

Annual Report 2015



This annual report is available in electronic form only. The most important information on 2015 can be found on this website. The complete annual report consists of:

- the Management Board report;
- the Supervisory Board report;
- the GMM Committee report;
- the financial statements.

Collectively, these documents are the basis for the decision of the General Members' Meeting (GMM) on 2 June 2016. Each document can be accessed or printed via a separate link on each page of this report.

The following terms are used in this annual report: Koninklijke Coöperatieve Bloemenvailing FloraHolland U.A. ('Royal FloraHolland' or 'the cooperative').

The annual report of Royal FloraHolland was prepared by the Management Board of the cooperative on 13 April 2016. The report was also approved by the Supervisory Board on 13 April 2016. The annual report will be submitted for adoption by the General Members' Meeting on 2 June 2016.

Disclaimer

This report includes forward-looking statements based on current expectations, estimates and projections by the management of Royal FloraHolland. The information available at the time of preparation of this annual report does not offer any certainty that the expectations, estimates and projections will be realised.

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First of all I would like to thank the members, their customers and our employees for placing their trust in us in the past year. In particular, I wish to thank the members and customers who helped to successfully formulate the strategy of Royal FloraHolland 2020 at the regional meetings, Advisory Councils and customer platforms. This confidence and improved cooperation have already borne fruit in 2015. I would like to personally thank our CFO Rens Buchwaldt for more than 9 years of involvement in and commitment to the cooperative and his keen eye for detail.

Growers and their customers can generally look back on a positive year. Royal FloraHolland closed the year with a turnover of €4.6 billion, a slight increase of 1.4% compared to 2014. Total volume traded was up 0.5%. This slight increase in volume contributed to the higher turnover. There were variations between product groups, but the growers received a price for their flowers and plants which was an average of 0.9% higher than in the previous year.

The operation of Royal FloraHolland developed positively. A decline in income was offset by lower costs, so that the financial result was ultimately above budget.

2015 was also memorable because customers once again decided to contribute to the promotion of flowers and plants by Bloemenbureau Holland. This was a direct result of the faith and confidence that Royal FloraHolland has regained from this group. 2015 was also the year in which the strategy of Royal FloraHolland for 2020 was developed with a number of programmes designed to boost our ambitions of 'better margins for our members and their customers' and 'more consumers buying more flowers and plants'. The first practical steps have been taken. Further details of the progress of these programmes are provided in this annual report.

The changes have been energetically initiated, and in line with the strategy of Royal FloraHolland for 2020, will continue to do so within the cooperation.



We need to implement changes decisively, since the environment is changing at an unbelievable pace. 2016 will be a year in which acceleration is the central theme. We will increase the tempo of the existing programmes and will add two others.

'We expect to book the initial results by strengthening and increasing our physical and digital marketplaces and conquering new markets in Europe and beyond.'

In the Cooperative 2020 programme we will define the shape of tomorrow's cooperative together. We are looking at several forms of membership and also at our rate structures. The Flow Programme aims to find answers as to how we can design the logistics flow towards our marketplace more efficiently.

We will also step up the pace with respect to information technology. We will expand old systems, outsource a large part of our ICT department and work hard on the digital strategy for Royal FloraHolland and the sector.

All this means that Royal FloraHolland is undergoing a transformation. The connection with our members, their customers and our employees is crucial in this respect. That is why we are focusing more on the workloads of our employees and the interaction with members and customers. The essential issue is still how we can better reflect the wishes of our members and customers in 2016, for instance by ending services that have become irrelevant and developing new ones.

Our target is to increase turnover in 2016 by €142 million. We expect to achieve the initial results by strengthening and increasing our physical and digital marketplaces and conquering new markets in Europe and beyond. And of course by developing additional promotional activities so that consumers ignore the gift voucher and choose to give flowers and plants instead.

I look forward to the future with confidence and hope to meet you regularly either in person or through other communication.

I hope you enjoy reading this annual report.



Lucas Vos
CEO Royal FloraHolland



Floriculture blooms in 2020

Plants and flowers are the perfect way for consumers to express their feelings. Flowers, with their many shapes and colours, represent beauty and emotion. Plants contribute to a beautiful and healthy environment. Together with our members and customers we make the world a little bit healthier and more beautiful with all these wonderful flowers and plants.



Flowering the World Together, Planting Seeds of Opportunity for our Members

Together with growers and their customers, Royal FloraHolland has been making the world more beautiful and healthier with flowers and plants for more than 100 years. With 100,000 transactions a day and 400,000 types of flowers and plants, we are the international marketplace and knowledge partner that contributes to the success of the growers and their customers. Through streamlined logistics, these wonderful products quickly find their way across the world. So consumers can express their gratitude, their love, wishes for good health, apologies, wishes for good luck and expressions of consolation.

Flowering the world.

Our facts and figures

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Safety



Turnover



Imports and exports



Employees



Financial key figures



Sustainability



Facilities



Garden plants

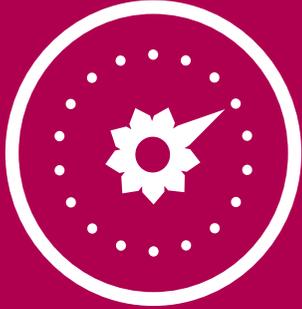


House plants



Cut flowers

Turnover via
(in € M)



2,130

Clock ↓1.0%



2,335

Direct ↑3.8%

Total turnover ↑1.5%
(in € M)

4,602*



2,556**

Cut flowers
↑2.8%



1,557**

House plants
↓0.4%



352**

Garden plants
↑0.3%

* Consolidated turnover.

** Turnover excluding participating interests.

In units supplied by clock ↓4.7%
(number x M)

7,129*



6,649**

Cut flowers
↓4.8%



318**

House plants
↑1.0%



163**

Garden plants
↓7.9%

* Consolidated turnover.

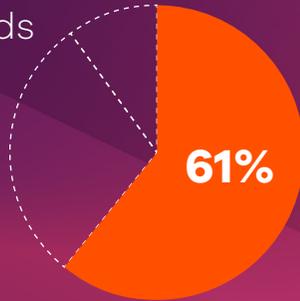
** Turnover excluding participating interests.



Total suppliers
↓4.6%

6,153

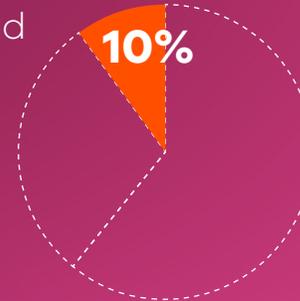
Of which: members
in the Netherlands
↓2.3%



3,775

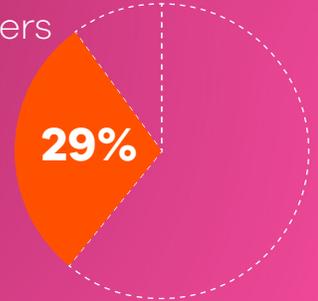
Of which:
members abroad
↓3.6%

638



Of which:
non-members
↓9.8%

1,740



Total customers
↑4.7%

2,439



Major export destinations (in € M)

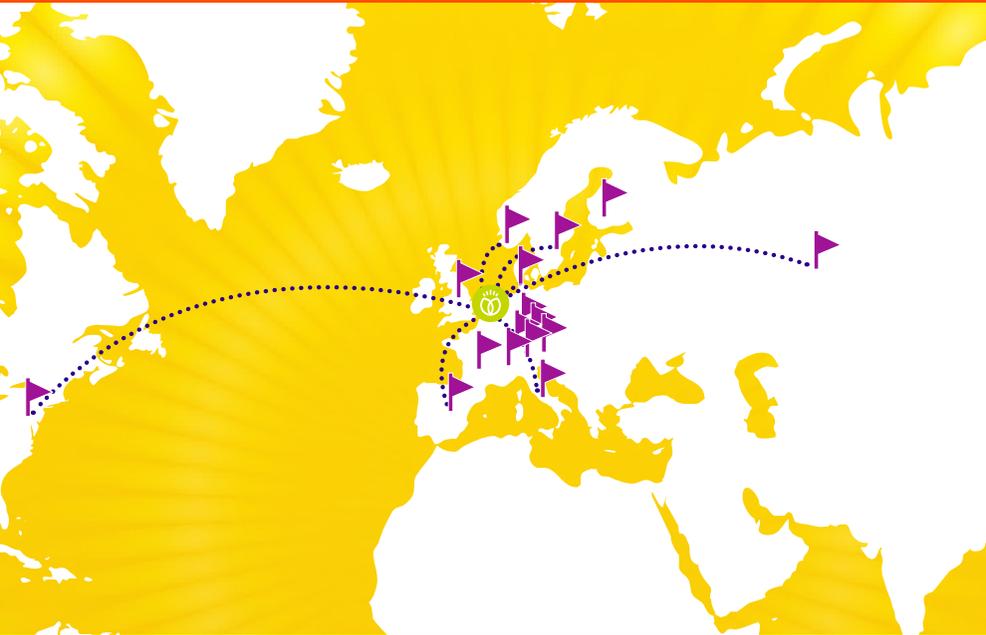
2020 strategy

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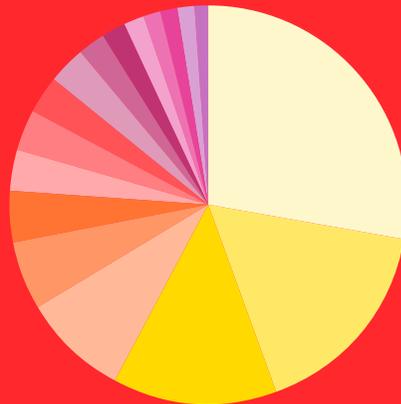
Financial statements



€5,577 M

Total exports

↑3.4%



	Value of exports in 2015	Share of total exports	Value of exports in 2014	Share of total exports
Germany	1,557	27.9%	1,619	30.0%
United Kingdom	925	16.6%	809	15.0%
France	753	13.5%	687	12.7%
Other countries	484	8.7%	430	8.0%
Italy	304	5.5%	283	5.3%
Belgium	232	4.2%	225	4.2%
Switzerland	183	3.3%	176	3.3%
Sweden	176	3.2%	173	3.2%
Poland	174	3.1%	153	2.8%
Russia	169	3.0%	227	4.2%
Austria	130	2.3%	149	2.8%
Denmark	113	2.0%	111	2.1%
United States	88	1.6%	61	1.1%
Czech Republic	82	1.5%	79	1.5%
Spain	75	1.4%	69	1.3%
Norway	75	1.3%	84	1.5%
Finland	57	1.0%	59	1.1%

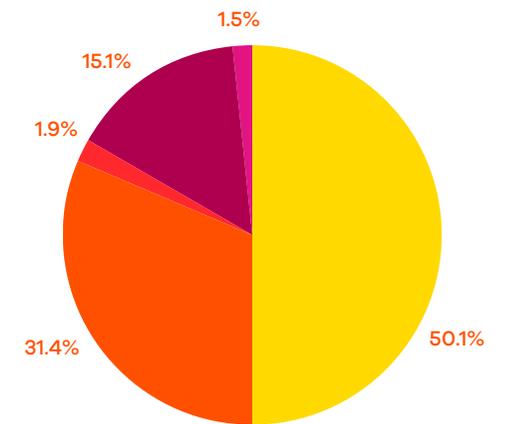
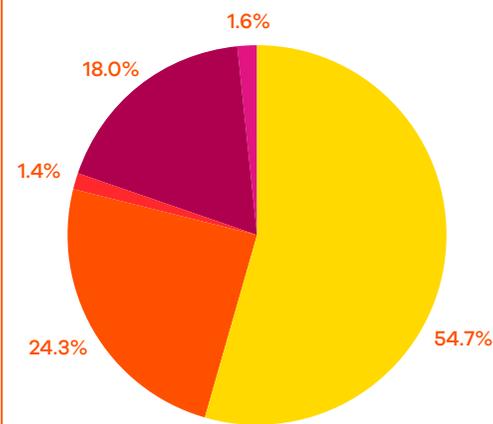
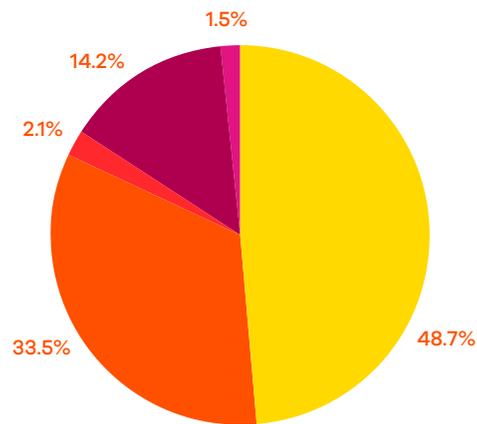


Netherlands

Import

Total

	2015	Change	2015	Change	2015	Change
Aalsmeer	805	↓1.7%	274	↑6.2%	1,079	↑0.2%
Naaldwijk	553	↓3.0%	122	↑0.8%	675	↓2.3%
Naaldwijk Florists' Clock	34	↓5.6%	7	↓12.5%	41	↓6.8%
Rijnsburg	235	↑0.4%	90	↓3.2%	325	↓0.6%
Eelde	25	↓3.8%	8	↓↑0%	33	↓2.9%





Share of imports per location

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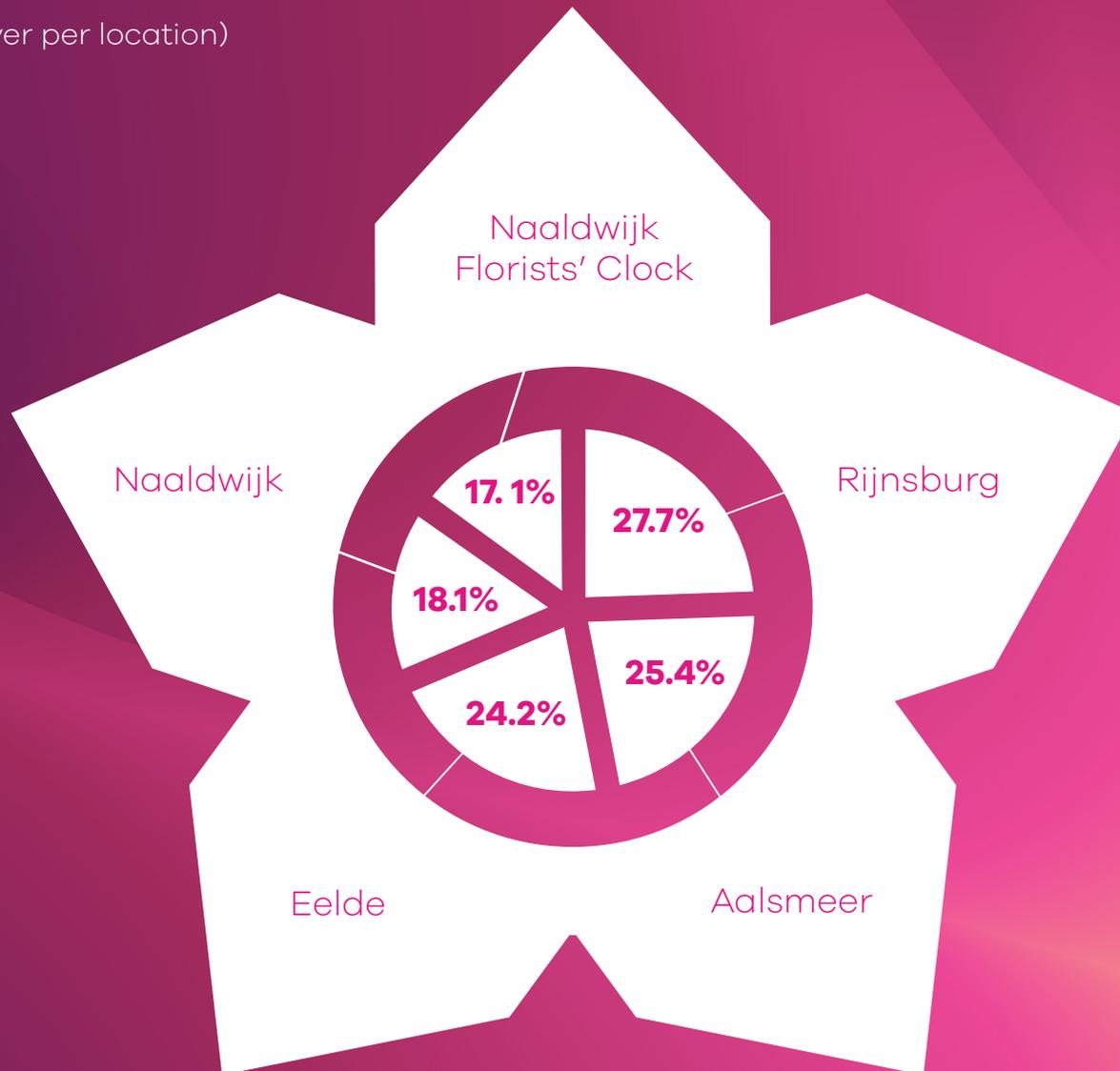
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(in % of total turnover per location)





Top 10 import countries (in € M)

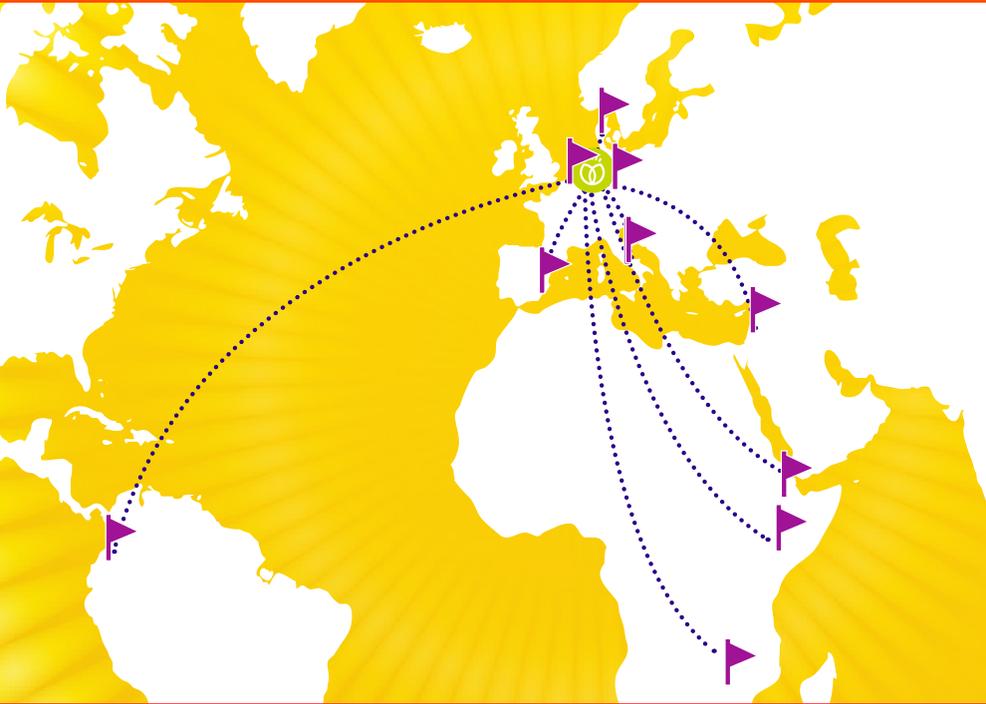
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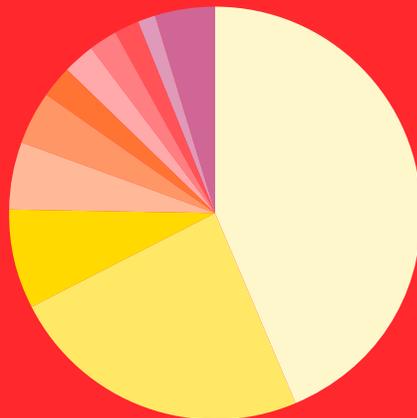
	Turnover 2015	Turnover 2014	Turnover change	Share of imports
Kenya	330	315	↑4.8%	43.7%
Ethiopia	180	178	↑1.1%	23.8%
Israel	59	60	↓1.7%	7.8%
Belgium	39	37	↑5.4%	5.2%
Germany	32	33	↓3.0%	4.2%
Zimbabwe	20	28	↓28.6%	2.6%
Denmark	18	17	↑5.9%	2.4%
Spain	18	17	↑5.9%	2.4%
Italy	13	13	0.0%	1.7%
Ecuador	11	11	0.0%	1.5%
Other	35	40	↓12.5%	4.6%



€755 M

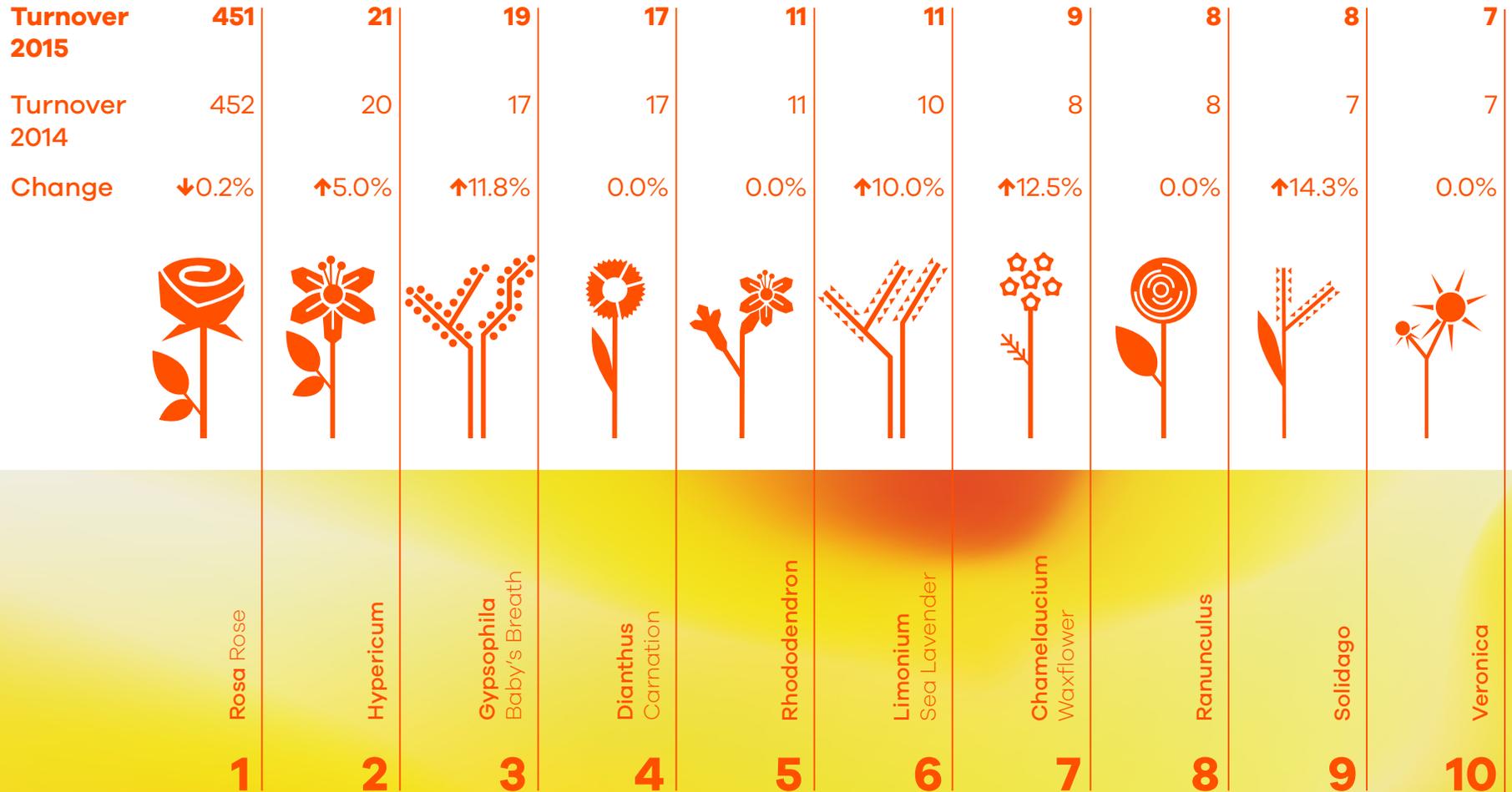
Total top 10
import countries

↑0.8%





(in € M)



