



2022/23

# Annual report



2022/23 Annual report

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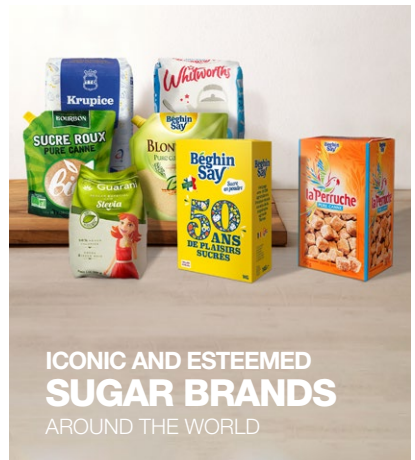
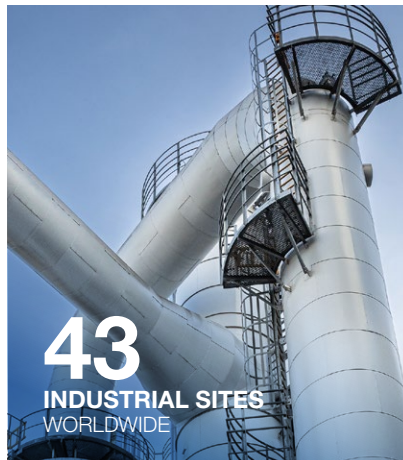
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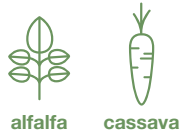
# Who are we?

An overview of our cooperative

Tereos has set itself the goal of meeting tomorrow's challenges in terms of food, energy and health by making the most of plant-based raw materials while ensuring opportunities and the best possible remuneration for its cooperative members.



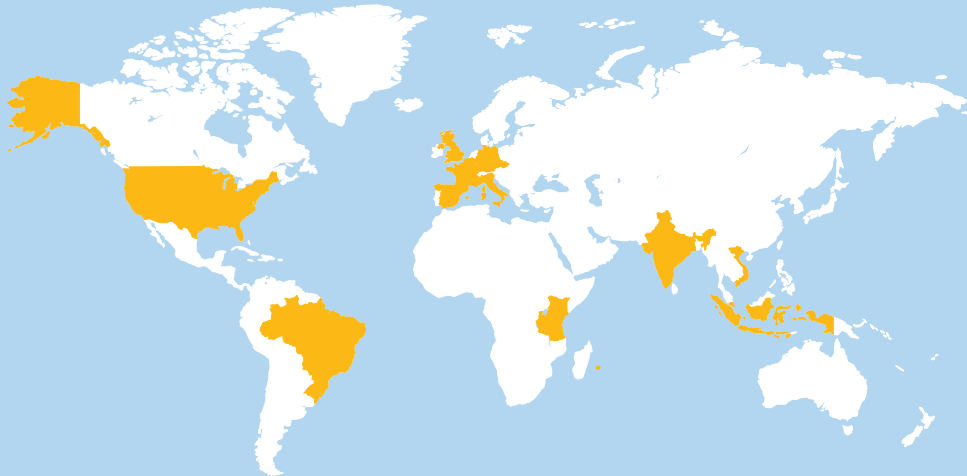
OVER  
**41**  
 MILLION  
 TONNES  
 OF RAW  
 MATERIALS  
 PROCESSED



PRESENT  
 IN  
**6**  
 MARKETS



OPERATIONS IN  
 COUNTRIES **15**



**2<sup>nd</sup>**

largest global  
producer of sugar

**2<sup>nd</sup>**

largest global producer  
of wheat protein

**2<sup>nd</sup>**

largest European  
producer of ethanol

**3<sup>rd</sup>**

largest European producer  
of starch products

# Restored foundations to look boldly to the future

A look back at three years of hard work and difficult decisions



Gérard Clay,  
Chairman of Tereos'  
Board of Directors



## Good news! Our 2021 strategy is paying off. Our operating income has set a new record!

The closing 2022/23 financial year saw major actions that demonstrate the resilience of our cooperative.

The overhaul of our governance model, with its redefined roles and responsibilities of everyone involved and the added strength of special committees in line with the standards of listed companies, has allowed us to put our cooperative members back at the heart of the project.

