>General reserve</b>	<b>2020</b>	<b>2019</b>
<b>Balance as at 1 January</b>	<b>124,311</b>	<b>125,272</b>

**Movements**

Movement in statutory reserve	-3,578	-6,557
Transfer of profit/loss from current financial year	-5,775	5,596
<b>Balance as at 31 December</b>	<b>114,958</b>	<b>124,311</b>

In anticipation of adoption by the Council of Members, the loss after tax for the 2020 financial year is booked as follows:

	<b>2020</b>	<b>2019</b>
Withdrawal from/addition to general reserve	-5,775	5,596
Payable to members*	-	-
<b>Total profit/loss after tax</b>	<b>-5,775</b>	<b>5,596</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 2020 (2019: € 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>2020</b>	<b>2019</b>
<b>Balance as at 1 January</b>	<b>47,268</b>	<b>45,394</b>

**Movements**

Capital contribution credits	1,833	2,189
Additional payouts during current financial year	-127	-220
Payouts in next financial year, recognised under current liabilities	-1,150	-95
<b>Balance as at 31 December</b>	<b>47,824</b>	<b>47,268</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>2020</b>	<b>2019</b>
<b>Balance as at 1 January</b>	<b>10,741</b>	<b>9,120</b>

**Movements**

Additional payouts during current financial year	-78	-
Payouts in next financial year, recognised under current liabilities	-2,927	-3,085
Other movements	-37	4,706
<b>Balance as at 31 December</b>	<b>7,699</b>	<b>10,741</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>2020</b>	<b>2019</b>
<b>Balance as at 1 January</b>	<b>38,010</b>	<b>31,453</b>
<b>Movements</b>		
Translation differences	-134	-
Transfer from general reserve - participating interests	121	-27
Transfer from general reserve - intangible fixed assets	3,458	6,584
<b>Balance as at 31 December</b>	<b>41,455</b>	<b>38,010</b>

The statutory reserve was formed for translation differences relating to participating interests in foreign currencies (€ 134,000 negative), retained earnings from participating interests (€ 1.8 million) and intangible fixed assets (€ 39.8 million).

Changes in the value of participating interests due to conversion of the invested capital and profit or loss from the foreign currency to euros are recognised in the translation differences reserve. The participating interests reserve is formed for participating interests valued at net asset value, and in which Royal FloraHolland has no controlling interest. The reserve for intangible fixed assets is formed for capitalised software, as this can generally be regarded as development costs. The portion of the statutory reserve attributable to participating interests is equal to the change in value of the participating interests based on the share in the profit or loss of the participating interests, net of any dividend distribution. For intangible fixed assets, the attributable portion equals the historical cost net of amortisation.

## (32) Provisions

	PROVISION FOR DEFERRED TAX	OTHER RECEIVABLES	2020	2019
<b>Balance as at 1 January</b>	<b>1,565</b>	<b>6,017</b>	<b>7,582</b>	<b>10,666</b>
<b>Movements</b>				
Additions	4,529	871	5,400	5,542
Withdrawals	-5,444	-644	-6,088	-7,660
Release	-	-38	-38	-966
<b>Balance as at 31 December</b>	<b>650</b>	<b>6,206</b>	<b>6,856</b>	<b>7,582</b>

Deferred tax assets and liabilities within the group tax entity are presented on a net basis. As at 31 December 2020, 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%. In 2019, the deferred tax provision was formed based on the then applicable rate of 25.0% and an expected future rate of 21.7%. The opening balance for 2020 has been adjusted based on the rate of 25.0%. This provision has a term of more than one year.

The remaining provisions comprise provisions for long-service awards, legal claims, payments for prolonged illness, and missing CC containers. The provision for missing CC containers was formed for the shortfall in CC containers found when the CC labels were replaced in early 2019. The shortfall in CC containers will be largely offset by the purchase of new CC containers in 2021 to the value of € 0.9 million. Most other provisions have a term of more than one year.

# Current liabilities

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

	2020	2019
Taxes and social security contributions	7,839	3,310
Holidays and holiday pay	12,696	11,420
Interest expense payable to banks and on members' loans	935	3,218
Accrued expenses and deferred income	8,288	1,140
Other liabilities	37,349	35,747
<b>Balance as at 31 December</b>	<b>67,107</b>	<b>54,835</b>

All debts, accrued expenses and deferred income are due in less than one year. The increase in taxes and social security contributions is primarily due to a payable pension contribution of € 3.8 million; at year-end 2019 this was a receivable position.

The decrease in the interest expense is primarily due to the reduced debt to credit institutions at year-end 2020, compared to 2019. 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.