Turnover
(in € M)

2015	4,602
2014	4,537
	↑1.4%

Revenue
(in € M)

2015	392
2014	393
	↓0.3%

Balance sheet total
(in € M)

2015	885
2014	903
	↓2.0%

Result after tax
(in € M)

2015	12.0
2014	9.6
	↑25.0%

Total costs
(in € M)

2015	377
2014	384
	↓1.8%

Solvency
(in %)

2015	24.8
2014	23.4
	↑6.0%

Cost-effective provision
(net in %)

2015	3.7
2014	3.8
	↓2.6%

Investments - net
(in € M)

2015	48
2014	41
	↑17.1%

Risk-bearing assets
(in %)

2015	54.4
2014	49.4
	↑10.1%



Facilities key figures (total)

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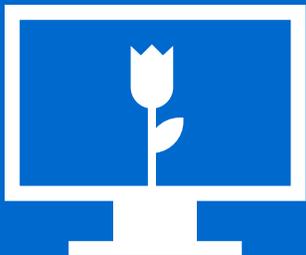
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36

Clocks
↓5.3%

8

 Bidding halls
↓12.5%

2,470,788

Areas of auction
buildings in m²
↓4.7%



524,597

Areas of own trading
buildings
in m² ↓14.8%



1,106

Number of customers
with accommodation
on auction grounds
↓7.1%



1.483

Number of docks ↑8.4%

6,615,146



Number of
trolleys and
CC containers
processed
↓3.6%

131,500

Area of refrigerated
cells in m²
↓2.8%





Facilities key figures (per location)

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Clocks



Bidding halls



Area of auction buildings



Area of own trading buildings

Aalsmeer	14	3	1,287,813 m ²	239,861 m ²
Naaldwijk	12	3	736,000 m ²	207,000 m ²
Rijnsburg	7	1	400,000 m ²	67,700 m ²
Eelde	3	1	46,975 m ²	10,036 m ²



Number of customers with accommodation on auction grounds



Area of refrigerated cells



Number of trolleys and CC containers processed



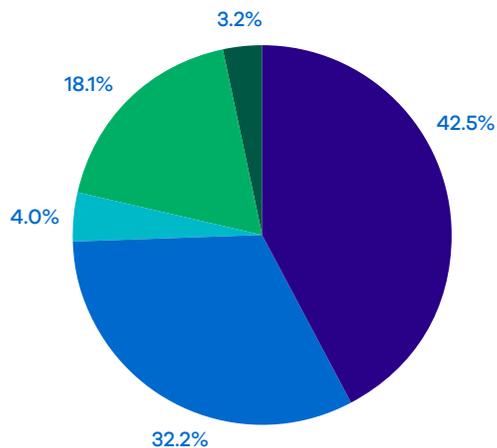
Number of docks

Aalsmeer	450	51,800 m ²	3,469,373	530
Naaldwijk	450	40,380 m ²	2,671,612	520
Rijnsburg	180	38,880 m ²	866,321	296
Eelde	26	3,440 m ²	77,320	22



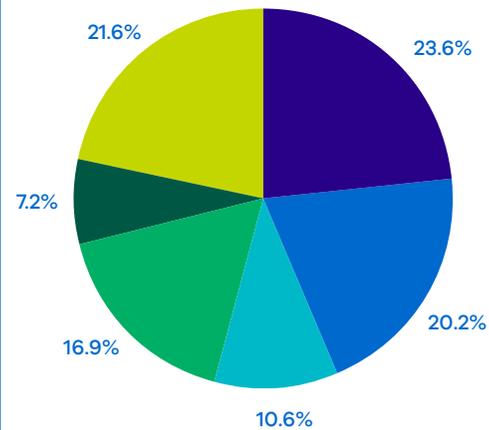
Average number of clock transactions per day

	2015	Change
Aalsmeer	45,857	↑2.9%
Naaldwijk	34,763	↓0.8%
Naaldwijk Florists' Clock	4,362	↓11.1%
Rijnsburg	19,501	↓3.8%
Eelde	3,499	↓25.2%
Direct		



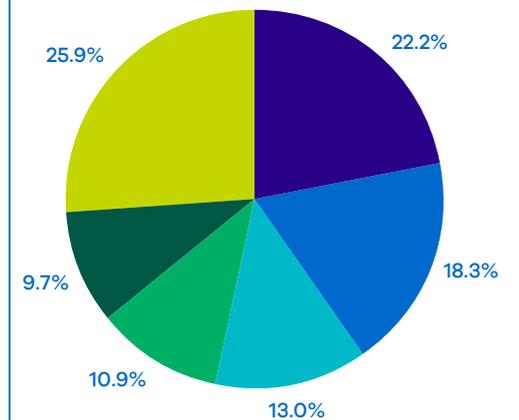
Number of active suppliers (including double counting)

	2015	Change
Aalsmeer	4,371	↑2.7%
Naaldwijk	3,730	↑1.1%
Naaldwijk Florists' Clock	1,961	↓8.2%
Rijnsburg	3,119	↑6.3%
Eelde	1,335	↑3.6%
Direct	3,989	↑0.5%



Number of active traders (including double counting)

	2015	Change
Aalsmeer	842	↑58.0%
Naaldwijk	692	↑16.1%
Naaldwijk Florists' Clock	491	↓10.4%
Rijnsburg	413	↑1.0%
Eelde	367	↑25.3%
Direct	981	↓10.8%





Top 10 cut flowers sold

Average price (in €)
 2015 **0.23** ↑4.5%
 2014 **0.22**

	1	2	3	4	5	6	7	8	9	10
Turnover*	735	300	295	159	138	63	58	52	52	45
Change	↓1.8%	↓1.1%	↑9.4%	↑4.5%	↓1.3%	↓9.7%	↑13.5%	↑1.4%	↓3.3%	↑8.3%
Units**	3,580	1,193	1,909	304	988	157	144	309	280	42
										
	Rosa Rose	Chrysanthemum Ind Grp GE Chrysanthemum (spray)	Tulipa Tulip	Lilium Lily	Gerbera	Chrysanthemum Ind Grp GE Chrysanthemum (disbudded)	Cymbidium	Eustoma russellianum Lisianthus	Freesia	Hydrangea

* in € M
 ** in M



Cut flowers sold by clocks (Dutch product)

(units in M)

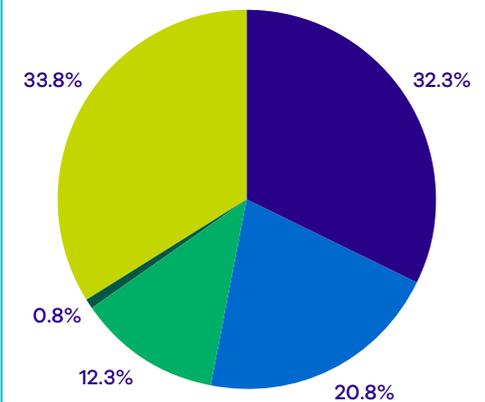
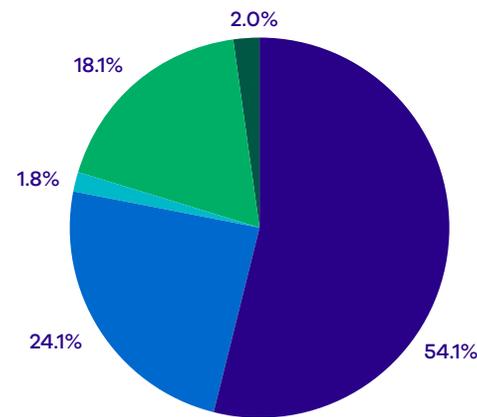
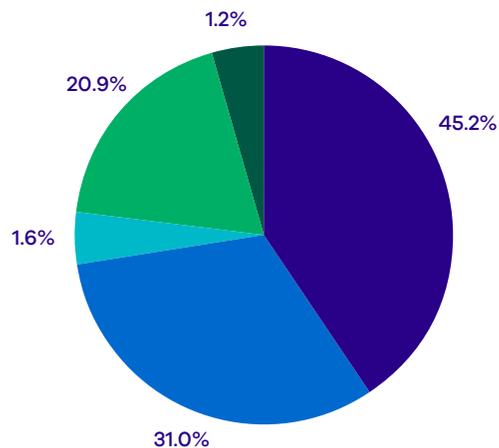
Cut flowers sold by clocks (imported)

(units in M)

Cut flowers turnover per location

(units in M)

	2015	Change	2015	Change	2015	Change
Aalsmeer	2,027	↓4.4%	1,189	↓0.8%	810	↑0.7%
Naaldwijk	1,391	↓3.5%	530	↓8.5%	522	↓5.1%
Naaldwijk Florists' Clock	72	↓8.1%	39	↓17.0%		
Rijnsburg	938	↓6.4%	398	↓12.9%	308	↓0.6%
Eelde	55	↓3.5%	43	↓10.4%	19	0.0%
Direct					848	↑7.5%



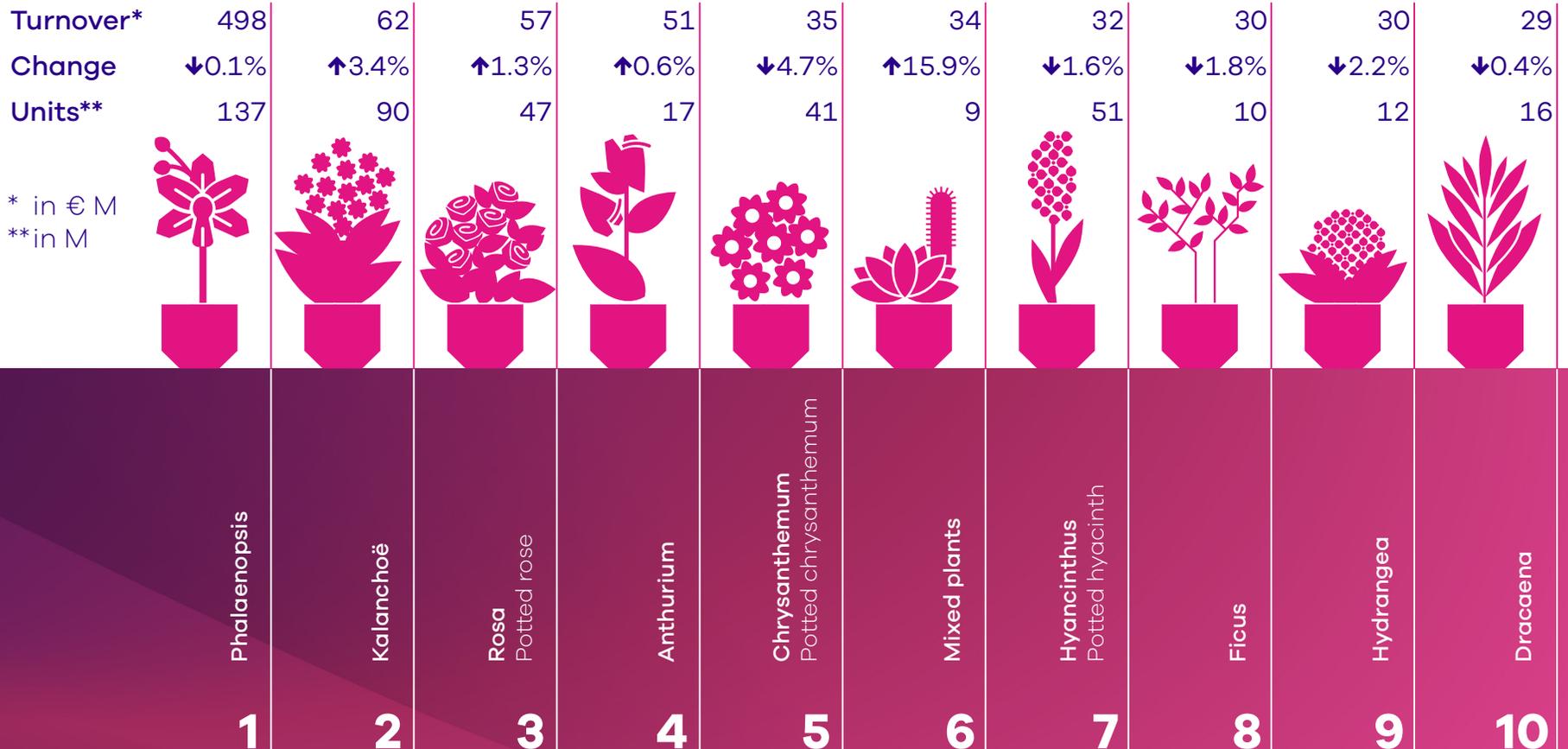


Top 10 house plants sold

Average price (in €)

2015 **1.64** ↓1.8%

2014 **1.67**

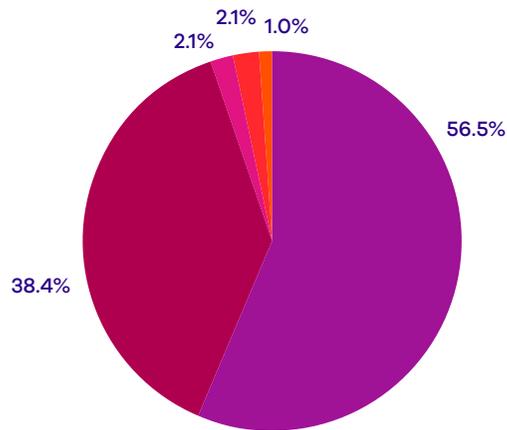




House plants sold by clocks (Dutch product)

(units in M)

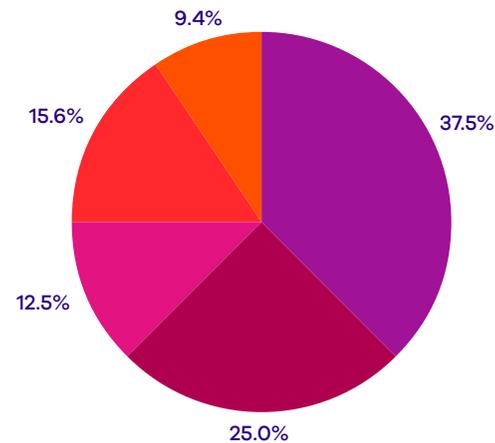
	2015	Change
Aalsmeer	165	↑1.9%
Naaldwijk	112	↑1.8%
Naaldwijk Florists' Clock	6	↓45.5%
Rijnsburg	6	↓45.5%
Eelde	3	↓50.0%
Direct		



House plants sold by clocks (imported)

(units in M)

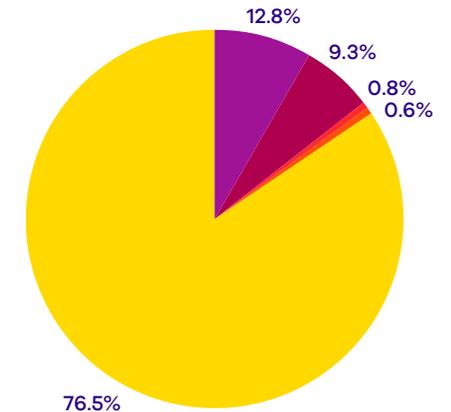
	2015	Change
Aalsmeer	12	0.0%
Naaldwijk	8	↑14.3%
Naaldwijk Florists' Clock	4	↑300%
Rijnsburg	5	↓%
Eelde	3	↓%



House plants turnover per location

(units in M)

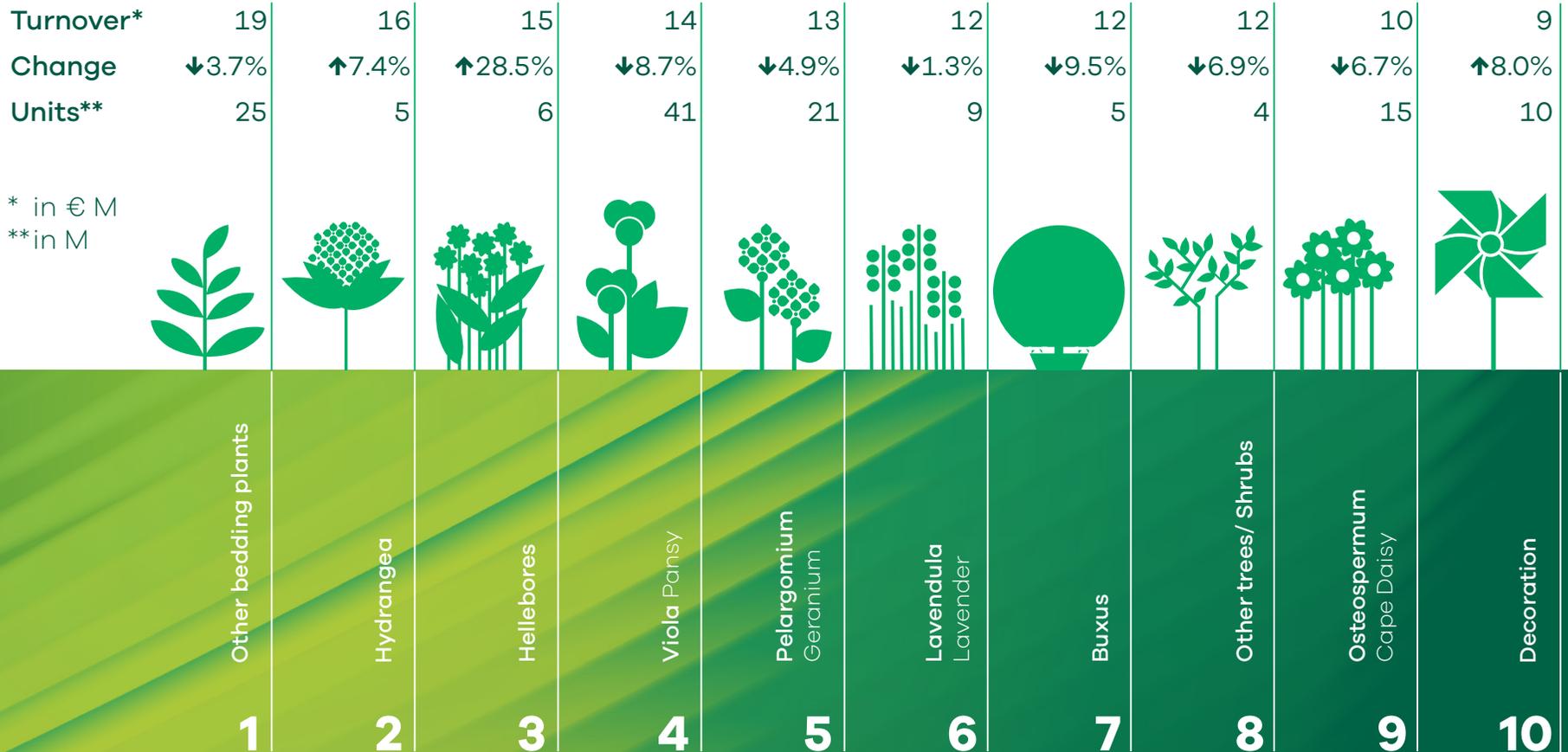
	2015	Change
Aalsmeer	199	↑2.5%
Naaldwijk	145	↓2.0%
Naaldwijk Florists' Clock		
Rijnsburg	13	0.0%
Eelde	9	0.0%
Direct	1,191	↑0.8%





Top 10 garden plants sold

Average price (in €)
 2015 **1.02** **↑6.3%**
 2014 **0.96**



* in € M
 ** in M



Garden plants sold by clocks (Dutch product)

(units in M)

Garden plants sold by clocks (imported)

(units in M)

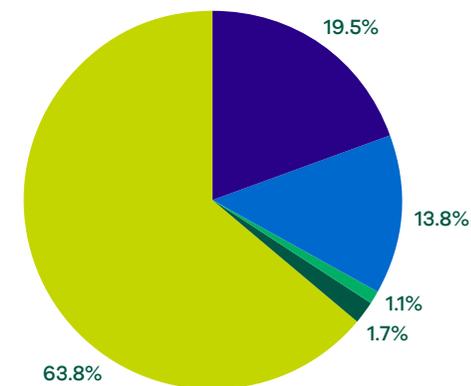
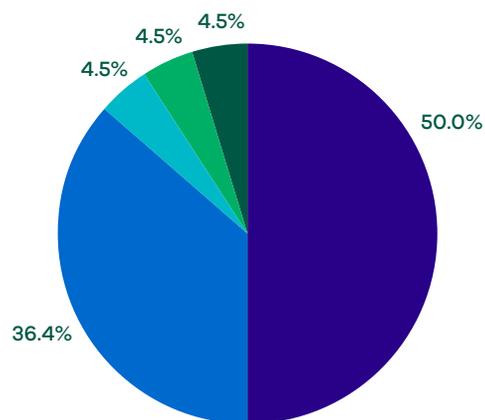
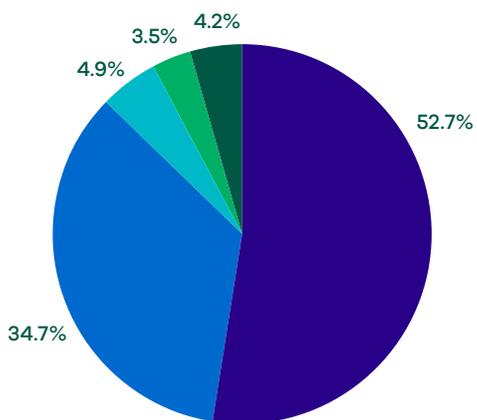
Garden plants turnover per location

(units in M)

	2015	Change
Aalsmeer	76	↓5.0%
Naaldwijk	50	↓3.8%
Naaldwijk Florists' Clock	7	↓30.0%
Rijnsburg	5	0.0%
Eelde	6	0.0%
Direct		

	2015	Change
Aalsmeer	11	↓26.7%
Naaldwijk	8	↓20.0%
Naaldwijk Florists' Clock	1	0.0%
Rijnsburg	1	0.0%
Eelde	1	0.0%
Direct		

	2015	Change
Aalsmeer	68	↓2.9%
Naaldwijk	48	0.0%
Naaldwijk Florists' Clock		
Rijnsburg	4	0.0%
Eelde	6	0.0%
Direct	222	↑0.4%





116,033

Electricity use
(MWh)



10,394,031

Gas use
(m³)



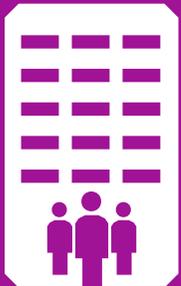
340,340

Water use
(procurement)
(m³)



311,710

Waste water
discharge in sewerage
(m³)



38,127

Electricity use
by tenants
(MWh)



77,906

Electricity use
at auctions
(MWh)



5,227

Pollution units (p.u.)



