



Annual Report 2020



Coöperatie Koninklijke Cosun U.A.

This Annual Report 2020 is published in both Dutch and English. In the event of inconsistencies between the English and the Dutch version the latter shall prevail. The Annual Report is also available on the internet: www.cosun.com.



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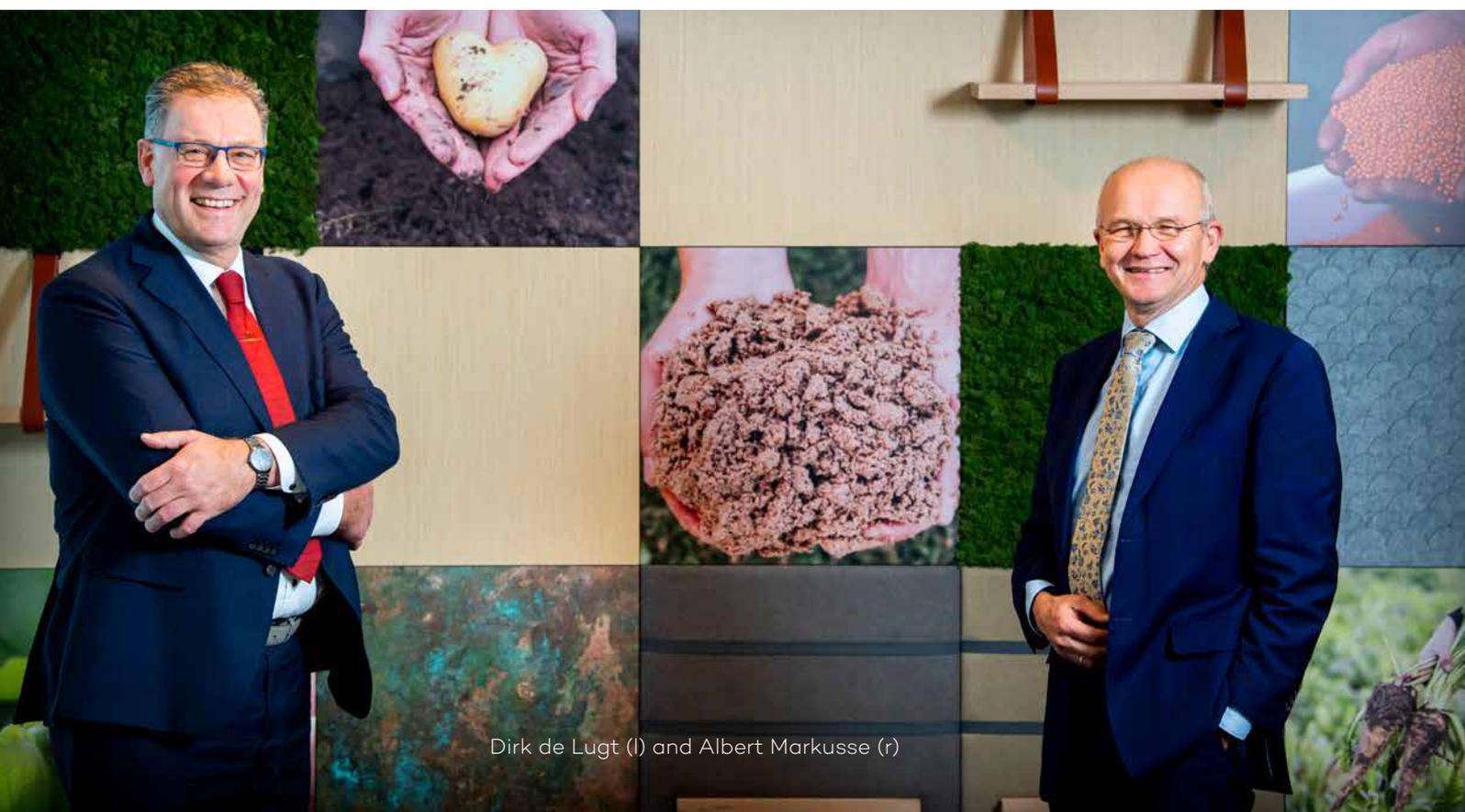
*These sections constitute the Directors' Report within the meaning of article 391, Book 2 of the Dutch Civil Code.

Letter from the Chairman and the CEO

The promising start to 2020 came to an abrupt end with the outbreak of the COVID-19 pandemic in mid-March. Despite the disruption in the months that followed, Cosun managed to close the year with a higher result.

For the growers 2020 was without doubt a challenging year. The growing season was difficult and suffered from drought until mid-summer. Growers had to spend more time and money on crop germination and emergence. Despite their best efforts, they could not prevent lower yields. Both sugar beet and chicory yields were disappointing, and the beet had a lower sugar content. There were also other challenges during the year. Sales of fries in the foodservice and out of home segments fell dramatically. Potato prices accordingly came under strong pressure. Two problems assessing the quality of the beet caused additional uncertainty for the members/beet growers. The problems were satisfactorily resolved but trust had been weakened. A ban on neonicotinoids in the Netherlands presented an additional problem. Neonicotinoids are applied as

an innovative seed treatment to promote efficient farming and good plant health. The ban has no environmental benefits but has saddled growers with higher costs to keep their crops healthy. We took measures on many fronts and actively lobbied the Ministry of Agriculture, Nature and Food Quality to have the ban repealed, but to no avail. With many European countries granting exemptions from the ban, the playing field is no longer level. Finally, the problem of excess nitrogen depositions in Natura 2020 areas will remain a problem for the agricultural sector for the foreseeable future. It has triggered a discussion about spatial planning and land use in the Netherlands. The huge demand for housing, solar energy parks, nature and recreation will exert pressure on the land available for agriculture.



Dirk de Lugt (l) and Albert Markusse (r)

Sustainable growth strategy

As a major cooperative, Cosun will take part in this discussion. A key issue is the relevance of agriculture to society. Recognition of its enormous value to the Netherlands seems to be fading. Its value was at the root of the vision we developed in 2019. We began to implement the resultant sustainable growth strategy in 2020. We maximise the value of our crops so that our sustainable plant-based products, ingredients and applications help address social challenges in the fields of food, feed, pet food and non-food applications such as micro-fibres, green gas and sugar beet paper. Our ambition is to be a leader in innovation and sustainability. The importance of such leadership is widely recognised.

Part of our strategy is the One Cosun concept. By working with each other, the business groups can generate synergies in procurement, IT systems, innovation, external communication and other fields. The first results were already seen in 2020. We also applied the One Cosun approach within the cooperative to overcome challenges that the growers cannot resolve by themselves, such as the development of new, sustainable growing techniques. Several initiatives have already been taken, such as strip cropping and a mechanisation project with lighter machines. Cosun will strengthen its overarching role in 2021 through the Farmers' community "GroeiKracht" platform in order to improve our growers' prospects also in the longer term.

Extreme year

Despite 2020 being such an extreme year, Cosun managed to improve its result. The year initially looked promising but when COVID-19 turned into a pandemic we had to draw up contingency plans. Corona hit the foodservice and out of home segments hard, with Aviko and SVZ in particular suffering the consequences. On the other hand, it also created opportunities that we took full advantage of. Retail sales, for example, were higher and demand for disinfectant alcohol grew explosively.

We also took firm measures to cut costs. Coronavirus has not stopped the implementation of our vision and strategy. Major investments were critically reviewed and brought into balance with the lower sales and higher risks. Strategic investments, however, went ahead.

They included the acquisition of potato processing factories in Stavenhagen in 2021, Germany, and in China in 2020 and capacity increases to process and store potatoes. We also maintained innovation projects that will strengthen our profitability in the future. Investments in energy savings were also continued. Cosun wants to substantially reduce its CO₂ emissions, which are being taxed increasingly heavily.

Thanks to all these measures and interventions and despite the impact of COVID-19, the result for 2020 was higher than that for 2019, for which we are grateful and indebted to all our staff. Thanks to their dedication and creativity in such exceptional times all our business processes continued to work as normally as possible. It was heart-warming to feel their unwavering support.

Business groups

All our business groups turned in operating profits in 2020. By taking advantage of retail and home delivery initiatives and performing well in granules and flakes in combination with cost saving programmes, Aviko offset some of the impact of COVID-19. Cosun Beet Company benefited from firmer sugar prices. It also responded effectively to the leap in demand for bio-ethanol. Sensus enjoyed growing demand for inulin, a dietary fibre that, among other benefits, strengthens the immune system. Inulin production, however, was restrained by a disappointing harvest. The resultant scarcity triggered an upward trend in prices. At Duynie Group, ABS and Duynie Feed made strong contributions to the result. The delayed start-up of the new Ingredients factory and the downward pressure on Novidon's basic starch prices were matters of concern.

By taking advantage of the opportunities that arose and by cutting costs, SVZ withstood the adverse impact of COVID-19 and achieved a higher profit. Finally, Cosun reported non-recurring income on the sale of part of the site of the former sugar factory in Puttershoek.

Taking all things into account, the price paid to members per tonne of beet of standard quality (17% sugar content and an extractability rate of 91) came to EUR 39.50 and that per tonne of beet of average quality to EUR 35.58. Unfortunately the poor quality for the year had a significant negative impact on the price paid for beet of average quality. In view of the difficult circumstances in the corona year of 2020, we are satisfied with the result for the year but we will obviously endeavour to realise a higher beet price.

On balance, the results show that the diversification strategy of sugar and non-sugar activities is working.

After corona

At the start of 2021 Europe was undergoing a second lockdown and a large part of the world was still struggling with the corona pandemic. However, with the introduction of vaccines we can now see some light at the end of the tunnel. The pandemic and vaccines will shape the outlook for 2021, the year in which Hans Meeuwis will take over the Chairman's gavel from Albert Markusse on 1 June. We expect our markets to recover again after corona. Our solutions and plant-based ingredients and products are strategically interesting and are enjoying healthy growth. Our sales markets can occasionally be very volatile but offer more than enough potential, also for the more distant future.

Dirk de Lugt
Chairman
of the Board

Albert Markusse
President & CEO of
the Executive Board

Breda, 18 March 2021





Key figures

As a cooperative of Dutch sugar beet growers, Cosun buys the sugar beet grown by its members at a price based in part on the group's results. The beet price is recognised in full in the profit and loss account as a cost of raw materials and consumables. The beet price therefore influences the operating profit and the net profit for the year, as presented in the table below.

in millions of euros (unless stated otherwise)	2020	2019
FINANCIAL		
Net turnover	2,029	2,046
Gross margin*	816	829
Operating profit	47	24
EBITDA	161	141
Net profit	30	18
Cash flow from operating activities	101	128
Investments in tangible and intangible fixed assets	171	162
Group equity	1,285	1,263
Group equity as a percentage of total assets	65	68
Average beet yield per hectare in the Netherlands (in euros)	2,901	2,930
Quota sugar beet price (in euros)**	35.58	36.05
Members' bonus	42	39
SOCIAL		
Average number of employees***	3,911	3,744
Sickness absence (%)	4.2	4.5
Number of lost time incidents (per 1,000 employees)	13	22
ENVIRONMENT****		
CO ₂ emission (in tonnes per tonne of product)	0.24	0.22
Water consumption (in m ³ per tonne of product)	2.7	2.4
Residual matter (in tonnes per tonne of product)	0.01	0.03

* Gross margin is net turnover plus movements in stocks of finished product less cost of raw materials and consumables; standardised for the members' bonus.

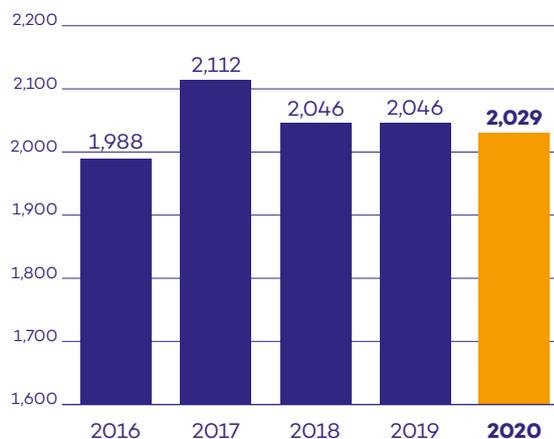
** Per tonne of beet with average sugar content and average extractability.

*** Average number of FTEs.

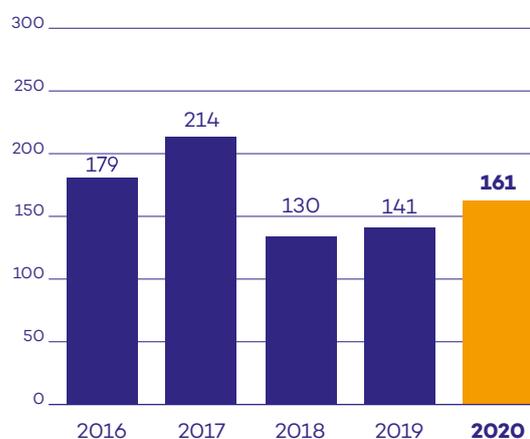
**** See [Our ambition and corporate responsibility](#) for further information.

Financial charts

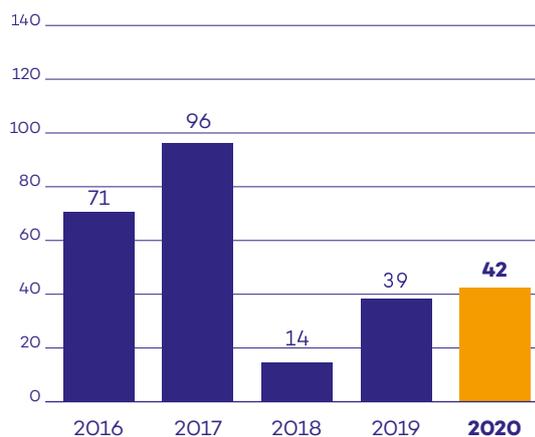
Net turnover
in millions of euros



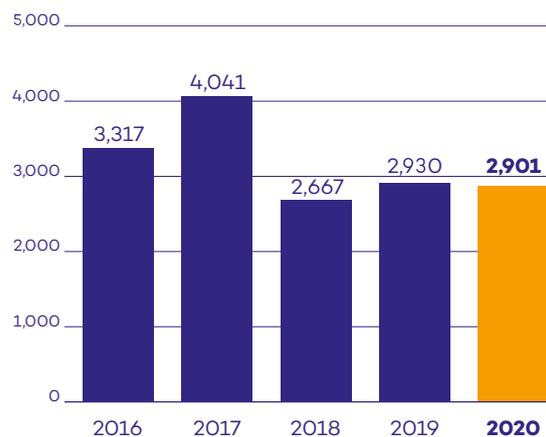
EBITDA
in millions of euros



Members' bonus
in millions of euros



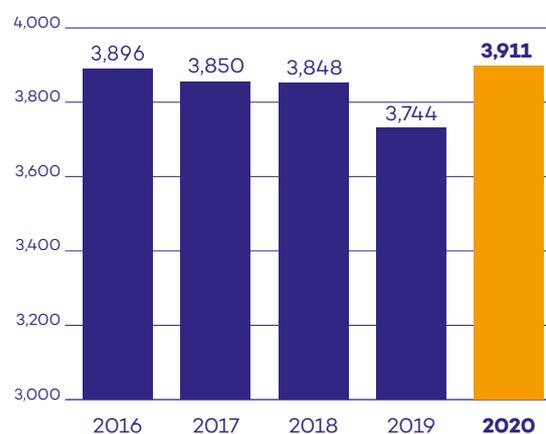
Average yield per hectare
in euros



CO₂ emission
in tonnes per tonne of product



Average number of full time employees



Profile

Turnover

€ 2,029
million

Employees

3,911
(fte)

Production sites

26
(9 countries)

Members

8,627

As an agrifood cooperative, we put plants – our crops – at the heart of everything we do. The business is in the hands of our members, some 8,600 sugar beet growers. We have been working with our members for more than 120 years to turn the power of plants into practical everyday products. Our plant-based solutions are a positive factor for a good life and promote environmental and climate sustainability. To us, agricultural crops are the starting point for a sustainable future for the generations to come. Together with our growers, suppliers and customers, we make the power of plants available to everyone. That is how we contribute to the value chain.

Every day, our business groups – Aviko, Cosun Beet Company, Duynie Group, Sensus and SVZ – provide tens of millions of consumers and companies all over the world with plant-based ingredients and foodstuffs for people and animals. They also produce green, biobased solutions for non-food applications and renewable energy. With plants as their raw materials, some 4,000 professionals working in 15 countries together earn a turnover of about 2 billion euros a year.

Our plants

Our potatoes, sugar beet, chicory roots, fruit and vegetables, and the co-products produced when we process our crops, are used in a wide variety of applications: from Aviko's potato-based meals and SVZ's fruit smoothies to Van Gilse's pancake syrup and Sensus's fibre-rich cereal bars and inulin. They can also be found in non-food applications such as 100% circular egg boxes made from potato starch, a co-product from fries production, or green gas produced from sugar beet tops and tails.

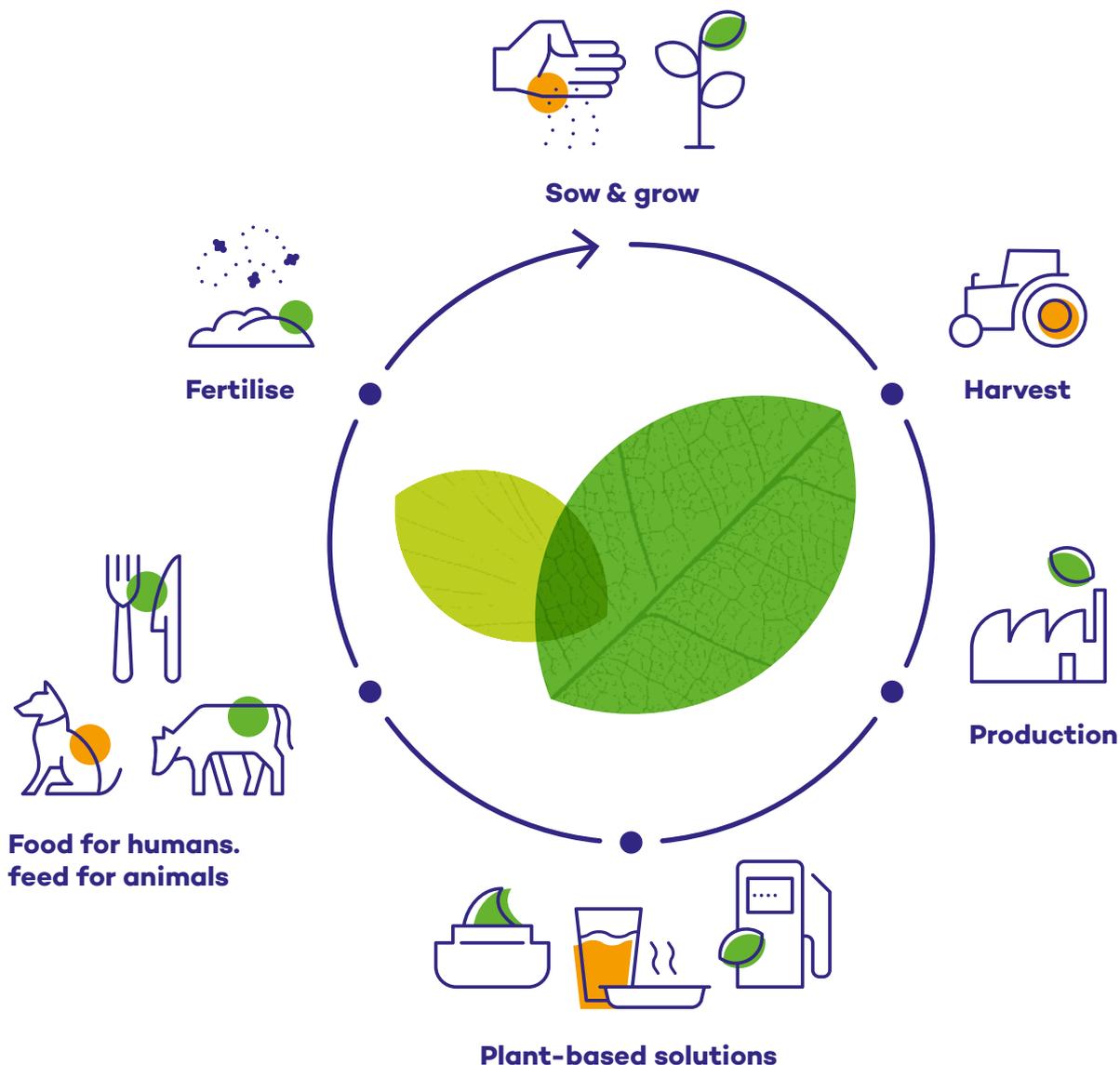
We recognise the social challenges facing the environment and climate. Natural resources are coming under a great deal of pressure to meet the needs of the growing world population. New solutions are required and we are convinced that we can provide them, thanks to the power of our crops. We understand the potential of plants and the endless opportunities they offer for a better future.

Source of energy

Our plants are an important source of energy. They contain many nutrients, such as carbohydrates, proteins and also fibres, minerals and vitamins. Tasty products such as fries, syrup and fruit juices contribute to a sense of wellbeing, provided they are consumed in moderation. Sharing them with family and friends deepens the sense of companionship and the enjoyment of the moment.

Our crops are a source of even more value if we consider them in their totality. Our innovations are directed at making optimal and comprehensive use of the crops as innovative plant-based ingredients that deliver everyday solutions for a sustainable future. Beet leaves, for instance, contain high-value protein, a functional ingredient that can replace chicken egg protein. And cellulose from beet pulp is a biobased thickening agent that heightens the pleasure of using natural personal care products such as shampoo.

Our organisation's innovations turn our crops into plant-based solutions that underpin the continuity of our business groups and our members. We strive to pay a beet price that enables our members to earn a competitive and sufficient margin. Owing to the relatively low results in recent years, due in part to weak sugar prices and the impact of the pandemic, the price paid to our growers has also been relatively low. In the longer term, we expect a further recovery in sugar prices, a satisfactory return on our activities and additional income from innovations to strengthen our results and thus the amount we pay to our members.



Supply chain involvement

In addition to our plant-based solutions, we are passionate about how our valuable raw materials are grown. Our unique position in the supply chain enables us to work with the growers so that the plants in the fields are also at the heart of our vision for a better future. We have combined our strengths in the Groeikracht farmers' community to work with our potato, beet and chicory growers on profitable, sustainable and future-proof farming.

By putting plants first and involving ourselves in the chain from field to plant-based solutions, we are well positioned to play a meaningful role to overcome the social challenges facing the environment and climate.

Cosun, the cooperative that puts people and plants first

Purpose, strategy & value creation

Thanks to our many years' experience in crop innovation and processing, we understand the power of plants like no other. Our goal is to turn the unlimited potential of plant-based food for people and animals, plant-based non-food products and plant-based energy into tangible, practical solutions that are used every day. We are making the power of plants available to everyone for a sustainable future.

Sustainable impact through growth

Our ambition is to grow in plant-based solutions that have a sustainable impact. To achieve it, we have prioritised the further strengthening and expansion of our activities. Our business groups are leading the way by targeting their innovations and product improvements at both established and new target groups, channels and markets.

Cosun is facilitating this growth strategy by investing in the expansion of production and storage capacity. The opening of Aviko's new sustainable cold store in Steenderen, the current construction of storage capacity for Aviko in Poperinge, Belgium, and Duynie Ingredients' climate-neutral production facility under construction in Cuijk testify to these investments. We are also growing through acquisition. At the end of 2020, for instance, the acquisition of the Chinese fries producer Hongyuan Louis marked another milestone in Aviko's growth strategy in China.

Cosun is also developing innovations and exploring promising longer-term avenues, such as plant-based protein. To do so, we are actively seeking out partners to work with. Cooperation and knowledge sharing speed up the innovation process and shorten the go-to-market timeline. Our innovation partners include the Fascinating programme (Groningen) and Delta Agrifood Business (Southwest Delta). In biobased innovation projects for plant-based non-food, green chemical and energy solutions, Cosun is working with other businesses, public bodies and knowledge centres. It is participating in, for instance, the Circular Biobased Delta, Green Circles, Smart Delta Resources, Chemport Europe and the Renewable Carbon Initiative.