## (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 2020				31 December 2019			
	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Investment obligations	16,012	4	–	16,016	17,576	8	–	17,584
Operating lease obligations	1,130	2,047	2	3,179	1,359	1,328	–	2,687
Rental obligations	1,210	1,329	–	2,539	1,103	2,340	–	3,443
Guarantees	1,589	–	–	1,589	1,673	–	–	1,673
Miscellaneous service contracts	68,921	125,404	10,736	205,061	47,348	110,481	4,464	162,293
<b>Total</b>	<b>88,862</b>	<b>128,784</b>	<b>10,738</b>	<b>228,385</b>	<b>69,059</b>	<b>114,157</b>	<b>4,464</b>	<b>187,680</b>

Obligations pertaining to investments, operating leases and rents are in line with 2019.

During the financial year, an amount of € 1.4 million in minimum lease payments and € 1.1 million in rental payments were recognised in the profit and loss account.

As at 31 December 2020, Royal FloraHolland has issued bank guarantees for an amount of € 1.6 million (2019: € 1.7 million).

The miscellaneous service contracts increased by € 43 million compared to 2019, mainly due to extensions in the scope of contracts with ICT suppliers for software development and system administration activities.

The minimum future rental income is € 14.3 million (2019: € 13.0 million), divided over the coming years as follows:

	31 December 2020				31 December 2019			
	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Rental income	13,401	831	35	14,267	12,900	100	20	13,020
<b>Total</b>	<b>13,401</b>	<b>831</b>	<b>35</b>	<b>14,267</b>	<b>12,900</b>	<b>100</b>	<b>20</b>	<b>13,020</b>

In addition, 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 2020 Royal FloraHolland constituted a group tax entity with its subsidiary companies FH Vastgoed Holding BV and Siervast BV. In the course of 2020, the new subsidiaries RFH Holding BV, RFH Logistics Holding BV and Logistiek2 BV were added to the group tax entity. 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. Groen Groep Eelde BV was sold during 2020, and on 18 December 2020 it was removed from the group tax entity for VAT purposes. Each of the entities within the group tax entity is jointly and severally liable for the debts of the entire group tax entity.

Aalsmeer, 8 April 2021

**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	2020 Interest %	2019 Interest %
<b>RFH Holding BV*</b>	Honselersdijk	100	0
<b>FH Diensten Holding BV*</b>	Honselersdijk	100	100
Agricultural Fulfilment Center BV*	Honselersdijk	0	100
Greenparc Ontwikkeling BV*	Honselersdijk	0	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 Verpakkings Pool BV*	Honselersdijk	100	100
De Verenigde Koelhuizen Hobaho BV*	Honselersdijk	0	100
Groen Groep Eelde BV*	Eelde	0	100
Flowerdome BV*	Eelde	100	100
FH Logistics Kenya BV*	Honselersdijk	0	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

	LOCATION	2020 Interest %	2019 Interest %
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	50.056
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
Metz Vastgoed BV	Honselersdijk	90	90
Metz Vastgoed II BV	Honselersdijk	90	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	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	0
Logistiek2 B.V.	Aalsmeer	100	0

\* 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.

## Addresses

### **Aalsmeer (head office)**

Legmeerdijk 313  
PO Box 1000 1430 BA Aalsmeer  
T +31 (0)88 789 89 89  
E klantenservice@royalfloraholland.com

### **Rijnsburg**

Laan van Verhof 3  
PO Box 10 2230 AA Rijnsburg  
T +31 (0)88 789 89 89  
E klantenservice@royalfloraholland.com

### **Rhein-Maas auction**

47638 Straelen-Herongen, Germany  
T +49 (0)2839 59 32 00  
E klantenservice@royalfloraholland.com

### **Naaldwijk (head office)**

Middel Broekweg 29  
PO Box 220 2670 AE Naaldwijk  
T +31 (0)88 789 89 89  
E klantenservice@royalfloraholland.com

### **Eelde**

Burg. J.G. Legroweg 80  
9761 TD Eelde  
T +31 (0)50 309 77 77  
E eelde@royalfloraholland.com

# Colophon

**Publication**

Royal FloraHolland

**Text and final editing**

Royal FloraHolland

Edwin Lucas

CF Report

**Photography**

Erik van der Burgt

Jurriaan Hoefsmit

Jeroen Dietz

Royal FloraHolland

**Advisory, concept, design and realisation**

CF Report

**Contact and information**

Spokesperson: [michelvanschie@royalfloraholland.com](mailto:michelvanschie@royalfloraholland.com)

Questions: [pers@royalfloraholland.com](mailto:pers@royalfloraholland.com)

Financial: [marcelsmit@royalfloraholland.com](mailto:marcelsmit@royalfloraholland.com)

Sustainability: [maartenbanki@royalfloraholland.com](mailto:maartenbanki@royalfloraholland.com)