Sustainability: waste flows (in tonnes)

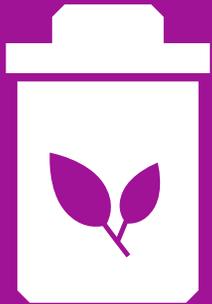
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Supervisory
Board Report

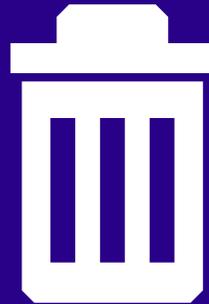
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12,519

Organic waste



8,849

Unsorted waste



413

Other



19,700

Cardboard



81%

Separation percentage



3,095

Plastic waste



Employees: key figures

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Total number of FTE
2,437

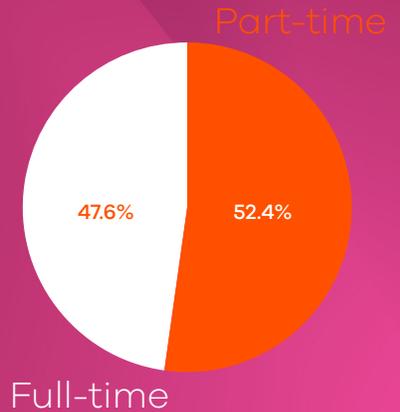
(2014: 2,547)
↓4.3%

Total number of employees
3,051

(2014: 3,212)
↓5.0%

Average age
48.5

(2014: 47.9)
↑0.6



Absenteeism
5.3%

(2014: 5.8%) ↓

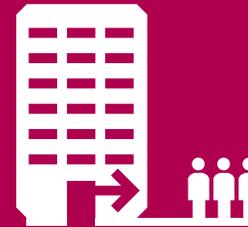
IF rate
17.9

(2014: 20.0) ↓
Norm 16.0



Starting
employment
FTE
94

(2014: 54) ↑



Leaving
employment
FTE
213

(2014: 211) ↑



Education & Training
investment in euros
1,801,591

(2014: 1,340,844) ↑



Safety: injury frequency (per location)

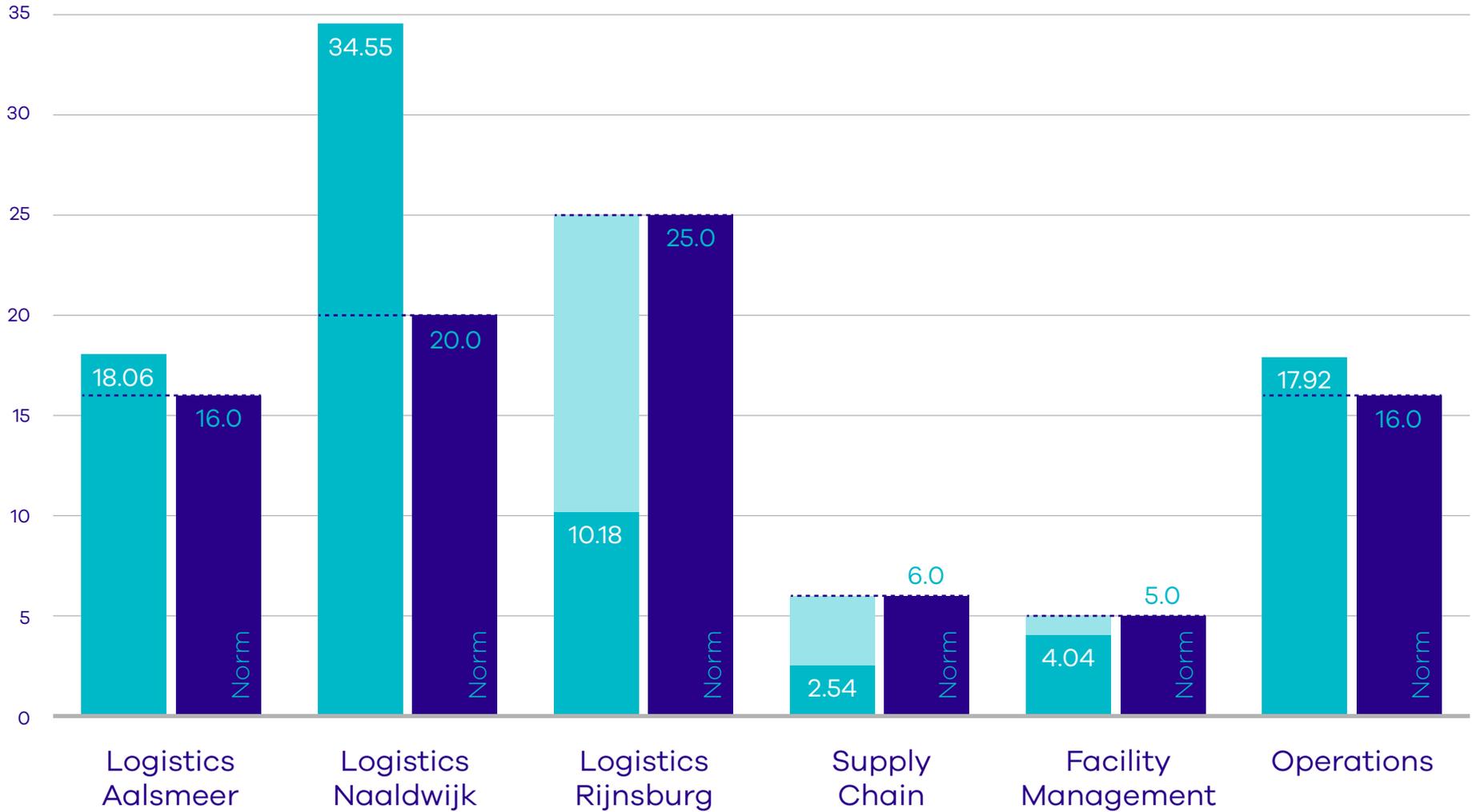
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Strategy for Royal FloraHolland in 2020

Better margins for our members and their customers.
More consumers buying more flowers and plants.
These are the two ambitions of the Royal FloraHolland
strategy for 2020.

To realise this strategy and its ambitions, we initiated four programmes in 2015:



Consumer: better understanding of consumers and meeting their wishes and needs.



The New Auctioning a new and affordable design for our physical marketplace.



Improving Together: better cooperation and more customer orientation by employees.



World Flower Exchange: an online platform for the floriculture sector that will achieve one billion in turnover in 2020 and contribute to better exchange of knowledge in the sector.

Two other programmes will start in 2016:



FLOW: will offer solutions as to how logistics flows to the Royal FloraHolland marketplace can be designed to be more efficient and effective.



Cooperative 2020: looking for ways in which membership of Royal FloraHolland can remain attractive in the future together with our members. And establishing the types of membership, rates and governance that are appropriate for the cooperative of tomorrow.

These programmes are designed to achieve a 20% increase in market share in Europe and to increase European consumer spending by 20% compared to the reference year of 2014. We will achieve this through stable price formation and by reducing our costs by one third.

Royal FloraHolland brings the links in the floriculture chain together. Members and their customers know us as the open marketplace where they can meet each other and where you will find the most knowledge of the floriculture industry anywhere in the world.

The Royal FloraHolland management team (MT) directs the 2020 programmes. Each programme is sponsored by an MT member. The Programme Management Office ensures that the programmes are cohesive. In consultation with the sponsor, the Programme Director formulates policy, submits this to the MT and carries this out with their programme team.



Consumer Programme

What do consumers want?

Flowers and plants are ways to express all kinds of emotions and make the world in which we live a healthier and more pleasant place. To draw the attention of consumers to this in the right way, the Consumer Programme is designed to study and encourage consumer demand in Europe and beyond. In this way, we intend to turn the tide of declining consumer spending in a positive direction. This will succeed if we can give flowers and plants a better position in the competitive playing field that includes items such as chocolate, wine and gift vouchers.

The Consumer Programme will therefore study the motivation of consumers, collect data and accumulate knowledge, because even though people greatly enjoy flowers and plants, they are increasingly turning to alternatives. This may apply in particular to younger people, the so-called Millennials. They will soon become the most important target group. Through the right marketing communication strategy and offering attractive concepts, the programme team aims to influence and attract potential consumers.

Consumer,
Garden Centre The Hague



**'In my garden I'll go for a
wide variety of colours.'**

Visitor,
Flower market Utrecht



**'Every week, I buy twenty
white roses. My husband
loved them.'**



The New Auction Programme

A strong marketplace for the future

Although turnover through the clock is slowly declining, a strong physical marketplace is still important for setting prices according to supply and demand. The marketplace also acts as a showcase for new and special flowers. It is thus important for the sector to keep the clock, but at a lower cost than before in order to keep the marketplace affordable. The New Auction Programme will reinvent the physical marketplace.

Discussions of The New Auction Programme with members and customers have led to four possibilities:

1. A return to physical auctions at all locations.
2. A single centralised location.
3. A direct day trading system that suits the demand-driven chain and the need for customised work.
4. 'From the Garden': the sale of products in a day trading system while they are still at the grower.

Because costs have to be reduced – and the target is a one-third reduction by 2020 – the first two possibilities are not feasible. With 'From the Garden', growers can reflect demand and still participate in day trading. They can offer and supply their products as customers demand them. The programme team is currently giving further consideration to the two last possibilities. This will lead to further decisions in the spring of 2016.



Improving Together Programme

A little better every day

The Improving Together Programme concerns the implementation of one methodology and one working practice. This programme aims to improve the working practices throughout the organisation and make the Royal FloraHolland Strategy for 2020 possible.

Three principles apply in this respect:

- Listening to members and their customers. What do they need? What is important to them? What does not add value is not needed.
- Thinking in processes. Putting out a fire is a good idea, but preventing them from starting in the first place is better. Problems will be solved permanently by improving processes throughout the business.
- Discussion on the basis of data. Through assessment, we can gauge our performance and know what needs to be changed, and what priority each improvement should be given.

Employees will be given more opportunity to make suggestions for improvements, give each other more feedback on the state of affairs and praise each other as a sign of appreciation. This will enable employees to learn more from each other and help us to improve our performance for our members and their customers.



World Flower Exchange Programme

The world is our playing field

The World Flower Exchange Programme focuses on existing and new markets beyond Europe with the aim of generating additional turnover of one billion euros by 2020. The programme team has great expectations for China in particular.

Chinese people are hugely attracted to everything western, since it represents quality to them. The purchasing power of the Chinese population has also risen enormously. The total floriculture market amounted to €5,577 million in 2015, with imports of 16.4%. The proportion of imports originating from the Netherlands was 83.6%. Young people are also interested in flowers and plants, and they want to be able to buy them easily using their mobile phones. The first step consists of making Chinese digital platforms for Dutch flowers and plants accessible. The initial tests will be carried out in the first half of 2016. This will show the amount of interest in supplies from the Netherlands.

The programme team is also exploring the potential for online sales in the United States. Imports of flowers by the United States amount to €1.2 billion, of which around 5% originates from the Netherlands (€60 million). The programme team is working hard to improve this.

In the World Flower Exchange Programme, Royal FloraHolland will represent the floriculture sector as a whole. Both members and customers have indicated that they are pleased to see Royal FloraHolland taking this opportunity on behalf of the sector.



FLOW Programme

Further improvement to logistics

The FLOW (Floricultural Logistics Optimisation Worldwide) Programme aims to make the supply chain of members and their customers more efficient and effective. This will lead to better margins: better coordination of transport flows will lead to 15% lower costs for logistics in 2020 (€64 million). A well-organised logistics chain supports members and their customers to operate successfully in a market that is becoming increasingly virtual.



Cooperative Programme 2020

A club that you want to belong to

The Cooperative Programme 2020 concerns the cooperative itself. The programme team heads the search for solutions to the major cooperative issues, with the aim of making membership of Royal FloraHolland continue to be attractive in the future: a 'club' to which all growers and their customers want to belong. Questions like what our cooperative will look like in 2020, why customers and growers should choose Royal FloraHolland and what makes membership valuable will be addressed. Besides the structure and governance of the cooperative, the programme will also determine the types of membership and rate structure in 2020. The aim: a flourishing cooperative in which customers and members are happy to meet each other to do business and learn from each other.

The Statutory Management Board

The composition of the Management Board is explained below. Additional positions held by Board members are stated where applicable. Board members are appointed for an indefinite time period. The statutory Management Board of Royal FloraHolland did not meet the requirement concerning a balanced composition of men and women (70/30) for 2015. This will be a focus with respect to future appointments.

Lucas Vos (8 August 1967), Dutch citizen, CEO as of 1 January 2014, statutory manager since 1 January 2014.

Additional positions: Member of the Amsterdam Economic Board.

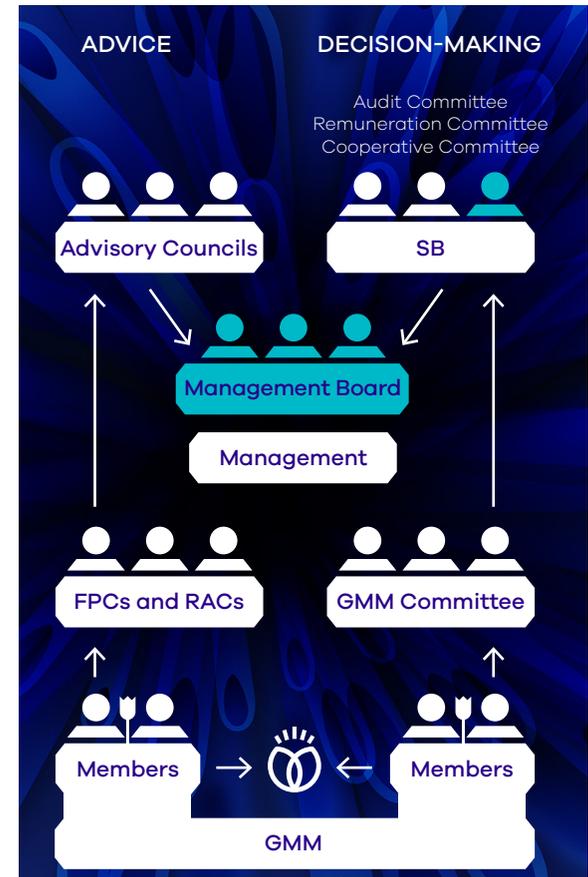
There is currently a vacancy for the position of CFO.

Structure of Royal FloraHolland

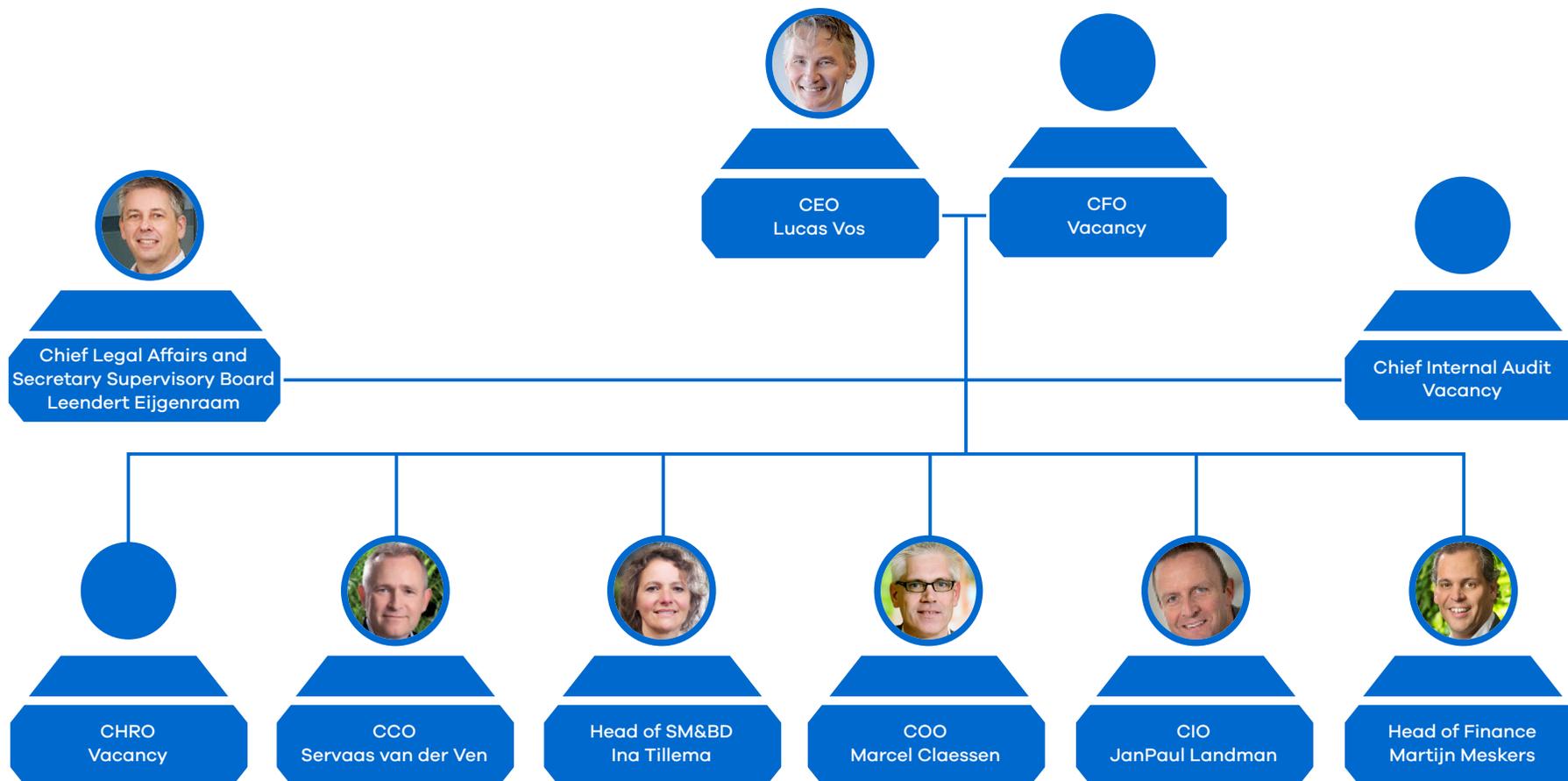
The Management Board runs the business and consists of the CEO and the CFO. Together with the six division managers, they form the Royal FloraHolland management team.

The Supervisory Board supervises the policy of the Management Board and the general course of business at Royal FloraHolland. The General Members' Meeting (GMM) is the highest decision-making body of the cooperative.

Royal FloraHolland has an extensive consultation structure with Advisory Councils, Royal FloraHolland Product Committees (FPC), Region Advisory Committees (RAC) and the Customer Platform. Members submit individual cases to the relevant divisions of the business. This ensures broad-based support from the members of the cooperative. Further details of the operation of this structure are provided in the section on Corporate Governance.



The Management Board and the Royal FloraHolland Management Team



Royal FloraHolland, a cooperative of active members

Royal FloraHolland consists of the 4,413 growers who are members of the cooperative. They are involved with Royal FloraHolland on many levels. They are involved in the determination of strategy and policy, and with good reason.

Advisory Council for Flowers

On the couch, from left to right

Yidnekachew Ayele
Habteyes
Herman de Jong
Jan Mantel
Rick Tesselaar
Jaap-Jan
Kuyvenhoven

Behind the couch, first row, from left to right

Wouter Duijvesteijn
Leo van Holstein
Martien Middelburg
André Zuidgeest
Ronald Olsthoorn
Floris Olthof (employee of Royal FloraHolland)

First row in front of the stairs, from left to right

Peter van de Pol
Marco Mol
Paul Koenraad
Rik Degryse

Behind the couch, back row, from left to right

Dirk-Jan Breugem (has now left the Advisory Council)
Rob van Haaster
Marcel van der Lugt
Marcel van Tol
Uri Bruck

Second row, from left to right

Jaap Evers
Pieter Kolk
Wim Steur (has now left the Advisory Council)

Not pictured

Remco v.d. Arend
Peter Barnhoorn
Simon van der Burg
Ori Froom
Evert van Helvoort
Eric van Paasen
Peter Smak

Back row, from left to right

Arjan Alblas
Erik van Paassen
Fred van Schagen



Advisory Council for Plants

Seated on the couch, from left to right

Goos Hofland
Sjaak Buijs
Walter Zuiderwijk

Seated second row, from left to right

Martin Smaal
(now stepped down)
Jochem Vreugdenhil
(now stepped down)
Robin van Dijk
Fred van Luijk
Bert Schouten

Standing, from left to right

Frans van der Bos
Olaf van der Voort
Henk van der Sar
Leon Ammerlaan
Maarten van
der Hoorn
Emiel Barendse
Floris Olthof

Not pictured

Bram Bernhard
Fred Bunnik
Niels de Groot
Goos Hofland
Tom van der Houwen
Arnoud van
der Knaap
Wim Koolhaas
Steef de Lange
Gerard van Langen
Ewoud Meeuwissen
Ed Stofbergen
Rick van Woudenberg



Advisory Councils for Flowers and Plants

The Advisory Councils for Flowers and Plants are closely involved in the implementation of Royal FloraHolland 2020 and its associated programmes. In the World Flower Exchange Programme, the Advisory Councils discussed the development of commercial activities in China. In the Consumer programme, the Advisory Councils supported the participation of Royal FloraHolland in the Dutch TV programme 'Hollands Beste Bloemstylist'. And in The New Auction programme, the Advisory Councils expressed their support for separating price formation and logistics. This enables new [types of auction](#) (such as auctions from the garden, see pages 36 and 49).

The Advisory Councils were also involved in taking measures to prevent excesses in the clock auctions. The agreements made support the open nature of the marketplace and prevent market disruptions due to sudden oversupply. The Advisory Councils ensure that these agreements are observed. A working group from the Advisory Councils was closely involved in the simplification and modernisation of cooperative's financing.

The Advisory Councils gave advice with respect to the participation of Royal FloraHolland in the Floriculture Industry Organisation (Brancheorganisatie Sierteelt, hereinafter BO). The BO is authorised to take decisions that are generally binding for the entire sector. This concerns issues that cannot be dealt with individually, but can be dealt with collectively, such as issues in the areas of energy and collective research.

Royal FloraHolland Product Committees

The Royal FloraHolland Product Committees (FPCs) prepared more than 100 recommendations for the Management Board. The various FPCs have their own working groups for promotion, quality and information. Many product groups have renewed their product-specific promotion plans for a new three-year period. In total, there were 175 FPC meetings and 20 product and theme meetings held in 2015.

René van Dijk,
René van Dijk Freesia's,
grower and member



**'We need a smart, cheap
auction system, so that
we can continue to
auctioning.'**

Customer platform

Front row, from left to right

Peter van Hoye (Floréac)
Marius Dekker (De Gooijer International)
Eddy den Dekker; inmiddels vervangen door
Ron Toet (Eddy den Dekker)
IJsbrand Guijt (Dingeman Hoek)
Hendrico de Brabander (Noviflora)

Middle row, from left to right

Marco van Zijverden (Dutch Flower Group)
Bob Moria (Waterdrinker)
Lucas Vos (Royal FloraHolland)
Frank Koenen (FleuraMetz)
Leon van Dam now replaced by
Richard Koenen (Piet van Dam)
Reinier Weerman (Weerman)
Servaas van der Ven (Royal FloraHolland)

Back row, from left to right

Marco Maasse (Vereniging Bloemist Winkeliers)
Robert Roodenburg (Vereniging van Groot-
handelaren in Bloemisterijproducten)
Hans van der Plas (van der Plas groep)
Gert-Jan Schoneveld (Hilverda de Boer)
Evert Thielen (Westland Bloemen Export)
Frits Jilderda (Jilderda Eelde)
Floris Olthof (Royal FloraHolland)
Wiebe van der Veen (Flower Trade Consult)
Cees Heemskerck (Heemskerck)

Not pictured

Cees van der Meij (Royal Lemkes)
Martijn van Noort (Verdel)



Customer platform Cooperation in trust

If we want our sector to flourish, we need to cooperate more closely and focus on the needs of our customers. Relationships with customers have not always been good in recent years. Customers felt they were not being taken seriously and that our strategy was not clear.

The Customer Platform was set up in 2015 with representatives of directors and owners of various categories of trading companies. The Customer Platform meets four times a year and discusses strategic and tactical issues. This forum has developed much positive input right from its first meeting.

There too, the Royal FloraHolland 2020 strategy was an important topic of discussion. Matters discussed included the direction of the programmes and the roles of members, customers and Royal FloraHolland in the programmes. There was general consensus, although there were differences of perspective as well. Customers for instance expected the clock auctions to be generally the same as for members, but growers and traders have different working processes. The effects of new ideas such as afternoon auctions or auctions from the garden for growers or customers therefore also vary.