Synergies

In 2020 we stepped up the cooperation with and among the business groups, targeting areas where working together and sharing best practices can increase the speed and effectiveness of initiatives and developments. We have already identified opportunities for closer cooperation in the ingredients portfolio and in innovation projects. There is certainly potential in the field of sustainability, where achieving the climate goals is a Cosun-wide ambition. A talent development and leadership programme offers many opportunities to the professionals who work on our plant-based solutions every day. We will make every effort to generate synergies and seek cooperation with third parties in order to capitalise on their complementary expertise.

Goal

Our sustainable growth strategy seeks profitable growth and thus a good beet price for our members. If we achieve our sustainability ambitions by the end of this decade, our operations will be 100% plant-based and 100% circular by 2030. And we will be 100% transparent and accountable for what we do.

Adding value in the supply chain

For more than 120 years we have been putting plants at the heart of our activities. We look beyond the boundaries of our organisation and recognise the importance of plants to our growers, customers and consumers. We believe in the power of plants as solutions to social change and work closely in the supply chain to unleash the potential of plants to create a better future. With this purpose in mind, we are delivering on the ambitions set out in our sustainability strategy: Healthy earth, Healthy plants & Proud farmers, and Happy people.

How we create value

To create value for society in general and our stakeholders in particular, Cosun launched a broad-based sustainability strategy in 2020. It was developed in consultation with all the business groups, the Executive Board and the Board and is founded on three pillars: Healthy earth, Healthy plants & Proud farmers, and Happy people. This strategic framework is indicative of the sustainability ambitions we have set ourselves. The ambitions are constantly evolving and aligning to the dialogue with our stakeholders.

The stakeholder survey we conducted in 2020 has resulted in a materiality matrix. It provides an insight into the topics that our external and internal stakeholders believe Cosun should focus on, and serves as a compass to determine whether we are on course to achieve our sustainability ambitions. The outcomes of this framework are explained elsewhere in this report.

The value creation model

Our integrated value creation model shows how we work with our resources and how our ambitions, commitment and results create value. The link between our sustainability strategy and the Sustainable Development Goals (SDGs) is clearly reflected in the value creation model. The global SDGs were set by the United Nations in 2015 to combat poverty, inequality and climate change with a target date of 2030.



Our ambitions and corporate responsibility

The adoption of our sustainability strategy in 2020 was an important step to translate our new vision into tangible goals. We will continue to implement the strategy in our business in the years ahead.

Our sustainability strategy is founded on three pillars: Healthy earth, Healthy plants & Proud farmers, and Happy people. This section takes a closer look at them.

Healthy earth

Our activities have a more positive impact on the climate and the planet.

Circularity

Maximising the value of our crops as efficiently as possible is at the heart of Cosun; it makes us unique! Our goal is to be 100% circular by 2030.

Water consumption and organic emissions per tonne of product were fractionally lower in 2020 than in 2019. In 2020 we processed 10,110 Ktonnes of plant-based raw materials, including 90 Ktonnes of co-products.

We do all we can to create useful applications for the agricultural raw materials we process. We also maximise the value of all co-products. For example, we make green energy from the beet and chicory tops and tails and use vegetable co-products in animal feed and biobased applications. We also extract high-value plant-based protein from beet leaves. The production of potato products creates a range of residual flows, such as potato slivers and potato steam peelings. In cooperation with Duynie Group, we use them in a variety of applications such as sustainable feed solutions, biomass to produce energy and as ingredients for pet food and wallpaper paste. Duynie Group bio-refines potato co-products to extract high-value protein from potato co-products for use in food applications: a perfect example of circularity that maximises the value of our crops.

Water and energy consumption are closely linked to each other. Extracting the water from our raw materials costs energy. The less water there is in the process, the less energy we consume. Water consumption is therefore a permanent concern in our production processes. We purify the water from the sugar beet and store some of it underground in Dinteloord. In the summer, local horticulturalists use some of it to irrigate their greenhouses. We also reuse some of this water in our own production processes, for instance to wash the beet and, at Sensus, to wash the chicory roots. Aviko Steenderen purifies its starch-rich process water and ferments biogas from the residue. It then uses the biogas in the factory. Biogas currently accounts for 3% of the factory's gas consumption. The biogas produced by Sensus's factory in Roosendaal is good for 25% of the factory's gas consumption.

We have already taken many steps towards circularity and we have identified many more opportunities. A good example is the production of sustainable paper from sugar beet pulp. We can use the paper as a packaging material for our own products. We are also going to take a closer look at what we can expect from our suppliers and business partners in this area. We will sharpen up our circularity ambitions even further in the coming period and set concrete goals and measurable ambitions.

We are helping other businesses improve their circularity by realising the value of their co-products. We apply our knowledge to improve the sustainability of other businesses. Duynie Group is a good example; it advises the Cosun business groups and other food and biofuel producers about how their own production sites can increase the value of co-products.

Sustainable procurement of raw materials

Our goal is to procure 100% of our raw materials from sustainable sources by 2030. Certification is key to optimising our sustainable procurement. We have already achieved a great deal. Cosun is a member of many initiatives, including the SAI platform for sustainable agriculture and Cool Farm Alliance. SVZ is a member of the Sustainable Juice Covenant (SJC), which was set up by IDH – The Sustainable Trade Initiative, in which international parties in the supply chain promote the sustainability of raw materials by means of recognised sustainability standards.

Our farming services and agronomists work with our growers and raw material suppliers to improve their crops. Crop registration enhances crop performance and increases transparency in the production chains. All sugar beet growers are required to record their crop data in Cosun Beet Company's Unitip crop registration programme. Sensus has a similar online crop registration system; in 2020, 95% of the growers were registered with it. To make further improvements, we are working with the chicory growers to evaluate their crops using the Cimone crop performance monitor. SVZ is working with an agri-tool to record crop data and Aviko is also investing in registration programmes. The more we procure from growers under contract, the easier it is to organise these programmes.

Our goal is to have EcoVadis and the Sustainable Agricultural Initiative (SAI) award us a rating of at least Silver or equivalent. All Cosun Beet Company's sugar beet growers already have SAI Gold status. EcoVadis has awarded Cosun Beet Company Platinum status and Sensus and SVZ Gold status.



Across Cosun as a whole, we are taking a critical look at our choice of raw materials and how we can make our transport more sustainable. Aviko, for instance, is increasingly using sunflower oil in place of palm oil. The palm oil Aviko uses is certified as 100% sustainable by RSPO, the Roundtable on Sustainable Palm Oil.

To keep abreast of conditions in the countries where it sources its raw materials SVZ is an active participant in local network organisations. Conexión Social, for instance, is a multi-stakeholder initiative in Spain set up to improve the working conditions of fruit and vegetable pickers by sharing knowledge and strengthening the links between the parties in the supply chain.

Sustainability also entails a prompt response to current events. During the first coronavirus wave, the sugar factory in Anklam, Germany, turned the bio-ethanol it produces into disinfectant. The COVID-19 pandemic also led to surpluses at the start of the supply chain. SVZ, for instance, had a surplus of courgettes. By responding quickly and effectively, it prevented waste and the courgettes were supplied via the Red Cross and other local NGOs to disadvantaged people.

In cooperation with an independent expert, Duynie Group conducted life cycle assessments to inform its suppliers and customers about their co-products' environmental impact, for example carbon footprint and water consumption. The assessments found, among other things, that applications using co-products often had a smaller environmental footprint than comparable applications made from whole products.



Responsible energy consumption and CO₂ reduction

We have set ourselves the goal of a 35% reduction in our scope 1 CO₂ by 2030 in comparison with 2018 and of being completely carbon neutral by 2050. As a group with 26 production sites in 9 countries, we are aware of our responsibility to maximise our energy efficiency.

In 2020 we consumed 11,000 TJ of energy, some 4% of which was green. We emitted 0.24 tonne of CO₂ per tonne of product in 2020 (2019: 0.22 tonne of CO₂ per tonne of product).

We will reduce our energy consumption further through improved production processes and innovations. By 2020 Cosun Beet Company had cut its energy requirement by 50% per tonne of sugar in comparison with 1990. Our goal is to green the remaining energy consumption wherever possible using our own and third-party green energy. We generate green electricity at our Cosun Solar Park in Puttershoek and are working with partners to generate wind energy. We also produce green gas in our biomass digesters. Aviko's new cold store in Steenderen meets the highest sustainable construction standards (BREEAM Outstanding). There are more than 2,700 solar panels on its roof and the cold store acts as a battery, regulating the temperature in response to changes in

the weather. If there is little sunlight, the temperature setting is turned up and in good weather when there is a surplus of energy, the temperature is turned down. Our carbon footprint is also making headlines in the wider supply chain. We have launched several projects to make the supply chain more climate friendly by cutting the number of our logistics movements, using green fuels and selecting other transport modes, such as barges instead of trucks.

To optimise cooperation among the business groups and make the right investment decisions, we have set up the Sco2re programme. Its aim is to achieve the Cosun-wide CO₂ reduction so that we are CO₂ neutral by 2050 at the latest. We have already identified the investments necessary to reduce our energy and CO₂ positions and each business group is drawing up a road map so that investment decisions are well-informed.

Targeted investments have already been placed on the agenda for 2021. They include an increase in the evaporation vessels at Cosun Beet Company's Viervelaten production site. This investment will cut the site's energy consumption by about 10%. Sensus will invest in an air pre-dryer for one of its spray dryers at its factory in Zwolle. This investment, too, will reduce energy consumption per tonne of product.

Healthy plants & Proud farmers

Working with our growers on profitable sustainable farming.

Farmers' community "Groeikracht"

'Cooperation' is in our cooperative's genes and is a key concept in our "Groeikracht" farmers' community. We launched this programme in 2020 to work with our approximately 10,000 Dutch growers in the Netherlands on the profitable and sustainable cultivation of potatoes, sugar beet and chicory. The programme has three focal points:

- The positive story: improving the image of the growers and their crops through transparent and proactive communication.
- Platform for connection: sharing experiences and knowledge, highlighting challenges, an incubator for pilot projects, live events and a digital platform.
- Solutions for growers: combining our growers' agile entrepreneurship with Cosun's leadership in the supply chain, in both the short and the long term.

Farmers' community "Groeikracht" will be rolled out in 2021. One of its main features will be a dialogue with our growers and other stakeholders.

Through Farmers' community "Groeikracht" we will help each other develop ideas, solutions and best practices. We will carry out projects to provide growers with new measures and advice. We will also develop information and teaching materials for use in schools and colleges. To give one example, we recently started a project to accelerate the mechanisation of weeding in the beet and chicory fields. This project is one means to make up for the loss of crucial herbicides. With partners in the arable farming sector, we will launch a pilot study to generate data-driven advice to improve the sustainability and profitability of crop plans.

A profitable crop is a precondition for all our growers, whether they grow potatoes, beet, chicory or other vegetables.

Every crop must make a competitive contribution to the crop plan. Both the growers' and Cosun's interests coincide here. Higher crop yields and lower costs improve the growers' margins and strengthen the continuity of Cosun's raw material supplies.

Together, we are facing many challenges to improve sustainability and profitability and reduce the reliance on chemical pesticides and herbicides. Climate change, moreover, is forcing us to respond proactively to the impact of changing weather conditions such as droughts and floods. We want to mitigate the impact on the composition of our raw materials. We will open up a dialogue with our growers and other stakeholders in 2021 to create the support necessary to give our programme meaningful content.

Other initiatives

One of our strengths is to provide plot-specific, tailored crop advice by combining and analysing data from several sources. BAS, the Beet Advisory System developed by Cosun Beet Company, is an impressive example of this. The app was nominated for the Computable Award in 2020. It combines data from a variety of systems, including Unitip, to generate the best possible crop advice. Sensus has also set up a multiyear programme to improve crop yields. Together with its partners, it has developed an app to convert crop registration data into real-time advice. It combines weather forecasts at plot level with crop registration data, for instance, to advise on when to sow seeds.

Aviko is in contact with cultivators to test the potato races they are developing before they are entered in the catalogue of potato varieties. This speeds up the development of potato races. One of the three races that Aviko Rixona tested in 2020 is so promising that the test will be scaled up from two to ten hectares in 2021.

This cultivar improves soil sustainability and quality by reducing the presence of potato wart disease and nematodes. As a result, a plot can be cultivated for longer. Aviko Potato Products is testing races that are resistant to phytophthora, a destructive plant pathogen. Through its early intervention in the development of cultivars, Aviko is proactively contributing to the development of potato races that have a positive impact on the sustainability and profitability of potato crops.

In the Green Circles Circular Sugar Beet Chain, Cosun Beet Company is partnering Naturalis and the province of North Brabant

and working with several stakeholders to increase sustainability. In the Circular Agriculture theme, for instance, we are working on the successor to Nature Field, a long-term practical study of strip cropping. Aviko and Sensus are also taking part in this project. Another initiative, Agriculture and Public Green Spaces, is designing and planting public green spaces, such as canal banks, roadside verges and dykes, so that they help protect crops and increase yields on the one hand and grow varied and colourful plants and flowers that make for an attractive landscape on the other.

Happy people

Our plant-based foods and ingredients are a good match for a sustainable and responsible diet. We are a valuable business partner, a good employer and have a positive influence on society.

Responsible food and lifestyle

Our goal is to offer consumers products they can enjoy. Our plant-based foods and ingredients suit a sustainable and responsible diet, provided they are consumed in moderation.

About half the population of the Netherlands is overweight, which increases the risk of lifestyle diseases. Overconsumption of calories, including those in sugar and fries, should therefore be avoided. Cosun recognises the importance of being transparent about its products and actively participates in the debate about diet and health. We have a duty to provide society with the right information about our food products. The information we provide complies with the healthy diet guidelines issued by the Health Council of the Netherlands. The Knowledge Centre sugar and nutrition actively informs health professionals about the place of sugar in a responsible diet. Our starting point is a varied but moderate diet, enjoyed to the full, in combination with an active lifestyle.

Sensus produces inulin from chicory roots. Inulin is a prebiotic dietary fibre that can act as a sugar and/or fat replacement and has a proven beneficial effect on gut health.

SVZ markets a wide portfolio of fruit and vegetable products. It is enjoying growing interest in the use of vegetables owing to their relatively low natural sugar content. SVZ is responding with vegetable products that have a neutral appearance and a neutral taste to replace fruit purees and juices based on, for instance, banana and grape. It is also working on vegetable-based product innovations, with vegetable juices being naturally acidified by means of fermentation. This has the advantage that the product retains a clean label as citric and malic acid and other additives are not involved. SVZ is also studying a fermentation method that reduces the sugars in fruit products.

Aviko is promoting vegetarian diets through the launch of its Easy Veggie meal solutions.

Cosun is developing high-value plant-based protein from residual flows. This is in keeping with the transition towards more plant-based, more sustainable diets. We have been extracting protein from beet leaves on a demo scale since 2019. The protein, RuBisCo, is a high-value functional protein that can replace chicken egg protein. It is therefore well placed to meet the growing demand for vegetarian and vegan foods.

Our valuable business partners

Our business partners are our stakeholders. Our most important stakeholders are our approximately 8,600 members, 11,650 growers and other suppliers, customers, other partners and financiers and we will increasingly be entering into a dialogue with them. The stakeholder survey we held in autumn 2020 was an important first step. Stakeholder dialogues will follow, commencing in 2021. 'Together' is the underlying concept to help each other take important steps. We think along with our stakeholders and also ask them for help. We are fully aware that we can tackle important issues relating to sustainability and innovation only by working together and through partnerships and cooperation.

The Green Circles Circular Sugar Beet Chain mentioned above is a fine example of how we are working together on a circular society, a circular sugar beet chain. In addition, we are investing and actively participating in innovative startups. An example of this is the GreenProtein startup we acquired in 2018 that extracts high-value protein from plant leaves. Our investment in Icos Capital Fund III is another good example. It is an international fund that invests in startups in the biochemical, agrifood and digitisation sectors.

Our staff

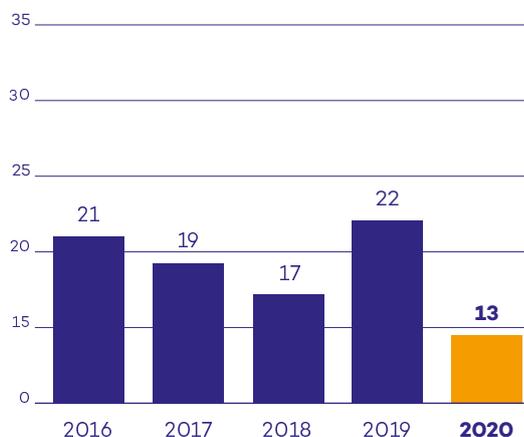
Cosun has defined its vision of the future. One aspect is to inspire our people and include them in our story. We take pride in letting the world know what we stand for and how our cooperative intends to face the future: by joining forces, seeking cooperation, sharing know-how and constantly developing. As Cosun, we are launching a series of programmes to help us navigate the course we have set. In line with this vision, the Cosun Academy has refined and introduced new personal development programmes. A new training programme for starters has been introduced and the mid-career leadership programme within Cosun has been completely revised.

In addition, Cosun aims to offer all its staff a safe and healthy workplace with opportunities to realise their potential and personal growth. A good working environment contributes to both staff wellbeing and staff performance. A healthy working environment had highest priority in 2020. We took a raft of measures during the year to reduce the spread of coronavirus. As an organisation active in a key sector, we managed to maintain the continuity of food production as best we could while complying with the strict coronavirus measures. Thanks to our awareness of the urgency, we successfully maintained our production at the required level and kept the virus largely at bay. Our focus on COVID-19 and our grip on coronavirus will not weaken in 2021. A safe working environment will remain a priority. In 2019 we unfortunately saw an increase in the number of lost time incidents following many years of decline. The figures for 2020, however, clearly show that we are back on the right track.

The sickness absenteeism rate fell from 4.5% to 4.2%, well below the national average for industrial enterprises, as calculated by Statistics Netherlands.

Lost time incidents

per 1,000 employees



The number of employees rose from 3,744 full time equivalents (FTEs) in 2019 to 3,911 in 2020. Growth in staff numbers was modest across the group as a whole. Duynie Group recorded a sharp increase owing mainly to its expansion in ingredient activities and an acquisition in France. There are more men in the overall workforce than women. In 2020, 22% were women and 78% men, the same percentages as in 2019.

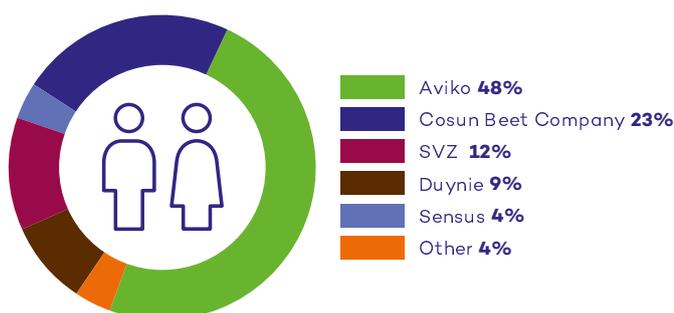
Many members of staff enjoy a long career with us and accumulate a wealth of knowledge and experience. It is important that they continue to develop their skills and know-how. We therefore invest in our people by offering them training and personal development courses. The number of training days per employee nevertheless fell to 2.7 in 2020 (down from 3.4 in 2019). This decline cannot be considered outside the context of the COVID-19 pandemic: many courses were postponed in the spring and programmes had to be revised.

Cosun offered work placements or graduation projects to 160 young people in the Netherlands in 2020 (2019: 149), 96 university students and 64 vocational students. As a socially engaged business, Cosun offers placements so that young people can gain relevant work experience. These opportunities were particularly important in the 2020 corona year. In the circumstances, we had to supervise the students quite intensively in many areas, with experienced members of staff acting as their coaches. Experience shows, though, that this is usually a win-win situation; young people are a source of dynamism, fresh insights and additional capacity that we can benefit from while they learn on the job.

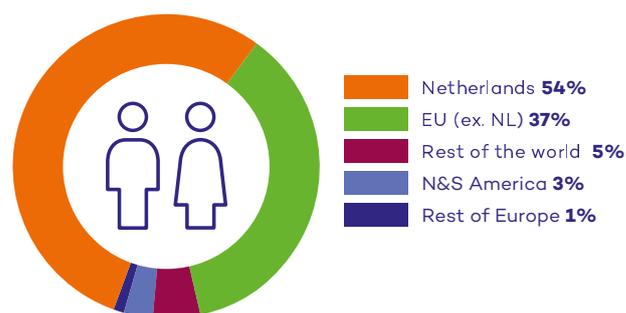
Our role in society

We must communicate our positive impact on society with 100% transparency. Going forward, we will actively enter into dialogue with many of our stakeholders. Our ambition is to align our plans with the outcomes of the dialogue wherever possible.

We and our employees demonstrate our social engagement in many ways. Aviko took to the road with its Neighbourhood Table several years ago to bring people from different backgrounds together. As this was prevented by the COVID-19 pandemic, Aviko put its resources to good use by serving no fewer than 7,000 three-course meals to care workers during the corona crisis. By doing so, it gave a shot in the arm to the people who were caring for patients 24/7. Our people also take part in charitable initiatives, do odd jobs for a day or give informative lessons at a primary school. We are ready to go back into the field again after the corona crisis to take smaller initiatives that help people.



Percentage of employees by business group



Percentage of employees by region

Materiality matrix

Cosun applied the materiality principle in 2020 to identify issues of relevance to it and its stakeholders. These issues are also relevant to our reports and accounts. A wide-ranging stakeholder survey was carried out in autumn 2020.

The survey represents an important step in the dialogue with our stakeholders. Our stakeholders include our members, customers, suppliers, staff, experts/research centres, financial institutions, public bodies, industry associations and our managers.

The survey results were used to produce the materiality matrix shown below. The aspects of corporate sustainability that are the most relevant to our stakeholders are shown on the Y axis and the areas where Cosun has the greatest impact on people, society and the environment are shown on the X axis.

We can conclude that our sustainability strategy is a solid platform to address the issues that are important to our stakeholders. To put the strategy into practice, we will enter into a dialogue with our stakeholders. We will take an important step in this process in 2021. With the outcome of the dialogue we will further refine our goals and adapt our reports accordingly.

Materiality Matrix Cosun





Financial performance

Cosun had to cope with the impact of the COVID-19 pandemic in 2020. Aviko was particularly hard hit when the foodservice segment went into lockdown in several countries. Nevertheless, the result for 2020 was better than that for 2019, boosted mainly by an improvement in the sugar activity. The result further benefited from cost savings and non-recurring income from land sales. Despite the upheavals during the year, Cosun is able to pay its member a slightly higher bonus per tonne of beet than in the previous year.

Results

Operating profit including non-recurring items and after deduction of the members' bonus amounted to EUR 47 million in 2020 (2019: EUR 24 million). This result was the outcome of the divergent impact of the COVID-19 pandemic on the business groups. Lockdowns exerted particular pressure on Aviko's sales in the foodservice segment, while other business groups benefited directly or indirectly from higher sales in the retail channel. Cosun Beet Company turned in a profit thanks to firmer sugar prices and the high demand for bio-ethanol as a disinfectant. Income from the sale of land also made a positive contribution to the operating profit. The members' bonus paid by the cooperative as part of the beet price increased to EUR 42 million (2019: EUR 39 million). As in previous years, the members' bonus is recognised in operating profit as a cost of raw materials and consumables.

At EUR 2,029 million (2019: EUR 2,046 million), consolidated turnover was slightly lower on account of the COVID-19 pandemic. EBITDA (operating profit before depreciation and amortisation) increased from EUR 141 million in 2019 to EUR 161 million in 2020. The net profit for the year amounted to EUR 30 million (2019: EUR 18 million).

Performance of the business groups

Cosun Beet Company

Cosun Beet Company saw a gradual firming of sugar prices in the first half of 2020 in the wake of the tight market conditions seen in 2019. A limited decline in sugar volume was more than offset by higher prices and stronger demand chiefly from

hospitals and care homes for disinfectant alcohol (made from bio-ethanol) for use in hand gels and hygiene products. With this higher turnover, Cosun Beet Company was able to report a profit again; low sugar prices in 2018 and 2019 meant it had incurred losses in those years. The German sugar activity again performed well, thanks in part to good results on the sale of alcohol. With a slightly higher sugar volume and a modest increase in prices but weaker bio-ethanol prices, Cosun Beet Company expects to maintain its positive results in 2021.

