

## **MINUTES** (for certificate holders, non members)s

**From:** General meeting of members Association HZPC  
**Date:** 16 November 2023  
**Place:** Joure  
**Reference:** EdV/jm  
**Present:** About. 80 certificate holders (incl. abt. 20 participants online)

### **1. Opening**

The chairman opened the meeting and welcomed everyone. Particularly welcomed are Mr. Koops, some certificate holders/growers from Finland and the certificate holders participating in this meeting online.

Financial year 2022-2023 was another special year. This will be explained in the annual report. In the announcements, Mr. Backx will explain some current issues. These concern the cyber attack, outstanding debtors and compliance with laws and regulations within HZPC.

The board welcomed the granting of the *Royal* designation to HZPC and its 125th anniversary. It was also involved in the investments in the Research department in Metslawier and in the Aurora programme for a new ERP system and a different way of working within HZPC. HZPC made an acquisition of TLC in the UK in the last financial year. There were also shortcomings such as comments on non-compliance with laws and regulations. Furthermore, the Aurora programme in the countries Germany and Poland is not yet going according to plan. Board but also Supervisory Board continue to monitor all this closely. The chairman invited certificate holders to secure any questions on this matter.

### **2. Report of General Members' Meeting Association HZPC on 17 November 2022**

The minutes were adopted and approved without change.

### **3. Announcements**

Trading periods were held in October and May this financial year for trading in Certificates HZPC. In May, the weighted average price of the HZPC certificate was set at €76.27 and in October a price at €88.95. It seems that a certain balance has been achieved within the 20% range.

Mr Backx was given the floor. The 2022-2023 annual report has a lot to say about risks, potential risks and compliance topics. These topics required a lot of attention from management and staff in this financial year.

HZPC operates in high-risk countries to provide food to the world's population in line with HZPC's mission. HZPC does not choose to stop supplying these countries. But not all practices are possible even now, where they could be before. HZPC obviously has to adapt to current legislation.

HZPC was hit by a cyber attack involving a significant amount of money after the close of the 2022-2023 financial year. This stolen money is now in an escrow account and is part of a larger forensic investigation. This attack occurred at the time of closing the financial statements with the consequence that this closing process was delayed and the trading period had to be postponed.

The attack was initiated by sending a phishing e-mail to one of the employees which was responded to. System security is up to standard. But no system is fully secure. Meanwhile, with regard to computer systems and especially employees, measures have been taken to better prevent recurrence.

Employees are further trained in recognising suspicious matters. A number of employees have been called to account and the Supervisory Board has also confronted the management board about whether they have all matters sufficiently in order within the company.

Furthermore, the annual report talks about the 'Joko case'. Stet Holland has received payments from this Danish company from harvest 2019 for deliveries to a customer in Syria. A so-called 'third-party payment'. The Joko company was recently declared bankrupt and Stet has been sued by the receiver that the payments were not justified as no goods were delivered. HZPC does not agree with this. From this, a legal dispute has arisen. HZPC is allowed to receive money from sanctioned countries, but banks do not want to cooperate in this because they want to comply with US regulations. Therefore, 'third-party payments' were used in the past.

To be more compliant as HZPC, customers are now pre-vetted; a so-called 'Know Your Customer' process. HZPC also expects to implement a 'Know your supplier' process in some time. Banks indicate that they consider such issues important. HZPC needs funding from these banks and is therefore obliged to cooperate in this.

HZPC also operates in Russia and would like to keep the business there. But the risk profile is high because of changed Russian legislation. EU sanctions do not apply to food products. The question is whether HZPC can continue to supply all countries when HZPC also wants to comply with the more stringent laws and regulations. But that some trade may eventually be lost as a result, that has to be taken into account.

Debtors: the amount of outstanding accounts receivable, including from high-risk countries, is considerable. HZPC delivers a relatively large amount to high-risk countries. Some of these receivables may have to be written off if the money does not come in in 2023/24.

HZPC has tried through political channels and with banks to draw attention to the problems regarding bank transfers from USA sanctions countries, to which we are allowed to deliver from the EU, but cannot receive money from through the banks. All European banks follow US legislation. HZPC will have to adjust its sales planning as a result of this legislation and this may cost sales.

#### **4. Consideration of the proposal to amend the Articles of Association of HZPC**

It is proposed that in article 2 ee the name of 'HZPC Holding B.V.' to be changed to 'Royal HZPC Group B.V.' as a result of the name change of HZPC Holding B.V.  
The meeting agreed to this proposed change.

#### **5. Consideration of the proposal to amend the Regulations regarding trust conditions.**

It is proposed that in Article 2 w the name of 'HZPC Holding B.V.' to be changed to 'Royal HZPC Group B.V.' as a result of the name change of HZPC Holding B.V.  
The meeting also agreed to this proposed change.

**7. Explanation of the dividend by the chairman of the executive board**

The Supervisory Board decided to make 2/3 of the €7 million result available for a possible dividend distribution. This was in line with the policy previously established. The board subsequently decided to pay this amount in full as dividend to the depositary receipt holders. This resulted in a dividend amount of €6 per depositary receipt.

**14. Any other business and answering questions submitted in writing**

A member wondered whether dividends could still be paid next year if the HZPC did not succeed in collecting the outstanding receivables.

Mr Backx: the debtor risks are borne by the company. He expects that profits will certainly remain. But also the effect of low revenues, for example, directly affects profits. As such, the shareholder notices this directly. Such things are the shareholder's risk.

A member heard about the problems with sanctioned countries in this meeting. Does this mean growers have to go back in acreage ?

Mr Backx: Should HZPC decide to stop supplying customers in sanctions countries, there will be consequences. Phasing out will certainly not happen all at once. HZPC then hopes to offset these sales elsewhere for which all acreage is needed.

**16. Closing**

The chairman closed the meeting at about 10.20 pm