The Customer Platform welcomed the trading contribution of €6 million to the collective promotion of flowers and plants by Bloemenbureau Holland. This contribution had ended some years ago. Now, customers will again contribute to the collective promotion and take part in the management of Bloemenbureau Holland.



Bob Moria,
CEO Waterdrinker



**'In my opinion, the
consumer-based
approach is a strong
point in the strategy.'**



Results in 2015

 Total turnover
(in € M)
4,602 ↑1.4%

 Cut flowers
(supply volume)
↑0.7%

 House plants
(supply volume)
↑1.5%

 Garden plants
(supply volume)
↓5.7%

Results in general

The turnover of Royal FloraHolland rose by 1.4% to €4.6 billion, a record in the more than 100 years' history of the cooperative. Cut flowers were in especially high demand, increasing in volume by 0.7% and an average improvement in price of 2.1%. The supply of house plants rose 1.5%, but prices were on average lower, falling by 1.9%. The supply of garden plants was down, but prices rose. The individual results of member businesses were also affected by factors such as cultivation choices, product quality, weather conditions, etc.

Total Dutch exports of flowers and plants were up 3% to €5 billion. There was a decline in German-speaking countries and Russia that was significant in some cases. Exports to Russia were affected by weakness in the Russian economy and the restrictions on European imports from the Russian government.

There was however growth in many other markets, notably in the United Kingdom

and France. Europe continued to be the most important buyer of our flowers and plants. The weaker euro helped the competitive position of Dutch members and customers. For members outside the Eurozone – in Kenya, Ethiopia and Israel, for instance – the weaker euro had a negative effect on operating results.

Result from ordinary business operation

The result from ordinary business operation was favourable and positive in 2015. Most of the performance indicators were better than last year, especially for the internal processes and the financial results.

The result after tax of €12.0 million was significantly higher than in the previous year. Income was higher than in the previous year due to increased turnover and more supply. Expenses were lower than in the previous year, partly due to the divestment of activities and lower depreciation and interest expenses.



While the product turnover increased in comparison to the previous year, partly because clock turnover fell by less than expected, Royal FloraHolland did not achieve its target of better price formation on the clocks. The aim is to reduce the price difference between the clock and direct sales in order to optimise and stabilise price formation. For flowers, the price difference declined in line with the objectives, by 11% for the major product groups. For plants, the counter stopped at 3.7%. This was mainly due to increased supply of Phalaenopsis on the clock that was sold at relatively low prices.

The total number of trolleys delivered for the clocks declined by 5% to 5.7 million, while the number of clock transactions fell by 1.4%. The decline in transaction size continued unabated in 2015. The logistics workflow – lower due to fewer trolleys, but higher due to more transactions – rose by a total of 3.1%.

Downsizing and divestment

Various activities that do not belong to our core business were downsized or divested. Royal FloraHolland withdrew for instance as a shareholder from Frederique's Choice and Decorum Company. The logistics operations in Bleiswijk were terminated. The operations of

Flower Handling Services in Rijnsburg were closed. The Retail Services department will continue only in association with customer business programmes. The sale of the old auction complex in Venlo was settled.

Royal FloraHolland employees

The Royal FloraHolland workforce declined by a total of 5% to 2,437 FTE as at year-end 2015. Nonetheless we welcomed around 100 new employees that will contribute to the renewal of our business. These new employees are mainly employed in sales and for the Royal FloraHolland programmes. At year-end 2015 there were 40 FTE, including a number of self-employed persons, involved in the programmes. The total expenditure on these programmes came to €12.0 million in 2015, approximately €5.4 million of which was due to reorganization costs.

Salary expenses for the ordinary business operations declined by nearly 3%. The collective bargaining agreements led to an increase of approximately 1.75%. Lower volume, increased efficiency and outsourcing of activities will lead to a further decline in the workforce.

Royal FloraHolland total balance sheet

Primarily due to divestments and investments (amounting to €47.5 million) that totalled less than the amount of depreciation (€75.1 million), the cooperative's balance sheet ended 2015 at €18.0 million below the level at year-end 2014. The decline was limited by an increase in cash. Adjusted for this effect, the decline amounts to €62.6 million. This reduction in the total balance sheet had a positive effect on the financial ratios.

We expect the annual level of investment on renovation of real estate and ICT in the coming year to amount to around €60 million.

In line with the principles of the Royal FloraHolland 2020 strategy, the balance sheet is expected to decline further in the coming years, as the amounts invested will be less than the costs of depreciation.

SMART setting of targets

The planning cycle of Royal FloraHolland has changed radically as a result of the Royal FloraHolland 2020 strategy. Programmes have been designed for the implementation of the strategy, but in the meantime the existing organisation has its own role to play. Each part of the organisation contributes to the realisation

of our strategic ambitions. These ambitions have therefore been formulated in a SMART way. For example: the target of reducing costs by a third by 2020 translates into cost savings of €104 million. The 2016 annual plan includes savings of €14 million. The planning process for 2016 has been conducted on the basis of these SMART targets. The clear questions for every employee are: How can you contribute to achieving these ambitions, and what do you need to do this?

Investing in renewal

Members and customers want a strong marketplace, supported by effectively operating logistics, financial and IT systems and processes. Royal FloraHolland will continue to invest in this as well as in the clock, which still represented 48% of our turnover in 2015. We are preparing for the renovation of plant tribune G in Aalsmeer. The plant clock and the florists' clock in Naaldwijk will be strengthened.

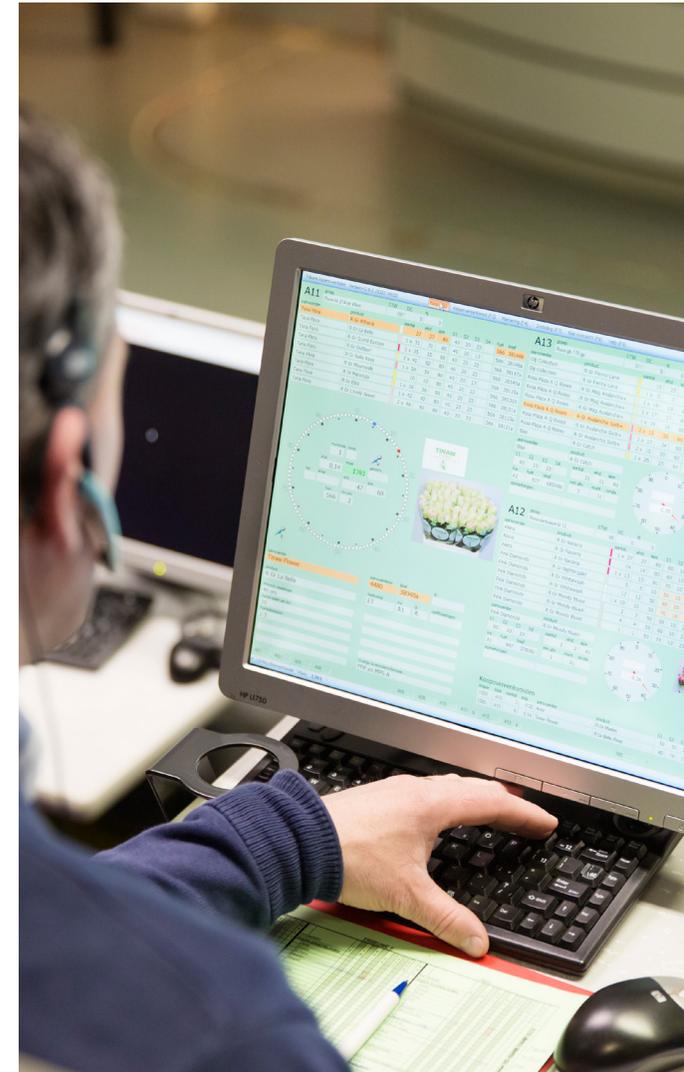
Many of our system renewals originate from the daily business of our members and customers. Suppliers state a minimum price with their offering information. The price formation is now fairer since the customer number on the clock

face has gone. We have started a pilot study of multi-transaction auctions. A Quality Intervention Team has been set up in response to complaints regarding the quality provided by some clock parties. The team calls suppliers whose product quality is not up to standard to account.

Acceleration and simplification

FloraMondo is the online trading platform. Growers can offer their entire stock in one place. Customers can see the complete offering from their suppliers, our members, with photographic material and prices. Producers and buyers confirm and administer their deals via the FloraMondo systems.

The introduction of clear and straightforward invoicing was accelerated in 2015. From 2016 members and customers will receive one invoice per day of their sales and purchases respectively. They receive a clear weekly overview plus an invoice for services. The time needed for administrative processes has also been reduced. The logistics departments are achieving improved productivity, partly due to the development and application of general standards for logistics processes.



Developing new concepts and markets

Royal FloraHolland undertook various initiatives to develop new markets in 2015. In Turkey we are attempting to strengthen the local floriculture sector due to the country's economic potential and its young and well-educated consumers. The Turkish government is planning to improve the infrastructure for the floriculture sector. Royal FloraHolland is raising the interest of its members and customers by organising study trips and by providing information on the local possibilities available.

In 2015 CEO Lucas Vos was part of a trade delegation that visited China led by King Willem-Alexander. China is the most important growth market for the World Flower Exchange Programme. The online market offers exceptional potential. Prosperity is rising rapidly, so that an increasing number of households have interest in and money available for consumer goods, including Western consumer goods.

Agreements of intent have already been concluded with leading players in China. Pilot studies will follow in 2016 to intensify cooperation and discover further commercial possibilities.

The Green Agenda programme is a joint venture between Royal FloraHolland, iVerde (representing the tree nursery sector) and Wageningen UR. The Green Agenda supports a healthy living, residential and working environment through the development and application of innovative concepts for plants and tree nursery products. Academic research has shown that green space in the living, residential and working environment contributes to public health and wellbeing. Practical green concepts present additional market opportunities to members and their customers.

Successful lobby

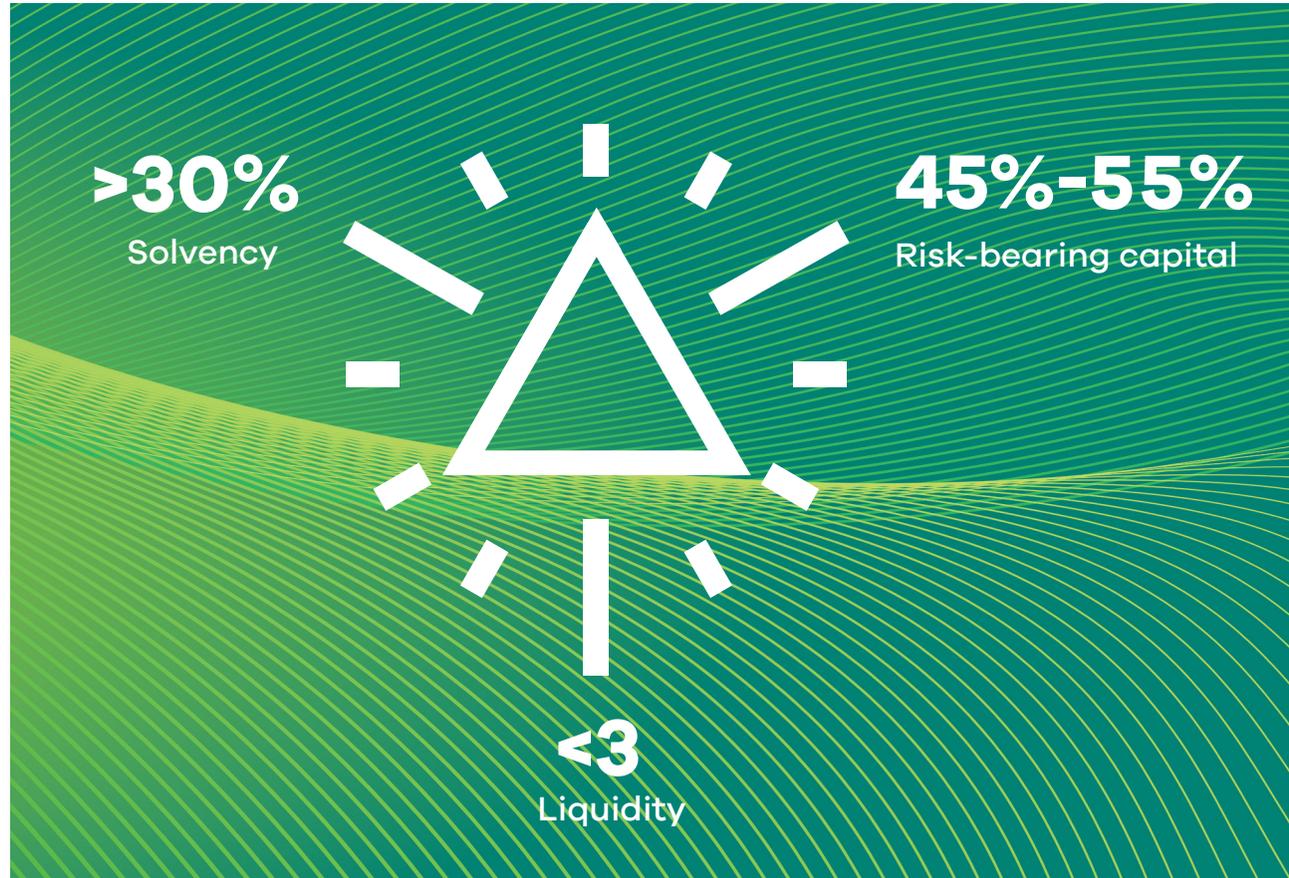
We are frequently involved with customers in lobbying, for instance to retain the low VAT rate for flowers and plants and to persuade Russia to abandon its ban on imports of flowers and plants.



Financing of the cooperative

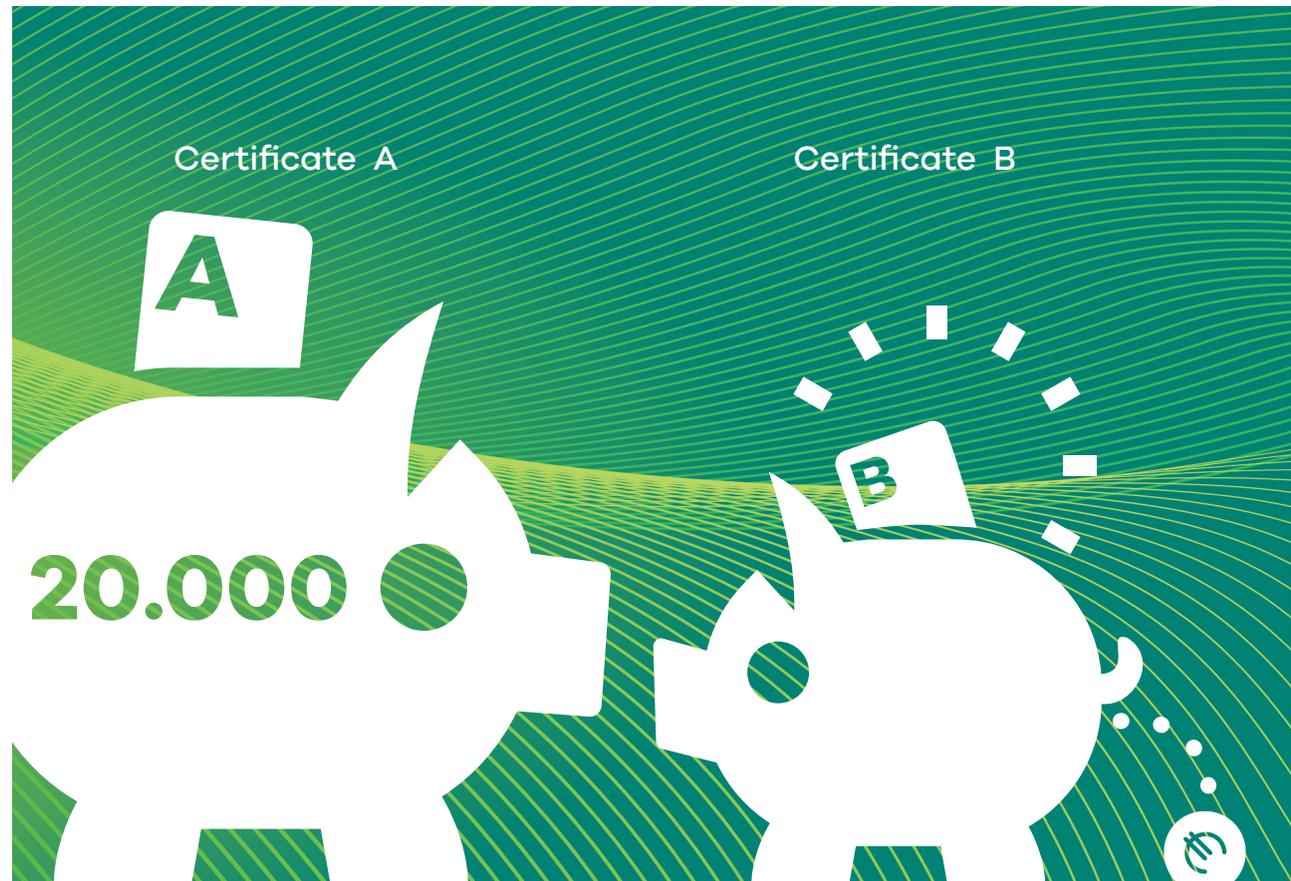
A different financing arrangement for the cooperative should improve its financial base. The members currently finance the cooperative through the members' loan and the participation reserve. The members' loan is supplemented by withholding 1% from member revenue (the liquidity contribution) and in principle is returned after eight years. If the cooperative makes a loss, this is covered from the liquidity contribution. The participation reserve and the related fee consist of profit. This is added at the proposal of the Management Board and is returned to the member after 20 years.

Members' financing should continue to be the basis of the cooperative. Clear principles for the financial ratios are desirable. The target for the solvency ratio is 30%. For risk-bearing capital, a bandwidth of between 45% and 55% applies. This has already been achieved. Liquidity must be at a level that bank financing can be maintained. Royal FloraHolland wishes to abandon the system of covering losses by the members. This will be replaced by capital cover.



The members' loan and participation reserve mentioned above will be converted into Certificates A and B. The 1% withholding from member revenue will be retained. With the amounts withheld, members will initially accumulate a Certificate A of up to €20,000, that will be registered in their names and remain within the cooperative for the duration of their membership. Once the Certificate A is fully paid up, members will then accumulate Certificates B. These will also be registered by name, but in principle will be returned to the member after eight years. Certificates A will participate in the (annual) result, while the Certificates B will be interest bearing, as is the case for the current members' loan.

If the cooperative's risk-bearing capital falls below the lower threshold of 45%, distribution is not permitted and no payment on Certificates A and B can be made. This maintains the cooperative's capital position at an appropriate level, while the members retain their entitlement to their money. If the equity rises above 55%, the Management Board may propose to pay out an additional annual tranche of Certificates B to the members.



Currently, both natural persons and legal persons (public and private limited companies) can be members of the cooperative. Now, all partners in a general partnership (VOF), limited partnership (CV) or other partnership have to register as members. The new proposal concerns business membership only. This is a significant simplification.

This proposal was extensively discussed in 2015, initially with the Supervisory Board and a committee from the Advisory Councils and subsequently at the regional meetings with the members. The plans were further refined on the basis of the responses received, and will be discussed again with the members in the first half of 2016. A decision will be taken at the General Members' Meeting on 2 June 2016. The proposal involves an amendment to the Articles of Association, meaning that a two-thirds majority of votes in favour is required to pass the motion. If at least two thirds of the votes are in favour, the new system will be introduced with effect from 2017.

The proposal for the new financing structure has been extensively discussed and explained.



Being a **good** employer

The ambitions of the Royal FloraHolland 2020 strategy mean that the business is changing radically. This also affects our employees. Jobs are changing and some will be eliminated, while new ones will be created. Royal FloraHolland is becoming leaner and growing at the same time. Everyone at the company has to continue to develop to remain employable and help bring about the change. We therefore talk to employees at all levels about their employability in a changing organisation. Transparently and honestly. We cannot guarantee employment, but we can offer support to increase people's opportunities in the employment market, so that they have the skills they need to be and remain employable.

Developing in order to progress

Various development programmes were started in 2015. We will continue with this in 2016. To encourage our employees to contribute to the ambitions of Royal FloraHolland, the training budget will be increased by one million euros

in 2016 and a Royal FloraHolland Academy will be introduced with a career plan for employees. Employees will be given the means to improve their employability, either at Royal FloraHolland or elsewhere. The employees make that decision themselves and Royal FloraHolland supports them. We want to enable our employees to work towards the transition of our organisation and on their own development at their own initiative.

More outsourcing

Royal FloraHolland will also organise its work differently. ICT and Facility Management were already outsourcing services in 2015. Royal FloraHolland intends to increase this in the coming years. Outsourcing will allow our business to deal better with increasing variations in labour supply and the rapid developments in the outside world.

Reducing absenteeism

Though it was down from 2014, absenteeism was still too high in 2015. Royal FloraHolland aims to reduce this to a level that is similar to comparable businesses. Policy is determined on the basis of discussions with employees. Discussing mental and physical employability in a timely manner and offering support when needed can greatly reduce absenteeism.



Nienke Nijenhuis,
Working Council Chair



**'We realise change must
come, but we don't
know how exactly.'**



Safety and sustainability on the agenda

Royal FloraHolland operates as safely and sustainably as possible in its own operations. The cooperative is also involved in the development of a sustainability infrastructure for the floriculture sector.



Safety

Since 2010, Royal FloraHolland has registered all accidents in the BROS system. Reporting has been

standardised at all locations since 2012, thus enabling good comparisons to be made. The Injury Frequency (IF) index is used to relate the number of accidents to the number of hours worked. The IF enables objective comparison between departments and locations.

The IF shows the number of accidents leading to absenteeism per million hours worked and is calculated as follows:

IF = (accidents leading to absenteeism > 1 day) x 1,000,000 / number of hours worked per department.

In 2015 the IF came to 17.9, in 2014 it was 20.0. The norm is 16.0. The IF was thus higher than the norm. Good scores were achieved by logistics Rijnsburg, Facility Management and Supply Chain. There were 66 accidents reported in 2015 (including involving temporary personnel), an increase of 8.3% compared to 2014.

Additional attention was paid to the instruction and education of temporary personnel in 2015. The employment agencies were also informed with respect to the risks at Royal FloraHolland. This will improve safety management. Several improvements have been introduced as a result of a risk inventory and evaluation carried out in 2014, including changes to the ramps, better entry guides to prevent trolleys from toppling over on entry and better lighting. All Royal FloraHolland locations now possess a VCA* certificate. Additional attention has also been devoted to the safety of employees travelling abroad and further improvements to the safety instructions and compliance with them. The management has also devoted further attention to safe working

conditions, also through the organisation of a health and safety workshop for supervisors. Other items of attention include refining the contingency plan, toolbox meetings designed to make employees more aware of potentially dangerous situations in the immediate working environment and expansion or improvement of the sprinkler and evacuation installations. For further information, see the special [safety dashboard](#) on page 30 of this report.

Sustainability



Royal FloraHolland devotes considerable attention to the environment and the separated disposal of its many waste flows.

In total, 35,727 tonnes of waste were separated in 2015 (2014: 44,089 tonnes). The recycle percentage came to 81% (2014: 81%). This percentage shows that Royal FloraHolland considers sustainability to be important and is actively engaged in this issue. For further information, see the special [sustainability dashboard](#) on page 27 of this report.

Targets for 2020

Targets for 2020



A positive sustainability image for floriculture products



5% of consumers spend 20% more on flowers and plants in the highest sustainability category



Royal FloraHolland aims to be among the most transparent companies with respect to sustainability



Clear and consistent sustainability norms and standards

The future

The above gives a clear impression of the current state of affairs. However, as a world market leader Royal FloraHolland aims to engage more actively with stakeholders and NGOs in making the floriculture chain more sustainable and to taking a central role in this process.