Growing conditions were again difficult in 2020/2021. A dry spring and summer followed by excessive rainfall in the autumn meant the beet were of poor quality with a relatively low sugar content and extractability rate. This resulted in a low yield measured in tonnes of sugar per hectare. The crop also suffered from beet western yellows virus as neonicotinoids were banned in the Netherlands.

The two factories in the Netherlands processed about 6.9 million tonnes of beet in an average of 126 days to produce 1.1 million tonnes of sugar. They also processed a modest amount of raw cane sugar. The factory in Germany processed 1.7 million tonnes of beet. Some of this sugar was converted into bio-ethanol.

The beet harvest was disappointing across Europe as a whole last year. On the world sugar market, too, a sugar deficit is expected of between 3 and 4 million tonnes owing to production shortfalls in a variety of countries. Sugar prices on the world market accordingly began to rise at the end of 2020.

Aviko

Aviko had to weather an exceptionally stormy year. Following a record operating profit in 2019, volume fell sharply in March 2020 when the hospitality sector was closed down during the first lockdown. Commanding 85% of potato product sales in the foodservice and out of home channel, Aviko was badly hit by the first lockdown in 2020. Sales bounced back, however, from the summer onwards. Aviko Rixona's sales of flakes and granules developed on plan. Thanks to positive sales performance in China, the limited impact of the second lockdown, in which takeaway and home delivery services produced creative solutions, and the positive contribution from granules and flakes, Aviko closed the year with a modest profit.

Demand for fries completely collapsed during the pandemic and we had to shut down parts of the factories. As a matter of course, Aviko honoured all contracts with its potato growers. Surplus potatoes were stored as fries, processed by Aviko Rixona, used for animal feed, sold to third parties or fermented.

The acquisition of a potato processing factory in Stavenhagen, Germany, from Unilever on 4 January 2021, the acquisition of Hongyuan Louis in China in 2020 and capacity expansions in the Netherlands and Belgium are good examples of how we are implementing the Cosun growth strategy. With these investments in combination with the worldwide growth in demand for potato snacks and frozen fries, Aviko is confidently positioned to maintain its growth strategy in 2021.

Sensus

With more consideration being given to health, and immunity in particular, Sensus profited from the growing interest in healthy food. Inulin is highly suitable as a sugar replacement and has been admitted to the American market as a dietary fibre. Inulin promotes gut health and strengthens immunity. It is increasingly being applied as a functional ingredient in a wide variety of products.

A disappointing chicory harvest prevented Sensus from benefiting in full from the increased demand. The higher prices triggered by the tight market conditions made up for the lower volume and led to a better result than in 2019. Sensus will meet the firmer market demand by increasing both the area under contract and the processing capacity of its Roosendaal factory.

SVZ

SVZ managed to turn the losses incurred in previous years into an operating profit. Its positive performance was underpinned by an active response to market opportunities and cost reductions. Although sales in the foodservice segment and the on the go channel were affected by the pandemic, SVZ took full advantage of the opportunities presented by the growing demand for fruit and vegetable applications in healthy foods for home consumption. Effective use was made of the increased production capacity in both Poland and the US. In Europe, the fruit harvest was below expectations, with higher purchasing costs as a result. The vegetable harvest, by contrast, was excellent. Cost control, market opportunities and long-term contracts on both the supply and demand side should give SVZ a solid base for further sustainable growth.

Duynie Group

Duynie Group achieved a positive result in 2020, although it was slightly lower than in the previous year. Sales were affected by the pandemic as suppliers could deliver fewer co-products, such as brewers spent grain and potato steam peelings. Growth was therefore slightly below expectations. Most business units, including Duynie Feed, AgriBioSource and the online MijnVoer/MijnVoerMarkt animal feed platform, turned in satisfactory results. Duynie Feed extended its activities to France. The production site taken into service in Cuijk in 2020 suffered start-up delays. Novidon, which produces potato starch from residual flows, had to cope with lower starch prices. Travel restrictions confronted both Novidon and Duynie Ingredients with the challenge

of bringing innovations in their product portfolios to the attention of potential customers.

With a stable market outlook for Duynie Feed and AgriBioSource and the new ingredients factory coming on stream earlier than expected, Duynie Group is looking forward to a positive result again in 2021 and to making another contribution to Cosun's ambition of being 100% circular.

Job retention schemes

To protect employment in the Netherlands, Aviko made use of the government's NOW job retention scheme. In consequence, neither Cosun nor any of its business groups may distribute a dividend for 2020 and policy makers at Cosun and Aviko may not receive a bonus for the year. The payments made to members in 2020 under the beet delivery and business termination schemes relate to the sugar beet supplied in the years up to and including 2019 and thus does not relate to the result for 2020. In compliance with the NOW scheme, in 2020 the Board exercised its discretionary power not to approve the interim beet delivery payment.

Financing

Cosun can draw on a EUR 400 million Revolving Credit Facility (RCF). To finance our future growth plans we renewed the RCF for a term of five years in 2019, with options to extend it for a further two years. The first option was exercised in 2020. The maximum drawdown on the RCF in 2020 was EUR 75 million; EUR 60 million had been drawn down as at year end. Cosun comfortably satisfies the covenants of the RCF. Under the Cosun member loan programme, the members of Cosun can lend part of their beet delivery/ business termination payments to the cooperative for a fixed term of between two and five years. This loan is subordinated. In total, the members have lent approximately EUR 25 million to date. To finance the new activity in China, Hongyuan Louis, part of the consideration was arranged by means of local financing with existing bank relations. There was a net cash position as at year end.

Cash flow

Cosun generated a positive cash flow from operating activities of EUR 101 million in 2020 (2019: EUR 128 million). The decline was the outcome mainly of an increase in working capital and the income earned on the divestment of group companies recognised in operating profit but included in cash flow from investing activities. The financing of investing activities was higher, mainly on account of the investment in Hongyuan Louis. In connection with COVID-19, cost reductions were sought and a critical look was taken at the necessary investments. Cash flow from financing activities was increased by the drawdown on the RCF.

Investments

Investments in fixed assets (both tangible and intangible fixed assets) amounted to EUR 172 million (2019: EUR 162 million). Critical assessments of planned investments were carried out at all business groups and a number were postponed to subsequent years. Cosun Beet Company invested in a thick juice tank in Viervelaten in 2020. In 2019 Aviko started construction of a new factory in Poperinge, Belgium, in order to meet the growing demand for frozen fries. Most of Aviko's investments in 2020 related to the construction of this factory. Another of Aviko's construction projects concerned a cold store in Steenderen to increase freezing capacity and cut external storage costs. SVZ invested in waste water treatment and in additional capacity for the packaging line. Duynie's new ingredients factory was delivered in 2020 but had a difficult start-up owing to the corona measures. Duynie also invested in several new business development projects and in new software systems. Other investments related mainly to replacement projects at all business groups.

Balance sheet

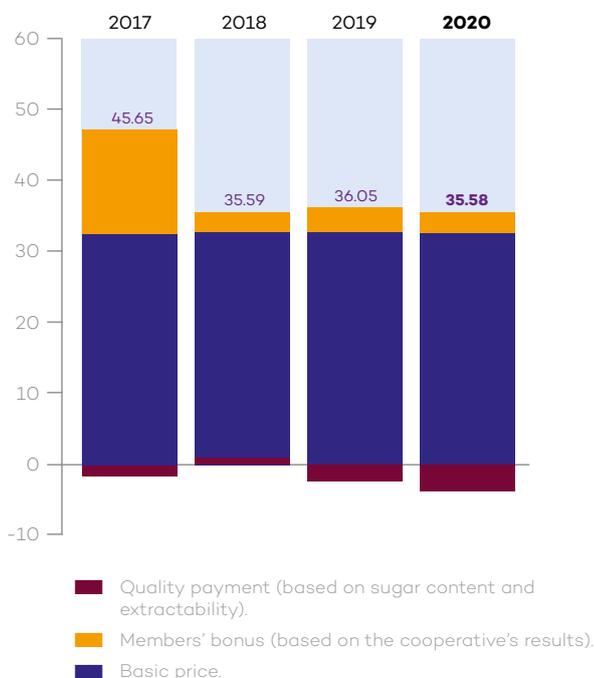
Total assets increased to EUR 1,962 million in 2020 (2019: EUR 1,848 million). The cash position was slightly higher, increasing by EUR 2 million. The profit for the year raised group equity to EUR 1,285 million (2019: EUR 1,263 million). Group equity was equal to 65% of total assets as at 31 December 2020, slightly lower than a year previously (31 December 2019: 68%). Both group equity and total assets were higher. The group maintained its strong financial position. We expect the investments planned for 2021 to reduce the cash position and require a further drawdown on the RCF.

Beet price

The members' bonus for 2020 was set at EUR 42 million and has been paid as part of the quota beet price. The basic price for quota beet was held at EUR 32.50 per tonne. The members' bonus came to EUR 7.00 per tonne. In total, the price paid to members for quota beet with 17% sugar content and an extractability rate of 91 amounted to EUR 39.50. The price paid for quota beet with average sugar content and average extractability was EUR 35.58. In the previous year it had been EUR 36.05. The volume of quota beet was 3% higher at 6.6 million tonnes. The average price paid for surplus beet above the allocation was EUR 22.07. At 13.3 tonnes, the average sugar yield per hectare was lower than in 2019 (13.7 tonnes). The average financial yield for Dutch sugar beet growers came to EUR 2,901 per hectare, virtually the same as in the previous year (2019: EUR 2,930).

Quota beet price*

in euros per tonne



* Price in euros per tonne of beet with average sugar content and average extractability.

Prospects

The volatility of prices for agricultural products is a major determinant of Cosun's results. The COVID-19 pandemic is a source of further uncertainty regarding performance in 2021. We therefore cannot make a reliable forecast of the result of Cosun as a whole for 2021.

For Cosun Beet Company we expect a modest increase in sugar prices. We also expect the tight conditions on the European and the world markets to lift prices in 2021. Results on ethanol, however, will return to normal and we also foresee less non-recurring income. Our relative competitiveness is still strong. Thanks to our factories' economies of scale and the average high yield per hectare achieved by our growers, we are very competitive.

Aviko will again have to overcome the consequences of COVID-19, especially in the first months of 2021. Sales will probably be higher than in 2020 but margins will remain under pressure from the high stock levels being held in cold stores. For the longer term, we are positive. Demand will pick up again as soon as the virus is under control.

Our position was strengthened in 2020 by the acquisition of the Hongyuan Louis fries factory in China and we are growing organically with the construction of the factory in Poperinge to meet the structural increase in demand. Rixona's capacity is also being increased to meet market growth and its position has been strengthened by the acquisition of a factory in Stavenhagen, Germany. Following the recovery in its results in 2020, SVZ will concentrate on a further improvement in its operating profit. Sensus is expected to strengthen its results as prices are being buoyed by the tight market conditions. Sensus was left unaffected by the virus in 2020 and actually saw an increase in demand. Duynie's starch results will again come under pressure.

Cosun will pay continuous attention to the consequences of coronavirus for its business and people in 2021. In the Board and Executive Board's opinion, the continuity of the business is guaranteed by Cosun's healthy solvency and cash positions, as disclosed in the annual accounts, and within the cooperative's sphere of influence.

For the longer term we expect an upward trend in our results, especially if Aviko returns to more normal waters, sugar prices strengthen further and our growth plans prove their worth.

We have a healthy financial position. Cosun will continue to invest in strengthening its position in various segments in the year ahead. We will do so partly by investing in organic growth, including efficiency improvements, energy savings to achieve our climate goals and innovation, and where possible through strategic acquisitions. We accordingly expect a gradual increase in staff numbers.



Report of the cooperative

Following the sugar market's recovery in 2019 and the high expectations for 2020 and subsequent years, Cosun was confronted with the upheavals of the COVID-19 pandemic in the first quarter of 2020. Timely intervention in the costs enabled Cosun to improve its results. The beet price the cooperative paid to its members was accordingly higher than anticipated earlier in the year and was even comparable with that paid for 2019.

The members' council met on four occasions in 2020. Physical meetings were held in February and September and digital meetings in June and October. The online annual meeting in June approved both an amendment of the cooperative's Articles of Association and its annual accounts for 2019 and digitally elected and re-elected members of the Board and the Supervisory Board in accordance with statutory rules. The auditor explained his comments on the annual accounts by means of a video link, paying particular attention to the audit methodology and points for consideration in the financial statements.

Issues raised during the members' meetings included coronavirus's consequences for Cosun's business groups, the Cosun vision, the acquisitions in China and Stavenhagen, the Groeikracht farmers' community, public affairs and the governance of Cosun. A lot of attention was also paid to the policy on early deliveries and early premiums, exemptions from the supply obligation and the position of the sowing seed firms. The members' meeting in September renewed the auditor's engagement for a further two years to the audit of the 2022 accounts.

Management matters

During its annual meeting in 2020, Cosun bade farewell to Board member Jan Voncken. We owe Jan a great debt of gratitude for his many years' service as an internal director of the Cosun and CSV COVAS cooperatives. He was succeeded on the Board by Pieter de Jong. Pieter runs a farm in Uden, is a trained accountant and has wide-ranging experience as a director.

Jakob Bartelds, the Chairman of the Supervisory Board, also stood down at the 2020 annual meeting.

He held positions as a director and supervisor in the sugar sector for many years. He, too, was extensively thanked for his dedication. In the first half of 2020, Jakob oversaw the careful and smooth transfer of the Chairmanship of the Supervisory Board. Johan van Driel was re-elected to the Supervisory Board at the annual meeting and was appointed as Chairman.

Youth Council

The members of the Youth Council took part in the district committee meetings in 2020, and its Chairman and Secretary were present at four meetings of the Members' Council, at which they discussed a variety of topics. The Youth Council itself held three meetings. The annual talk with the Chairman of the Board and the CEO of the Executive Board took the form of a webinar that discussed Cosun's position and the consequences of the COVID-19 pandemic. In July, a meeting was held at the Chairman of the Youth Council's farm, where Cosun's public affairs manager explained her political activities in The Hague. Five members of the Youth Council also stood down and the new members introduced themselves at the meeting. In December, a 'Cosun consultation hour' was held with the responsible Board member to discuss Cosun's performance and the sugar beet crop.

Sugar system

It was decided in the summer of 2020 to set the allocation of supply certificates at 102%. This allocation will enable Cosun to produce enough sugar to supply the market at a competitive price. Cosun still intends to replace cane sugar with beet sugar wherever possible. This will optimise production in the factories while allowing for developments in the market. The sugar market is picking up and prices are expected to remain at a profitable level for the time being.

Cosun will hold the growers to the requirement to fulfil at least 85% of their supply obligation. If they are nevertheless unable to do so, they must apply for an exemption in good time and demonstrate that they had sown sufficient hectares to meet the allocation. If they do not satisfy the applicable conditions, the Board may fine them. A hundred growers were fined in 2020.

Unitip has been compulsory since the 2018 campaign. The data in Unitip provide Cosun and the Institute for Rational Sugar Production (IRS) with valuable information to advise the growers effectively about their beet crops. By far the majority of the growers entered their data in the system punctually. All growers fulfilled the Unitip requirement in the 2019 season. Growers who do not enter all their data on time risk having the final payment for the beet they supply blocked.

Crop protection agents

Cosun again did all it could in 2020 to obtain an exemption to use neonicotinoids. Various parts of Cosun, including public affairs, Cosun Beet Company and the IRS, went to great lengths with a thorough

action plan underpinned by solid scientific evidence and a proactive political lobby. Neonicotinoids can be used very effectively to control harmful pests. Cosun is extremely disappointed that the Ministry of Agriculture, Nature and Food Quality (LNV) did not honour its request, especially as neighbouring European countries have granted exemptions. The playing field is no longer level. It is therefore exceedingly important that the Netherlands grants an exemption for the use of Batavia and Closer. These agents would in any event offer an alternative to neonicotinoids, although they are not as effective or as efficient. Cosun is concerned that a similar situation will arise regarding the use of Bonalan to protect the chicory crop.

Cosun is supporting its members in their transition to sustainable, profitable farming. There are no simple solutions. The cooperative is investing in research and testing new sustainable techniques. The Ministry of LNV could help by, for instance, providing extra funds for arable farming to explore more options. A joint approach would also speed up the availability of solutions for sustainable arable farming.



Cosun vision

Cosun presented its new vision in 2019 and discussed it in detail with the district committees in early 2020. Cosun and the members considered the future of the cooperative. At the heart of the vision is the development of plant-based ingredients for people and animals and green, biobased solutions and energy. As One Cosun we are working together closely on a sustainable, plant-based future. This is reflected in new products such as paper made from beet pulp, protein from beet leaves and ingredients derived from such co-products as brewers spent grain and potato steam

peelings that can be used in food and non-food applications. The vision also considers the crops and the development of the Groeikracht farmers' community established for and by the growers to advance profitable and sustainable farming. The value that Cosun attaches to this can be seen in the appointment of Gert Sikken as Agro Development Director. In this new role, he is responsible for the strategic agronomy programme that will help us achieve our vision.

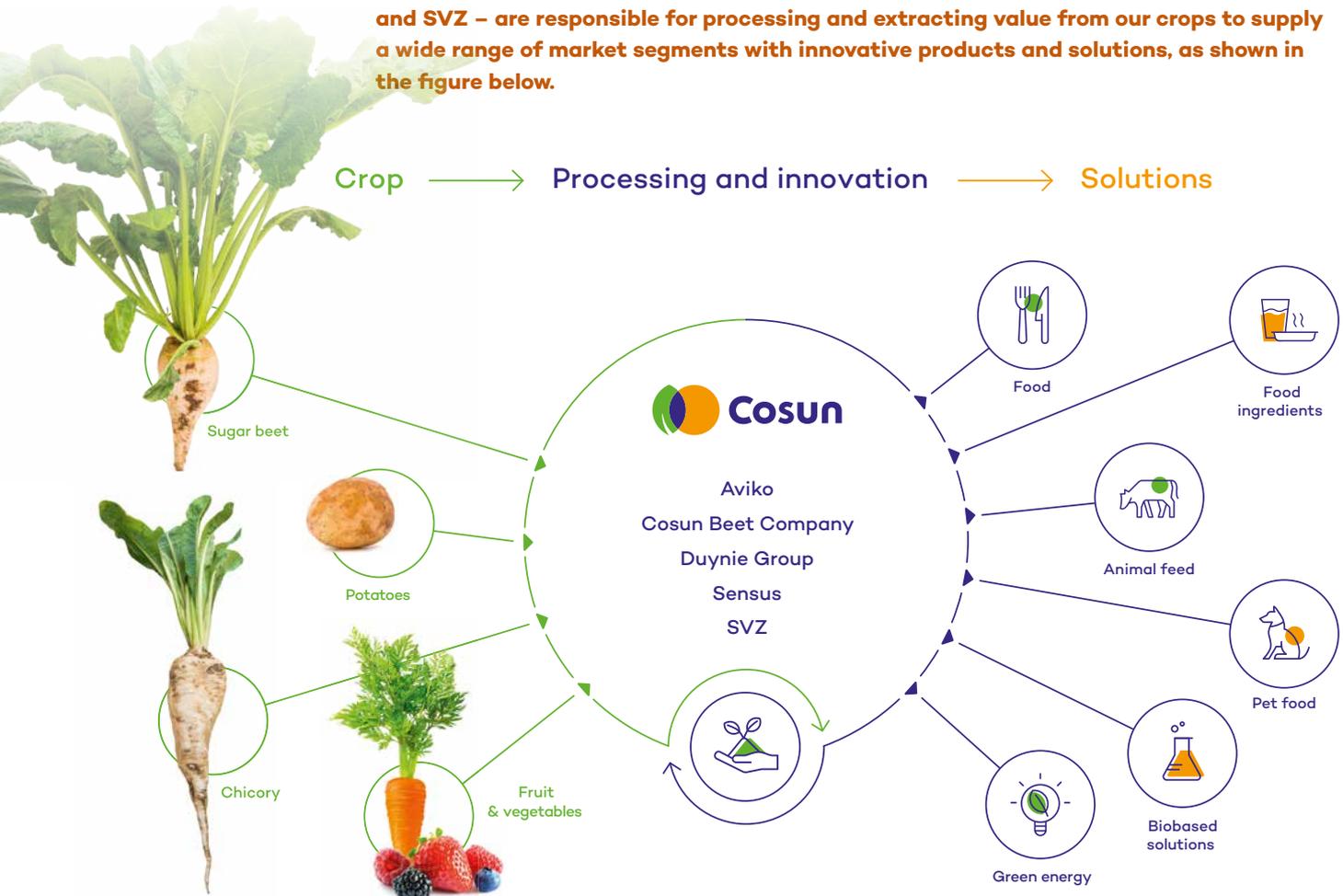
Members and supply certificates

DISTRICT / SECTION	31 December 2020		31 December 2019	
	Number of members	Number of supply certificates	Number of members	Number of supply certificates
Zeeuwsch-Vlaanderen	690	392,449	708	389,203
Zeeland-Midden	595	345,450	607	342,681
Zeeland-Noord	319	207,474	328	206,675
Goeree-Overflakkee	183	150,345	191	154,189
West-Brabant-Noord*	502	323,513	761	438,155
West-Brabant-Zuid*	240	114,376		
Zuid-Hollandse Eilanden	312	231,438	316	228,106
Holland-Midden	213	152,088	220	156,041
Kop van Noord-Holland	405	305,208	417	311,996
Oostelijk Flevoland	331	361,071	335	365,359
Noordoostpolder	553	363,321	579	371,563
Zuidelijk Flevoland	131	177,734	140	187,708
Friesland	251	210,643	251	210,993
Groningen	1,005	982,392	1,015	971,275
Drenthe / Overijssel-Noord	922	1,076,050	931	1,070,401
Overijssel-Zuid / Gelderland	299	167,080	306	167,107
Maas&Meierij / Limburg-Noord	462	237,674	479	232,319
De Kempen	322	196,353	332	193,560
Limburg-Midden / De Peel	405	241,240	423	242,312
Limburg-Zuid	487	307,875	497	305,726
Netherlands	8,627	6,543,774	8,836	6,545,369

* In 2019 the district West-Brabant

Cosun at work

With its long history as a leading agro-industrial cooperative, Cosun knows how to turn the potential of plants into practical everyday solutions, such as plant-based foods and ingredients for people and animals, and green biobased non-food applications and energy. The five business groups – Aviko, Cosun Beet Company, Duynie Group, Sensus and SVZ – are responsible for processing and extracting value from our crops to supply a wide range of market segments with innovative products and solutions, as shown in the figure below.



COSUN BEET COMPANY

Cosun Beet Company closed 2020 with a profit, thanks in part to higher sugar prices than in 2019. Sugar sales were slightly lower on account of the COVID-19 pandemic. The financial impact was largely offset by stronger demand for bio-ethanol and the significantly higher prices it attracted. In addition, Cosun Beet Company successfully implemented cost saving programmes and a number of major investments were postponed until 2021.

The COVID-19 pandemic triggered demand for bio-ethanol. Bio-ethanol is a disinfectant alcohol that can be used in hand gels and hygiene products in hospitals. The Anklam facility quickly adapted its production process to supply this new product. The pandemic caused the industry to sell about 600,000 tonnes less sugar in Europe. The resultant pressure on prices impacted negatively on price negotiations. Prices for 2021 have improved somewhat, but not by as much as required.

Cosun Beet Company also earned non-recurring income in 2020 from the sale of sites and farm land in Puttershoek. In anticipation of Brexit, Cosun Beet Company wound down its exports to the United Kingdom in favour of sales to Italy and Spain. Under the trade agreement concluded at the end of 2020, tariff-free sugar sales to the United Kingdom will remain possible in the future.

Beet Advisory System (BAS)

For the third year in succession, the European beet crop suffered from a dry season. It was also adversely affected by the beet western yellows virus, which flourished owing to the ban on neonicotinoids. The yield ultimately came to 13.3 tonnes of sugar per hectare in the Netherlands and to 12.1 tonnes per hectare in Germany. The Dinteloord and Vierverlaten factories processed 6.9 million tonnes of beet into just under 1.1 million tonnes of beet sugar. The Anklam facility processed 1.7 million tonnes of beet into sugar and bio-ethanol. Cosun Beet Company stands or falls on the profitability of the sugar beet crop. It therefore supports its growers in every way it can. One way is to use the

New name

Suiker Unie changed its name to Cosun Beet Company in mid-2020. This new international name embodies the new strategy and identity of the greenest, most innovative and most successful beet processor in the world. It also reflects the aim of maximising the value of the sugar beet by producing products other than sugar.