In 2020 Royal FloraHolland wishes to see that:

- floriculture products have a positive sustainability image among consumers, employers, members and their customers. Sustainability is no longer a dissatisfier. Royal FloraHolland also has a positive sustainability image among these target groups;
- 5% of consumers spend 20% more on flowers and plants in the highest sustainability category. Sustainability pioneers are thus rewarded for their efforts;

- transparency with respect to sustainability leads to better margins for our members and their customers. Royal FloraHolland wishes to be among the most transparent companies with respect to sustainability (measurable by the Transparency Benchmark or 'De Kristal');
- the sustainability standards in the sector are transparent to consumers because they are clear and consistent.

In order to meet these targets we are making baseline measurements, starting pilot studies and developing common standards in concert with other organisations. The project will be coordinated by a CSR director.

Corporate governance

By virtue of its scale, Royal FloraHolland is structured as a cooperative body with a Supervisory Board and a Works Council. The General Members' Meeting (GMM) is the most senior decision-making body. The GMM appoints the members of the Supervisory Board and the members of the GMM Committee. The GMM also adopts the financial statements, sets the most important member rates and has a right of approval with respect to investments involving more than €20 million.

The members' voting rights are based on the member capital accrued during the years of membership and thereby on the turnover realised in the past. The GMM convened on two occasions in 2015.

The GMM Committee is a committee formed by the GMM whose members are not involved in other committees. The GMM Committee nominates or objects to new supervisory directors, sets the remuneration of the

Supervisory Board and formulates the remuneration policy for the Management Board.

The Management Board is the statutory management of Royal FloraHolland and bears ultimate responsibility for managing the cooperative. In 2015 the Management Board consisted of a Chief Executive Officer (CEO) and a Chief Financial Officer (CFO). These officers met with the group managers in the management team (MT) of Royal FloraHolland at least once a week.

The Supervisory Board supervises the policy of the Management Board and the general state of affairs at the cooperative. The Supervisory Board also has an advisory role. The Board has appointed an Audit Committee, a Cooperative Committee and a Selection and Remuneration Committee from among its number. These committees are not authorised to take decisions, but they prepare items for discussion by the Supervisory Board.

The advisory structure of Royal FloraHolland safeguards the members' influence over the policy of the Management Board. This influence is exercised through the Royal FloraHolland Product Committees (FPC), the Region Advisory Committees (RAC) and the Advisory Councils for Flowers and Plants. Each product group has an FPC of cooperative members that advises the Management Board on product-related issues. Outside the Netherlands, the RACs in Israel, Kenya and Ethiopia advise the Management Board with respect to regional issues. The Advisory Councils discuss general policy issues and matters affecting multiple products, and consist of members of the FPCs, supplemented by a number of other members nominated by the Advisory Councils themselves. The Management Board submits items on the strategic agenda to the Advisory Councils and receives advice either on request or on the initiative of the Advisory Councils on strategic and policy-related matters. The Management Board either follows this advice or gives its reasons for not doing so.

Royal FloraHolland follows the NCR corporate governance code for cooperatives. On the basis of the 'apply or explain' principle, we state where we do not comply with this code and give our reasons for not doing so on our website. A new version of the code was published in 2015.

The test of compliance by Royal FloraHolland was conducted on the basis of the [NCR checklist](#) and discussed by the Audit Committee.

Strategic policy

Strategic policy is formulated as follows:

- The Management Board prepares the strategic policy, translates this into plans and is responsible for implementation.
- The Advisory Councils review the proposed policy decisions of the Management Board. This may lead to a formal recommendation to the Management Board. In certain cases, a committee formed by the Advisory Councils prepares for this.
- The Supervisory Board approves the strategic policy. The Board is actively and directly involved in the process of formulating policy with respect to strategic matters.

Remuneration policy

Royal FloraHolland values a transparent remuneration policy. The GMM Committee sets

the remuneration of the supervisory directors and sets frameworks for the remuneration of the organisation's senior management. Supervisory directors receive a fixed annual remuneration and no variable remuneration.

An external agency formulates a benchmark every three years to establish whether the remuneration of the Management Board is still in line with the policy. The principle of the policy is to offer the median (or average) remuneration in the general market for directors with final responsibility. The actual remuneration of the Management Board is set by the Supervisory Board. The remuneration of the Management Board then follows the salary increases of the collective labour agreement of Royal FloraHolland and has a fixed and a variable component. The variable remuneration of the CEO is capped at 30% of fixed salary. For the CFO, the variable remuneration is capped at 20% of fixed salary. The members of the Management Board have other employment benefits in addition to salary, such as a pension, in line with the other employees. The amounts of the remuneration of the Management Board and the Supervisory Board are stated in the financial statements.

Transparent remuneration policy



Risk schedule



Risk management and control

There are risks and uncertainties involved in pursuing business objectives. Royal FloraHolland strives to be cautious when incurring risks and takes measures to control risks as effectively as possible. We do this in order to protect the interests of our members carefully at all times.

Risk management

The organisation of risk management at Royal FloraHolland in 2015 was as follows:

- The Management Board is ultimately responsible for risk management and the operation of the control systems. Execution is the responsibility of the Management Board and the business, supervised by the Supervisory Board.
- The Internal Audit department oversees the internal controls and administrative organisation of Royal FloraHolland by performing audits, advice, risk inventories and analyses based on an annual audit plan. The manager of Internal Audit reports regularly to the Audit Committee on risk management and control.

- Royal FloraHolland appointed a compliance officer in 2015 who oversees compliance with legislation and regulations within the cooperative. His duties focus on management awareness, conducting compliance reviews and promoting compliance-oriented behaviour. His area of responsibility was further defined in 2015 with a compliance charter and the execution process was implemented. A screening process of the major risks was carried out by an external agency.
- The MTs of the business units and the MT of Royal FloraHolland go through the enterprise risk management cycle each year, in which risks are identified and analysed. Control of risks is tightened where necessary and translated into additional measures that are included as targets in annual plans.
- The audit firm EY has audited the financial statements for 2015. The reporting on the audit of the financial statements was discussed with the Audit Committee according to schedule.

Measures introduced for principal risks

The planning and governance cycle

Royal FloraHolland has a balanced planning and governance cycle which places considerable emphasis on the development of strategy and policy in which members play an active role. The strategy is translated into a multi-year plan that is updated annually and forms the basis for annual plans with annual budgets. The annual plans and budgets are regularly compared to the actual results and stated in financial reports. Forecasts are made in the spring and autumn. After the financial year, the financial statements and the annual report are prepared and submitted to the GMM for adoption. The planning and management cycle operated satisfactorily in 2015.

Royal FloraHolland 2020

The Royal FloraHolland 2020 strategy shows our position and direction for the coming years. This strategy is implemented partly as a result of strategic market risks. The transition from the auction clock to direct flows will negatively affect

our earnings model and the role of the auction clock as a price-setting instrument.

The shortening of the chain, services that are too expensive, direct sourcing and declining confidence in the strength of a cooperative business are weakening the marketplace. New services and internationalisation are leading to complex challenges with respect to realisation and gaining support from the members.

The programmes initiated in 2015 designed to achieve the Royal FloraHolland 2020 strategy will mitigate these market risks. The business units are also directly linking their annual targets to the Royal FloraHolland 2020 strategy and therefore also to the mitigation of these market risks.

There are also risks associated with the realisation of the strategic objectives. There are internal challenges regarding the organisation's ability to change, the development or obtaining of the necessary competences and the development strength of the ICT that is needed. The external challenges concern obtaining support from the stakeholders, addressing competing market initiatives and obtaining finance. The management of these risks is

included in the management cycle of the Royal FloraHolland 2020 organisation.



Controlling financial process risks

Each business unit has a model stating the management level of financial risks. These models were actively managed in 2015. Recommendations for improvements form part of the annual planning. The follow-up of these recommendations is closely monitored and reported to the management, the Management Board and the Audit Committee.



Controlling specific financial risks

The CFO leads the treasury team, which manages liquidity, credit, interest rate and currency risks. Risks are hedged using financial instruments on the basis of the treasury policy. The energy team mitigates price risks with respect to energy procurement. The strategic debtor meeting establishes the debt risk policy that is implemented by the Finance and Sales departments. The Real Estate Consultation discusses the risks relating to real estate.



Controlling specific operational risks

Operational risks such as accidents and emergencies are covered by Company First Aid, Company Security and the Company Fire Brigade (in Aalsmeer and Naaldwijk). Insurance portfolios are actively managed. For the management of Occupational Health & Safety and environmental risks, see the [2015 Occupational Health & Safety and the Environment Annual Report](#) published on the website.

Up-to-date company emergency plans are in place and there is a crisis management team that takes responsibility in crisis situations. The crisis management team was called upon on one occasion in 2015 in connection with an investigation by the Netherlands Food and Consumer Product Safety Authority in 2015 into the spread of the *Ralstonia Solanacearum* (brown rot) bacterium among rose growers and cultivators. The possibility of infection via the auction process was investigated, but turned out to be unfounded. After this finding, the crisis management team was disbanded.



Controlling tax risks

Audits were performed in 2015 on VAT risks with respect to application of the correct rates of VAT, automatic processing in systems and the VAT risks of participating interests. The follow-up of the recommendations of these audits will be actively monitored.



Controlling ICT risks

The ICT department adjusts the ICT landscape according to schedule in order to contribute optimally to achieving the strategic objectives. Reducing complexity and outsourcing are key concepts in this area. EDP audits were performed in 2015 on order processing of the direct flows, security of access to the internal network and the design of the functional and technical management of a number of important computer systems. Important recommendations from the audits were resolved immediately and the follow-up of the other recommendations will be actively monitored.

Impact if risks occur

Royal FloraHolland has a low risk appetite and takes measures to control risks as effectively as possible. Uncertainties do however remain. For instance, the Royal FloraHolland 2020 programmes do not yet provide a clear picture of the future business model, the future business processes and the future requirement for real estate. Investments in real estate that appear to be necessary today may not be required in the future. Given the financial interests involved, this requires careful consideration. Internationalisation is leading to more turnover through Royal FloraHolland, but also to new challenges regarding the management of debt risk, especially for the direct flows. Traditional measures may no longer be appropriate, meaning that debt risk may occur. Finance and Sales take account of this and regularly assess policy and procedures in the light of the changing playing field.

Declaration

No material shortcomings in the existing risk management and control systems were identified in 2015. These systems have not been fundamentally changed. The appointment of a compliance officer in 2015 has however led to additional attention being devoted to the management of risks arising from legislation and regulations. Regarding the risks associated with financial reporting, the Management Board declares that the internal risk management and control systems provide a reasonable degree of assurance. The financial reporting does not contain any material misstatements. Despite these measures, Royal FloraHolland had to deal with two cases of fraud in 2015 involving a total amount of less than €0.1 million. The risk management and control systems are operating satisfactorily.

Aalsmeer, 13 April 2016

Lucas Vos

CEO Royal FloraHolland



All supervisory directors are Dutch citizens.

In the composition of the Supervisory Board, we strive for an appropriate ratio between and/or representation of:

- members and non-members of Royal FloraHolland;
- men and women;
- national and international production;
- various product groups;
- knowledge and experience.

Members of the Supervisory Board

The members of the Supervisory Board are shown below. The floriculture business to which they belong is also indicated. Additional positions are shown for all supervisory directors.



Bernard Oosterom
(7 June 1960)

Chair of the Supervisory Board since 2014, administrative position within Royal FloraHolland since 1989, member of the Selection and Remuneration Committee.

Member business: Pot plant nursery Sjaloom B.V. in Waddinxveen.

Additional roles:

- Chair of the Dutch Flower Auctions Association (VBN).
- Chair of the National Cooperative Council for Agriculture and Horticulture (NCR).
- Chair of the International Association of Horticultural Producers (AIPH).



Mariëlle Ammerlaan
(2 June 1968)

Vice-Chair of the Supervisory Board since 2014, administrative position within Royal FloraHolland since 2003, chair of the Cooperative Committee.

Member business: Plaza Orchids Ammerlaan in De Kwakel.

Additional roles: none.



Jan Andrae

(25 April 1946)

Member of the Supervisory Board since 2010, member of the Cooperative Committee.

Additional roles:

- Director of Advanced Technology Industries.
- Advisory board member of Dirkzwager Group.
- Advisory board member of Amsterdam Village Company.



Joris Elstgeest

(2 August 1976)

Member of the Supervisory Board since 2014, administrative position within Royal FloraHolland since 2006, member of the Selection and Remuneration Committee.

Member business: Elstgeest Potplanten B.V. in Nieuwe Wetering.

Additional roles:

- Board member of Platform Tuinbouw Veenstreek.
- Member of Citizen's Council of the Municipality of Kaag & Braassem.



Jack Goossens

(18 March 1969)

Member of the Supervisory Board since 2014, administrative position within Royal FloraHolland since 2012, member of the Audit Committee.

Member business: Gova B.V. in Nispen.

Additional roles: none.



Jos ten Have

(13 November 1959)

Member of the Supervisory Board since 2004, member of the Cooperative Committee.

Member business: J&P ten Have B.V.

Additional roles:

- Treasurer and member of the daily management of Geopower B.V.
- Chair of Plantform.



Caroline Princen (9 November 1966)
Member of the Supervisory Board since 2015,
chair of the Selection and Remuneration
Committee.

Additional roles:

- Member of the board of supervision and member of the audit committee of Filminstituut EYE.
- Member of the board of supervision and member of the audit committee of the University Medical Centre Utrecht.
- Member of the executive board of ABN AMRO.
- Board member of Stichting Steun Alzheimercentrum VUmc.
- Chair of Stichting ABN AMRO Foundation.
- Member of the IMD Foundation Board.



Cees van Rijn
(4 May 1947)
Member of the Supervisory Board since 2012,
chair of the Audit Committee.

Additional roles:

- Member of the supervisory board of Plukon Food Group.
- Member of the supervisory board of Detailresult Group.
- Member of the supervisory board of ForFarmers.
- Member of the supervisory board of PwC.
- Member of the supervisory board of EQI.
- Member of the supervisory board of UTZ.
- Board member of Stichting Continuïteit SBM Offshore.



Gerben Ravensbergen
(16 October 1974)
Member of the Supervisory Board since 2014,
member of the Audit Committee.

Member business: Gebr. P. & J. Ravensbergen C.V.

Additional roles:

- Treasurer, Stichting YourLily.
- Member of the Economic Board Duin- en Bollenstreek.
- Entrepreneurs platform Green Meets Port.



Rosaline Zuurbier
(26 May 1977)
Member of the Supervisory Board since 2014,
member of the Cooperative Committee.

Member business: C.G. Zuurbier & Co. International B.V./Bilashaka Flowers Ltd. in Naivasha, Kenya.

Additional roles:

- Member of the members council of Rabobank Alkmaar and environs.

Report of the Supervisory Board

The Supervisory Board (SB) is pleased with the results achieved by Royal FloraHolland in 2015. After closing a turbulent year in 2014 with the positive reaction to the new Royal FloraHolland 2020 strategy, the first programmes were initiated in 2015. Much energy has been devoted to this and some elements have already been discussed at length with the members. At the same time, the business continued with its daily operations.

What is striking is that price formation has improved somewhat, and turnover increased by 1.4%. This was achieved despite a number of difficult developments in the market, such as currency fluctuations, the situation in Russia and the increased threat of terrorism. The operating result was also better than expected and thereby offers sufficient room to cover the investments needed for Royal FloraHolland 2020.

We fully support the course embarked upon with Royal FloraHolland 2020 and the current governance structure. The SB sees that there

is broad support among all stakeholders for the chosen direction and also sees that the Management Board has addressed this with much energy and enthusiasm. Of course there are always items to discuss, but the basis is strong.

There were however also issues that did not proceed so smoothly in 2015, which required the close attention of the SB. The issue discussed most was the variable remuneration of the Management Board, but also the departure of the CFO Rens Buchwaldt should be mentioned even though this was not announced until 2016. With regard to the variable remuneration, additional member meetings were held before and after the spring GMM meeting, and this item also was a key focus at the GMM itself. We then revisited this matter, discussed the policy again with the GMM Committee and explained the policy at the regional meetings in the autumn. Regarding the departure of Rens Buchwaldt, we can only express our deep appreciation for everything that

Rens contributed to Royal FloraHolland in the period from September 2006 to February 2016. We are indebted to him and wish him every success in his future career.

The SB met on eight occasions in 2015. In addition, there were two conferences with the Management Board (24-hour sessions), we followed a Lean Six Sigma training course and a delegation from the SB accompanied Lucas Vos on a working visit to Turkey. Furthermore, the supervisory directors were frequently in attendance at the various member, employee and customer meetings, and the regional meetings in Kenya, Ethiopia and Israel. A try-out is always held prior to each GMM and series of regional meetings in which the presentations are harmonised. The SB was in contact with the Works Council and the GMM Committee on several occasions in 2015.

Under the leadership of Rienk Goodijk, the spring conference focused extensively on the

governance structure of Royal FloraHolland and the evaluation with the members, the performance of the SB and the Management Board and the mutual cooperation. The autumn conference was fully devoted to the new Cooperative 2020 strategy programme.

Every regular SB meeting is held with the Management Board in attendance. Prior to the regular meeting, we hold a discussion in which we usually discuss the agenda and any current issues raised by the Chair or the SB committees. During the meeting, the Management Board gives an update of the current issues at the company, market developments and the most important developments in the strategy programmes. A Royal FloraHolland MT member also explains their opinions and what they are involved in. These are interesting discussions that give us insight into the issues the management has to address.

In addition to the above and the items that recur each year, such as the annual plan (budget and rates), the key performance indicators, the financial statements and the management letter from the auditor (EY) and the preparation for the GMM, the following items were considered during the meetings in 2015:

- Fire safety at Aalsmeer and Naaldwijk
- The governance of participating interests
- The Green Trade Centre (GTC) at Aalsmeer
- Royal FloraHolland's policy in relation to real estate
- The Greenport Horti Campus (GHC) at Naaldwijk
- The Floriculture Industry Organisation
- The renovation of the parking roof at Aalsmeer
- The financing of the cooperative
- Office premises at Aalsmeer
- Evaluation of Floratino packaging
- Divestments of participating interests
- The Gartner study (ICT)
- The sale of the complex at Bleiswijk
- The new identity for Royal FloraHolland (logo, house style, etc.)
- Engagement of the auditor (EY)
- Renovation of tribune G at Aalsmeer
- Geothermal energy at Naaldwijk
- Sale of the Prunus premises at Aalsmeer

Two supervisory directors were unable on one occasion to attend a meeting in 2015. There was also one occasion on which a supervisory director arrived late at a meeting or had to leave early. Caroline Princen was appointed supervisory director at the GMM on 4 June 2015. She succeeded Franswillem Briët who had previously

stepped down and in this capacity she also took over as Chair of the Selection and Remuneration Committee. At the GMM on 17 December 2015, Jack Goossens and Mariëlle Ammerlaan were reappointed as supervisory directors and Louis Bouman stepped down after completing a 12-year term. There will be no successor to Louis Bouman. This is due to the decision taken previously to reduce the number of supervisory directors from 11 to 9 in 2015 and 2016. Mariëlle Ammerlaan was reappointed Vice-Chair at the spring conference in 2016. The Supervisory Board of Royal FloraHolland did not comply with the balanced composition requirement for men and women (70/30) in 2015. This will be an item of attention in future appointments.

Report of the Audit Committee

The Audit Committee met on six occasions in 2015. With the exception of one meeting at which one member was unable to attend, all committee members attended all committee meetings. Meetings of the Audit Committee are always held with the external auditor (EY), the CFO and the Finance Manager in attendance. The internal auditor was always present for part of every meeting. The compliance officer attended a number of meetings. External experts and/or employees of the organisation

were invited, depending on the items being discussed. The Audit Committee met on four occasions with the external auditor without the CFO or other employees of Royal FloraHolland being in attendance.

The Audit Committee has established to its satisfaction that the administrative processes have visibly improved in several areas over the past year. There is still room for improvement in several areas, which were discussed with the CFO and the Finance Manager.

There was much discussion of the future financing of the cooperative in 2015. The Management Board involved the Audit Committee in the study of the various alternatives for financing at an early stage. This led to a proposal which was communicated to the members at the regional meetings in the autumn of 2015.

The following items were discussed during the year under review:

- The financial statements and the auditor's report for 2014
- The follow-up of the findings in the management letter from EY auditors
- The treasury policy
- The compliance policy and potential for fraud
- The risk policy
- The Gartner study of ICT at Royal FloraHolland
- The policy on reimbursement of expenses for the Management Board and the Supervisory Board
- The participating interests, including risk assessments and proposals for disposals
- The financial organisation and the filling of vacancies
- The financial reporting
- Investment proposals
- The budget for 2016
- The audit plan for 2015
- The audit charter

The Audit Committee consisted of Cees van Rijn (Chair), Jack Goossens, Gerben Ravensbergen and Louis Bouman in 2015.

Report of the Selection and Remuneration Committee

The Selection and Remuneration Committee (Remco) met on six occasions in 2015. All meetings were held with the CEO and the HR Manager in attendance. Depending on the items to be discussed, the committee invites external experts to attend. In 2015 these included Hay Group and Egon Zehnder.

In the first half of 2015 the committee consisted of only two members. This was due to the premature departure of the committee Chair Franswillem Briët. A successor was found in the person of Caroline Princen. In her daily life, Caroline Princen is a member of the executive board of ABN AMRO. She has been a supervisory director and Chair of the Remco at Royal FloraHolland since 4 June 2015. Before Caroline Princen assumed her position as Chair of the Remco, Joris Elstgeest was the acting Chair. All committee members attended each committee meeting in 2015.

The report of the SB has already mentioned the discussion of the variable remuneration of the Management Board. This item was of course also a key focus of this committee. It was

discussed on several occasions and there were also discussions with the GMM Committee. There were two developments in 2015. The first concerned the manner and the amount with which the Management Board should be remunerated. The second was a public discussion on the allocation of the variable remuneration to the Management Board for 2014 based on a publication. Both these discussions came together in the run-up to the spring GMM meeting.

The internal discussion concerned the market comparison which is carried out every three years. This revealed that the remuneration of the MB was below the median, or average. The policy is that the remuneration should be at the median level. This was also confirmed by the GMM Committee. The proposal was that the difference should partially be made up by introducing a long-term variable remuneration. Ultimately, this proposal was rejected. The difference will be made up partly by an increase in the fixed salary. This was explained in detail at the regional meetings in the autumn. The remuneration of the Management Board therefore consists of a fixed component and a variable component that is based only on

the short term. The percentage for the CEO is capped at 30%, and for the CFO at 20%. The SB decides the actual percentage for the year in question on the basis of previously established targets (KPIs). For 2015, the allocation is 65% of the stated percentages.

The Remco also discussed the following matters in 2015:

- The management development policy
- KPIs (evaluation for 2014 and establishment for 2015 and 2016)
- Succession planning
- Employee engagement surveys

The Selection and Remuneration Committee consisted of Caroline Princen (Chair with effect from July), Joris Elstgeest (acting Chair until the end of June) and Bernard Oosterom in 2015.

Report of the Cooperative Committee

The Cooperative Committee met on four occasions in 2015. All meetings were held with the CEO, the Cooperative & Communications Manager and the SB secretary in attendance. Managers were invited to attend depending on the items to be discussed. All committee

members attended each committee meeting in 2015.

The most important task of the committee is to monitor the interests of the cooperative and the members with respect to all policy decisions by the Management Board. Member policy and member involvement are important themes for the Cooperative Committee. Rates also fall within the committee's mandate, as well as the commercial regulations, the latter referring to internal procedures, management and transparency. The committee never discusses individual cases. The committee also fulfils the function of an appeal body for disputes between the Management Board and members. There were no such instances in 2015.