Beet Advisory System (BAS) and the BAS app launched in 2020. BAS generates tailored advice on the growers' plots during the growing season in order to optimise the beet yield and make it more sustainable.

2021

Cosun Beet Company expects a higher sugar volume in the EU and a modest increase in prices in 2021. The scars of the second lockdown have not been as deep, partly because of the hospitality sector's more creative response to it. The availability of a coronavirus vaccine in the course of the current year will also have a positive effect on sales.



However, margins on bio-ethanol will return to more normal, i.e. lower, levels and pension costs and other operating expenses will be higher. Non-recurring income will also be lower. On balance and in view of the contracts already signed, Cosun Beet Company expects to close 2021 in the black again.

New activities

On request, the European Food Safety Authority (EFSA) has initiated a procedure to admit RuBisCo protein from beet leaves as a food component. It is studying all the data on several batches produced in the Green Protein Demo Plant at Nieuw Prinsenland.

Cosun Beet Company is a co-founder of the Renewable Carbon Initiative. Its goal is to replace all fossil carbon in organic chemicals and materials with renewable carbon. This can open up new markets for sugar beet as a source of renewable carbon.

Sales of Betafib, a micro-cellulose fibre made from sugar beet pulp, are growing strongly. Cosun Beet Company is therefore studying the feasibility of building a factory to replace the demo plant. Together with Crown Van Gelder, Cosun Beet Company has developed sugar beet paper. The paper manufacturer will commence large-scale marketing of the beet paper in 2021.

EcoVadis Platinum

Cosun Beet Company has won the new Platinum rating from EcoVadis, the highest rating awarded by this business sustainability agency. It recognises that Cosun Beet Company ranks among the 1% most sustainable businesses in the world. Cosun Beet Company will maintain its pursuit of sustainability in the years ahead. As well as contributing to society and being a licence to operate, sustainability underpins the operating profit. In combination with service and delivery reliability, sugar prices (as monitored by the European Commission) are significantly higher in the Netherlands than the average price in neighbouring countries.



AVIKO

Aviko, too, was not spared the impact of the global COVID-19 pandemic. The business group nevertheless closed 2020 with a modest operating profit.

Performance in 2020 was initially even better than that in the record year of 2019. But after eight weeks, the first pandemic lockdown caused a steep fall in volume overnight when the out of home segment was forced to close. This segment is good for more than 75% of Aviko's turnover.

Turnover quickly rallied after the first lockdown. By the autumn, volume had almost returned to 2019's level. The second lockdown, which has continued into 2021, did not impact Aviko as hard. The hospitality industry displayed a great deal of creativity and enterprise to adapt to the new reality. Aviko responded by further improving its crunchy fries with a coating

that keeps them warmer and crispier for longer. They are therefore a perfect complement to take-away meals and home deliveries. Turnover of these coated products was higher in 2020 than in the previous year.



Contracts observed

Despite the dramatic collapse in demand for potato products, Aviko kept to all its contracts with potato growers. The value of the surplus potatoes was realised by holding as much finished product in stock as possible in cold stores. Some of the potatoes purchased were processed in Aviko Rexona's flakes factories. Some were sent to Duynie Group as animal feed. The remainder were processed in the digesters. A German partner also took some of the potatoes.

Aviko cut its costs during the crisis without compromising its growth ambition. Some investments were postponed. The fries line in the factory under construction in Poperinge, for example, will come on stream in early 2022 rather than in autumn 2021. The flakes line and the cold store, however, will be taken into operation in the third quarter of 2021 as planned. The cold store, built to the same design as the one in Steenderen, meets the highest BREEAM rating, the prestigious assessment rating for building sustainability. The cold store will immediately start paying for itself as many products are currently being stored by third parties.

Aviko Rixona

Aviko Rixona reported fractionally lower turnover in the foodservice markets but growth in the retail segment. The business unit continued to implement its growth strategy. The masterplan includes a modernisation and expansion of flake capacity in Venray. On 4 January 2021, moreover, a potato processing plant was acquired from Unilever in Stavenhagen, Germany. The acquisition entails more than just production capacity. Aviko Rixona also signed long-term contracts to enter into a strategic partnership to supply Unilever.

Pressure on margins

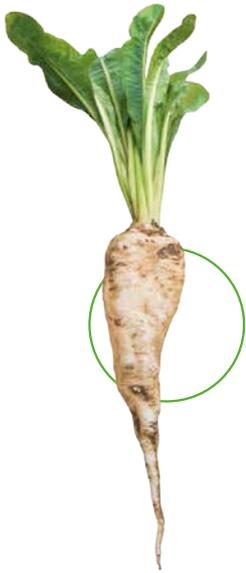
Aviko does not expect the market for frozen fries and potato products to recover in full in 2021. After the second lockdown and a mass vaccination programme, however, sales volume could bounce back quickly but margins will remain under pressure from high stock levels and the slow recovery in demand. Furthermore, Aviko will have to deal with the extra rules, formalities, protocols and logistical barriers brought about by Brexit. Worldwide, more countries are protecting their home markets. As an international business, Aviko is obviously affected. The 2020 acquisition of Hongyuan Louis in China should also be seen in this light. Aviko can now produce frozen fries locally and export certain specialties from Europe to China. This also has the additional advantage of spreading risks.

In view of the steady growth in demand for frozen fries and potato products, Aviko is looking to the future with confidence and will continue its growth strategy.



Opening of the Steenderen cold store – BREEAM certified

Smart, environmentally friendly solutions, advanced software and the latest technologies make this an extremely sustainable and innovative building.



SENSUS

Demand for inulin is growing worldwide. It is being fed by the greater consumer interest in healthier natural foods. Inulin promotes gut health and physical wellbeing and is a good replacement for fat and sugar. Sensus's customers are responding to the health trends and developing a growing number of new products in a variety of segments, from baked goods and infant formula to food supplements.

The COVID-19 pandemic did not have a negative impact on Sensus's turnover. On the contrary, most of its customers produce consumer products that enjoyed higher sales. A disappointing chicory harvest, however, meant the business group could not meet all the higher demand for inulin.

Turnover was buoyant in 2020 but the chicory harvest was disappointing. Sowing conditions were adversely affected by the dry spring. Re-sowing, irrigation and other measures could not prevent some hectares being lost and crop conditions on the remaining hectares were not conducive to a good harvest. Conditions during the growing season were also far from perfect. Growth came to a virtual standstill during the autumn. The smaller harvest meant Sensus produced less inulin than expected. With the same conditions prevailing in Belgium, the inulin market will be tight in 2021. The resultant higher prices will partially offset the lower volume of available inulin.

More hectares

To meet the growing market demand Sensus will contract more hectares of chicory in 2021. It will also increase processing capacity at its inulin factory in Roosendaal. The first phase will be carried out in 2021. As a spin-off from a pilot project involving organic inulin, for which there is as yet no viable business case, Sensus has developed an innovative production concept that emits less CO₂ and uses fewer chemicals than the standard inulin production process. Sensus is thus on course to even greater sustainability.

Strip cropping

A challenge facing the chicory crop is the possible ban on the use of Bonalan. Suitable alternatives are being sought for this important herbicide. Chemical crop protection agents in general are coming under pressure. All innovations are therefore concentrating on non-chemical alternatives. Sensus is working closely with the IRS and the other Cosun business groups in the Groeikracht farmers' community. One of the initiatives is the seven-year strip cropping experiment being conducted by Sensus, Cosun Beet Company and Aviko. They are studying the practical and financial feasibility of this form of ecologically balanced arable farming in West Brabant.

Sensus's vision to make the world a healthier place with the aid of the plant-based inulin ingredient seamlessly matches the new Cosun vision. To present this more as a unified message, Sensus adopted Cosun's house style on 14 January 2021.



SVZ

SVZ closed 2020 with a positive result. The business group resumed its upward trend by responding agilely to new opportunities and lowering its costs.

The two corona lockdowns, however, had a huge impact on SVZ. Customers in the foodservice segment and the on the go segment, such as petrol stations, reported marginal turnover. SVZ managed to make up for most of the lost turnover by responding promptly to higher demand from home consumption sectors, where there is growing interest in fruit and vegetable applications that match the trend for healthy and responsible food. In the US, demand for natural local raw materials was boosted by the sharp fall in global transport movements owing to the COVID-19 pandemic. This had a favourable impact on production levels in the factory. Towards the end of 2019, capacity had been increased with another puree line and complications that had arisen earlier in the year were resolved. This led to a higher-quality product and a better financial performance.

Pressure on margins

In Poland SVZ doubled the factory's capacity to make a strawberry product for a premium ice cream maker. Major investments were made in this extra capacity and in a new purification facility. The harvest season in Poland was partially spoilt by rain. To meet demand, the business group had to buy in raw materials, which increased its costs. On the sales side, competition and pressure on margins remained strong in all product groups. In the vegetable segment, the 2020 harvest was good, with record volumes.

EcoVadis

More and more customers are requiring their suppliers to operate measurable CSR programmes across a wide range of areas, from working conditions and water management to energy reduction. SVZ is leading the way in this and will continue to do so. This seamlessly matches Cosun's sustainability programme. SVZ was awarded EcoVadis's Gold sustainability certificate for the sixth time. It is one of the top 3% of sustainable enterprises in the international food industry. SVZ was also crowned with an award for its innovative power in 2020. A major customer declared that it was the most responsive supplier of innovative products that chime with the health and taste experience trends. The wealth of SVZ's experience and knowledge of agronomy in combination with its processes was decisive for the award.

Short and long term

SVZ will continue its recovery plan for profitable growth in 2021. The plan is founded on several pillars for the short and the long term. They include an even tighter organisation focusing on cost control and responding to new opportunities. The objective is to achieve a positive cash flow, continuous, strict position management and maximum factory utilisation, with innovative and profitable co-creation projects with customers to maximise the value of the raw materials. SVZ is proactively seeking long-term contracts with both customers and suppliers. Such contracts are a source of stability in the supply chain. SVZ is also working on a worldwide business intelligence system to procure raw materials: what to buy where and at the lowest price?

DUYNIE GROUP

Duynie Group closed 2020 with a positive but lower result than in the previous year. The pandemic depressed sales as fewer co-products, such as brewers spent grain and potato steam peelings, were available with suppliers producing less beer and fries owing to the corona outbreak.

Duynie Feed nevertheless continued to perform well. This business unit started operating in France during the year through the acquisition of Bonda Nutrition Animale S.A.S. It will start operating in Ireland in 2021. Duynie Ingredients responded alertly to the consequences of coronavirus by buying up surplus potatoes from fries factories and processing them into pet food. But it also had to cope with a difficult start-up at the new factory in Cuijk. Novidon had difficulty selling new starch products during the pandemic. AgriBioSource and the MijnVoer/MijnVoerMarkt platform grew their turnover. Duynie Consulting saw an increase in its advisory engagements.

Duynie Group further strengthened its cooperation with the other Cosun business groups in 2020. In the field of innovation, it is working closely to make plant-based protein suitable for use in food and pet food. In other areas, too, such as HR and the joint procurement of consumables and services, it is stepping up cooperation.

100% circular

Duynie Group maximises the value of the co-products of both its fellow Cosun business groups and suppliers outside the group, such as beer brewers and potato, grain and sugar beet processors. By maximising the value of as many co-products as possible, it can significantly improve the financial and sustainability performance of both its suppliers and its customers.

Duynie Group's activities make a significant contribution to Cosun's goal of being 100% circular. It is witnessing an increase in demand for its sustainable products and services worldwide. Further growth is therefore foreseen after the pandemic, in both its established activities and its innovations, and in Europe and the rest of the world.



Few corona cases in the factories

The COVID-19 pandemic had only a very limited impact on the business groups' factories in 2020. As a matter of policy, everyone worked at a distance of 1.5 metres from each other. The factories took a raft of measures shortly after the pandemic's outbreak to prevent infection, including Plexiglas screens between workplaces, face coverings, video meetings between staff in the factories, remote audits and rapid testing for coronavirus. In combination with the disciplined conduct of our staff, corona was kept largely out of the factories and production processes could continue as normal.

COSUN INNOVATION

Cosun's ambition is to be a leader in sustainable plant-based innovations. Innovations must lead to new products that answer the present and future needs of our customers. They will also strengthen Cosun's continuity and reduce its environmental footprint. In this respect, Cosun Innovation has carried out an internal study of the group's innovation maturity. This baseline survey represents the starting point for further improvements in the years ahead.

In 2020 we analysed how our customers and other stakeholders foresee the role of food in 2030, especially in relation to health. The report, Future Food, will guide product development in the coming period.

Innovation is no longer purely an in-house pursuit. We are increasingly working with external parties in order to realise ideas faster and keep pace with change. In 2020, for instance, Cosun Innovation took part in the BioVoice Challenge. This programme puts businesses in touch with other experts worldwide in order to find solutions to the challenges they face. We have established ties with several partners through this programme. With one of them we are studying the adhesive strength of pectin (extracted from beet pulp) and its potential application for, for instance, labels for refillable beer bottles.

CO₂ emission

Cosun wants to reduce its CO₂ emission by 35% by 2030 compared with 2018. Cosun Innovation has taken the first step to achieve this ambitious goal by drawing up a comprehensive overview of all the business groups' plans. Sensor techniques are one of the ways to make the factories more efficient and environmentally friendlier. This is part of the SMART production programme launched in 2020.

The business groups will share all the lessons they learn from the new sensors. We are also working with manufacturers and other parties outside Cosun so that we have access to the very latest techniques.

RuBisCo protein

One of Cosun's four strategic innovation themes is Plant-based Proteins: the transition from animal to plant protein. An important step was taken in 2020 to produce protein from beet leaves. Batches of RuBisCo protein were successfully produced on a demo scale and substantiated by a description of the production method. They have been submitted to the European Food Safety Authority (EFSA) for assessment with a view to having them admitted for human consumption. This should ultimately lead to a beet leaf protein factory.

Green Protein Excellence Centre

Cosun participates in Icos Venture Capital, which invests in agrifood scale-ups. Cosun Innovation began working with three of these scale-ups in 2020. One of them extracts health-promoting substances from residual root materials. Through the Startlife foundation, which helps young agrifood entrepreneurs set up their own businesses, Cosun Innovation has started working with several businesses that will produce other plant-based proteins. They include proteins from moulds that can grow on Cosun's molasses, starch and other residual products. The transition to plant-based proteins requires a great deal of research. Together with HAS University of Applied Sciences in Den Bosch and The Protein Brewery startup, Cosun has therefore set up the Green Protein Excellence Centre. Companies, knowledge centres and startups are working together in this open centre to accelerate protein innovations and the resultant business.

Risk profile

Cosun is active in agrifood sectors in a variety of markets and in several countries. It has to contend with strategic, operational, financial and compliance risks that are inherent in its activities. We seek further growth in plant-based solutions that have a sustainable impact by means of a targeted product-market strategy, new product-market combinations, innovative projects and sustainable farming and processing techniques. We limit the risks wherever possible but take advantage of all the opportunities.

Risk management strategy

Cosun recognises the importance of risk management to identify and mitigate risks at an early stage wherever possible and desirable. All business groups periodically identify, analyse and evaluate potential risks with regard to both their likelihood and their impact. Risk management is based on the corporate governance code for cooperative enterprises (the NCR code). Risk management is an iterative process to identify, quantify and categorise risks that are relevant to all the decisions we make. The results of this process are used to define actions to mitigate the main risks wherever possible and desirable.

Our risk management process is based on the following cycle:

1. Our internal environment, the way in which responsibilities are allocated and the organisational culture.
2. Definition of the risk appetite.
3. Risk analysis and risk assessment.
4. Risk control, taking action where necessary to control and/or mitigate risks that are not compatible with our risk appetite.
5. Risk management controls, reports and evaluations.

Internal environment

Cosun observes the Cosun Principles. They direct our actions and are periodically brought to the staff's attention.



They form a road map to a transparent culture, in which the staff are expected to be aware of the risks that arise in the performance of their work and to take responsibility for them. The staff's risk awareness is continuously raised by means of targeted communication and training courses. Cosun has an internal whistleblower scheme so that the staff can report cases that might conflict with the Cosun Principles, anonymously if they wish.

As well as the Executive Board, the business groups' management boards have primary responsibility for the conduct of the risk management process and sign a Letter of Representation every year in respect of the entities for which they are responsible. In it, they declare that they have acted in accordance with the Cosun Principles and internal guidelines and rules arising from applicable laws and regulations.

Various group departments help the management boards develop, maintain and monitor the effectiveness of the risk management process. These departments support the development of the internal control framework and policy lines. A periodic risk analysis and risk assessment is supported by the group departments. The group control department also carries out periodic internal assessments of the internal and administrative control of group entities and reports its findings and recommendations for improvement to the managers of the entities concerned and to the Executive Board. The treasury & risk management department sets frameworks for risks of a more operational nature and carries out risk assessments. The Board has final responsibility for all aspects of risk management. The Supervisory Board is charged with overseeing the effectiveness of risk management, the internal control systems and the integrity and quality of financial reporting.

Risk appetite

Our risk management and controls are designed to strike the right balance between entrepreneurship on the one hand and an acceptable risk profile on the other. They are the starting point to assess and bear risks in order to achieve our strategic goals. The table below shows our risk appetite in the various risk categories.

Cosun's strategy is to grow in plant-based solutions, maximise the value of our crops and seek further innovation by developing new products for new markets. This has a higher than average risk profile. Growth in our established markets has a lower than average risk profile.

All our activities take account of our impact on the climate, the sustainability of farming and processing and all our stakeholders, with whom we seek an active dialogue.

Our operational risk appetite varies from very low/low with regard to safety-related risks to average with regard to managing our buying and selling positions.

Our financial risk appetite is low and we enforce a zero tolerance policy with regard to non-compliance with laws and regulations.

Risk category	Risk appetite					Note
						
	Very low	Low	Medium	High	Very high	
Strategic						<ul style="list-style-type: none"> • Medium: growth in established markets. • High: growth in new markets or with new products in new applications. <p>Both with the right balance of risk and return.</p>
Operational						<ul style="list-style-type: none"> • Moderate with regard to position management, with a focus on awareness of potential risks. • Medium in other areas/aspects, with alignment of goals and related costs and clear focus on profitability. • Very low/low with regard to staff safety and product and food safety. Also with a view to our reputation.
Financial control						<ul style="list-style-type: none"> • Low with regard to financing, interest rate and foreign exchange risks.
Compliance						<ul style="list-style-type: none"> • Very low with regard to non-compliance with laws and regulations.

Risk analysis, assessment and control

Cosun analyses risks in accordance with its risk management process. We also monitor trends and developments that present opportunities or can affect our activities. In 2020 we took the following additional or new measures in response to events during the year.

Category	Impactful events in 2020	Additional control measures
Strategic	Disappointing harvests again due to more extreme climate conditions (too dry or too wet) and consequences of legal restrictions on the package of available crop protection agents particularly in comparison with neighbouring countries.	Through the Groeikracht programme we are working on new growing methods and sharing best practices among our growers.
Operational	COVID-19 pandemic with sharp fall in demand in the out of home segment for several activities (especially Aviko).	Review/reduction of investment expenditure. Additional cost saving measures. Analysis of group entities' eligibility to take part in government support programmes and submission of applications to take part in them in so far as possible and desirable. Several scenarios drawn up graded by potential impact with associated measures.
Strategic	Trade agreement between the EU and the United Kingdom.	The United Kingdom is an important market for Cosun. The trade agreement ruled out import tariffs on our products.
Operational	Fire at one of our fries factories.	Intensification of our investment programme to increase fire safety in the factories, including the development of a new steam-based fire extinguisher system that we will implement in the fries factories.

Cosun periodically analyses its risk exposure. We also monitor trends and developments that offer opportunities or can affect our activities. The main risks and the controls we take are shown in the table below.

RISK CATEGORY: STRATEGIC		
RISK	DESCRIPTION OF THE RISK	RISK CONTROL MEASURE
<ul style="list-style-type: none"> • Strong price fluctuations / fall in the price of sugar. 	<p>Movements in sugar prices in the EU and on the world market have a major impact on Cosun's results. We follow market developments in order to perform better than average.</p>	<ul style="list-style-type: none"> • The business groups that make up the Cosun portfolio spread their activities across several raw materials and sales markets. • Continuous focus on product diversification, e.g. through innovation, to strengthen all activities in the portfolio. • Permanent attention to cost position through the industrial scale of processing. • Continuous focus on improving the cultivation of sugar beet.
<ul style="list-style-type: none"> • Failure to achieve sufficient growth in profitability. 	<p>Sustainable and profitable growth underpins the continuity of our business and thus of our members. There is a risk that the drivers of our growth, such as world population growth and economic growth, do not sustain the biobased trend and thus demand for our products on the one hand and that our growth plans (organic growth in established activities, development of new products and markets and acquisitions to strengthen our activities) are inadequately profitable on the other.</p>	<ul style="list-style-type: none"> • Spread of sales across different geographical markets and sales specifically targeted at growth markets. • Cooperation with partners, knowledge centres and strategic alliances to develop new product/market combinations based on agricultural raw materials processed by the Cosun business groups. • Periodic review of implementation and realisation of plans by the management boards of the business groups, Executive Board, Board and Supervisory Board as part of the planning & control cycle.
<ul style="list-style-type: none"> • Attractiveness of our crops to growers. 	<p>To secure sufficient raw materials in the long term it is of great importance that the growers earn an adequate return on the crops they grow and that we process. Pressure on the use of pesticides and herbicides and extreme weather conditions (e.g. drought necessitating irrigation) are increasing the cost of farming.</p>	<ul style="list-style-type: none"> • Our strategy is to maximise the value of our crops and further optimise the yield in cooperation with our growers. • Through the Groeikracht programme, we are working on alternative farming techniques and sharing best practices.
<ul style="list-style-type: none"> • Changes in consumer food behaviour (health, sustainability). Perception of sugar. 	<p>Our products meet the growing demand for sustainable and healthy plant-based food and our innovations are directed at developing new healthy products. But we are also aware of the perception of sugar, which may lead to lower food sales in the future.</p>	<ul style="list-style-type: none"> • Building on the dialogue with our stakeholders, we are working on relevant themes and implementing our sustainability strategy. • We provide transparent and straightforward information on the nutritional value and sustainability of Cosun's products (e.g. through the Knowledge Centre sugar and nutrition). • We will communicate our positive, sustainable, plant-based and circular Cosun vision more widely and better. • We will continue to develop innovative, appetising and safe food ingredients with functional added value and non-food applications of sugar. • We take initiatives to enhance food safety in the supply chain in cooperation with customers and suppliers.
<ul style="list-style-type: none"> • Energy transition. Uneven playing field. 	<p>Government measures (e.g. Paris Climate Agreement) can have major consequences for our activities but we recognise their importance. Significant investments are needed to meet our sustainability goals.</p> <p>A level playing field is essential if we are to achieve our goals. Distortions in the form of higher taxes, such as a tariff on sustainable energy or local climate taxes that are higher than in other countries, must be avoided.</p>	<ul style="list-style-type: none"> • Energy reduction plans are being prepared for each location. Operational plans include energy reduction projects. • We work with interest groups to seek an active dialogue with the government.

RISK CATEGORY: OPERATIONAL

RISK	DESCRIPTION OF THE RISK	RISK CONTROL MEASURE
<ul style="list-style-type: none"> Staff and product safety. 	<p>Our staff run the risk of accidents.</p> <p>The risk of a major food safety incident is low but both the financial and reputational impact could be high.</p>	<ul style="list-style-type: none"> Focus on a safe workplace and safe working practices through training courses, physical measures, procedures, targets and reports. Certification, track and trace systems and HACCP procedures.
<ul style="list-style-type: none"> Volatility of agricultural and other raw material prices and energy prices. 	<p>Price volatility is inherent in Cosun's campaign-related activities, especially in the potato and fruit activities. Prices are highly reliant on harvesting conditions (surplus/shortage).</p>	<ul style="list-style-type: none"> Risks are appropriately controlled by means of position management. Continuous focus on cost-efficient production to reduce energy consumption, transport movements and the use of packaging materials, combined with long-term price and volume agreements.
<ul style="list-style-type: none"> Influence of the weather on availability and quality of raw materials (harvest risks). 	<p>Disappointing harvests can lead to a shortage of raw materials and a fall in our sales. The quality of the raw materials can also influence our processing and production, and the growers' financial return.</p>	<ul style="list-style-type: none"> Spread of raw material procurement across several regions (also within countries) that grow sugar beet, potatoes, chicory roots, fruit and vegetables. Production facilities are equipped to adapt their processes to variations in the quality of their raw materials. Support and advice provided to growers by the group and industry associations supported by Cosun for specific growing and weather conditions (e.g. spraying and lifting advice for growers).
<ul style="list-style-type: none"> Business continuity: disruption in the factory / cybercrime. 	<p>The risk of a major calamity and disruption to our business processes is limited/low but the impact could be very high.</p>	<ul style="list-style-type: none"> Specific risk management programmes, investments, inspections and maintenance to prevent disruption. Insurance: Cosun has several general group insurance programmes to cover product liability, fire, consequential loss, etc. The consequential loss programme insures assets at appraised value plus appropriate, asset-specific cover for consequential losses. The financial strength of the insurers is periodically reviewed. Depending on the size of the risk, cover is arranged with several insurers. Cybercrime: The IT shared service centre was ISO 27001 certified in 2019 and there are ongoing programmes to increase our protection.

RISK CATEGORY: FINANCIAL MANAGEMENT

RISK	DESCRIPTION OF THE RISK	RISK CONTROL MEASURE
<ul style="list-style-type: none"> • Mismatch between buying and selling positions for raw materials and end products. 	<p>Owing to the price volatility of our raw materials and products, open positions represent a risk. The nature of our business means we sometimes have to take long positions during the year.</p>	<ul style="list-style-type: none"> • Frequent monitoring of buying and selling positions by senior managers of the business groups.
<ul style="list-style-type: none"> • Financing and interest rate risk. 	<p>It is important that we have secure long-term financing and sufficient cash.</p> <p>There is a risk that we are unable to satisfy our bank covenants. In view of our healthy balance sheet, this risk is very improbable. Our debt position will rise as we implement our growth plans in the years ahead.</p>	<ul style="list-style-type: none"> • Cosun concluded a five-year syndicated bank facility (RCF) in 2019, with two options to renew the facility for a period of one year. The facility was renewed for a year in 2020. • Cosun has a central treasury organisation that acts as an in-house bank. The financing and cash management of subsidiaries, with the exception of joint ventures, is organised at group level. • Loans are spread wherever possible over a select group of counterparties with a short-term rating of at least A2 or equivalent. • All Cosun's business groups report their liquidity forecasts for the coming 12 months every month to reduce the risk of unforeseen liquidity shortages.
<ul style="list-style-type: none"> • Foreign exchange risk. 	<p>The greater part of turnover is earned in the eurozone. The main currency exposure is concentrated on the US dollar, the Polish zloty and the British pound.</p>	<ul style="list-style-type: none"> • Internal policy is to hedge the foreign exchange risks arising from operating and financing activities wherever possible by means of forward exchange contracts arranged by our central treasury organisation.

RISK CATEGORY: COMPLIANCE

RISK	DESCRIPTION OF THE RISK	RISK CONTROL MEASURES
<ul style="list-style-type: none"> Laws and regulations. 	<p>Abrupt changes in laws and regulations at European, national or local level can have consequences for Cosun and its business partners. Changes can relate to the environment, food safety, production processes and crop protection agents.</p>	<ul style="list-style-type: none"> We follow developments in current and future laws and regulations and take measures where necessary. We try to influence the introduction of laws by holding an active dialogue with the government, in cooperation with interest groups and industry associations where necessary. Annual signing of an internal Letter of Representation declaring that activities have been in accordance with internal guidelines and rules arising from laws and regulations.
<ul style="list-style-type: none"> Tax risks. 	<p>Cosun is active in many countries. There is a risk of non-compliance with tax laws, for instance regarding transfer pricing in relation to corporation tax or other taxes.</p>	<ul style="list-style-type: none"> Cosun seeks a transparent relationship with the tax authorities. Cosun has signed a horizontal supervision agreement with the Dutch tax authorities. Activities are structured so that corporation tax is coordinated centrally. Responsibility for VAT, salaries tax, social insurance contributions, etc. lies with the individual entities. The policy and related management procedures are periodically assessed. Cosun publishes its tax policy on its website.

Control, reporting and evaluation

Risks are periodically considered in the reports prepared for the management boards of the business groups, the Executive Board, the Board and the Supervisory Board. Besides the risks and risk appetite we also periodically evaluate events and incidents to determine whether the controls are effective and take additional measures where necessary. Recommendations arising from internal audit work are reported to and followed up by the Executive Board and the management boards of the business groups. The business groups' management boards report on their follow-up to the Executive Board and the Executive Board in turn reports to the Board and the Supervisory Board. The Supervisory Board oversees the follow-up to the recommendations.



Steam fire extinguisher system for the ovens

In cooperation with several partners, we developed a steam fire extinguisher system for our ovens in 2020. The system has been certified by KIWA-R2B. It can extinguish fires in the ovens better and more safely and thus improves the safety and continuity of Cosun.

Jeroen Helders
(treasury & risk management)

Report of the Supervisory Board

The Supervisory Board supervises the execution of Cosun's policy in general and advises the Board and the Members' Council on request and otherwise. The Supervisory Board protects the interests of Cosun and its business groups and considers the interests of the cooperative's members and third parties while taking account of social issues.

The Supervisory Board met on 11 occasions in 2020: nine regular meetings and two additional meetings on account of coronavirus. A further three meetings were held with the Board, and the Supervisory Board attended the meetings of the Members' Council. The agenda was dominated by the pandemic, the resultant worldwide restrictions and the consequences for Cosun's activities. The continuity of the business groups and staff health had highest priority.

A variety of measures were taken to secure the financial continuity and stability of Cosun and its business groups. It was decided to defer new and planned investments and reduce costs. The Supervisory Board was consulted in depth by the Board about the decisions and it compliments the Board for the speed of its response to the pandemic.

Following a written self-evaluation of all management tiers in the group, the Supervisory Board, together with the Board, the Executive Board and the Members' Council, started a process to strengthen the governance of Cosun. It also advised on the recruitment of the new CEO for the Executive Board. We regularly kept the Members' Council informed by letter.

Matters considered by the Supervisory Board included financing, investments, the 2021-2023 operational plan, the innovation strategy, risk control and notifications made under the regulations concerning the notification of suspected abuse.

The Supervisory Board assesses the decision-making process in place for policy decisions and investments and whether the interests of our cooperative and its members are safeguarded. It did so meticulously in 2020.

The Supervisory Board followed and discussed the annual financial cycle with the assistance of Ernst & Young Accountants (EY). Satisfaction with EY and current developments warrant stability in the appointment of the external auditor. On the Supervisory Board's recommendation, the Members' Council renewed the engagement awarded to EY.

Composition

Appraisal interviews were held with Johan van Driel and Edwin Michiels in early 2020. During the annual meeting, Jakob Bartelds stood down as Chairman of

the Supervisory Board in accordance with the Articles of Association and Johan van Driel was re-elected to the Supervisory Board. In June 2020, Johan van Driel was appointed Chairman and Theo Koekkoek Vice-Chairman. An audit committee was set up at the end of 2020.

Financial

The COVID-19 pandemic had major consequences for some of Cosun's activities during the year. The 2020 operational plan had foreseen a higher result than in 2019, but the signs turned red in March. Aviko in particular felt the consequences of the pandemic in its turnover.

Higher sugar prices, deferred investments, cost saving measures and non-recurring income enabled Cosun ultimately to perform according to plan. Cosun's vision includes goals for the cooperative. To achieve the vision quickly requires a clear strategy and implementation plans that target innovation, cooperation and sustainability. Sensus and SVZ's results are developing in the right direction. The poorer results of Duynie Group and the increased volatility in our markets are matters of concern for the Supervisory Board.

EY has audited the 2020 annual accounts and clarified the reasons for its auditor's report and audit opinion and discussed them with the Supervisory Board. The follow-up on the management letter was also discussed. The Supervisory Board received a reliable picture of Cosun's financial ins and outs and therefore submits the annual report and accounts for 2020 and recommends that the Members' Council approve them.

The pandemic has revealed the added value of a cooperative business. Cosun responded flexibly to the changing circumstances and achieved a positive result. The vision and plans offer good prospects and opportunities. The Supervisory Board has every confidence in the group and its staff and values their dedication.

On behalf of the Supervisory Board,

Johan van Driel
Chairman

Edwin Michiels
Secretary

Breda, 18 March 2021

Corporate governance

To Cosun, corporate governance relates to how it regulates the relationships between the members of the cooperative, the Board, the Supervisory Board, the Executive Board and the staff. Good employment practices, integrity, respect, oversight, transparent reporting and accountability are the main pillars of Cosun's corporate governance policy. Cosun endorses and observes the NCR Governance Code for cooperatives.

Governance model

Cosun has a traditional governance model. Control of the cooperative lies with the members, in part through their election of the Board. On the principle that the members should have the final say, most members of the Board are also members of the cooperative. For the same reason, members of the cooperative also form a majority on the Supervisory Board. The external members of the Board and the Supervisory Board are nominated and appointed in recognition of their expertise and external networks. The Board has delegated day-to-day management to the Chief Executive Officer of the Executive Board.

Board

The Board's primary task is to run the cooperative. It has final responsibility for the development and implementation of the policy of both the cooperative itself and the business groups that make up Cosun. The Board consists of nine members, six of whom are also members of the cooperative and three are external members.

Supervisory Board

The Supervisory Board supervises the conduct of Cosun's policy and the general performance of the cooperative. As an independent body, it advises the Board and the Members' Council on request and otherwise. The Supervisory Board examines the cooperative's annual accounts and reports on its findings. It has six members: four are members of the cooperative and two are external.

Members' Council

The members of Cosun elect the executive committees of the districts and sections in which their farms are located. All Cosun's district committees together make up the Members' Council. On a proposal of the Board, the Members' Council elects the members of the Board. On a proposal of the Supervisory Board, the Members' Council elects the members of the Supervisory Board. On a proposal of the Board, it also adopts the annual report and accounts, the Articles of Association and the cooperative's regulations. It also acts as a sparring partner for the Board. The Members' Council has more than 60 members, all of whom are members of the cooperative.

Youth Council

The Youth Council consists of 15 members and serves as an incubator for management talent within the cooperative. It gives young members an important voice in the cooperative and acts as a sounding board. The members of the Youth Council represent candidate members and young members. In consultation with local district and section managers, the Youth Council itself is responsible for succession when necessary.

More information on these matters can be found on the website, www.cosun.com, under Corporate Governance. Cosun complies with the 2019 corporate governance code issued by the Dutch Council for Cooperatives (NCR). Cosun attaches great value to the periodic evaluation of its corporate governance. Cosun's joint governance tiers have decided to conduct an intensive assessment project under the guidance of an external party in 2021.

Governance structure of the cooperative



On behalf of the Board,

Dirk de Lugt
Chairman

Arwin Bos
Vice-Chairman

Breda, 18 March 2021

Members of the board, supervisory board, executive board and works council

as at 31 December 2020

Board

Chairman	Dirk de Lugt	De Cocksdorp
Vice-Chairman	Arwin Bos	Nieuw-Vennep
Deputy Vice-Chairman	Ben van Doesburgh	Loenen a/d Vecht
Members	Adrie Bossers	Langeweg
	Ger Evenhuis	Schoonoord
	Marianne van den Hoek - Huijbregts	Dreischor
	Freek Rijna	Den Dolder
	Pieter de Jong	Uden
	Sander Wijkstra	Zeist
Secretary	Maarten Boudesteijn	

Supervisory Board

Chairman	Johan van Driel	Nieuw Beijerland
Vice-Chairman	Theo Koekkoek	Almkerk
Secretary	Edwin Michiels	Horst
Members	Hans Huistra	Amsterdam
	Pieter van Maldegem	Vierhuizen
	Jacqueline Rijsdijk	Leiderdorp

Executive Board

Chairman	Albert Markusse	
Members	Iwan Blankers	Director, Sensus
	Chris Deen	Director, Aviko
	Roel van Haeren	Director, Duynie Group
	Pieter Spanjers	Director, SVZ
	Paul Mesters	Director, Cosun Beet Company
	Frank van Noord	Director, Innovation
	Hans Schuil	Director, Finance & Control
	Maaike van den Maagdenberg	Director, Corporate Development

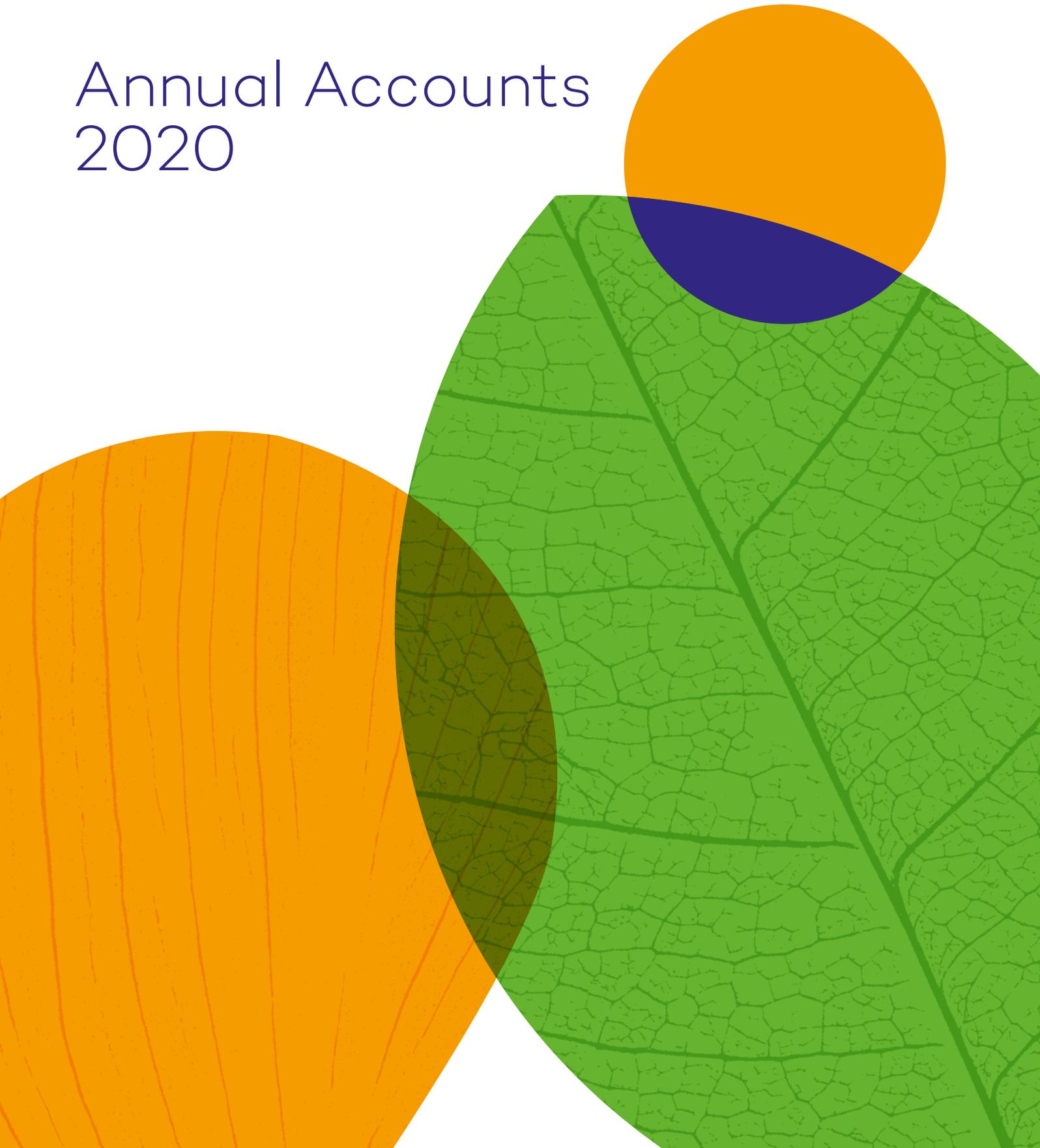
Central Works Council

Chairman	John Stoopan	Cosun R&D
Secretary	Manuel Bogers	SVZ
Members	Henk Flipsen	Cosun Beet Company
	Ayhan Kayabasi	Aviko
	Chris Kooiman	Duynie
	Servan Lohschelder	Aviko
	Emile Meijer	Sensus
	Fouad Ouled Ali	Cosun
	Nico Krikken	Cosun Beet Company
	Chris Wijma	Cosun Beet Company
	Jeanet Wubs	Aviko

More information is available at www.cosun.com under About Cosun – Corporate Governance. The website provides relevant personal details on the members, the principal and secondary positions they hold and – where applicable – the date of their appointment, term of office, eligibility for re-election, etc.



Annual Accounts 2020



Consolidated balance sheet

(after profit appropriation; in EUR million)

	Notes	31-12-2020	31-12-2019
ASSETS			
Fixed assets			
Intangible fixed assets	(1)	108.6	78.5
Tangible fixed assets	(2)	820.7	735.7
Financial fixed assets	(3)	43.6	34.5
		972.9	848.7
Current assets			
Inventories	(4)	567.8	572.8
Trade and other receivables	(5)	307.0	313.6
Cash and cash equivalents	(6)	114.6	112.9
		989.4	999.3
Total assets		1,962.3	1,848.0
EQUITY AND LIABILITIES			
Group equity			
Capital and reserves	(7)	1,267.5	1,247.5
Minority interests	(8)	17.5	15.8
		1,285.0	1,263.3
Provisions	(9)	54.7	57.5
Non-current liabilities	(10)	37.2	32.9
Current liabilities	(11)		
Current liabilities to credit institutions and financing debt		88.8	8.3
Other current liabilities, accruals and deferrals		496.6	486.0
		585.4	494.3
Total equity and liabilities		1,962.3	1,848.0

Consolidated profit and loss account

(in EUR million)

FOR THE FINANCIAL YEAR	Notes	2020	2019
Net turnover	(14)	2,029.0	2,045.8
Changes in inventories of finished products		- 6.4	21.7
Other operating income	(15)	52.1	20.6
Total operating income		2,074.7	2,088.1
Cost of raw materials and consumables	(16)	1,248.4	1,277.2
Cost of outsourced work and other external costs	(17)	390.3	393.5
Wages and salaries		205.4	205.4
Social security charges	(18)	68.0	68.8
Amortisation and depreciation on intangible and tangible fixed assets		113.3	106.9
Other changes in the value of intangible and tangible fixed assets	(19)	0.8	10.1
Other operating expenses		1.6	2.2
Total operating expenses		2,027.8	2,064.1
Operating profit		46.9	24.0
Interest receivable and similar income		0.7	0.6
Interest payable and similar charges		- 4.9	- 4.8
Financial income and expense	(20)	- 4.2	- 4.2
Result from ordinary activities before taxation		42.7	19.8
Taxation	(21)	- 8.0	- 0.7
Share in results from participating interests		-	0.4
Result from ordinary activities after taxation		34.7	19.5
Minority interests		- 4.3	- 1.3
Net result		30.4	18.2

Consolidated cash flow statement

(in EUR million)

FOR THE FINANCIAL YEAR	Notes	2020	2019
Operating profit		46.9	24.0
Depreciation and amortisation		113.3	106.9
Other value adjustments		0.8	10.1
Gain/loss on disposal of intangible, tangible and financial fixed assets		- 31.9	- 1.4
Release of negative goodwill		- 1.7	- 1.7
Changes in provisions	(23)	- 2.0	- 13.7
Changes in working capital (excluding cash and cash equivalents and short-term bank overdrafts)	(23)	- 22.4	13.6
Cash flow from business operations		103.0	137.8
Interest received (paid)		- 3.0	- 3.2
Income tax paid		1.1	- 5.7
Other movements		- 0.2	- 0.7
		- 2.1	- 9.6
Cash flow from operating activities		100.9	128.2
Investments in (in)tangible fixed assets		- 158.5	- 162.0
Proceeds from the sale of (in)tangible fixed assets		6.1	10.0
Changes in long-term receivables		- 1.3	- 3.0
Acquisition of group companies		- 53.1	- 5.1
Acquisition of non-consolidated participating interests		- 1.3	-
Divestment of group companies		28.6	-
Cash flow from investing activities		- 179.5	- 160.1
Gross distribution under sugar beet payment regulations and business termination scheme	(30)	- 1.1	- 2.7
Changes in long-term liabilities		0.9	- 7.5
Changes in current liabilities to credit institutions and financing debt		80.5	- 1.9
Cash flow from financing activities		80.3	- 12.1
Changes in cash and cash equivalents		1.7	- 44.0
Cash and cash equivalents at the beginning of the year		112.9	156.9
Exchange and translation gains and losses on cash and cash equivalents		- 0.3	-
Cash and cash equivalents at the end of the year		114.6	112.9

Notes to the consolidated annual accounts

(in EUR million)

Translated financial statements

These Annual Accounts are an English translation of the original Dutch publication. In the event of textual inconsistencies between the English and the Dutch versions, the latter shall prevail.

General

Coöperatie Koninklijke Cosun U.A. (hereinafter: 'Cosun') has its registered office in Breda, the Netherlands. It is registered in the Chamber of Commerce under number 20028699. The group processes and prepares raw materials, mostly from agricultural sources, producing semi-manufactures for the international food and beverage industry and the food service industry (restaurants, caterers and wholesalers), and finished products that are sold to customers through retail outlets. The group also processes organic residuals into products such as bio-ethanol and animal feed.

The activities are classified as follows:

- Sugar activities: sugar and bio-energy from residual currents (Cosun Beet Company).
- Potato activities: potato products, such as chilled, frozen and dried potato products and potato specialities (Aviko and Rixona).
- Other activities: fruit and vegetable products (SVZ), inulin (Sensus), animal feed and starch (Duynie Group).

Applicable standards

The annual accounts have been prepared in accordance with the legal requirements as set out in Title 9, Book 2 of the Netherlands Civil Code. For the cooperative profit and loss account, Cosun has availed itself of the exemption available under Section 402, Book 2 of the Netherlands Civil Code.

Consolidation principles

The consolidated annual accounts include the financial data of Cosun and its group companies and other companies controlled by the company. Group companies acquired during the year under review are included as from the date at which direct or indirect influence can be exercised on the business and financial policy. Account is also taken of financial instruments that give potential voting rights where they are of economic significance. Where financial instruments give voting rights that are not of economic significance, the respective third party interest is recognised as a commitment as at balance sheet date. The difference between the present value of the commitment and the reclassified third party interest is recognised as a direct change in group equity. Changes in the amount of the commitment are taken to group equity. The results of group companies sold are incorporated up to the moment the overriding control ended. Intercompany payables, receivables and transactions, as well as profits already recognised on these within Cosun but not yet realised, are eliminated in the consolidated annual accounts. The group companies are consolidated in full with the third-party minority interest being presented separately. Joint ventures are consolidated proportionally.

List of participating interests

In accordance with Articles 379 and 414, Book 2 of the Netherlands Civil Code, a list of data on group companies and other participating interests has been filed with the Chamber of Commerce.

Acquisitions and disposals

Aviko Holding B.V. acquired 90% of the shares in Inner Mongolia Hongyuan Luyisheng Food Co., Ltd on 30 November 2020 for a total consideration of EUR 50.3 million. The acquisition price is still subject to final agreement. The activities relate to the storage, processing and production of potato products. Aviko has an unconditional three-year call put option in respect of the remaining 10% of the shares, which is recognised as an increase in the investment. The respective commitment is recognised under other liabilities.

Duynie Holding B.V. acquired MijnVoer.nl on 14 February 2019 and Bonda Nutrition Animale S.A.S. on 1 April 2020. Duynie Holding B.V. purchased 100% of the shares in both acquisitions. The acquisitions are recognised in the annual accounts in accordance with the purchase price accounting method. The figures have been included in the consolidation as from the date of acquisition.

The Slovenian sugar factory Tovarna Sladkorja Ormoz Dd was liquidated as at 31 December 2020.