The Chair of the Cooperative Committee is also Chair of a working group that supervises the development of the governance framework at Royal FloraHolland. This includes consideration of the introduction programmes for new members and employees, and also the training and development of FPC, RAC and Advisory Council members. Generally, there is a need for more attention to the policy concerning younger employees.

The Cooperative Committee also reviews the discussions and decision-making in the various other bodies within Royal FloraHolland, in which there needs to be adequate consistency. This focus was also the basis for the committee's involvement in the design of the Cooperative 2020 strategic programme.

Other items discussed by the Cooperative Committee in 2015 included:

- Remote voting
- Evaluation of GMM and regional meetings
- Development programme for governance framework
- Commercial regulations
- Rates structure
- Cancellation of mandatory registration of partners
- Contribution to trade promotion
- Autumn conference MT-SB
- The new NCR code
- Commercial strategy (implementation)
- Minutes of discussions of cooperative affairs

The Cooperative Committee consisted of Mariëlle Ammerlaan (Chair), Jan Andreae, Rosaline Zuurbier and Jos ten Have in 2015.

Advice from the Supervisory Board

The Supervisory Board has taken note of the [2015 Financial statements](#) of Royal FloraHolland prepared by the Management Board and audited by the auditor. The financial statements consist of the balance sheet as at 31 December 2015 and the profit and loss account for 2015 with the associated notes. Based on its supervision, the Board has approved and signed the financial statements included in this annual report. It will be proposed that the General Members' Meeting should adopt the financial statements for 2015, discharge the Management Board of liability for the policy pursued in the 2015 financial year and discharge the Supervisory Board of liability for its supervision of this policy.

The supervisory directors wish to express their appreciation to the Management Board and the employees for the results achieved and the company's performance in 2015.

Aalsmeer, 13 April 2016

Bernard Oosterom
Chair



From left to right

- Leendert Eijgenraam
(Secretary of the Cooperative and the SB)
- Eva van Etten
- Matthijs Barendse
- Sjaak van der Hulst
- Ad van Marrewijk
- Herman Stricker

Report of the GMM Committee

The GMM Committee met on five occasions in 2015. Meetings are usually held with the Chair (or their replacement) of the Selection and Remuneration Committee (Remco) and the Secretary of the SB, who is also the Secretary of the GMM Committee, in attendance.

As a result of the interim departure of one of the committee members in March 2015, the committee found a successor in Eva van Etten. She was appointed by the GMM at the meeting on 4 June 2015. The committee has made a minor adjustment to its retirement rota as a result of this change. Furthermore, Sjaak van der Hulst was appointed for a second 3-year term at the GMM on 17 December 2015.

The composition of the GMM Committee and the retirement rota are now as follows:

- **Herman Stricker** 2016
- **Matthijs Barendse** 2017
- **Sjaak van der Hulst** 2018
- **Ad van Marrewijk
(Chair)** 2019
(reappointment in 2016)
- **Eva van Etten** 2021
(reappointment in 2018)

The committee, and in particular the Chair, was closely involved in filling the vacancy on the SB. This process led to the appointment of Caroline Princen by the GMM at the meeting on 4 June 2015.

The committee has subsequently held several discussions with the new Chair of the Remco and is confident that cooperation in the coming years will be fruitful.

In September the committee held discussions with the existing supervisory directors Mariëlle Ammerlaan and Jack Goossens, both of whom had been nominated by the SB for reappointment. The committee is entitled to object to reappointments as well as new appointments. Through the conduct of such discussions, the committee has a good impression of the people on the SB and the work that they do. As a result of these discussions, the committee informed the SB that it had every confidence in the candidates.

In 2014 the GMM Committee established the remuneration of the supervisory directors for a period of three years. The committee accordingly did not consider this matter in detail in 2015, apart from the variable component of the Chair of the Supervisory Board. The time spent was a consideration in this respect. Although the committee took the view that an additional remuneration would be justified, it was nevertheless decided to forgo introducing this.

The most important item considered by the committee in 2015 concerned the remuneration policy for the Management Board. The committee approved the proposal from the SB to remunerate the Management Board in accordance with the median in the market in the Netherlands at the beginning of the year.

Though this policy was already in place, the actual remuneration proved to be lower than the median. The SB proposed that this difference should be made up through the introduction of a long-term variable remuneration.

The committee agreed with this proposal.

There was further discussion of the remuneration of the Management Board and in particular, the variable component, in the run-up to the GMM on 4 June 2015. As a result of this, the SB submitted a revised proposal to the GMM Committee in October. The new proposal was forgo introducing the additional variable remuneration and to increase the fixed salary instead.

Taking everything into consideration, the committee approved this.

The GMM Committee considers transparency with respect to this matter to be of great importance and was therefore pleased to see how the SB explained the matter at the regional

meetings in the autumn of 2015. The committee is also pleased to note the commitment of the SB to include more explicit information in the relevant disclosure in the financial statements.

Lastly, the GMM Committee is satisfied with the new developments such as remote participation and voting in the GMM. The committee was moreover pleasantly surprised by the increasing willingness to accept renewal by the GMM. The committee wishes to compliment the Management Board and the company in this respect.

Aalsmeer, 13 April 2016

[Ad van Marrewijk](#)

Chair of the GMM Committee



Consolidated balance sheet as at 31 December 2015

(Before proposed profit appropriation (amounts x €1,000))

	Notes	2015	2014
ASSETS			
Fixed assets			
Intangible fixed assets	(1)	55	496
Tangible fixed assets	(2)		
Land		112,253	113,198
Buildings		348,681	364,270
Machinery and equipment		83,126	92,685
Other fixed operating assets		68,399	78,182
Not used in business operations		112,766	127,251
		725,225	775,586
Financial fixed assets	(3)		
Participating interests		12,072	15,202
Amounts receivable from participating interests		3,350	4,778
Other receivables		345	115
		15,767	20,095

	Notes	2015	2014
Current assets			
Receivables			
Trade receivables		70,398	76,523
Amounts receivable from participating interests		259	109
Deferred tax assets		1,548	1,250
Other receivables and prepayments	(4)	17,160	18,908
		89,365	96,790
Cash at bank and in hand		54,401	9,872
Total		884,813	902,839

 [For a vertical view of the consolidated balance sheet, click here.](#)

	Notes	2015	2014
LIABILITIES			
Group equity			
Equity	(5)	219,263	211,224
Minority interests	(6)	2,278	2,286
		221,541	213,510
Provisions			
	(7)		
Provision for deferred tax		1,664	1,687
Provision for reorganization		1,748	7,367
Other provisions		5,605	5,942
		9,017	14,996
Long-term liabilities			
Members' loans *	(8)	202,072	175,382
Liquidity contribution *	(9)	46,036	44,759
Voluntary (members') loans *	(10)	7,223	8,334
Supplier loans *	(11)	6,514	6,442
Credit institutions	(12)	146,225	122,571
		408,070	357,488

	Notes	2015	2014
Current liabilities			
Credit institutions including			
repayment obligations	(13)	1,703	76,916
Amounts payable to members/			
non-members	(14)	55,113	57,256
Other creditors		44,933	40,996
Deposits		82,936	81,474
Other liabilities and accruals	(15)	61,500	60,203
		246,185	316,845
Total			
		884,813	902,839

* Subordinated loans. Together with the group equity, these form the guarantee capital. At year-end 2015, the guarantee capital amounted to €481.1 million (2014: €446.1 million).

 [For a vertical view of the consolidated balance sheet, click here.](#)

Consolidated profit and loss account for 2015

(amounts x €1.000)

	Notes	2015	2014
Operating income			
Commission contributions		106,688	105,149
Membership fees		9,736	8,745
Lot and auction trolley charges		67,560	69,142
Transaction and service charges		24,791	24,655
Packaging		53,339	53,122
Trolley and CC (container) rentals		24,328	25,355
Letting of real estate		52,962	53,623
Other operating income		52,187	53,628
		391,591	393,419
Operating costs			
Wages and salaries	(16)	147,598	141,738
Social security charges		17,474	21,357
Pension charges		13,303	13,593
Depreciation and other changes in value of fixed assets		75,581	82,559
Other operating expenses	(17)	108,867	109,398
		362,823	368,645
Operating profit		28,768	24,774

	Notes	2015	2014
Financial income and expenses			
Interest expenses and similar expenses		-17,503	-18,747
Interest income and similar income		2,711	3,688
		-14,792	-15,059
Profit before taxation		13,976	9,715
Share in profit of participating interests		2,257	2,681
Income taxes	(18)	-3,991	-2,488
Minority interests		-202	-349
Profit after taxation		12,040	9,559

* Costs of €12,047 are recognised in 2015 for the Royal FloraHolland 2020 strategy (2014: 0). For further explanation of the figures, see notes 16 and 17 to the consolidated profit and loss account.

Consolidated cash flow statement for 2015

(amounts x €1,000)

	2015	2014
Operating activities		
Operating profit	28,768	24,774
Depreciation and other changes in value of fixed assets	76,481	82,559
Change provisions	-5,558	-13,400
	99,691	93,933
Change in working capital		
Decrease/increase in trade receivables	6,125	-3,626
Decrease/increase in receivables from participating interests	-150	848
Decrease/increase in other receivables	1,761	8,250
Decrease/increase in payables to members/non-members	13,112	-46,742
Decrease/increase in creditors	2,237	-8,452
Decrease/increase in payables to participating interests	-	-156
Decrease/increase in deposits	1,462	3,975
Decrease/increase in other payables	839	2,158
	25,386	-43,745

	2015	2014
Interest received	2,711	3,688
Dividend received	2,581	2,387
Interest paid	-17,503	-19,027
Income tax paid	-206	-1,061
	-12,417	-14,013
Cash flow from operating activities	112,660	36,175
Investment activities		
Additions to tangible fixed assets	-45,810	-35,436
Disposals of tangible fixed assets	20,731	3,356
Acquisition of group companies	-	-3,442
Acquisition of non-consolidated participating interests	-	-51
Disposals long-term receivables	1,458	-
Provision long-term receivables	-260	-
Disposals of other financial fixed assets	-	1,560
Cash flow from investment activities	-23,881	-34,013

 [For a vertical view of the consolidated cash flow statement, click here.](#)

	2015	2014
Financing activities		
Movement in current account credit institutions	-49,563	19,876
Repayment of long-term loans	-27,360	-30,826
Additional repayment of long-term loans	-25,000	-
Proceeds from long-term loans	50,000	-
Liquidity and capital contributions	46,036	44,759
Voluntary (members') loan	-1,111	-325
Repayment of members' loan	-30,327	- 26,938
Repayment of supplier loan	-2,325	-3,364
Repayment of participation reserve	-4,600	-4,724
Cash flow from financing activities	-44,250	-1,542
Net cash flow	44,529	620
Cash at bank and in hand at 1 January	9,872	9,252
Cash at bank and in hand at 31 December	54,401	9,872
Increase in cash and cash equivalents	44,529	620



[For a vertical view of the consolidated cash flow statement, click here.](#)

Consolidated statement of comprehensive income and expenses for 2015

(amounts x €1,000)

	2015	2014
Consolidated net profit after taxation	12,040	9,559
Net income and expenses recognised directly in group equity	–	–
Total recognised income and expenses	12,040	9,559

Notes to the consolidated figures for 2015

GENERAL NOTES

Goals

The Koninklijke Coöperatieve Bloemenvailing FloraHolland U.A., hereinafter Royal FloraHolland, is a cooperative with excluded liability for its members. The cooperative aims to achieve the highest yields at the lowest realisable marketing costs for its members by organising a series of marketplaces, both virtual and physical, and related services and facilities. Members of the cooperative can be natural persons and legal entities active in one or more companies that grow ornamental plants or flowers. Royal FloraHolland Aalsmeer's registered office is in Aalsmeer and the office address is: Legmeerdijk 313, 1430 BA Aalsmeer, The Netherlands.

Liability of the members of the cooperative

Royal FloraHolland has a statutory exclusion of liability in favour of its members. This means that the members of the cooperative are not to be held responsible for unrecoverable losses other than cooperative financing in the form of a participation reserve and subordinated members' loan.

The participation reserve formed from the profit realised in the name of its members is part of the equity of the cooperative. Following a proposal from the Management Board of the cooperative and subject to approval by the General Members' Meeting, an annual amount in the participation reserve allocated from a positive annual result can be made payable after twenty years.

In addition, each member of the cooperative participates in the members' loan by contributing a percentage of the sales of their products settled via the cooperative. This percentage is based on a proposal by the Management Board and determined by the General Members' Meeting. The members' loan is subordinated to claims of creditors and other providers of debt capital. The payout of the members' loan can be postponed, if proposed by the Management Board and subject to approval by the General Members' Meeting, on the expiration of the loan term of the respective year.

Standards applied

The financial statements have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code (BW). For the sake of clarity, the presentation of the profit and loss account deviates from the prescribed models in the Annual Accounts Models Decree because of the special character of the operating activities.

The amounts included in the notes are expressed in thousands of euros, unless stated otherwise. The 'result' is taken to mean the result including exceptional items, unless otherwise stated.

Basis of consolidation

Royal FloraHolland and its group companies, with which it forms an organisational and economic entity (collectively known as 'the Group'), are included in the 2015 consolidated financial statements. Group companies are companies in whose governance and financial policies Royal FloraHolland has a direct or indirect controlling interest. A controlling interest is assumed if Royal FloraHolland owns more than 50% of the share capital or owns particular and special rights, such as potential voting rights that can be exercised directly so that such a company must be considered a group company.

The group companies are fully consolidated. The share of third parties in the equity and results is listed separately. Inter-company transactions and mutual claims and liabilities are eliminated. Consolidation and de-consolidation take place as from the date on which control is obtained respectively until the date that control no longer exists.

The group companies are included in the consolidated financial statements according to Royal FloraHolland's accounting policies for valuation and determination of the result.

In the organisational structure, Royal FloraHolland has chosen to include the activities that are directly subservient to its core activities within the cooperative. Subservient activities not directly linked to the company's auction activities, together with a number of other financial interests, were included in participating interests.

The consolidation base is shown in the Appendix. The following participating interests were disposed of in 2015: Decorum Plants B.V., Aucxis C.V.B.A., Fresh Chain Company B.V., Frederique's Choice B.V., Steen voor Steen B.V. and Verde Trade Parc B.V. The participating interests FH Vastgoed 1 B.V. and Flower Chain Services B.V. were liquidated in 2015. In addition, FH Services Italy S.r.l. was incorporated in 2015.

ACCOUNTING POLICIES USED IN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

General

The accounting policies for valuation of assets and liabilities and determining the results are based on historical costs. The assets and liabilities are recorded at amortised cost, unless stated otherwise. An asset is recorded in the balance sheet when it is probable that future economic benefits will flow to the company and its value can be reliably determined. A liability is recorded in the balance sheet when it is probable that its settlement will go hand in hand with the outflow of resources and the amount can be reliably determined.

Intangible fixed assets

Intangible fixed assets are carried at cost of acquisition net of accumulated amortisation and any accumulated impairment losses. The annual straight line amortisation is based on the estimated useful life of ten years. Impairment can occur if changes or circumstances arise which suggest that the carrying amount of an asset will not be (fully) recovered.

Tangible fixed assets

Tangible fixed assets are carried at the cost of acquisition or production net of accumulated depreciation and where applicable accumulated impairment losses. The annual straight line depreciations are based on the expected economic useful life of buildings and site facilities of 10–33 $\frac{1}{3}$ years, and of machinery and equipment and other fixed operating assets of 5 to 10 years, taking account of residual value. Assets not used in business operations are not depreciated.

Costs of major maintenance are recognized under cost when incurred and if the recognition criteria are met. The carrying amount of the components to be replaced will be regarded as a disposal and taken directly to the profit and loss account. All other repair and maintenance costs are taken directly to the profit and loss account.

Impairment losses can occur if changes or circumstances arise which suggest that the carrying amount of an asset will not be (fully) recovered. (See also the note on page 97, risks on impairment of fixed assets.)

One third of the land available for sale on the open market in Aalsmeer and Rijnsburg is allocated for sale to third parties not being trading partners. Two thirds of land available for sale on the open market is kept either for future sale to trading partners or for the cooperatives own use. Of the land available for sale on the open market in Naaldwijk, 38% is allocated for sale to third parties and 62% is kept either for future sale to trading partners or for the cooperatives own use. The land either allocated for sale to trading partners or for own use in Aalsmeer, Naaldwijk and Rijnsburg is considered economically interchangeable. Future sale of land, regardless of whether it is located in Aalsmeer, Naaldwijk or Rijnsburg, will be based on average cost. The result (for financial accounting purposes) comprises the difference between the sales price and the number of square meters at an average cost price. Land available for sale on the open market allocated for sale to third parties is not considered economically interchangeable and is valued at historical cost of acquisition per location net for accumulated impairment losses.

Financial fixed assets

Participating interests on whose financial and operating policies the group exercises significant influence are valued using the net asset value. Significant influence is in any case assumed to be present with a shareholding of more than 20%. The net asset value is calculated in accordance with the accounting policies that apply to these financial statements. If the net asset valuation of a participating interest is lower than zero, the carrying value will be kept nil. A provision is formed if and to the extent the company stands surely 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. Participating interests over whose financial and operating policies no significant influence is exercised are carried at cost less any impairment.

Receivables recognised under financial fixed assets are carried at amortised cost price, less a provision for doubtful debts.

Receivables and cash at bank and in hand

Receivables are stated at their nominal value, less provision for doubtful debts. Receivables and cash at bank and in hand are at the cooperatives free disposal.

Inventories and projects in progress

Inventories are carried at acquisition costs, net for provisions for unmarketable stocks.

Projects in progress, existing of rendered services to be invoiced, are carried at their estimated sales value. Revenues and profit are accounted for pro rata to the extent of work performed.

Provisions

Provisions are formed for obligations and losses that existed at the balance sheet date, the amount of which is uncertain but can reliably be estimated. The amount of the provision is determined based on a best estimate of the amounts required to settle the liabilities and losses concerned.

Pensions

The group has two pension plans. Royal FloraHolland has a defined benefit pension plan (a career average pension scheme), the nominal entitlements of which have been insured using a separate investment portfolio administered by an insurer. The defined benefit pension entitlements will be funded by way of annual pension payments to the insurer. The coverage ratio amounted to 113.0% at year-end 2015, which is well above the minimum target of 105.0% set by the Dutch Central Bank. Pensions were not indexed in 2015. In addition, Hobaho Horti Groep BV has an industrial sector pension fund to which the Suwas ruling applies. In accordance with the current generally accepted accounting policies, the commitments accounting policy is used. For both pension plans, the contributions are recognised as an expense in the year to which they relate.

Anniversaries

The anniversaries provision concerns costs of future anniversary benefits attributable to past years of service, taking into account the risk of interim retirement and death.

Deposit obligation

Deposit liabilities are carried at the deposit value of reusable packaging in circulation at the balance sheet date, after deduction of an estimated amount for packaging that will not return.

Leasing

The assessment of whether an agreement contains a lease is based on the substance at the inception date of the agreement. The contract is classified as a financial lease agreement if the fulfilment of the arrangement is dependent on the use of a specific asset or if the contract includes the right of use of a specific asset. In the case of operational leasing, the lease payments are to be charged to the profit and loss account on a straight-line basis over the term of the lease.

Determination of the result

The result, the net amount of the company's operating income and expenses for the financial year, is allocated to the year to which it relates. Operating income ('profits') is taken into account insofar as it is realised at the balance sheet date. Operating expenses ('losses') which originate before the end of the year under review are recognised if and insofar as they are known before completion of the annual accounts.

Profit from participating interests

The group's share in participating interests, over whose financial and operating policies the group has no controlling interest is taken to the profit and loss account based on net asset value. To the extent the net asset value is not applied, the dividend from participating interests is recognised as profit and value adjustments are charged to the expenses.

Taxes

Income tax is calculated on the profit as disclosed in the profit and loss account, allowing for tax-exempt items and wholly or partially non-deductible expenses. For taxable timing differences, a deferred tax liability or deferred tax asset is recognised. The deferred tax asset will be recognised under current assets if it is deemed to be eligible for future settlement. Insofar as a taxable profit is available for settlement purposes in the future, a deferred tax liability for available carry-forward losses was recognised. The deferred tax assets and liabilities are stated at non-discounted value, based on the current 25% tax rate.

Cash flow statement

The cash flow statement has been prepared in accordance with the indirect method. The cash and cash equivalents in the statement consist of cash at bank and in hand. Interest and taxes received and paid are included under cash flow from operating activities.

Derivatives and financial risks

Derivatives

Royal FloraHolland neither holds nor issues financial instruments for trading purposes.

Foreign exchange risk management

Transactions in foreign currencies take place only to a limited extent. Assets and liabilities are also generally denominated in euros. Accordingly, the foreign currency risk is limited.

Interest rate risk management

Royal FloraHolland follows market interest rate developments closely. Its interest rate risk policy is intended to provide an early awareness of interest rate fluctuations. These interest rate swaps are part of an effective hedging relationship in which cost-price hedge accounting is applied. Cost-price hedge accounting involves valuation of the interest rate swaps during the term at historical cost. Value adjustments are not accounted for in the profit and loss account.

Liquidity risk management

Supplementary agreements on Royal FloraHolland's credit ratings have been made with credit institutions regarding bank financing, as well as on the conditions under which bank financing is issued. For bank financing no collaterals have been issued as security.

Credit risk management

To manage the risk of irrecoverable trade receivables, these receivables are continuously monitored. Since the services provided by Royal FloraHolland are spread over a large group of customers, there is no question of a large concentration of accounts receivable. A predominant portion of the accounts receivable are covered by (un)limited non-reversible statements and a credit insurance policy has been provided in case 14-day credit is granted for Royal FloraHolland Connect transactions.

Risks of impairment of buildings and land

An important component in the strategy of Royal FloraHolland is to offer attractive physical marketplaces in order to optimally facilitate and bind 'the trade'. This strategy calls for significant investments in assets, in particular buildings and land. In this regard, Royal FloraHolland has developed a long-term vision; however, due to market conditions and developments in the financial and real estate markets, medium and long-term fluctuations in the valuation of fixed assets cannot be ruled out. Despite this long-term vision, these fluctuations can therefore lead to impairments.

Royal FloraHolland periodically assesses its policies on depreciation, valuation principles and investments, in particular in relation to investments in buildings and land, in order to reduce the risk of impairment of assets. To assess whether impairment of assets is required, Royal FloraHolland periodically assess the carrying amount with the cash flows to be realised for each of the following asset categories: 1) export location market centres;

2) domestic market centres; 3) land available for sale to trading partners; 4) land available for sale to third parties; and 5) individual properties at the marketplaces that can be identified and exploited separately.

Notes to the consolidated balance sheet for 2015

(amounts x €1,000)

FIXED ASSETS

(1) Intangible fixed assets

The carrying amount at the balance sheet date and its movements were as follows:

	2015	2014
Balance at 1 January	496	5,798
Movements		
Impairments	-378	-4,657
Amortization and changes in value	-63	-645
Balance at 31 December	55	496
Cost		
Cost	6,853	6,853
Accumulated amortization and impairments	-6,798	-6,357
Balance at 31 December	55	496

Intangible assets consist of licences related to grower's rights, plant varieties and packaging. Intangible fixed assets are amortized in 10 years.

The impairments in 2015 and 2014 concern the write-down of the Floratino packaging.