The following group companies were sold in 2020:

- Cosun Puffershoek Vastgoed 6 B.V.
- Cosun Puffershoek Vastgoed 7 B.V.
- Cosun Puffershoek Vastgoed 9 B.V.
- Photovoltaic Powerplant 2 B.V.
- Photovoltaic Powerplant 3 B.V.
- Photovoltaic Powerplant 4 B.V.
- Photovoltaic Powerplant 5 B.V.
- Photovoltaic Powerplant 6 B.V.
- Photovoltaic Powerplant 7 B.V.

The interest in Rain Biomasse Wärmegesellschaft GmbH, Rain am Lech, Germany, was increased by 5% to 35.1% in 2019.

Martin Amberger Kartoffelverarbeitung Dolli-Werk GmbH & Co. KG was liquidated in 2019. There were no further divestments of group companies in 2019.

Accounting policies

General

The accounting policies adopted for the valuation of assets and liabilities and determination of the result are based on the historical cost convention. Insofar as not stated otherwise, assets and liabilities are shown at nominal value. An asset is included in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured.

A liability is included in the balance sheet if it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability. The income and expenses are accounted for in the period to which they relate. The annual accounts were prepared on 18 March 2021.

Policies for the translation of foreign currencies

The reporting currency and the functional currency of the annual accounts of Cosun is the euro (EUR). The costs and income arising from transactions in foreign currencies or monetary receivables and payables, are translated at the functional exchange rate on transaction date or the rate prevailing at balance sheet date respectively.

Translation gains and losses are taken to the profit and loss account. The net investment in foreign participating interests is translated at the exchange rate prevailing at balance sheet date. Foreign currency profit and loss account items of foreign participating interests are translated at the average exchange rate. Translation gains and losses are taken directly to the statutory reserve for exchange rate differences as part of Cosun's group equity, less tax effects if applicable.

Third party goodwill arising from the acquisition of an operation outside the Netherlands and subsequent adjustments of the book value of assets and liabilities to fair value are recognised as assets and liabilities of the operation outside the Netherlands and are translated at the rate ruling as at balance sheet date.

Where a foreign operation is fully or partially sold, the respective amount is transferred from the reserve for translation differences to the other reserves. Translation gains and losses on long- term financing and financial instruments used to hedge exchange rate risks arising from foreign participating interests are treated accordingly.

Netting

Assets and liabilities are shown net of each other in the annual accounts only if and in so far as:

- there is a reliable legal instrument to net and simultaneously settle the assets and the liability, and
- there is a firm intention to settle the net amount or the two items simultaneously.

Financial instruments

The financial statements includes the following primary financial instruments: loans granted, trade and other receivables, cash and cash equivalents, loans received, other financing commitments, trade payables and other payables. The financial statements also includes derivative financial instruments (derivatives).

Primary financial instruments

Primary financial instruments are initially recognized at fair value which includes the attributable transaction costs. After initial recognition, primary financial instruments are carried at amortised costs using the effective interest method, less impairment losses. The effective interest method is used to recognize transaction costs in the profit and loss account. Loans granted and other receivables are restated if there is objective evidence of an impairment. The fair value of cash and cash equivalents is equal to the nominal value; cash and cash equivalents are freely available to Cosun unless stated otherwise.

Derivative financial instruments (derivatives)

Currency derivatives, interest derivatives and forward commodity transactions

Cosun uses derivatives to hedge the exchange rate, interest rate and price risk from balances and highly probable future sales and purchases. Forward exchange contracts, interest rate swaps, forward commodity contracts and other derivative financial instruments are used to hedge these risks. Derivatives are initially recognized at fair value. After initial recognition derivatives are stated at cost or lower fair market value unless cost price hedge accounting is applied. At initial recognition the cost price is equal to the fair value. Cosun applies cost price hedge accounting in order to simultaneously recognise both the results from changes in the value of the derivatives and the future transaction in the profit and loss account.

If cost price hedge accounting is applicable the accounting policies are defined below:

- As long as the hedged financial asset or liability is not recorded in the balance, the derivative will not be recorded.
- As soon as the hedged position of the expected transaction leads to the recognition of a primary financial instrument, the gains or losses associated with the derivative are recognised in the profit-and-loss account in the same period in which the primary financial instrument affects profit or loss.
- Cosun periodically assesses the effectiveness of its hedging relationships. The results from the non-effective part of the hedge relationship are included in the profit-and-loss account.
- Should the transaction no longer be expected to take place, so the derivative no longer meets the conditions for cost price hedge accounting, or is sold, the accumulated profit or the accumulated loss is recognised in the profit-and-loss account.
- Translation gains and losses on primary financial instruments are compensated by changes in value of currency derivatives. The book value of a currency derivative is carried by the difference between the applicable exchange rate as at balance sheet date and the hedged exchange rate.
- The value of a currency derivative is amortized over the duration of the currency swap.

Immateriële vaste activa

Goodwill is the excess of the purchase price and the fair value of the identifiable assets and liabilities of the acquired participating interest at the date of acquisition. Goodwill paid upon the acquisition of foreign group companies and subsidiaries is translated at the exchange rate applicable at the moment of acquisition. The capitalised goodwill is amortised according to the straight-line method over the estimated useful life, in general between 2 and 20 years.

Other tangible fixed assets (excluding CO₂ emission allowances) are carried at cost net of accumulated depreciation and other downward value adjustments. Other intangible assets are depreciated on a straight-line basis over their estimated useful lives, generally between three and five years.

Cosun obtained CO₂ emission allowances at zero cost. The company has not recognized its surplus CO₂ emission allowances obtained for nothing. Cosun acquires emission allowances to meet future deficiencies. The acquired emission allowances are stated at cost and will be charged to the result at time of use.

Tangible fixed assets

Land and buildings, machinery and equipment and other tangible fixed assets are stated at cost of purchase or manufacture, less accumulated depreciation and other downward value adjustments. Grants and subsidies are deducted from the cost of purchase or manufacture of the asset in question.

Depreciation is calculated as a percentage of the cost of acquisition or manufacture according to the straight-line method on the basis of useful life. Land, tangible fixed assets in production and prepayments are not depreciated.

The cost of major maintenance is capitalised and written off in accordance with the component approach. All other maintenance costs are taken directly to the profit and loss account.

Financial fixed assets

Non-consolidated participating interests over whose financial and operating policies the group exercises significant influence are valued using the net asset value method. Under the net asset value method, participating interests are carried at the group's share in their net asset value plus its share in the results of the participating interests and its share of changes recognized directly in the equity of the participating interests as from the acquisition date, determined in accordance with the accounting policies disclosed in these financial statements, less its share in the dividend distributions from the participating interests.

Account is also taken of financial instruments that give potential voting rights where they are of economic significance. Where financial instruments give voting rights that are not of economic significance, the respective third party interest is recognised as an increase in the existing capital interest and as a commitment. The difference between the present value of the commitment and the increase in the existing capital interest is recognised as a direct change in group equity. Changes in the amount of the commitment are taken to group equity. The group's share in the results of the participating interests is recognized in the profit and loss account.

If and to the extent the distribution of profits is subject to restrictions, these are included in a legal reserve. If the value of the participating interest under the net asset value method has become nil, this method is no longer applied, with the participating interest being valued at nil if the circumstances are unchanged. In connection with this, any long-term interests that, in substance, form part of the investor's net investment in the participating interest are included. A provision is formed if and to the extent the company stands surety for all or part of the debts of the participating interest or if it has a constructive obligation to enable the participating interest to repay its debts.

A subsequently acquired share of the profit of the participating interest is recognized only if and to the extent that the accumulated share of the previously unrecognized loss has been compensated.

Following application of the net asset value method, the group determines whether an impairment loss has to be recognized in respect of the participating interest. At each reporting date, the group assesses whether there are objective indications of impairment of the participating interest. If any such indication exists, the group determines the impairment loss as the difference between the recoverable amount of the participating interest and its carrying amount, taking it to the profit and loss account.

Participating interests over whose financial and operating policies no significant influence is exercised are carried at cost less any impairment.

Other long-term receivables are carried at amortised cost, less a provision deemed necessary for uncollectibility.

Impairment or value adjustment of fixed assets

Cosun recognises intangible, tangible and financial fixed assets in accordance with accounting policies generally accepted for financial reporting in the Netherlands. Pursuant to these policies, assets with a long life should be subject to an impairment test in the case of changes or circumstances arising that lead to the suspicion that the book value of the asset will not be recovered. The recoverability of assets in use is determined by comparing the book value of an asset with the future net cash flow that the asset is expected to generate. In the case of a higher book value, the difference is charged to the result. Assets for sale are stated at book value or lower market value, less selling costs.

Inventories

Raw materials and consumables are carried at the lower of cost in accordance with the FIFO ('first in, first out') method. Finished products are valued on the basis of cost of manufacture, including the purchase costs of used raw materials and consumables and the other costs directly attributable to manufacture. In addition, part of the indirect costs over the period of manufacture is attributed to the cost of manufacture. Members' bonus is not included in the valuation of inventory. Goods for resale are valued at cost. Cost includes the purchase price plus additional related costs. Land designated as project development land is valued at the historical cost of acquiring the land and other costs, which are directly attributable to the development.

When valuing inventories, account is taken of any value adjustment occurring on the balance sheet date including, if applicable, lower net realisable value.

Receivables

Short-term receivables that do not explicitly bear interest are initially measured at fair value and subsequently carried at amortised cost, less a provision for doubtful debts were necessary. Provisions are determined on the basis of individual assessment of the collectability of receivables.

Fair value

Fair value represents the amount for which an asset is traded or an obligation settled between properly informed independent parties prepared to enter into a transaction.

Amortised cost

Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition less repayments of the principal, plus or less the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and less any reduction (effected directly or through a provision being formed) for impairment and doubtful debt.

Equity

Under Reporting Guideline 620 of the Guidelines for Annual Reporting in the Netherlands, that part of the paid up share capital that members can call on demand (2%) and the related inseparable obligation to settle (2%) the right to a business termination payment in accordance with article 5.1 of the sugar beet payment regulations are recognised in the consolidated accounts as liabilities. As a result the consolidated equity differs from the equity in the cooperative annual accounts.

In so far as members have outstanding claims under the sugar beet payment regulations, they are charged to equity upon payment. Under article 5.3 of the regulations, the Board has discretionary power, after consultation with the Supervisory Board and the Members' Council, not to approve payments not relating to business termination. The Board exercised this power in 2020.

Standard payment regulations are in place for members who are issued supply certificates. The present value of outstanding payments is recognised as a receivable.

Minority interests

The third-party minority interests are valued at the third parties' share of the net asset value.

Provisions

A provision is recorded when:

- There is a present legal or constructive obligation as a result of a past event.
- A reliable estimate can be made.
- It is probable that an outflow of economic benefits will be required to settle the obligation.

The provisions are valued at the discounted expected future cash flows.

Pensions and other deferred employee benefits

Dutch pension plans

The main principle is that the pension charge to be recognised for the reporting period should be equal to the pension contributions payable to the pension fund over the period. Insofar as the payable contributions have not yet been paid as at balance sheet date, a liability is recognised. If the contributions already paid exceed the payable contributions as at balance sheet date, a receivable is recognised to account for any repayment by the fund or settlement with contributions payable in future.

In addition, a provision is included as at balance sheet date for existing additional commitments to the fund and the employees, provided that it is likely that there will be an outflow of funds for the settlement of the commitments and it is possible to reliably estimate the amount of the commitments. The existence or non-existence of additional commitments is assessed on the basis of the administration agreement concluded with the fund, the pension agreement with the staff and other commitments to staff. The liability is stated at the best estimate of the present value of the anticipated costs of settling the commitments as at balance sheet date. For any surplus at the pension fund as at balance sheet date, a receivable is recognised if the company has the power to withdraw this surplus, if it is likely that the surplus will flow to the company and if the receivable can be reliably determined.

Foreign pension plans

Pension plans that are comparable in design and functioning to the Dutch pension system, having a strict segregation of the responsibilities of the parties involved and risk sharing between the said parties (company, fund and members) are recognised and measured in accordance with Dutch pension plans (see previous section). For foreign pension plans that are not comparable in design and functioning to the Dutch pension system, a best estimate is made of the commitment as at balance sheet date. This commitment should then be stated on the basis of an actuarial valuation principle generally accepted in the Netherlands.

Other deferred employee benefits

For other deferred employee benefits (such as jubilee) provisions are recorded. This provision is recorded at present value. The calculation of the present value is based on commitments, expected average remaining working period and age of the employees.

Negative goodwill

Given its long-term nature, negative goodwill is carried as a non-current liability. In so far as negative goodwill relates to foreseeable future losses or costs that were recognised in the acquisition plan and that can be reliably estimated, it is taken to the profit and loss account in proportion to the losses or costs as they are incurred. In so far as negative goodwill does not relate to foreseeable future losses, it is taken to the profit and loss account in proportion to the weighted average of the remaining life of the assets acquired.

Long-term lease obligations

Agreements are assessed as to whether they contain a lease on the basis of economic reality on the contract date.

In case of financial lease (where the costs and benefits of the asset leased are borne entirely or almost entirely by the lessee) the leased asset and the associated debt on the date on which the agreement is entered into are recognised in the balance sheet at the lower of the asset's fair value at the date on which the agreement was entered into and the present value of the minimum lease payments. The initial direct costs borne by the lessee are included in the initial recognition of the asset. Lease payments are broken down into interest expense and repayment and the outstanding obligation, using a constant rate of interest over the remaining net obligation.

The capitalised asset leased is depreciated over the shortest period of the lease term or the useful life of the asset if there is no reasonable certainty that the lessee will become the owner at the end of the lease term.

In case of operational lease, lease payments are charged to the profit and loss account on a straight-line basis over the lease term.

Determination of the result

Revenue

Net turnover concerns the income from goods and services delivered to third parties, less discounts awarded and turnover tax. Turnover is only recorded if there is reasonable assurance that future benefit will be accrued by the business and that such benefit can be estimated reliably. Income is recorded when the significant risk and rewards of ownership have been transferred to the buyer, receipt of the consideration is probable, and the associated costs and possible return of goods can be estimated reliably and there is no continuing involvement of the legal entity with the goods.

Operating grants

Operating grants are taken to the profit and loss account for the year in which the associated costs are incurred or the year in which the income for which a grant is awarded is foregone.

Costs

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognized if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met. Members receive a members' bonus for the beet they deliver. The members' bonus is recognised as cost of raw materials and consumables.

Wages, salaries and social security charges are recognized in the income statement according to the terms of employment to the extent they are due to either employees or the tax authorities.

The group recognizes an obligation if it has demonstrably committed paying a termination benefit or transition payment. If the termination is part of a reorganization, the group includes the costs of a termination benefit or transition payment in a provision for reorganization costs.

Interest is allocated to successive financial reporting periods in proportion to the outstanding principal. Period interest expenses and related expenses are recognized in the year in which they fall due.

The share in the result of participating interests represents Cosun's share in the results of those participating interests (where the interest is carried at net asset value) or the dividend or other value adjustment received (where the interest is carried at cost of acquisition).

Taxes

Taxation on the result comprises both taxes payable and deductible in the short term and deferred taxes, taking account of tax facilities and non-deductible costs. No taxes are deducted from profits if and insofar as these can be offset against losses from previous years and a deferred tax asset had not been recognized. Taxes are deducted from losses if these can be offset against profits in previous years. In addition, taxes will be deducted if and insofar as it may be reasonably expected that losses can be offset against future profits.

Deferred tax assets, including off-settable tax losses, are stated in so far as it is deemed probable that they will be realised in future and are calculated on the basis of the tax rate applicable at the time at which they are expected to be realised.

In so far as valuations for tax purposes differ from the policies described in this section, a provision is formed for any resultant deferred tax liabilities, calculated at the tax rate applicable at the time are expected to be paid. Deferred taxes are carried at nominal value.

Use of opinions, estimates and uncertainties

During the preparation of the annual accounts, the management must, in accordance with the general prevailing policies, make certain estimates and assumptions that co-determine the stated amounts. The actual results may deviate from these estimates. A significant estimate relates to the impairment of tangible fixed assets at SVZ (see note 2). There are no further significant opinions, estimates or uncertainties.

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash flows denominated in foreign currencies have been translated into euros at average exchange rates. Interest received and paid, dividends received and income tax received/paid are included under cash flows from (used in) operating activities.

The purchase of group companies and proceeds from sales of group companies are included under cash flow from (used in) investing activities, insofar as payment in cash has been made, net of cash and cash equivalents held by the group companies in question.

Notes to the consolidated annual accounts

(in EUR million)

(1) Intangible fixed assets

Movements in intangible fixed assets were as follows:

	GOODWILL	OTHER INTANGIBLE FIXED ASSETS	TOTAL
At cost as at 1 January 2020	250.5	32.5	283.0
Accumulated amortisation and other value adjustments as at 1 January 2020	178.2	26.3	204.5
BOOK VALUE AS AT 1 JANUARY 2020	72.3	6.2	78.5
Movements:			
- Investments	-	6.1	6.1
- Consolidations and deconsolidations	-	1.1	1.1
- Reclassification to tangible fixed assets	-	3.4	3.4
- Acquisitions	35.4	-	35.4
- Amortization	- 13.8	- 2.1	- 15.9
- Other value adjustments	-	-	-
BOOK VALUE AS AT 31 DECEMBER 2020	93.9	14.7	108.6
At cost as at 31 December 2020	285.9	43.1	329.0
Accumulated amortisation and other value adjustments as at 31 December 2020	- 192.0	- 28.4	- 220.4

Goodwill

The goodwill related to acquisitions, is amortized over 2 to 20 years. A period of 20 years applies to investments that have a strategic character and an expected economic useful life of at least 20 years.

Other intangible fixed assets

The other items under intangible assets, including software and licensing expenses and CO₂ allowances, are amortised on a straight line basis over a period of 3 to 5 years.

(2) Tangible fixed assets

Movements in tangible fixed assets were as follows:

	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	PREPAYMENTS AND IN PRODUCTION	NOT USED FOR OPERATIONS	TOTAL
At cost as at 1 January 2020	443.7	1,340.9	108.6	86.6	27.8	2,007.6
Accumulated depreciation and impairments as at 1 January 2020	244.8	930.8	76.1	-	20.2	1,271.9
BOOK VALUE AS AT 1 JANUARY 2020	198.9	410.1	32.5	86.6	7.6	735.7
Movements:						
- Investments	15.8	50.4	7.4	90.9	0.9	165.4
- Disposals	- 4.8	- 0.4	-	- 0.1	- 0.6	- 5.9
- Consolidations and deconsolidations	19.0	9.4	1.1	-	-	29.5
- Transfer	17.7	32.5	2.1	- 52.0	- 0.3	-
- Reclassification to intangible fixed assets	-	-	-	- 3.4	-	- 3.4
- Depreciation	- 12.0	- 77.1	- 8.3	-	-	- 97.4
- Impairments	-	- 0.8	-	-	-	- 0.8
- Exchange differences	- 0.8	- 1.6	- 0.2	0.2	-	- 2.4
BOOK VALUE AS AT 31 DECEMBER 2020	233.8	422.5	34.6	122.2	7.6	820.7
At cost as at 31 December 2020	490.6	1,431.2	119.0	122.2	27.8	2,190.8
Accumulated depreciation and impairments as at 31 December 2020	256.8	1,008.7	84.4	-	20.2	1,370.1
	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	PREPAYMENTS AND IN PRODUCTION	NOT USED FOR OPERATIONS	TOTAL
At cost as at 1 January 2019	420.2	1,262.6	87.7	50.1	34.7	1,855.3
Accumulated depreciation and impairments as at 1 January 2019	230.4	852.5	67.0	-	20.2	1,170.1
BOOK VALUE AS AT 1 JANUARY 2019	189.8	410.1	20.7	50.1	14.5	685.2
Movements::						
- Investments	23.6	60.8	13.0	62.2	1.2	160.8
- Disposals	- 1.8	- 0.7	- 0.2	- 0.3	- 5.5	- 8.5
- Transfer	2.2	17.9	8.0	- 25.5	- 2.6	-
- Depreciation	- 12.0	- 70.8	- 9.1	-	-	- 91.9
- Impairments	- 2.4	- 7.5	-	-	-	- 9.9
- Exchange differences	- 0.5	0.3	0.1	0.1	-	-
BOOK VALUE AS AT 31 DECEMBER 2019	198.9	410.1	32.5	86.6	7.6	735.7
At cost as at 31 December 2019	443.7	1,340.9	108.6	86.6	27.8	2,007.6
Accumulated depreciation and impairments as at 31 December 2019	244.8	930.8	76.1	-	20.2	1,271.9

The expected useful life and associated depreciation period is 10 to 40 years for the buildings, 10 to 20 years for the machinery and equipment and four years on average for the other tangible fixed assets. The insured value of the buildings, machinery, equipment and inventories is EUR 3.3 billion (2019: EUR 3.1 billion).

The group is the beneficial, not legal, owner of buildings with a book value of EUR 9.0 million (2019: EUR 9.8 million) and machinery and equipment with a book value of EUR 1.7 million (2019: EUR 1.9 million) under financial lease contracts.

In 2019 the value of SVZ's machinery and equipment in Europe was impaired. The trigger for impairment was the disappointing result for 2019. This was the consequence of harvesting conditions on the one hand and increasing competition and pressure on margins on the other. The realisable value was based on cash flow forecasts for the period 2020-2023. The pre-tax discount rate applied amounts to 8.7%.

Value in use is calculated on the basis of a recovery in the result, to be realised mainly by to an increase in volume and thus in turnover. The growth achieved in 2020 was below expectations. This is a direct consequence of lower sales to various customers affected by the lockdowns in Europe and their impact on the out of home market on account of the COVID-19 pandemic. As from 2021, the expected growth is expected to be achieved with a delay of one year. The impairments test carried out in 2020 gave no cause for further impairments in value or reversal of the 2019 impairment. As an indication of the uncertainty in the estimate, a EUR 0.1 million increase or decrease in the result on a structural basis, increases or decreases the value of the assets by approximately EUR 1 million.

Assets not used for operations include plots of land of which the fair value depends on their quality, location and intended use (land use plan). The fair value of these plots of land amounts to at least EUR 25 million.

(3) Financial fixed assets

Movements in financial fixed assets were as follows:

	PARTICI- PATING INTERESTS	RECEIVABLES FROM MEMBERS	DEFERRED TAX ASSETS	OTHER RECEIVABLES	TOTAL
Balance as at 1 January 2020	5.9	9.0	16.3	3.3	34.5
Movements:					
- Additions and issuances	1.3	1.4	-	16.5	19.2
- Repayments and releases	-	- 0.4	- 5.0	-	- 5.4
- Movements in favour of/ charged to the result	-	-	- 0.6	0.3	- 0.3
- Share in results of participating interests and dividend received	- 0.4	-	-	-	- 0.4
- Reclassified as short-term receivables	-	- 4.0	-	-	- 4.0
BALANCE AS AT 31 DECEMBER 2020	6.8	6.0	10.7	20.1	43.6

	PARTICI- PATING INTERESTS	RECEIVABLES FROM PARTICIPATING INTERESTS	RECEIVABLES FROM MEMBERS	DEFERRED TAX ASSETS	OTHER RECEIVABLES	TOTAL
Balance as at 1 January 2019	4.6	0.3	11.9	16.4	1.1	34.3
Movements:						
- Additions and issuances	1.2	-	1.2	15.3	1.5	19.2
- Repayments and releases	-	- 0.3	- 0.4	- 1.2	- 0.8	- 2.7
- Movements in favour of/ charged to the result	-	-	0.3	- 14.2	1.5	- 12.4
- Share in results of participating interests and dividend received	0.1	-	-	-	-	0.1
- Reclassified as short-term receivables	-	-	- 4.0	-	-	- 4.0
BOOK VALUE AS AT 31 DECEMBER 2019	5.9	0.0	9.0	16.3	3.3	34.5

Participating interests

The participating interests relate, among other, to the non-consolidated interest in Aviko Kloosterboer Verpakkingen B.V. and in the Spanish potato specialities company Eurofrits, S.A. As significant influence can be exercised on these interests, they are stated based on net asset value.

The item participating interests includes an interest in a start-up collaborative venture fund to an amount of EUR 4.0 million. As no significant influence can be exercised, the interest is recognised at cost less any impairments in value.

Receivables from members

Non-interest-bearing receivables from members (EUR 6.0 million) relates to the net present value of the long-term portion of amounts still to be deposited for issued supply certificates (2019: EUR 9.0 million).

Deferred tax assets

The item deferred tax assets comprises the estimated value of available tax loss carry-forwards and timing differences between the valuation of assets for tax purposes and for accounting purposes.

The full amount of the deferred tax asset (2019: EUR 5.0 million) is expected to be settled within one year.

The tax loss carry-forwards, insofar as they are not included in the balance sheet under deferred tax assets, amounts to EUR 21.5 million gross (2019: EUR 6.4 million).

Other receivables

Other receivables relate for an amount of EUR 16.5 million to bank balances not available on demand serving as security for a loan awarded by the bank. The remaining amount includes capitalised costs incurred for the conclusion of a new financing agreement expiring at the end of March 2025.

(4) Inventories

	31-12-2020	31-12-2019
Finished products and goods for resale	483.5	491.7
Land	9.5	9.3
Raw materials and consumables	74.8	71.8
	567.8	572.8

Of the inventories EUR 6.2 million (2019: EUR 8.2 million) is stated at lower recoverable amount. The provision for obsolete inventories amounts to EUR 4.8 million (2019: EUR 4.6 million). The land included in inventory relates to grounds being developed for business park AFC Nieuw Prinsenland near Dinteloord.

Inventories with a carrying amount of EUR 3.0 million (2019: EUR 5.7 million) have been pledged as security to the bank.

(5) Trade and other receivables

	31-12-2020	31-12-2019
Trade accounts receivable	213.3	233.3
Receivable from participating interests	2.7	5.2
Receivables from members	4.1	4.0
Income tax receivable	0.5	4.7
Other tax receivables	37.3	36.1
Other receivables, prepayments and accrued income	49.1	30.3
	307.0	313.6

Other receivables, prepayments and accrued income

This item relates to amounts receivable of EUR 36.5 million (2019: EUR 21.2 million) and advance payments of EUR 12.6 million (2019: EUR 9.1 million).

(6) Cash and cash equivalents

An amount of EUR 0.7 million (2019: EUR 1.3 million) is not available on demand.

(7) Capital and reserves

For a breakdown of capital and reserves, please refer to the notes to the cooperative annual accounts.

The consolidated statement of total recognised gains and losses is as follows:

	2020	2019
Net result	30.4	18.2
Translation differences on foreign participating interests	- 5.5	1.4
Total result recognised by Cosun	24.9	19.6

(8) Minority interests

	2020	2019
Balance as at 1 January	15.8	15.8
Movements::		
- Share in results	4.4	1.3
- Capital movements and change in consolidation	-	- 0.2
- Dividend paid to minority interests and liquidation distributions	- 2.3	- 1.1
- Exchange differences and other movements	- 0.4	-
BALANCE AS AT 31 DECEMBER	17.5	15.8

The minority interest consists principally of third-party shares held in the potato processing factory Gansu Aviko Potato Processing Co. Ltd., Rain Biomasse Wärme GmbH, the trading company Limako B.V., Agri Bio Source Europe B.V. and Eemshaven Sugar Terminal C.V.

(9) Provisions

	31-12-2020	31-12-2019
Deferred tax liabilities	174	18.4
Environmental provisions	15.0	16.1
Pensions and other deferred employee benefits	16.8	18.8
Onerous contracts	1.7	1.0
Other provisions	3.8	3.2
	54.7	57.5

Of the provisions an amount of EUR 43.8 million (2019: EUR 42.8 million) has an expected term of more than one year.

Movements in provisions were as follows:

	DEFERRED TAX LIABILITIES	ENVIRONMENTAL PROVISIONS	PENSIONS AND OTHER DEFERRED EMPLOYEE BENEFITS	ONEROUS CONTRACTS	OTHER PROVISIONS	TOTAL
Balance as at 1 January 2020	18.4	16.1	18.8	1.0	3.2	57.5
Movements:						
- Additions	0.6	5.2	2.8	1.4	1.2	11.2
- Withdrawals	- 2.0	- 5.0	- 4.4	- 0.5	- 0.4	- 12.3
- Mutation to profit and loss account	0.4	- 1.3	- 0.4	- 0.2	- 0.2	- 1.7
BALANCE AS AT 31 DECEMBER 2020	17.4	15.0	16.8	1.7	3.8	54.7

Movements in the result relate mainly to releases from the items concerned. The movement in deferred tax liabilities, however, relates largely to a change in the rate of taxation.

Deferred tax liabilities

The provision for deferred tax liabilities arises from the timing differences between fiscal and commercial profit determination. Of the deferred tax liabilities, EUR 15.7 million (2019: EUR 15.5 million) are long term in nature. The provision for deferred tax liabilities is carried at face value.

Environmental provisions

Environmental provisions have been formed mainly for risks relating to the demolition of assets, obligations to dispose of tare soil and other environmental risks.

Pensions and other deferred employee benefits

Several pension plans and other deferred employee benefits apply within Cosun. The life-long pension plans for the staff of Cosun Holding B.V., Coöperatie Cosun (including Cosun Beet Company) and Sensus B.V. are administered by the Cosun occupational pension fund.

OCCUPATIONAL PENSION FUND	ESTIMATED COVERAGE AS AT 31-12-2020	BASIC FEATURES PENSION SYSTEM 31-12-2020
Pension fund Cosun	112.6	Average salary scheme

The policy funding ratio is 107.8%.

The occupational pension fund has conditional indexation for inactive employees.

The pension scheme is based on a fixed contribution and average salary with conditional indexation. The employer has guaranteed the accrual and indexation of the assets for the members of the Cosun Pension Fund to the end of 2023 in so far as they cannot be funded from the contribution. The guarantee relates to 1.2% for the period to the end of 2023.

As at 1 January 2021, there was no additional obligation regarding the indexation commitment for active members. Under Dutch reporting guidelines, there is an option to recognise a provision for future years. It has been decided not to form a provision for years for which there is as yet no commitment.

A number of schemes have also been implemented within an industrial-sector pension fund or own management (long service award and mortality schemes) by the company concerned. In the implementation of these various schemes, local legal frameworks are taken into account and the regulations are carried out as described in the terms and conditions of employment.

The main actuarial assumptions were:

	2020	2019
Discount rate	1.0 %	1.5 %
Future salary increases	2.0 %	2.0 %

The Cosun pension fund applies the AG2020 (2019: projection table AG2018) projection table, adjusted for age and income-related correction factors based on the 2019 Mercer model (correction table average 'High' and 'High-average), as its mortality table.

Onerous contracts

The provision for onerous contracts relates to sales contracts where the cost of sales is higher than the selling price and fulfilment of the contract cannot be avoided.

Other provisions

Other provisions include a reorganisation / restructuring provision to an amount of EUR 1.2 million (2019: EUR 1.0 million).

The discount rate to calculate the future cash flows applied for is 0.5% to 1.0% depending on the term (2019: 0.5% to 1.5% depending on the term).

(10) Non-current liabilities

	31-12-2020	EFFECTIVE INTEREST RATE	31-12-2019	EFFECTIVE INTEREST RATE
Debts to credit institutions	-	-	0.4	3.0 %
Debts to members	16.9	2.4 %	18.1	2.5 %
Negative goodwill	1.1	-	2.8	-
Lease obligation	10.9	7.6 %	11.6	7.5 %
Taxes and social insurance contributions	4.8	0.0 %	-	-
Other liabilities	3.5	0.0 %	-	-
	37.2		32.9	

Debts to members

The debts to members relates to the members' loan programme introduced in 2015. Members of Cosun can loan to Cosun part of the payments which they receive from Cosun. The loan has a fixed interest rate and a term between 2 and 5 years. The loans are subordinated to other creditors.

Negative goodwill

The negative goodwill, relating to acquisitions is released to the result based on the weighted average remaining life of the acquired depreciable assets.

Lease obligation

This relates mainly to lease obligations in respect of a distribution centre and a groundwater treatment plant. An amount of EUR 7.4 million has a term of more than five years.

Other liabilities

Other liabilities relate mainly to advance lease payments received. An amount of EUR 2.2 million has a term of more than five years.

(11) Current liabilities

	31-12-2020	31-12-2019
Debts to credit institutions	28.6	8.1
Financing debt	60.2	0.2
Total debts to credit institutions and financing debt	88.8	8.3
Payables to members	97.8	106.1
Payables to suppliers and trade creditors	246.4	236.8
Debts to participating interests	1.4	1.7
Other taxes and social security charges payable	9.5	12.4
Other current liabilities and accruals	141.5	129.0
Total other current liabilities, accruals and deferrals	496.6	486.0

Debts to credit institutions and financing debt

The increase in debts to credit institutions relates mainly to funds raised locally for the acquisition of Hongyuan Louis' financing. The funds have a term of between one and five years. No security has been given.

The five-year EUR 400 million financing arrangement with a banking syndicate was renewed in March 2019. The renewed agreement runs until March 2024 and was extended for one year for an amount of EUR 320 million in 2020. There is an option to renew the agreement in the future once by one year. As at year end 2020, an amount of EUR 60 million (year end 2019: zero) had been drawn down. All conditions of the covenant were met.

Other liabilities accruals and deferrals

The other current liabilities and accruals relate to interest, holiday entitlements, bonuses, advance payments received from the NOW 2 and 3 job retention schemes and other expenses still to be paid.

(12) Derivative financial instruments

General

Cosun's treasury policy is aimed at hedging exchange and interest rate risks as much as possible. The exchange rate risk on financing contracts in foreign currency regarding group companies is hedged by currency swaps. Cosun neither holds nor issues derivatives for trading purposes.

Exchange rate risk and liquidity risk

Periodically, liquidity budgets are drawn up. Liquidity risks are managed through interim monitoring and possibly adjusted. The group's currency risk also runs through sell and purchase transactions that take place in a local currency than the reporting currency of the group. To hedge this currency risk, the group has the policy to enter into forward exchange agreements.

The following table shows the contract volumes and fair market value of the contracts outstanding at 31 December all of which have been concluded with financial institutions with a short term credit rating of A2 or higher.

	CONTRACT VOLUME 31-12-2020	BOOK VALUE 31-12-2020	FAIR MARKET VALUE 31-12-2020	CONTRACT VOLUME 31-12-2019	BOOK VALUE 31-12-2019	FAIR MARKET VALUE 31-12-2019
Forward exchange contracts and currency swaps:						
US dollar	- 173.8	1.1	3.0	- 141.5	0.1	2.5
Pound sterling	- 45.6	- 0.1	- 0.7	- 84.1	- 0.4	- 3.2
Chinese yen	-	-	-	- 37.7	-	0.5
Polish zloty	- 14.6	- 0.1	- 0.2	- 14.2	0.2	0.2
Swedish crown	- 9.5	-	- 0.2	- 5.7	-	- 0.1
Australian dollar	- 8.4	- 0.1	- 0.3	- 3.2	-	-
Canadian dollar	- 0.4	-	-	- 0.8	-	-
TOTAL	- 252.3	0.8	1.6	- 287.2	- 0.1	- 0.1

The contract volume is the product of the contracted amount and applicable exchange rate as at the balance sheet date. The book value is the part of the contract volume for which the hedged position has resulted in a financial active or financial liability, and is carried as the difference between the exchange rate as at balance sheet date and the hedged exchange rate. The fair value pertains to the total contract volume.

As in the previous year, the forward exchange contracts and currency swaps have mainly a term shorter than one year. The contract volume with a term longer than one year amounts to EUR 19.5 million (2019: EUR 23.1 million).

Price risk

	BOOK VALUE 31-12-2020	FAIR MARKET VALUE 31-12-2020	BOOK VALUE 31-12-2019	FAIR MARKET VALUE 31-12-2019
Commodity futures contracts	-	- 5.8	-	- 0.1
Listed futures contracts	-	0.1	-	0.2
Emission allowances	-	0.7	-	0.1

As in the previous year, most commodity futures contracts had a term of less than one year. Some of these contracts had not been exercised as at 31 December 2020. Margin calls of EUR 1.3 million apply to the listed futures contracts (2019: EUR 0.1 million).

Credit risk

Credit risks differ by country and individual counterparty and are managed by means of credit limits for each country and counterparty. The counterparty risk attaching to derivatives and other financial instruments is managed by means of contracts with financial institutions and counterparties with long-term ratings of at least A and short-term ratings of at least A2 or equivalent. There are no significant concentrations of credit risk within the group.

(13) Off balance sheet

Commitments securities provided

Financing agreements include negative pledges with pari passu clauses. A number of group companies have given security to credit institutions and tax authorities in the form of non-possessory pledges on inventories, machinery and business equipment, silent pledges on receivables and mortgages on a number of properties.

Claims

Cosun and/or its group companies are involved in a number of legal cases in connection with the group's ordinary activities. Although the outcome of these disputes cannot be predicted with any certainty, it is estimated – partly on the basis of legal advice – that the total obligations arising from these will not have any significant effect on the consolidated financial position. Provisions have been formed for all third party claims likely to be awarded for which the size of the potential settlement can be reasonably estimated.

Guarantees

Cosun has given guarantees to third parties to an amount of EUR 29.5 million (2019: EUR 12.7 million). The increase was due to Cosun Beet Company's provision of a guarantee for excise duties.

Long-term financial commitments

Long-term unconditional commitments have been entered into in respect of rent and operating lease. The obligations ensuing from this amount to EUR 26.1 million (2019: EUR 23.6 million). The rental and lease instalments payable within one year amount to EUR 9.4 million (2019: EUR 8.1 million). Instalments payable after five years amount to EUR 0.1 million (2019: EUR 0.1 million). Contingent investment liabilities amount to EUR 109.7 million (2019: EUR 72.4 million).

(14) Net turnover

The break-down of net turnover per product group is as follows:

	2020	%	2019	%
Sugar activities	717.2	35.3	636.7	31.1
Potato activities	786.9	38.8	930.3	45.5
Other activities	524.9	25.9	478.8	23.4
TOTAL	2,029.0	100.0	2,045.8	100.0

Net turnover per geographical region can be broken down as follows:

	2020	%	2019	%
The Netherlands	596.4	29.4	555.3	27.1
Rest of the EU	974.5	48.0	1,124.4	55.0
Rest of Europe	135.7	6.7	57.5	2.8
North and South-America	123.7	6.1	136.8	6.7
Rest of the world	198.7	9.8	171.8	8.4
TOTAL	2,029.0	100.0	2,045.8	100.0

On account of Brexit, turnover in the United Kingdom is no longer included in Rest of the EU but in Rest of Europe.

(15) Other operating income

The book profit on sold assets, insurance payments received, grants, reimbursements received for services to third parties and rental income are included under these revenues. Non-recurring income accounted for a significant amount of other operating income in 2020, as part of the site of the former sugar factory in Puttershoek was sold during the year.

(16) Cost of raw materials and consumables

This item includes the cost of raw materials and consumables, purchased finished goods and production-related energy costs. Sugar beet purchases from members amounted to EUR 228.1 million (2019: EUR 234.0 million). This amount includes EUR 41.7 million payable as members' bonus (2019: EUR 38.5 million).

(17) Cost of outsourced work and other external costs

This expense item includes, among other things, rental costs, research costs, repair and maintenance costs, indirect energy costs, transport costs, office expenses, selling expenses, insurance costs and IT costs, insofar as such expenses are charged by third parties.

The total Research & Development costs, including staff costs, amounted to EUR 18.7 million (2019: EUR 20.8 million).

Compensation to an amount of EUR 5.3 million was received in 2020 from government support measures, including the NOW job retention scheme. Of this amount, EUR 5.0 million related to staff costs.

(18) Social security charges

	2020	2019
Social security charges	36.9	36.4
Pension costs	31.1	32.4
	68.0	68.8

Number of employees

Expressed in full-time equivalents, the average number of employees at Cosun during the 2020 financial year was 3,911 (2019: 3,744). The employees were engaged in the following product groups (average number of employees):

	2020	2019
Sugar activities	880	847
Potato activities	1,891	1,820
Other activities	1,140	1,077
TOTAL	3,911	3,744
Of whom employed outside the Netherlands	1,761	1,694

(19) Other changes in the value of intangible and tangible fixed assets

In 2020 the impairment on tangible fixed assets amounts to EUR 0.8 million. The change in value in 2019 amounted EUR 10.1 million. For more information see note 2.

(20) Financial income and expense

Financial income and expenses include interest on interest bearing receivables and debts.

(21) Taxation on results from ordinary activities

The corporate income tax disclosed in the profit and loss account amounts to EUR 8.0 million (2019: EUR 0.7 million) on a result of EUR 44.2 million (2019: EUR 19.8 million). The effective tax rate was 18.1% (2019: 3.5%). The difference from the nominal tax rate can be specified as follows:

	2020	%	2019	%
Profit before taxation	44.2		19.8	
Income tax based on Dutch tax rates	11.1	25.0	5.0	25.0
Effect of foreign tax rates	- 1.5	- 3.4	- 0.6	- 2.9
Non-deductible charges / permanent differences	- 3.8	- 8.6	- 2.2	- 11.3
Effect of change in valuation of tax losses, assets or temporarily differences	1.5	3.4	1.0	5.2
Adjustment for prior periods	0.3	0.8	- 3.0	- 15.0
Other	0.4	0.9	0.5	2.4
TOTAL TAX BURDEN	8.0	18.1	0.7	3.5

The effect of change in the valuation of losses in 2020 (and 2019) was due largely to the losses of foreign entities not being valued. Non-deductible charges and permanent differences relate chiefly to participation exemption (2020) and the non-deductible members' bonus (2019).

(22) Fees of the auditor

The following fees have been charged by Ernst & Young Accountants LLP to the company, its subsidiaries and other consolidated companies, as referred to in article 2:382a (1 and 2) of the Netherlands Civil Code.

In the year 2020 the following fees were charged to the company:

	ERNST & YOUNG ACCOUNTANTS LLP	OTHER ERNST & YOUNG NETWORK	TOTAL ERNST & YOUNG
Audit of the financial statements	0.8	0.3	1.1
Other assurance services	0.1	-	0.1
Tax advisory services	-	0.3	0.3
Other non-audit services	-	0.1	0.1
TOTAL	0.9	0.7	1.6

In the year 2019 the following fees were charged to the company:

	ERNST & YOUNG ACCOUNTANTS LLP	OTHER ERNST & YOUNG NETWORK	TOTAL ERNST & YOUNG
Audit of the financial statements	0.7	0.3	1.0
Tax advisory services	-	0.5	0.5
Other non-audit services	-	0.1	0.1
TOTAL	0.7	0.9	1.6

The total audit fee is based on the total fee for the audit of the annual accounts for the financial year covered by the annual accounts, regardless of whether the work performed by the external auditor and the audit firm was carried out during that financial year.

(23) Cash flow statement

Movements in the cash flow statement can be derived largely from the movements in the relevant balance sheet items. The balance sheet movement and the cash flow statement movement of certain items are reconciled below:

	WORKING CAPITAL	PROVISIONS	LONG-TERM LIABILITIES
Balance as at 1 January 2020	400.4	- 57.5	- 30.1
Balance as at 31 December 2020	378.2	- 54.7	- 36.1
Balance sheet movements	22.2	- 2.8	6.0
Adjustments for:			
- Changes in income tax	- 4.2	1.0	-
- Investments in and divestments of participating interests	- 27.1	- 0.2	- 5.1
- Reclassification to current receivables from financial fixed assets	4.0	-	-
- Payable on call-put option for minority interest in participating interest	- 4.4	-	-
- Investment creditors unpaid	- 13.0	-	-
CASH FLOW	- 22.4	- 2.0	0.9

(24) Subsequent events

Cosun obtained control of the activities of Pfanni GmbH & Co. OHG, Stavenhagen, Germany, on 4 January 2021 through the purchase of a 100% interest and the acquisition of property. The factory in Stavenhagen processes potatoes into a variety of potato products. Effective control was obtained as of 1 January 2021, since when the company has been included in the consolidation. The consideration is not yet final but is expected to amount to less than EUR 10 million.

The existing financing arrangement was extended for an amount of EUR 320 million for a period of one year in March 2021. The arrangement now runs until March 2026.

Cooperative balance sheet

(after profit appropriation; in EUR million)

	Notes	31-12-2020	31-12-2019
ASSETS			
Fixed assets			
Intangible fixed assets	(25)	39.0	46.6
Tangible fixed assets	(26)	239.1	251.9
Financial fixed assets	(27)	811.9	313.7
		<u>1,090.0</u>	<u>612.2</u>
Current assets			
Inventories	(28)	245.5	266.3
Trade and other receivables	(29)	269.2	601.0
Cash and cash equivalents		67.3	82.6
		<u>582.0</u>	<u>949.9</u>
Total assets		1,672.0	1,562.1
EQUITY AND LIABILITIES			
Shareholders' equity (30)			
Capital		36.0	36.0
Share premium		32.3	32.2
Reserve for participating interests		6.5	6.2
Reserve for exchange differences		- 5.3	0.2
Other reserves		1,202.8	1,173.6
		<u>1,272.3</u>	<u>1,248.2</u>
Provisions	(31)	25.5	28.9
Non-current liabilities	(32)	31.2	28.1
Current liabilities (33)			
Current liabilities to credit institutions and financing debt		60.0	-
Other current liabilities, accruals and deferrals		283.0	256.9
		<u>343.0</u>	<u>256.9</u>
Total equity and liabilities		1,672.0	1,562.1

Cooperative profit and loss account

(in EUR million)

FOR THE FINANCIAL YEAR	2020	2019
Cooperative result after taxation	- 3.1	- 42.6
Profit of participating interests after taxation	33.4	60.7
NET RESULT	30.3	18.1
APPROPRIATION OF PROFIT IN ACCORDANCE WITH ARTICLE 1 OF THE SUGAR BEET DELIVERY PAYMENT REGULATIONS		
Result of participating interests less dividends received	33.4	19.5
Cooperative result including dividends from participating interests	- 3.1	- 1.4

Notes to the cooperative annual accounts

(in EUR million)

General

Insofar as notes on items in the cooperative balance sheet and profit and loss account are not provided below, reference is made to the notes to the consolidated balance sheet and profit and loss account.

Accounting policies

The cooperative balance sheet and profit and loss account are prepared using the same accounting policies as applied for the consolidated balance sheet and profit and loss account.