(2) Tangible fixed assets

The carrying amount at the balance sheet date and its movements were as follows:

	Carrying amount at beginning of year	Additions	Transfers	Reclassification	Depreciation impairments	Disposals	Carrying amount at year-end
Land							
Land	88,524	–	–	–79	–	–3,264	85,181
Site facilities	24,674	3,638	886	–	–2,126	–	27,072
Subtotals	113,198	3,638	886	–79	–2,126	–3,264	112,253
Buildings							
	364,270	10,851	12,378	3,159	–36,533	–5,444	348,681
Machinery & equipment							
	92,685	6,225	4,115	–3,159	–16,741	–	83,125
Other fixed operating assets							
ICT equipment	14,911	3,345	722	–	–6,107	–	12,871
Logistics resources and packaging	63,271	4,103	698	–	–12,544	–	55,529
Subtotals	78,182	7,448	1,420	–	–18,651	–	68,399
Not used in business operations							
Land available for sale on the open market	77,368	18	37	79	–400	–	77,102
Assets under construction	21,240	18,754	–18,836	–	–	–285	20,873
Land and buildings available for sale on the open market	28,643	576	–	–	–689	–13,738	14,792
Subtotals	127,251	19,348	–18,799	79	–1,089	–14,023	112,766
2015 Totals	775,586	47,510	–	–	–75,140	–22,731	725,225
2014 Totals	819,148	40,723	–	–	–80,929	–3,356	775,586

	Land	Buildings	Machinery & equipment	Other fixed operating assets	Not used in business operations	2015	2014
Cost	151,121	1,003,517	349,020	192,848	126,855	1,823,361	1,798,528
Accumulated depreciation and impairments	-38,868	-654,836	-265,894	-124,449	-14,089	-1,098,135	-1,022,941
Balance as at 31 December	112,253	348,681	83,126	68,399	112,766	725,225	775,586

The carrying amount at the balance sheet date of land available for sale on the open market can be broken down as follows:

	Number of m ² (x 1.000)	Carrying amount
Royal FloraHolland	1,068	75,700
Greenparc V.O.F.	106	1,402
Balance at 31 December	1,174	77,102

The land available for sale on the open market consists of land that is free to be sold to trading partners and third parties who are not trading partners. Land available for sale to trading partners on the open market is kept for future issuance to Royal FloraHolland customers in support of the position as a central marketplace.

Assets under construction relate to assets which were not yet in use at the balance sheet date. The assets taken into use during the year are allocated to the applicable asset category via the 'transfers' column. Assets taken into use in 2015 include the renovation of the parking level, contributions to the laying of access roads, investments in fire alarm & evacuation systems

and the renovation of the cooling units. Additions that were not yet taken into use by year-end 2015 include changes to the ramps, investments in fire alarm & evacuation systems, preparation of land for construction (Neptunus) and the renovation of the cooling units.

The 'reclassification' column concerns various assets that have been further specified and therefore allocated to a different asset category.

The impairments mainly concern the write-down of the carrying amount of tribune F 'cut flowers' in Aalsmeer which was discontinued at year-end 2015. This led to a write-down of €2.5 million.

The major disposals in 2015 concern the sale of the real estate in Venlo and the sale of the buildings on the Prunus in Aalsmeer.

Royal FloraHolland has no legal ownership with respect to the capitalized contributions to the N231 and N201 in Aalsmeer amounting to €3.3 million. Royal FloraHolland also made a contribution of €1.7 million to improving the connection with the A44. This amount has been capitalized and Royal FloraHolland has no legal ownership.

The land and buildings available for sale on the open market concern fixed assets for sale to trade partners and third parties that are not trade partners. The tangible fixed assets of the Bleiswijk location were included in this category.

Tangible fixed assets are depreciated on the basis of their estimated useful lives:

- Assets not used in business operations will not be depreciated.
- Buildings and site facilities: depreciation in 10-33 ¹/₃ years.
- Machinery and equipment & other fixed assets: depreciation over 5-10 years.

Fixed assets no longer available with a carrying amount of nil have been adjusted in the cumulative figures in 2015.

(3) Financial fixed assets

The carrying amount at the balance sheet date and its movements were as follows:

	Participating interests	Amounts receivable from participating interests	Other receivables	2015	2014
Balance as at 1 January	15,202	4,778	115	20,095	22,818
Movements					
Acquisitions	–	–	–	–	51
Disposals	–1,857	–	–	–1,857	–1,833
Profit of participating interests	2,257	–	–	2,257	2,681
Movement in loans	–	–	260	260	–207
Repayments	–	–1,428	–30	–1,458	–
Impairments of assets	–799	–	–	–799	–361
Dividend paid by participating interests	–2,581	–	–	–2,581	–2,387
New consolidation	–	–	–	–	–667
Balance as at 31 December	12,072	3,350	345	15,767	20,095

Participating interests

The impairments of the participating interests are recognised in the profit and loss account under the item other operating expenses.

Amounts receivable from participating interests

This category includes 'loans to participating interests'. These loans bear an average interest of 4.4% (2014: 4.2%) and have a remaining term of less than five years.

Transactions with related parties

All transactions with participating interests are effected at normal market conditions.

CURRENT ASSETS

RECEIVABLES

(4) Other receivables and prepayments	2015	2014
Taxes and social security charges	2,024	3,087
Prepaid expenses	8,643	5,138
Inventory and projects in progress	731	940
Receivable related to real estate transactions	–	1,306
Other receivables	4,714	7,287
Other prepayments	1,048	1,150
Balance at 31 December	17,160	18,908

(5) Equity

The equity amounts to €219.3 million at the balance sheet date (2014: €211.2 million).

For a detailed explanation, reference is made to the notes to the company balance sheet.

(6) Minority interests	2015	2014
Balance at 1 January	2,286	1,976
Movements		
Share in result of participating interests	202	349
Dividend paid	–152	–47
Adjustment to previous financial year	–58	8
Balance at 31 December	2,278	2,286

(7) Provisions	Provision for deferred taxation liabilities	Provision for reorganisation	Other provisions	2015	2014
Balance at 1 January	1,687	7,367	5,942	14,996	30,560
Movements					
Additions	–	1,748	26	1,773	3,103
Charges	–23	–6,158	–200	–6,381	–15,290
Release	–	–397	–	–397	–
Reclassification	–	–812	–162	–974	–3,377
Balance as at 31 December	1,664	1,748	5,606	9,017	14,996

The provision for deferred taxation liabilities originates from differences between the valuation of tangible fixed assets for financial accounting and tax purposes and a recorded cost equalisation reserve. The provision for deferred taxation has been calculated on the basis of a corporate income tax rate of 25.0% (2014: 25.0%).

The provisions generally have a remaining term of more than one year.

LONG-TERM LIABILITIES

(8) Members' loans

	2015	2014
Balance at 1 January	175,382	171,506
Movements		
Addition liquidity contribution previous financial year	43,244	31,882
Payout due to death and resignation	-7,746	-6,731
Repayment liability for current financial year recognised under current liabilities	-9,429	-22,581
Transfers membership type to members' loan	621	1,306
Balance at 31 December	202,072	175,382

Payout of the members' loan is provided for by Article 17 of the Articles of Association. Over 2015, interest was paid at a rate of 1.4% (2014: 1.6%). The balance at 31 December 2015 refers to the amounts added from 2009 to 2015. This also includes the amounts added in 2007 of the Aalsmeer flower auction. €94.1 million (2014: €90.3 million) of the total amount of €202.0 million (2014: €175.4 million) has a remaining term of more than five years.

For the repayments related to loans existing on 31 December 2007, the repayment date falls at the end of the term as it applied to the former Royal FloraHolland (i.e. after seven years) and the former Aalsmeer flower auction (i.e. after nine years). For the repayments related to loans as from 2008, the repayment date will fall at the end of a term of eight years.

The members' loans are subordinated to all third-party claims against Royal FloraHolland.

(9) Liquidity contribution	2015	2014
Balance at 1 January	44,759	32,914
Movements		
Addition member and supplier loans previous financial year	-44,759	-32,914
Withheld from members in current financial year	44,485	43,244
Withheld from non-members in current financial year	1,551	1,515
Balance at 31 December	46,036	44,759

The liquidity contribution consists of a withheld contribution of 1.0% of members' and non-members' product sales. In 2015 the total amount of the withheld liquidity contribution was €46.0 million (2014: €44.8 million). It will be proposed to the General Members' Meeting that the entire liquidity contribution for 2015, i.e. €46.0 million (2014: €44.8 million) will be added to the members' loan.

The liquidity contribution is subordinated to all third-party claims against Royal FloraHolland.

(10) Voluntary (members') loans	2015	2014
Balance at 1 January	8,334	8,659
Movements		
Additions	159	242
Repayments	-1,270	-567
Balance at 31 December	7,223	8,334

The added amounts to voluntary (members') loans are repayable after five years. The balance of €7.2 million (2014: €8.3 million) has a remaining term of less than five years. Over 2015, interest was paid at a rate of 1.9% (2014: 2.1%).

The voluntary (members') loan is subordinated to all third-party receivables on Royal FloraHolland.

(11) Supplier loans	2015	2014
Balance at 1 January	6,442	8,657
Movements		
Addition contribution current financial year	1,515	1,380
Repayment due to death and resignation	-449	-1,719
Transfer to members' loan	-621	-
Repayment liability for current financial year recognised under current liabilities	-373	-1,876
Balance at 31 December	6,514	6,442

The balance on 31 December 2015 refers to the amounts added from 2009 to 2015. This also includes the amounts added in 2007 of the Aalsmeer flower auction. Over 2015 interest was paid at a rate of 1.4% (2014: 1.6%),

The additions on supplier loans became interest-bearing on 1 January following the year in which they were added. For the amounts added to the supplier loans up to and including the annual amount for 2008, the repayment terms that were applicable remain in effect, i.e. seven and ten years. For repayments related to loans from 2009, the repayment period is the same as the repayment period of the members' loan (i.e. eight years). An amount

of €3.2 million (2014: €3.4 million) of the total balance of €6.5 million (2014: €6.4 million) has a remaining term of more than five years. An amount of €3.8 million (2015: €3.8 million) is expected to be paid to former members and non-members in 2016.

The supplier loans are subordinated to all third-party receivables on Royal FloraHolland.

(12) Credit institutions	2015	2014
Balance at 1 January	122,571	150,288
Movements		
Repayment liability for next financial year, recognised under current liabilities	-1,703	-27,717
Repayment liability for previous year	357	
Additional repayment during the year	-25,000	
New loans	50,000	
Balance at 31 December	146,225	122,571

€141.9 million (2014: €119.1 million) of the total amount of €146.2 million (2014: €122.6 million), has a remaining term of less than five years. The 2016 repayment liability of €1.7 million (2015: €27.7 million) is recognised under current liabilities. These loans bearing an average interest rate of 1.9% (2014: 2.4%). Long-term bank loans are concluded with Rabobank, ING Bank and ABN AMRO.

CURRENT LIABILITIES

(13) Credit institutions including repayment liabilities

This includes the repayment liabilities on the long-term bank loans of €1.7 million (2014: €27.7 million). No credit facilities at banks were in use at year-end 2015 (2014: €49.2 million). The available credit at banks amounts to €116.5 million (2014: €127.8 million).

(14) Amounts payable to members/non-members

This includes the product sales of 28, 29 and 30 December 2015 and the 2016 repayment liabilities on the members' loan (2005 Aalsmeer flower auction addition; 2007 former Royal FloraHolland addition). The repayment liabilities due in 2016 stemming from the supplier loans and participation reserve are also recorded.

(15) Other liabilities and accruals

	2015	2014
Taxes and social security charges	7,251	6,815
Holiday allowance and days off	14,243	15,306
Interest costs on banks and members' loans	4,858	5,284
Accruals	8,407	8,301
Other amounts payable	26,741	24,497
Balance at 31 December	61,500	60,203

Financial instruments

As of 31 December 2015, the nominal value of Royal FloraHolland's interest rate swap contracts amounted to €293.9 million (2014: €324.2 million), to cover bank loans and member and supplier loans. Under these swaps, Royal FloraHolland receives a variable interest rate and pays a fixed interest rate.

On 31 December 2015, Royal FloraHolland's bank debt in terms of long-term and short-term loans amounted to €149.1 million (2014: €199.5 million) with a variable interest rate. To cover those, interest rate swap contracts have been concluded. The fixed interest rate of 3.4% (2014: 3.2%) is above the market level at year-end 2015, so that the fair value of the swaps is negative at the balance sheet date.

As of 31 December 2015, Royal FloraHolland's member and supplier loans totalled €261.9 million (2014: €234.9 million). The interest rate is determined annually and is derived from the yield on 8-year government bonds. To cover the member and

supplier loans, interest rate swap contracts have been concluded. The fixed interest rate was 3.1% on average at year-end 2015 (2014: 3.5%).

The interest rate swaps has a negative fair value of €28.9 million at the balance sheet date (2014: €39.4 million negative).

The 2015 financing costs amounted to €17.5 million (2014: €18.8 million). Of this amount, €6.7 million (2014: €8.1 million) relates to the costs on variable interest rate loans and €10.8 million (2014: €10.7 million) relates to interest rate swap contracts to cover the risk on variable interest rate loans. The average interest paid in 2015 as a percentage of the outstanding loans including interest rate swap contracts is 4.3% (2014: 4.3%).

More than 70.0% of the interest rate risk on the current bank and members' loans is covered, and this will decline in the coming years. At the balance sheet date, Royal FloraHolland has interest rate swap contracts with maturities of up to 2021.

Since Royal FloraHolland has no margin calls included in interest rate swap contracts, there are no possible liquidity risks in terms of interest rate swap contracts

ARRANGEMENTS AND COMMITMENTS NOT SHOWN IN THE BALANCE SHEET

Investment commitments

As of 31 December 2015, the investment commitments from projects in progress amounted to €7.5 million (2014: €7.2 million).

For infrastructural adjustments aimed to improve the opening up of the marketplaces, Royal FloraHolland entered into commitments with government bodies and third parties for an 'undisturbed logistical connection' (OLV) (location Aalsmeer), reconstruction of the Middel Broekweg/Veilingroute crossing, and the construction of noise barriers on and the broadening of the N213 (location Naaldwijk) for a total of €7.1 million (2014: €11.1 million).

Repurchase commitments

In the past, Royal FloraHolland entered into contingent repurchase commitments for real estate for a total of €250,000 (2014: €1 million) for an office of a transport business and a service station in Rijnsburg (DMO).

Lease payments

As of 31 December 2015, the lease payments with a term of less than one year amounted to €1.6 million (2014: €1.6 million) and lease payments with a term of one to five years amounted to €2.5 million (2014: €1.5 million).

Rental obligations

As of 31 December 2015, the rental obligations amounted to €2.5 million (2014: €3.2 million), of which €1.0 million (2014: €1.0 million) with a remaining term of less than one year.

Guarantees

Royal FloraHolland has issued guarantees for local governments, affiliated organisations and other parties for a total of €10.2 million (2014: €3.0 million).

Other service contracts

As of 31 December 2015, these liabilities amounted to €25.9 million (2014: €29.6 million), of which €16.3 million (2014: €17.3 million) with a remaining term of less than one year.

Notes to the consolidated profit and loss account for 2015

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

PRODUCT SALES (x €1 million)

	2015	2014
Clock sales		
Aalsmeer	1,078	1,077
Naaldwijk	703	704
Rijnsburg	325	327
Bleiswijk	–	19
Eelde	24	24
Total clock sales	2,130	2,151
Royal FloraHolland Connect	2,335	2,250
Total sales Royal FloraHolland	4,465	4,401
Hobaho Horti Groep B.V.	137	135
Flower Chain Services B.V.	–	1
Total group sales	4,602	4,537

Royal FloraHolland's total share in clock sales was 47.7% in 2015 (2014: 48.9%). The share of Connect product sales in 2015 was 52.3% (2014: 51.1%). The product sales realised by Royal FloraHolland's members amounted to €4,228 million in 2015 (2014: €4,112 million) and product sales coming from other suppliers totalled €237 million in 2015 (2014: €289 million).

In 2015, members used the Temporary Exemption from Member Obligations (TEMO), on which commission is charged by Royal FloraHolland. Over an amount of €124 million (2014: €124 million) product sales, a retrospective TEMO commission was paid by members to Royal FloraHolland in 2015.

OPERATING COSTS

(16) Wages and salaries	2015	2014
Salaries of own employees	123,782	121,928
Third-party staff	23,816	19,810
	147,598	141,738

The wages and salaries item of €147.6 million includes a sum of €7.0 million (2014: 0) in costs for the Royal FloraHolland 2020 strategy.

Compensation of the Supervisory Board, and Management Board remuneration

The compensation of the Supervisory Board and the remuneration of the Management Board are based on the amounts that were charged to the results in the financial year.

Royal FloraHolland has had a statutory Management Board since 2014 and the Board of Members was incorporated in the Supervisory Board. This is why there was no compensation for the Board of Members in 2014 and 2015.

The compensation for the Supervisory Board (11 persons) amounted to €454,000 (2014: €435,000 (11 persons)). This concerns a fixed compensation for their activities. The Chair of the SB receives €75,000 per year and the members receive €30,000 per year. For membership of the committees, the Chair receives €10,000 (in the case of the Audit Committee) or €7,500 (for the

other committees) per year and the members receive €5,000 or €3,000. The supervisory board members are also reimbursed for travel and accommodation expenses.

The regular remuneration for the Management Board totalled €1,043,000 in 2015 (2014: €994,000 (2 persons)). The variable remuneration for both members of the Management Board together was €133,000 (2014: €174,000). For L.B. Vos this represents 19.5% of his fixed salary, and for L.A.C. Buchwaldt 13.0% of his fixed salary. In connection with the termination of employment of L.A.C. Buchwaldt, an additional sum of €558,000 is charged to 2015. This payment consists of a non-recurring payment of €359,000 (one year's fixed annual salary, as stated in the employment contract) for the dissolution of his employment contract and a payment for non-observance of the six months' notice period (€199,000) as included in his employment contract. The non-recurring severance payment and variable remuneration will be paid in 2016, but is charged to the result in 2015. The salary costs for Mr L.A.C. Buchwaldt in 2016 until the end date of his employment on 1 March 2016 will be charged to the result in 2016.

Remuneration of the Management Board*

	Fixed	Variable	Non-recurring	Pension	2015	2014
L.B. Vos	496	85	–	10	591	548
L.A.C. Buchwaldt	394	48	558	10	1,010	446
	890	133	558	20	1,601	994

* This table excludes the employer's contribution to social security charges withheld by Royal FloraHolland. The employer's contribution to social security charges withheld for L.B. Vos in 2015 was €21,000 (2014: €21,000) and for L.A.C. Buchwaldt €21,000 (2014: €21,000).

From 2015 it is no longer possible to accrue pension on annual income in excess of €100,000. Royal FloraHolland has decided to compensate the pension contribution and add this to the salary. No variable remuneration is paid on this part of the fixed salary.

Average number of employees and FTEs

	2015	2014	2015	2014
	Number of employees	Number of employees	FTE's	FTE's
Operations	2,114	2,271	1,663	1,920
Commerce	439	452	367	398
Strategy, Marketing & Business Development	182	190	165	169
Staff	335	342	313	311
Royal FloraHolland	3,070	3,255	2,508	2,798
Participating interests	72	94	62	70
	3,142	3,349	2,570	2,868

(17) Other operating expenses

Other operating expenses in 2015 amounted to €108.9 million. This item includes costs of €5.0 million (2014: €0) for the Royal FloraHolland 2020 strategy. Impairments at trading debtors amounting to €1.1 million were reversed in 2015 (2014: €0).

The fees for the group for the external auditor and the audit firm and the entire network to which this audit firm belongs are as follows:

Audit fees	2015	2014
Audit of the financial statements	337	300
Other audit costs	90	48
Tax advisory services	195	313
	622	661

The above fees for the audit of the financial statements are based on the total fees for the audit of the 2015 financial statements, regardless of whether the activities were carried out in 2015 or not.

(18) Income tax	2015	2014
Tax on profit current financial year	3,975	3,042
Movements in deferred tax assets/liabilities	-23	-365
Prior-year adjustments	39	-189
	3,991	2,488

Tax burden

	2015	2014
Applicable tax rate	25.0%	25.0%
Effective tax rate	28.6%	27.6%

The higher effective tax rate in 2015 relative to the applicable rate is primarily the result of non-deductible expenses, an adjustment to the participation exemption (€1.0 million) and carry forward losses (€1.0 million).

Company balance sheet at 31 December 2015

(before proposed profit allocation (x €1,000))

	Notes	2015	2014
ASSETS			
Fixed assets			
Intangible fixed assets	(1)	–	432
Tangible fixed assets	(2)		
Land		104,267	105,212
Buildings		344,282	359,585
Machinery and equipment		81,356	91,837
Other fixed operating assets		68,348	78,156
Not used in business operations		107,008	120,289
		705,261	755,079
Financial fixed assets	(3)		
Participating interests in group companies		25,792	22,465
Amounts receivable from participating interests		3,175	3,966
Other amounts receivable		245	–
		29,212	26,431

	Notes	2015	2014
Current assets			
Receivables			
Trade receivables		41,822	47,267
Amounts receivable from group companies		26,961	29,557
Amounts receivable from participating interests		204	–
Other receivables and prepayments	(4)	13,603	16,995
		82,590	93,819
Cash at bank and in hand		45,307	2,882
Total		862,370	878,643

 [For a vertical view of the company balance sheet, click here.](#)

	Notes	2015	2014
LIABILITIES			
Equity	(5)		
General reserve		146,064	139,759
Legal entities reserve		2,634	2,634
Participation reserve		56,782	56,003
Legal reserve for participating interests		1,743	3,269
Result for the year		12,040	9,559
		219,263	211,224
Provisions	(6)		
Provision for deferred tax		1,664	1,687
Provision for reorganization		1,748	7,367
Other provisions		4,839	5,151
		8,251	14,205
Long-term liabilities			
Members' loan *		202,072	175,382
Liquidity contribution *		46,036	44,759
Voluntary (members') loan *		7,223	8,334
Supplier loans *		6,514	6,442
Credit institutions	(7)	140,856	116,838
		402,701	351,755

	Notes	2015	2014
Current liabilities			
Credit institutions including repayments		1,339	76,552
Amounts payable to members/non-members		55,113	57,256
Amounts payable to group companies		13,829	13,579
Creditors		21,350	16,809
Deposit obligation		82,936	81,474
Other liabilities and accruals	(8)	57,588	55,789
		232,155	301,459
Total		862,370	878,643

* Subordinated loans. Together with equity capital, these form the guarantee capital. The guarantee capital at year-end 2015 amounts to €481.1 million (2014: €446.1 million).

 [For a vertical view of the company balance sheet, click here.](#)

Company profit and loss account for 2015

(amounts x €1,000)

	2015	2014
Cooperative result after taxation	8,015	5,689
Result from participating interests after taxation	4,025	3,870
Profit after taxation	12,040	9,559

Notes to the company figures for 2015

GENERAL NOTES

The accounting policies used for valuation and for determining results in the company and consolidated financial statements are the same. For more information on the accounting policies, please consult the notes to the consolidated financial statements.

The notes to the 2015 company financial statements include only those items that deviate from the consolidated balance sheet.

The exemptions in Section 402 of Book 2 of the Dutch Civil Code have been used in preparing the company profit and loss account.

Notes to the company balance sheet as at 31 December 2015

(amounts x €1,000)

FIXED ASSETS

(1) Intangible fixed assets

The carrying amount at the balance sheet date and its movements were as follows:

	2015	2014
Balance at 1 January	432	5,725
Movements		
Impairments	-378	-4,657
Amortization	-54	-636
Balance at 31 December	-	432
Cost	6,361	6,361
Accumulated amortization and impairments	-6,361	-5,929
Balance at 31 December	-	432

Intangible fixed assets relates to concessions for packaging. Intangible fixed assets are amortized in ten years.

The impairments in 2014 and 2015 concern a write-down of the packaging concessions.