(25) Intangible fixed assets

Movements in intangible fixed assets were as follows:

	GOODWILL	OTHER INTANGIBLE FIXED ASSETS	TOTAL
At cost as at 1 January 2020	174.6	6.2	180.8
Accumulated amortisation and other changes in value as at 1 January 2020	131.0	3.2	134.2
BOOK VALUE AS AT 1 JANUARY 2020	43.6	3.0	46.6
Movements:			
- Investments	-	-	-
- Amortisation	- 7.6	-	- 7.6
BOOK VALUE AS AT 31 DECEMBER 2020	36.0	3.0	39.0
At cost as at 31 December 2020	174.6	6.2	180.8
Accumulated amortisation and other changes in value as at 31 December 2020	138.6	3.2	141.8

(26) Tangible fixed asset

Movements in tangible fixed were as follows:

	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	PREPAYMENTS AND IN PRODUCTION	NOT USED FOR OPERATIONS	TOTAL
At cost as at 1 January 2020	158.5	550.7	24.3	2.6	5.8	741.9
Accumulated depreciation and other changes in value as at 1 January 2020	82.5	386.9	20.6	-	-	490.0
BOOK VALUE AS AT 1 JANUARY 2020	76.0	163.8	3.7	2.6	5.8	251.9
Movements:						
- Investments	4.0	17.7	2.5	3.7	-	27.9
- Disposals	-	-	-	-	-	-
- Depreciation	- 4.7	- 34.5	- 1.5	-	-	- 40.7
- Transfer	0.7	1.1	-	- 1.8	-	-
BOOK VALUE AS AT 31 DECEMBER 2020	76.0	148.1	4.7	4.5	5.8	239.1
At cost as at 31 December 2020	163.3	569.4	26.8	4.5	5.8	769.8
Accumulated depreciation and other changes in value as at 31 December 2020	87.3	421.3	22.1	-	-	530.7
	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	PREPAYMENTS AND IN PRODUCTION	NOT USED FOR OPERATIONS	TOTAL
At cost as at 1 January 2019	152.7	530.4	22.9	6.7	5.8	718.5
Accumulated depreciation and other changes in value as at 1 January 2019	77.9	351.9	19.4	-	-	449.2
BOOK VALUE AS AT 1 JANUARY 2019	74.8	178.5	3.5	6.7	5.8	269.3
Movements:						
- Investments	5.3	15.6	1.4	2.5	-	24.8
- Disposals	- 1.4	-	-	-	-	- 1.4
- Depreciation	- 4.6	- 35.0	- 1.2	-	-	- 40.8
- Transfer	1.9	4.7	-	- 6.6	-	-
BOOK VALUE AS AT 31 DECEMBER 2019	76.0	163.8	3.7	2.6	5.8	251.9
At cost as at 31 December 2019	158.5	550.7	24.3	2.6	5.8	741.9
Accumulated depreciation and other changes in value as at 31 December 2019	82.5	386.9	20.6	-	-	490.0

(27) Financial fixed assets

	31-12-2020	31-12-2019
Participating interests in group companies	302.2	273.6
Receivables from group companies	495.0	19.0
Receivables from members	6.0	9.0
Deferred tax assets	7.3	10.5
Other receivables	1.4	1.6
	811.9	313.7

Movements in financial fixed assets were as follows:

	PARTICIPATING INTERESTS IN GROUP COMPANIES	RECEIVABLES FROM GROUP COMPANIES	RECEIVABLES FROM MEMBERS	DEFERRED TAX ASSETS	OTHER RECEIVABLES	TOTAL
Balance as at 1 January 2020	273.6	19.0	9.0	10.5	1.6	313.7
Movements:						
- Share in result of participating interests	33.4	-	-	-	-	33.4
- Additions and issuances	1.0	476.3	1.4	-	0.3	479.0
- Repayments and releases	- 0.6	- 0.3	- 0.4	- 4.5	-0.5	- 6.3
- Exchange results	- 5.4	-	-	-	-	- 5.4
- Other movements	0.2	-	-	-	-	0.2
- Movements in favour of / charged to the profit and loss account	-	-	-	1.3	-	1.3
- Reclassification to current	-	-	- 4.0	-	-	- 4.0
BALANCE AS AT 31 DECEMBER 2020	302.2	495.0	6.0	7.3	1.4	811.9

	PARTICIPATING INTERESTS IN GROUP COMPANIES	RECEIVABLES FROM GROUP COMPANIES	RECEIVABLES FROM MEMBERS	DEFERRED TAX ASSETS	OTHER RECEIVABLES	TOTAL
Balance as at 1 January 2019	252.8	429.4	11.9	2.0	0.6	696.7
Movements:						
- Share in result of participating interests	60.7	-	-	-	-	60.7
- Additions and issuances	-	47.4	1.2	10.9	0.3	59.8
- Repayments and releases	-	- 45.3	- 0.4	- 2.4	- 0.8	- 48.9
- Dividend	- 41.2	-	-	-	-	- 41.2
- Exchange results	1.4	-	-	-	-	1.4
- Other movements	- 0.1	-	-	-	-	- 0.1
- Movements in favour of / charged to the profit and loss account	-	-	0.3	-	1.5	1.8
- Reclassification to current	-	- 412.5	- 4.0	-	-	- 416.5
BALANCE AS AT 31 DECEMBER 2019	273.6	19.0	9.0	10.5	1.6	313.7

Participating interests in group companies

Cosun Beet Company GmbH & Co. KG is a subsidiary of Coöperatie Koninklijke Cosun U.A. and is included in the consolidated financial statements of Royal Cosun as of 31 December 2020. Cosun Beet Company GmbH & Co. KG uses the exemption to prepare, audit and disclose the financial statement in accordance with article 264b German Commercial Code.

Receivables from group companies

As at year-end 2020 the balance related mainly to long-term loans granted to Cosun Holding (EUR 260 million), Aviko Holding B.V. (EUR 60 million), Aviko B.V. (EUR 55 million), Aviko Deutschland GmbH (EUR 15 million), Aviko Belgium (EUR 20 million), Sensus B.V. (EUR 5 million), SVZ International B.V. (EUR 30 million), Duynie Ingredients B.V. (EUR 25 million) and Duynie Holding B.V. (EUR 20 million). Many of these loans were granted again in 2020. As at year end 2019, they were recognised as short-term loans in receivables from group companies owing to the expiry of the loan agreements in 2020.

Receivables from members

The non-interest bearing receivables from members (EUR 6.0 million) relates to the market value of the long-term portion of amounts still to be deposited for issued supply certificates (2019: EUR 9.0 million).

Other receivables

The other receivables relate to capitalised costs for the conclusion of a financing agreement expiring in March 2025.

(28) Inventories

	31-12-2020	31-12-2019
Finished products and goods for resale	226.8	248.5
Land	9.5	9.3
Raw materials and consumables	9.2	8.5
	245.5	266.3

The land inventory relates to land under development for the AFC Nieuw Prinsenland business park in Dinteloord. The valuation of inventories, finished products and goods for resale takes account of slow moving stocks. The provision for slow moving stocks amounts to EUR 1.5 million (2019: EUR 1.6 million). The inventory is recognised at lower market value to an amount of EUR 1.8 million (2019: EUR 4.4 million).

(29) Trade and other receivables

	31-12-2020	31-12-2019
Trade accounts receivable	45.7	51.8
Receivables from group companies	182.6	512.5
Short-term portion of amount still to be paid up for issued shares	4.1	3.9
Other tax receivables	13.9	17.0
Other receivables and accrued income	22.9	15.8
	269.2	601.0

(30) Capital and reserves

Issued capital and share premium

	SUPPLY CERTIFICATES	SHARE PREMIUM	TOTAL 2020	TOTAL 2019
Balance as at 1 January	36.0	32.3	68.3	68.3
Movements:				
- Issued supply certificates	1.4	-	1.4	1.2
- Redeemed and withdrawn supply certificates	- 1.4	-	- 1.4	- 1.2
BALANCE AS AT 31 DECEMBER	36.0	32.3	68.3	68.3

The total number of supply certificates in issue amounts to 6,543,774 (2019: 6,545,369), with a face value of EUR 5.50 per certificate. Under Reporting Guideline 620, EUR 1.2 million (2019: EUR 0.7 million) is recognised in the consolidated accounts as debt capital. The share premium reserve is recognised in full as paid-up capital for tax purposes.

Statutory reserves, other reserves and results

	RESERVE FOR PARTICIPATING INTERESTS	RESERVE FOR EXCHANGE DIFFERENCE	OTHER RESERVES	TOTAL 2020	TOTAL 2019
Balance as at 1 January	6.2	0.2	1,173.6	1,180.0	1,162.4
Movements:					
- Profit appropriation	-	-	30.3	30.3	18.2
- Paid to members	-	-	- 0.8	- 0.8	- 2.0
- Exchange differences	-	- 5.5	-	- 5.5	1.4
- Transfer	0.3	-	- 0.3	-	-
BALANCE AS AT 31 DECEMBER	6.5	- 5.3	1,202.8	1,204.0	1,180.0

Reserve for participating interests

The reserve for participating interests is that part of movements in equity that are not freely disposable as from the moment of consolidation.

Other reserves

Under article 46 of the articles of association, payments take place to members and contracted parties. Effective from January 2000, these payments are in accordance with the Sugar Beet Delivery Payment Regulations.

The payment amount depends on the average number of tonnes of sugar beets delivered, the average cooperative result including the dividend from participating interests per tonne of sugar beet for the seven previous financial years, and a factor per campaign. Payments are deducted from the other reserves.

The payment recognised in 2020 relates to the sugar beet supplied in the years to the end of 2019 in accordance with article 5.1 (i) of the sugar beet payment regulations.

If all members had claimed payments under the business termination regulations as at 31 December 2020, the total payment would have amounted to EUR 26.6 million (2019: EUR 37.6 million). In accordance with article 5.3 of the regulations, payment is subject to the approval of the Board.

Proposed profit appropriation

The net profit for 2019 (EUR 18.2 million) has been added to other reserves in accordance with the decision of the Board 18 March 2020.

The Board intends to propose that EUR 30.3 million be added to other reserves. The annual accounts for 2020 have been prepared on the assumption that this proposal will be adopted.

Difference between consolidated and cooperative equity

Under Reporting Guideline 620 of the Guidelines for Annual Reporting in the Netherlands, that part of the paid up share capital that members can call on demand (2%) and the related inseparable obligation to settle (2%) the right to a business termination payment in accordance with article 5.1 of the sugar beet payment regulations are recognised in the consolidated accounts as liabilities. As a result the consolidated equity differs from the equity in the cooperative annual accounts. The direct movement on account of acquisitions relates to the recognition of the call-put option explained under Acquisitions and divestments on page 53.

	31-12-2020	31-12-2019
Consolidated capital and reserves	1,267.5	1,247.5
Impact RJ 620	1.2	0.7
Direct movement on account of acquisitions	3.6	-
COOPERATIVE CAPITAL AND RESERVES	1,272.3	1,248.2

(31) Provisions

	31-12-2020	31-12-2019
Deferred tax liabilities	7.5	8.5
Pensions and other deferred employee benefits	9.5	11.3
Other provisions	8.5	9.1
	25.5	28.9

EUR 18.1 million (2019: EUR 17.6 million) of the provisions is long term in nature.

Movements in provisions were as follows:

	DEFERRED TAX LIABILITIES	PENSIONS AND OTHER DEFERRED EMPLOYEE BENEFITS	OTHER PROVISIONS	TOTAL
Balance as at 1 January 2020	8.5	11.3	9.1	28.9
Movements:				
- Additions	0.3	1.8	5.6	7.7
- Withdrawals	- 1.3	- 3.5	- 4.7	- 9.5
- Release	-	- 0.1	- 1.5	- 1.6
BALANCE AS AT 31 DECEMBER 2020	7.5	9.5	8.5	25.5

Deferred tax liabilities

The provision for deferred tax liabilities has been formed for temporary differences in the recognition of profit for tax and financial reporting purposes. Of the deferred tax liabilities EUR 6.8 million (2019: EUR 6.6 million) is long term in nature and are carried at nominal value.

(32) Non-current liabilities

	31-12-2020	EFFECTIVE INTEREST RATE	31-12-2019	EFFECTIVE INTEREST RATE
Lease obligation	8.7	8.4 %	9.0	8.4 %
Debts to members	16.9	2.4 %	18.1	2.5 %
Other taxes payable	4.8	0.0 %	-	0.0 %
Other liabilities	0.8	0.0 %	1.0	0.0 %
TOTAL NON-CURRENT LIABILITIES	31.2		28.1	

The item debts to members relates to the members' loan programme introduced by Cosun in 2015. The amount loaned bears interest, has a fixed term between 2 and 5 years and is subordinated to other creditors.

Lease obligations with a term of more than five years have been included to an amount of EUR 6.9 million.

Other liabilities include an amount of EUR 0.2 million with a term of more than five years.

(33) Current liabilities

	31-12-2020	31-12-2019
Debts to credit institutions	60.0	-
Payables to group companies	70.2	35.5
Payables to members	97.8	106.1
Payables to suppliers and trade creditors	69.3	68.1
Other taxes and social security charges payable	2.6	2.7
Pensions payable	-	0.9
Other current liabilities and accruals	43.1	43.6
TOTAL OTHER CURRENT LIABILITIES AND ACCRUALS	283.0	256.9

Debts to credit institutions

The five-year EUR 400 million financing arrangement with a banking syndicate was renewed in March 2019.

The renewed agreement runs until March 2024 and was extended for one year for an amount of EUR 320 million in 2020. There is an option to renew the agreement in the future once by one year. As at year end 2020, an amount of EUR 60 million (year end 2019: zero) had been drawn down. All conditions of the covenant were met.

(34) Off balance sheet commitments

Several liability and guarantees

Cosun has given guarantees to third parties to an amount of EUR 29.5 million (2019: EUR 12.9 million).

Long-term financial commitments

Long-term unconditional commitments have been entered into in respect of rental and operating lease instalments. The associated obligations amount to EUR 7.3 million (2019: EUR 3.6 million). The rental and lease instalments falling due within one year amount to EUR 2.6 million (2019: EUR 1.1 million). Instalments payable after five years amount to nil (2019: nil). Contingent investment liabilities amount to EUR 5.6 million (2019: EUR 7.3 million).

(35) Fees of the auditor

The following fees were charged to the company by Ernst & Young Accountants LLP, as referred to in article 2:382a (1 and 2) of the Netherlands Civil Code.

In 2020 the following fees were charged to the company:

	ERNST & YOUNG ACCOUNTANTS LLP	OTHER ERNST & YOUNG NETWORK	TOTAL ERNST & YOUNG
Audit of the financial statements	0.3	-	0.3
Tax advisory services	-	0.1	0.1
Other non-audit services	-	0.1	0.1
TOTAL	0.3	0.2	0.5

In 2019 the following fees were charged to the company:

	ERNST & YOUNG ACCOUNTANTS LLP	OTHER ERNST & YOUNG NETWORK	TOTAL ERNST & YOUNG
Audit of the financial statements	0.2	-	0.2
Tax advisory services	-	0.2	0.2
Other non-audit services	-	-	-
TOTAL	0.2	0.2	0.4

The total audit fee is based on the total fee for the audit of the annual accounts for the financial year covered by the annual accounts, regardless of whether the work performed by the external auditor and the audit firm was carried out during that financial year.

(36) Other information

The remuneration, including pension costs as referred to in article 2:383(1) of the Netherlands Civil Code, of members of the Board amounted to EUR 0.7 million (2019: EUR 0.6 million) and that members of the Supervisory Board to EUR 0.1 million (2019: EUR 0.1 million). The remuneration was charged to the result.

(37) Subsequent events

The existing financing arrangement was extended for an amount of EUR 320 million for a period of one year in March 2021. The arrangement now runs until March 2026.

Board

Dirk de Lugt
Arwin Bos
Adrie Bossers
Ben van Doesburgh
Ger Evenhuis
Marianne van den Hoek - Huijbregts
Pieter de Jong
Freek Rijna
Sander Wijkstra

Supervisory Board

Johan van Driel
Hans Huistra
Theo Koekkoek
Edwin Michiels
Pieter van Maldegem
Jacqueline Rijdsijk

Breda, 18 March 2021

Other information

Provisions in the articles of association governing the appropriation of profit

The appropriation of the profit for the year is laid down in the Articles of Association (Article 42, paragraphs 1 and 2) as follows: the Board shall determine what proportion of the cooperative's profit for the year shall be added to reserves. Unless the Members' Council resolves otherwise on a recommendation of the Board, the amount remaining after the above addition shall be distributed among those members who were members at the end of the financial year in question, or who had ceased to be members during or at the end of that financial year and among the heirs who have continued an ongoing supply agreement as the legal successor of a member during the financial year in question, in accordance with the quantity of produce supplied to the cooperative in that financial year and in accordance with the method of payment stipulated in the Sugar Beet Regulations.

Independent auditor's report

To: the members and the supervisory board of Coöperatie Koninklijke Cosun U.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2020 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements 2020 of Coöperatie Koninklijke Cosun U.A., based in Breda.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Coöperatie Koninklijke Cosun U.A. as at 31 December 2020, and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company balance sheet as at 31 December 2020
- The consolidated and company profit and loss account for 2020
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Coöperatie Koninklijke Cosun U.A. (hereafter: the company) in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€ 18.0 million (2019: € 17.5 million)
Benchmark applied	2.2% of gross margin (2019: 2.1% of gross margin)
Explanation	The key figures gross margin consist of the net turnover plus the change in inventories of finished products minus the costs of raw materials and consumables, corrected for the members' bonus. In view of the cooperative nature of the entity, we consider gross margin is a more important indicator than results before taxes. The amount of the gross margin provides a good view of the scale of the activities.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 900,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Coöperatie Koninklijke Cosun U.A. is at the head of a group of entities. The financial information of this group is included in the financial statements of Coöperatie Koninklijke Cosun U.A.

The group audit focused, in particular, on group entities which are significant in terms of size and financial importance or for which significant risks apply. The audit of the Dutch group entities within the scope of the group audit are performed by ourselves. The audits of the abroad group entities within the scope of the group audit are performed by local EY audit teams. We provided the component teams with detailed instructions and the component teams performed their audit procedures on the basis of those instructions and reported the results of their audit procedures to us. We interacted regularly with all Dutch and foreign EY component teams throughout the audit. In addition, we inspected the digital audit files of the EY component teams in Germany and China, visited the operating company and the EY audit team in Germany. On this basis we directed and supervised the group audit and we were able to address the significant observations in our group audit. The procedures in relation to the consolidation of the group and the explanatory notes in the financial statements are performed centrally.

In total, the aforementioned procedures represent 92% (2019: 91%) of the total assets; 84% (2019: 84%) of the group's gross margin. By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

We have not made significant changes to the key audit matters compared to prior year.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation inventory - finished products (refer to the accounting policies and note 4)

Risk

Finished products is the largest part of the account inventories and is valued at cost of manufacture or lower realizable value. The production costs includes the purchase costs of raw materials, auxiliary material and other costs that are directly attributable to the manufacturing of finished products. In addition, part of the indirect costs over the period of manufacture is attributed to the cost of manufacture

The calculation method of the valuation of finished products is complex and therefore sensitive to errors due to the high number of components of which the cost of manufacturing consists and is therefore concluded to be a key audit matter. The valuation adjustment of inventories to realizable value amounts to € 6.2 million (2019: € 8.2 million).

Our audit approach

As part of our audit of the valuation of finished products, we verified per allocated other cost item whether under accounting standards it is allowed to allocate these to the cost price, and verified the parameters set by management per allocated cost item individually. Furthermore, we verified the allocation of other costs over the manufacturing period to the cost of manufacturing. The existence of inventories is verified by performing inventory counts.

To conclude on the valuation of finished goods against lower current market prices, we compared the sales prices according to contract positions as at balance sheet date and prices agreed in contracts closed subsequent to the year under audit against the valuation of the existing inventory.

In addition, we compared the available (uncommitted) inventory on balance sheet date to the current market prices.

We also compared previous assumptions to the actual sales prices in the financial year ("back-testing").

Key observations

The other costs allocated to the production costs and other costs are, in our opinion, costs that are directly related to the manufacturing of finished goods, or are allocated over the correct period. We consider the parameters used to be adequate.

The principles for the valuation of inventories to lower net realizable value correctly applied.

Valuation tangible fixed assets (refer to note 2)

Risk

In connection with the negative results in 2019 of SVZ in Europe, Coöperatie Koninklijke Cosun U.A. recorded an impairment in 2019 on machinery and equipment of SVZ in Europe. The negative result was partly due to harvest-related circumstances, but also due to increased competition resulting in pressure on margins. The recoverable amount was based on cash flow projections for the period 2020 - 2023. The resulting impairment loss of € 7.5 million has been recorded in the 2019 financial statements.

The most important assumption in the determination of the value in use is the recovery of the results of SVZ in Europe, mainly through growth in volumes, resulting in higher turnover. In 2020, SVZ in Europe realized a growth in turnover, but less than expected. This is a direct result of the impact of the lockdowns due to COVID-19 in Europe on the out-of-home segment and the corresponding decreased sales to certain clients in this segment. It is expected by management that as of 2021 the estimated growth will take place, delayed by one year. The impairment test performed in 2020 does not give rise to a further impairment nor reversal of the € 7.5 million impairment recognized in 2019.

An annual impairment test should be made to determine whether there is an indication that an asset may be impaired, or whether there is any indication that any impairment loss recognized in prior years may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. The estimations used are sensitive to the assumptions surrounding SVZ's structural performance development in Europe and therefore we consider this estimate to be a key audit matter.

Our audit approach

We have tested the assumptions regarding growth in turnover and EBITDA margin based on the operational plan of SVZ in Europe, its historical results and expectations of analysts for comparable companies (peer group), taking into account the impact of the COVID-19 pandemic. The assumptions regarding future investments are reconciled to the operational plan of SVZ in Europe and working capital development has been tested against the historical figures and planned measures to improve the working capital. We audited the discount rate (WACC) and the mathematical correctness of the model, using our valuation experts.

We also tested whether the disclosure and the assumptions chosen and their sensitivities to the valuation are adequate.

Key observations

In our opinion, the estimates of Coöperatie Koninklijke Cosun U.A. regarding the valuation of tangible fixed assets of SVZ in Europe are adequate.

Furthermore, we determined that the disclosures is adequate.

REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the Directors' report as marked (*) in the table of contents of the annual report;
- key figures;
- report of the supervisory board
- other information;
- our ambition and corporate responsibility, report of the cooperative, members and supply certificates and Cosun at work

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board is responsible for the preparation of the other information, including the the board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of the board and the supervisory board for the financial statements

The board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board is responsible for such internal control as the board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board should prepare the financial statements using the going concern basis of accounting unless the board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board
- Concluding on the appropriateness of the board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Zwolle, 18 March 2021

Ernst & Young Accountants LLP

Signed by A.E. Wijnsma

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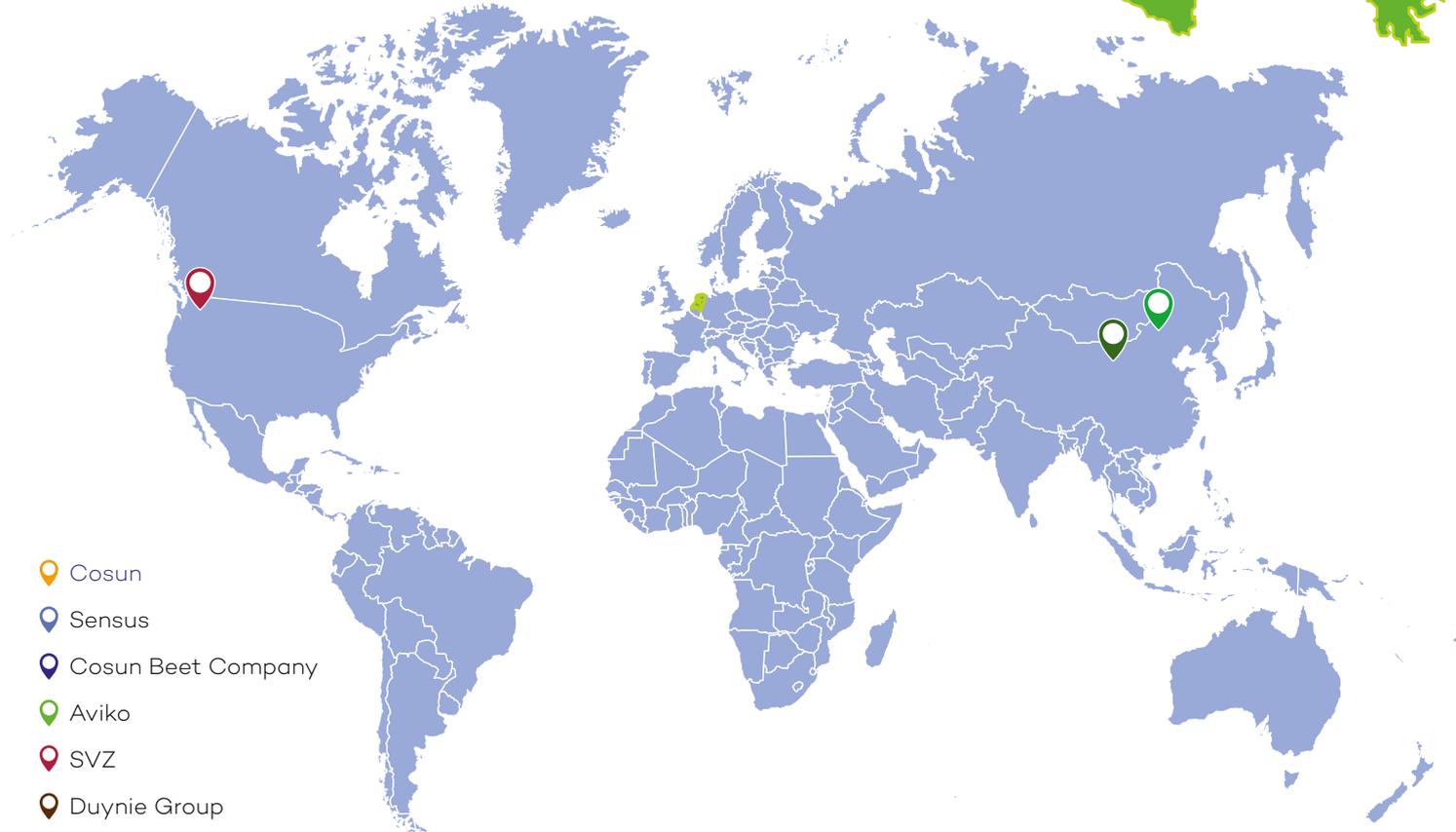
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