(2) Tangible fixed assets

The carrying amount at the balance sheet date and its movements were as follows:

	Carrying amount at beginning of year	Additions	Transfers	Reclassification	Depreciation impairments	Disposals	Carrying amount at year-end
Land							
Land	80,538	–	–	–79	–	–3,264	77,195
Site facilities	24,674	3,638	886	–	–2,126	–	27,072
Subtotals	105,212	3,638	886	–79	–2,126	–3,264	104,267
Buildings							
	359,585	10,851	12,378	3,159	–36,247	–5,444	344,282
Machinery & equipment							
	91,837	5,857	3,152	–3,159	–16,331	–	81,356
Other fixed operating assets							
ICT equipment	14,885	3,335	722	–	–6,100	–	12,842
Logistics resources and packaging	63,271	4,066	698	–	–12,529	–	55,506
Subtotals	78,156	7,401	1,420	–	–18,629	–	68,348
Not used in business operations							
Land available for sale on the open market	75,966	18	37	79	–400	–	75,700
Assets under construction	20,153	18,754	–17,873	–	–	–285	20,749
Land and buildings available for sale on the open market	24,170	576	–	–	–449	–13,738	10,559
Subtotals	120,289	19,348	–17,836	79	–849	–14,023	107,008
2015 Totals	755,079	47,095	–	–	–74,182	–22,731	705,261
2014 Totals	802,318	34,491	–	–	–79,456	–2,274	755,079

	Land	Buildings	Machinery & equipment	Other fixed operating assets	Not used in business operations	2015	2014
Cost	143,135	996,364	341,077	192,623	120,857	1,794,056	1,769,691
Accumulated depreciation and impairments	-39,868	-652,082	-259,721	-124,275	-13,849	-1,088,795	-1,014,612
Balanced at 31 December	104,267	344,282	81,356	68,348	107,008	705,261	755,079

The land available for sale on the open market consists of land that is free to be sold to trading partners and third parties that are not trade partners. Land available for sale to trading partners is kept for future issuance to Royal FloraHolland customers in support of the position as a central marketplace.

Assets under construction relate to assets which are not yet in use at the balance sheet date. The assets taken into use during the year are allocated to the applicable asset category via the 'transfers' column. Assets taken into use in 2015 include the renovation of the parking level, investments in fire alarm & evacuation systems and the renovation of the cooling units. Additions that were not yet taken into use by year-end 2015 include changes to the ramps, investments in fire alarm & evacuation systems, preparation of land for construction (Neptunus) and the renovation of the cooling units.

The 'reclassification' column concerns various assets that have been further specified and therefore allocated to a different asset category.

The impairments mainly concern the write-down of the carrying amount of tribune F 'cut flowers' in Aalsmeer which was discontinued at year-end 2015. This led to a write-down of €2.5 million.

The major disposals in 2015 concern the sale of the real estate in Venlo and the sale of the buildings on the Prunus in Aalsmeer.

Royal FloraHolland has no legal ownership with respect to the capitalized contributions to the N231 and N201 in Aalsmeer amounting to €3.3 million. Royal FloraHolland also made a contribution of €1.7 million to improving the connection with the A44. This amount has been capitalized and Royal FloraHolland has no legal ownership.

The land and buildings available for sale on the open market concern fixed assets for sale to trade partners and third parties that are no trade partners. The tangible fixed assets of the Bleiswijk location are included in this category.

Carrying value per cash-generating unit

	Land	Buildings	Other	Total	m ² land (x 1,000)
Market centres all locations	52,942	304,843	176,775	534,560	2,284
Individual buildings and plots of land	24,254	39,439	–	63,693	168
Land available for sale on the open market	75,700	–	–	75,700	1,068
Assets not used in business operations & assets under construction	–	10,559	20,749	31,308	
Totals	152,896	354,841	197,524	705,261	

Tangible fixed assets are depreciated on the basis of their estimated useful lives:

- Assets not used in business operations are not depreciated.
- Buildings and site facilities: depreciation in 10-33 $\frac{1}{3}$ years.
- Machinery and equipment & other fixed assets: depreciation in 5-10 years.

Financial fixed assets (3)

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

	Participating interests	Amounts receivable from participating interests	Other amounts receivable	2015	2014
Balance at 1 January	22,465	3,966	–	26,431	23,364
Movements					
Profit from participating interests	4,025	–	–	4,025	3,870
Repayments	–	–791	–	–791	–78
Loan movements	–	–	245	245	–
Dividend paid	–698	–	–	–698	–725
Balance at 31 December	25,792	3,175	245	29,212	26,431

Breakdown of the carrying amount of participating interests at the balance sheet date:

	2015	2014
FH Diensten Holding BV	3,410	1,820
FH Vastgoed Holding BV	10,064	9,880
FH Deelnemingen Holding BV	4,236	2,784
Other participating interests	8,082	7,981
Totals	25,792	22,465

Participating interests

For a summary of all participating interests, refer to the Appendix.

Amounts receivable from participating interests

This item includes loans to participating interests. These loans bear an average interest of 4.4% (2014: 4.2%) and have a remaining term of less than five years.

Transactions with related parties

All transactions with related parties are effected at normal market conditions.

CURRENT ASSETS

RECEIVABLES

(4) Other receivables and prepayments	2015	2014
Taxes and social security charges	1,589	2,153
Prepaid expenses	8,635	5,132
Inventories	633	783
Receivables related to real estate transactions	–	1,179
Other receivables	2,431	6,805
Other prepayments	315	943
Balance at 31 December	13,603	16,995

(5) Equity**General reserve**

	2015	2014
Balance at 1 January	139,759	155,504
Change in accounting policies	–	–1,555
New balance at 1 January	139,759	153,949
Movements		
Addition to legal reserve for participating interests	1,526	1,391
Profit/loss appropriation of previous year	4,779	–15,581
Balance at 31 December	146,064	139,759

Royal FloraHolland changed its accounting policies related to RJ290 regulations in 2014. This change in accounting policies resulted in a €1.6 million adjustment to the equity opening balance 2014.

Legal entities reserve

The 'legal entities reserve' referred to in Article 35 of the Articles of Association (as at 31 December 2015: €2,634 million) was recorded in previous years from the corporate income tax disadvantage settled with the member legal entities which resulted from the fact that auction commission payments refunded to member legal entities are not tax deductible. In the current financial year, no movements occurred.

Participation reserve	2015	2014
Balance at 1 January	56,003	59,527
Movements		
Profit appropriation of previous financial year	4,779	–
Interim payments in the current financial year	–2,800	–1,724
Repayment liability next financial year, recognised under current liabilities	–1,200	–1,800
Balance as at 31 December	56,782	56,003

The participation reserve is administered in the name of each member individually and will become payable in accordance with Article 34 of the Articles of Association. The participation reserve comprises the amounts added from 1996 through 2014 of the Aalsmeer flower auction and the amounts added from 1996 through 2014 of the former Royal FloraHolland.

Legal reserve for participating interests	2015	2014
Balance at 1 January	3,269	4,660
Movements		
Transfer from general reserve	–1,526	–1,391
Balance as at 31 December	1,743	3,269

The statutory reserve is formed for participating interests which are valued at net asset value, but in which Royal FloraHolland does not have a controlling interest. The legal reserve is formed for the part that is equal to the change in the value of the holdings pro rata to the share in the profits of these holdings, minus dividends paid.

(6) Provisions	Provision for deferred taxation liabilities	Provision for reorganization	Other provisions	2015	2014
Balance at 1 January	1,687	7,367	5,151	14,205	29,553
Movements					
Additions	–	1,748	25	1,773	2,924
Charges	–23	–6,158	–200	–6,381	–15,389
Reclassification	–	–397	–	–397	–
Releases	–	–812	–137	–949	–2,883
Balance at 31 December	1,664	1,748	4,839	8,251	14,205

The provision for deferred taxation originates from the differences between the valuation of tangible fixed assets for financial reporting and tax purposes and a recorded cost equalisation reserve. The provision for deferred taxation was calculated on the basis of a corporate income tax rate of 25.0% (2014: 25.0%).

The provisions generally have a remaining term of more than one year.

(7) Credit institutions	2015	2014
Balance at 1 January	116,838	143,827
Movements		
Repayment liability for next financial year recognised under current liabilities	-1,339	-26,989
Repayment liability from previous year	357	-
Additional repayment during the year	-25,000	-
New loans	50,000	-
Balance at 31 December	140,856	116,838

€140.9 million (2014: €116.8 million) of the total amount of €140.9 million (2014: €116.8 million) has a remaining term of less than five years. The 2016 repayment liability of €1.3 million (2015: €27.0 million) is recognized under current liabilities. These loans bear an average interest rate of 1.9% (2014: 2.4%). Long-term bank loans are concluded with Rabobank, ING Bank and ABN AMRO.

CURRENT LIABILITIES

(8) Other liabilities and accruals	2015	2014
Taxes and social security charges	6,108	5,535
Holiday allowance and days off	14,145	15,183
Interest costs bank and members' loans	4,787	5,217
Accrued expenses	7,554	7,189
Other amounts payable	24,994	22,665
Balance at 31 December	57,588	55,789

Financial instruments

As of 31 December 2015, the nominal value of Royal FloraHolland's interest rate swap contracts amounted to €290.0 million (2014: €320.0 million), to cover bank loans and member and supplier loans. Under these swaps, Royal FloraHolland receives a variable interest rate and pays a fixed interest rate.

As of 31 December 2015, Royal FloraHolland's bank debt in terms of long-term and short-term loans amounted to €142.2 million (2014: €193.4 million) with a variable interest rate. To cover this, interest rate swap contracts have been concluded. The fixed interest rate of 3.4% (2014: 3.2%) is above the market level at year-end 2015, so that the real value of the swaps is negative at the balance sheet date.

As of 31 December 2015, Royal FloraHolland's member and supplier loans totalled €261.9 million (2014: €234.9 million). The interest rate is determined annually and is derived from the yield on 8-year government bonds. To cover the member and supplier loans, interest rate swap contracts have been concluded. The fixed interest rate was 3.1% on average at year-end 2015 (2014: 3.5%).

The interest rate swaps has a negative fair value of €28.8 million at the balance sheet date (2014: €39.1 million negative).

More than 70.0% of the interest rate risk on the current bank and members' loans is covered, and this will decline in the coming years. At the balance sheet date, Royal FloraHolland had interest rate swap contracts with maturities of up to 2021.

Since Royal FloraHolland has no margin calls included in interest rate swap contracts, there are no possible liquidity risks in terms of interest rate swap contracts.

ARRANGEMENTS AND COMMITMENTS NOT SHOWN IN THE BALANCE SHEET

Investment commitments

As of 31 December 2015, the investment commitment from projects in progress amounted to €6.1 million (2014: €7.2 million).

For infrastructural adjustments aimed to improve the opening up of the marketplaces, Royal FloraHolland entered into commitments with government bodies and third parties for an 'undisturbed logistical connection' (OLV) (Aalsmeer location), reconstruction of Middel Broekweg/Veilingroute crossing and the construction of noise barriers on and the broadening of the N213 (Naaldwijk location) for a total of €7.1 million (2014: €11.1 million).

Repurchase commitments

In the past Royal FloraHolland entered into contingent repurchase commitments for real estate for a total of €250,000 (2014: €1 million) for an office of a transport company and a service station in Rijnsburg (DMO).

Lease payments

As of 31 December 2015, lease payments with a term of less than one year amounted to €1.4 million (2014: €1.6 million) and lease payments with a term of one to five years amounted to €2.2 million (2014: €1.5 million).

Rental obligation

As of 31 December 2015, rental obligations amounted to €1.5 million (2014: €1.7 million), of which €0.5 million (2014: €0.7 million) has a remaining term of less than one year.

Guarantees

Royal FloraHolland has issued guarantees for local governments, affiliated organisations and other parties for a total of €10.2 million (2014: €3.0 million).

Other service contracts

As of 31 December 2015, these liabilities amounted to €25.9 million (2014: €29.6 million), of which €16.3 million (2014: €17.3 million) has a remaining term of less than one year.

FISCAL UNIT

Royal FloraHolland is independently liable for corporate income tax at year-end 2015. For purposes of value added tax, Royal FloraHolland is part of a fiscal unit with its subsidiaries FH Diensten Holding B.V., FloraHolland Flower Combination B.V., Flowerdome B.V., Groen Groep Eelde B.V. and Siervast B.V. Each of the entities belonging to the fiscal unit is jointly and severally liable for the value added tax liabilities of the fiscal unit.

Aalsmeer, 13 April 2016

[Lucas Vos](#)

CEO Royal FloraHolland

Other information

ARTICLES OF ASSOCIATION PROVISIONS GOVERNING PROFIT APPROPRIATION

Article 33 of the Articles of Association of the cooperative specifies the following regarding profit allocation:

Article 33

1. If the operating account indicates a net profit, the General Members' Meeting, following a proposal by the Management Board, will determine whether this balance or part thereof will be added to the general reserve and which portion is available for payment or addition to the reserve(s) stated below. If the net income is not entirely added to the general reserve, the portion to be added to the participation reserve by credit to the participation accounts of the members and of those whose membership ended in or at the end of the accounting year in question will be determined first. The credit will be in proportion to the commission becoming payable by each of them in the accounting year in question.
2. From the net profit, or the balance thereof after application of the terms of the preceding clause, the General Members' Meeting, following a proposal by the Management Board, may add to the members' participation accounts, by way of compensation, a percentage of the amount of the participation accounts as they stand on the last day of the accounting year in question ('participation payment'), except as follows from terms elsewhere in these articles stating otherwise. The percentage will not exceed the percentage stated in Article 17(2).
3. Any net profit remaining after application of the preceding clause may be allocated by the General Members' Meeting, following a proposal by the Management Board, for the benefit of the members and those whose membership ended in or at the end of the accounting year in question, either by disbursement or by credit to the balance of each of the members' loans, or partly by disbursement and partly by such credit. The amount thus accruing to the members and former members will be credited to each of them in proportion to the commission becoming payable by them in the accounting year in question.
4. If the operating account shows a deficit, such deficit will first be offset by charging it to the members' liquidity contributions withheld for the relevant accounting year by the cooperative, unless the General Members' Meeting decides on a different method to offset the deficit following a proposal by the Management Board. If a deficit remains after application of the provision in the preceding sentence or the resolution

of the General Members' Meeting under the preceding sentence, the General Members' Meeting will then determine, on a proposal by the Management Board, the portion thereof to be charged to the general reserve and the portion to be charged to the participation reserve. If a deficit is charged to the participation reserve, the participation accounts of the members will be debited in proportion to the size of the participation account of each. Said debit will be allocated to the entire amount of each participation account, in proportion to the amount added to it annually in past years, including participation bonuses.

5. If a deficit cannot be offset by the means indicated in the foregoing clauses, the General Members' Meeting, following a proposal by the Management Board, will decide how the deficit is to be offset. The resolution may mean that all or part of the deficit will be transferred to the members and those whose membership ended in the relevant accounting year. The General Members' Meeting, following a proposal by the Management Board, will then determine the measure according to which each member's share in the transfer will be determined.
6. By virtue of Article 23(2)(i) of these Articles of Association, motions by the Management Board under this article require approval from the Supervisory Board.

APPROPRIATION OF PROFIT

With due observance of the statutory provisions, the Management Board proposes to allocate the profit over the 2015 financial year as follows:

The Management Board will propose to the General Members' Meeting to keep the net result of €12,040 million within the cooperative and to partly add this amount to the participation reserve and partly to the general reserve.

The addition to the participation reserve assumes a payment of 1.4% on the outstanding balance and an addition of 6.8% of the member commission paid.

2015

Allocation to the participation reserve on the year's outstanding balance	795
Allocation based on the commission charged during the year	5,225
Subtotal	6,020
Allocation to the general reserve	6,020
Total profit after taxation	12,040

The General Members' Meeting of 2 June 2016 will decide on the profit allocation.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To: the supervisory board, members and management board
of Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A.
(Aalsmeer)

Report on the audit of the financial statements 2015

Opinion

We have audited the financial statements 2015 of Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A. (the company), based in Aalsmeer.

In our opinion the financial statements give a true and fair view of the financial position of Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A. on December 31, 2015 and its financial result in the year 2015 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the consolidated and company statement of financial position as at December 31, 2015;
- the consolidated and company statement of profit and loss for the year 2015; and
- the notes comprising a summary of the significant 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 Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

Materiality

Materiality	€5,700,000
Benchmark used	1.5% of revenues
Additional explanation	Considering the cooperative nature of the entity we are of the opinion revenues are a more important performance indicator than net result. The level of revenues is a good indicator of the size 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 EUR 285,000, which are identified during the audit, would be reported to them, as well as misstatements below this threshold that in our view should be reported on qualitative grounds.

Scope of the group audit

Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A.

The group audit mainly focused on significant group activities, being the most important activities included in entities Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A. and Hobaho Horti Groep B.V. Both entities are audited by us. The abovementioned procedures cover 95% of the total assets, 100% of the results and 93% of the revenues of the group.

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 consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional opinion, 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.

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

Risk

Valuation of land and buildings

Considering the relative size of land and buildings, including land and buildings of group companies, as part of the total assets, the valuation of land and buildings is a significant part of our audit approach. This also relates to the developments in the economic environment and the commenced implementation of the new strategy FH2020. The valuation of the land and buildings and related assets are complex matters subject to assumptions and estimations, including future developments.

To assess the valuation of land and buildings Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A. has prepared valuation analysis. For land and buildings classified as in permanent use by Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A. at the date of preparation of the financial statements, the management board has assessed the extent in which it will be able to realize sufficient return on its investments.

For land and buildings classified as not in permanent use at the date of preparation of the financial statements, appraisals have been made by external specialists.

The disclosures regarding land and buildings are recorded on page 96 and 97 of the financial statements.

Audit approach

We have compared the calculation method used with the methods commonly used in the real estate sector, taking into account the cooperative nature of Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A. and the circumstances in its environment, including the impact of the strategic reorientation. We have compared the parameters used with the parameters used in the market, including land prices of recent transactions or market valuations.

We have obtained information regarding the expertise and objectivity of the external specialists, the calculation methods applied and parameters used, including land prices, land suitable for building, rental prices and contracts.

Risk

Implementing strategy FH2020

Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A. has commenced a process of strategic reorientation, named FH2020. In that respect Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A. enters into commitments and obligations, incurs expenses and takes decisions that impact results, especially relating to the valuation of assets and to the possible lay-off of employees.

The disclosures regarding FH2020 elements are recorded on page 108 and 110 of the financial statements.

Audit approach

In our audit, we have paid special attention to the impact of FH2020 on the financial statements.

We have investigated the process which Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A. follows to determine which aspects of the financial statements should be labeled as related to FH2020.

Further, we have determined that the reported costs, expenditures, liabilities and commitments are correctly and suitably taken into account in the financial statements of 2015.

Risk

Complexity of IT landscape

Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A. is highly dependent of the IT-infrastructure for the continuity of the operational activities. The IT-landscape can be considered as complex and contains many different applications.

To some extent, applications are outdated and are currently undergoing limited maintenance.

Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A. performs various additional manual controls to ensure the correct and complete processing of transactions. These measures mainly relate to demonstrating the links of different parameters and to reconciling data from different applications.

Audit approach

We have evaluated the reliability and continuity of the automatized data-processing, only to the extent necessary within the context of the audit of the financial statements. Specialized IT-auditors were part of our team for this examination. Our procedures were mainly focused on understanding and testing of internal controls regarding the IT-systems and –processes relevant to our audit. As a result of these procedures we concluded we could not rely on all internal controls we evaluated as relevant.

We have made recommendations to the management board in our management letter, focused on possible further improvements on this matter.

We have reviewed the manual internal controls and have performed additional substantive procedures to obtain sufficient and appropriate audit evidence.

Responsibilities of management and the supervisory board for the financial statements

Management 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, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary

to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless

management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management 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 assignment 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 have detected all errors and fraud.

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, e.g.:

- 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 management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 the 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 those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. 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.

Report on other legal and regulatory requirements

Report on the management board report and the other information

Pursuant to legal requirements under Section 2:393 sub 5 at e and f of the Dutch Civil Code (concerning our obligation to report about the Management Board report and other information), we declare that:

- We have no deficiencies to report as a result of our examination whether the Management Board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Part 9 of Book 2 of this Code has been annexed.
- Further we report that the Management Board report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the former management board as auditor of Koninklijke Coöperatieve Bloemenveiling FloraHolland U.A. (Aalsmeer) as of the year 2008 and have operated as statutory auditor ever since that date.

The supervisory board extended our engagement for one year on June 24, 2015 for the year 2015. As of financial year 2014, G.W. Hilverda has been acting as external auditor.

The Hague, April 13, 2016

Ernst & Young Accountants LLP

Was signed [G.W. Hilverda](#)

Appendix: List of participating interests

Royal FloraHolland has a full or partial, direct or indirect interest in the following companies:

	Registered office	Shareholding (in %)
FH Diensten Holding B.V.*	Naaldwijk	100
Agricultural Fulfilment Center B.V.* +	Naaldwijk	100
Greenparc Ontwikkeling B.V.*	Bleiswijk	100
Greenparc Ontwikkeling v.o.f.*	Bleiswijk	50
Servi FloraHolland 2002 SL*	Valencia, Spain	100
FH Flower Combination B.V.* +	Aalsmeer	100
FH Consultancy Services Plc.*	Addis Adeba, Ehtiopia	50
FH Services Colombia*	Bogota, Colombia	50
FH Services Kenia Ltd*	Nairobi, Kenya	1
Sivepo B.V.*	Leiden	100
Hobaho Horti Groep B.V.*	Lisse	100
Hobaho B.V.	Lisse	100
Computer-Centrum Bollenstreek (C.C.B.) B.V.	Lisse	100
Boeket Handelsmaatschappij B.V.	Lisse	100
De Verenigde Koelhuizen Hobaho B.V.	Hillegom	100
Testcentrum voor siergewassen B.V.	Hillegom	100
Warmerdam - Lisse B.V.	Lisse	100
Flowerbulbs Access B.V.	Akersloot	100
Groen Groep Eelde B.V.* +	Eelde	100
Flowerdome B.V.*	Eelde	100
FH Logistics Kenya B.V.*	Honselersdijk	100
Q7 Air Cargo Broker Fzco. (Dubai)*	Dubai	80

* Participating interest to be consolidated

+ A Section 403 BW statement has been issued

	Registered office	Shareholding (in %)
FH Consultancy Services Plc.*	Addis Abeba, Ethiopia	50
FH Services Colombia*	Bogota, Colombia	50
FH Services Kenia Ltd*	Nairobi, Kenya	99
FH Services Italy S.r.l.	Milano, Italy	100
Trias Westland B.V.	Honselersdijk	33.33
Stichting administratiekantoor Hubways	Bunnik	25
FH Vastgoed Holding B.V.*	Naaldwijk	100
Siervast B.V.* +	Rijnsburg	100
FH Vastgoed V B.V.*	Naaldwijk	100
Maatschap DZF	Naaldwijk	20
C&C Bleiswijk*	Bleiswijk	100
Metz Vastgoed I B.V.	Honselersdijk	90
Metz Vastgoed II B.V.	Honselersdijk	90
Toussaint Vastgoed B.V.	's-Gravenzande	90
Javado Vastgoed B.V.*	Naaldwijk	51
Plant Port I B.V.	Aalsmeer	49.5
Florazon Vastgoed B.V.	Venlo	33.25
Greenpark Boskoop B.V.	Boskoop	50
HBC Beheer B.V.	Naaldwijk	30
HBC Vastgoed B.V.	Naaldwijk	100
ABC Westland Beheer B.V.	Poeldijk	26.7
ABC Westland Beheer C.V.	Poeldijk	26.7
FH Deelnemingen Holding B.V.*	Naaldwijk	100
Plantion Holding B.V.	Bemmel	35
Veiling Rhein Maas GmbH & Co KG	Herongen	25
Sivepo C.V.*	Leiden	100
Greenparc Ontwikkeling v.o.f.*	Bleiswijk	50

* Participating interest to be consolidated

+ A Section 403 BW statement has been issued

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