In addition, the sugar beet price paid to cooperative members, which almost doubled between the 2020/21 campaign and the 2022/23 campaign, jumping from €25.3/t to €41.6/t, has helped support beet supplies. Our industrial reorganisation project, which launched last March, will also allow us to consolidate our growth. Lastly, the disposal of some of our businesses helped to reduce our debt.

These achievements should not, however, make us forget the vital progress plan that we are committed to implementing. These good results should motivate us. We still have a long way to go to achieve all the goals we have set for ourselves. But it will also be an exciting journey, and we now have the momentum. It is up to us to stay particularly vigilant and sufficiently flexible in a highly uncertain geopolitical and economic environment. To do so, we can rely on the experience we have gained over the last three years to make Tereos a human-scale group that is both stronger and more resilient.

## A European sugar industry crisis that destabilised Tereos

Looking back and remembering is important. It allows us to learn and to take stock of the road we have travelled in order to regain confidence. At the end of 2020, our Group was on the edge of a precipice. After the shock of sugar quotas coming to an end, our diversification strategy, which proved costly in terms of locked-in funds, was not bringing us the profitability we had hoped for. We therefore felt the full impact of the fall in sugar prices in this post-quota Europe. In debt, our Group was falling deeper and deeper into doubt. Losses were piling up: over €400 million in four financial years. Our structural debt, i.e. our debt excluding working capital, climbed by half a billion euros, despite the disposal of valuable assets, including our starch manufacture in Italy and our starch manufacture/distillery in the UK in 2019. At the end of March of that same year, our debt leverage was 9.1.

As a result, investors expressed a lack of confidence in us. In October 2020, Tereos issued an 8% bond in the context of zero or even negative interest rates. The strategic errors are well known. Until then, our French sugar refining facilities had been neglected in favour of our diversification assets. This clear under-investment permanently weakened our industrial network.

The industrial audit carried out in 2021 on our European scope concluded that our sugar factories were lagging behind by around 30% in terms of energy performance. As a result, insurance conditions became more restrictive.

We were also suffering from the failure of the strategy of saturating post-quota industrial facilities, a strategy adopted by all European sugar producers. Our system was no longer adapted to the decline in sugar beet acreage, particularly in France, which was as much as -11% between 2017 and 2022.

## A structured and ambitious programme to relaunch our Group in three years

It was time to act, and to act fast. At the beginning of 2021, we launched an analysis phase with financial, commercial and industrial audits on our European scope. These highlighted the need to improve our operating performance in order to stop value destruction and thus improve the profitability of our Group. As for the financial aspect, we also needed to reduce our overheads, which had risen sharply in previous years.

On the commercial side, we also needed to put an end to our value-destroying volume strategy and to reformulate



our margin strategy. Lastly, at an industrial level, we needed to catch up with the energy performance of our sugar factories in Europe and review the industrial organisation in this scope, in particular to put an end to silo operations.

It was time to act and we did just that. This is also the strength of our cooperative: determination. We refuse to suffer. We have to be aware of this, be proud of it and make it our driving force. Since mid-2021, a number of measures have been put in place. In particular, we have kicked off a two-phase programme consisting of a turnaround and transformation by March 2024, followed by a return to growth based on restored financial strength.

At the same time, we carried out a survey among the cooperative members on their medium-term commitments: a first in our sector in France. The findings, unveiled at the end of 2021, highlighted a projected 10% decline in sugar beet supplies over the coming years.

To breathe new life into our business, we have begun selling off assets that are seeing recurring losses: starch in China, sugar in Mozambique, which was posting cumulative losses of €250 million, and more recently sugar in Romania. Lastly, we have managed to put a lid on growing overheads in Europe.

## A transformation accelerating further in 2022

Our strategy now is to continue our transformation in Europe and to launch an improvement process in Brazil. Since the first quarter of 2022, we have been finalising the transformation of our commercial activities in Europe, by overhauling our processes and reorganising our teams.

In September, we began work on our industrial facilities in Europe, with the management of the sugar and starch businesses coming together. In particular, this involves establishing a joint industrial and agricultural division, bringing together the support, finance and HR functions. At the end of the year, we launched industrial, agricultural and commercial audits in Brazil, thus setting the momentum in motion.

Lastly, in the first quarter of 2023, we finalised our review of our industrial footprint in France, announcing a reorganisation plan in early March. This is just one of a series of initiatives launched in December 2020 to strengthen our Group and restore its ability to pay a fair price for sugar beets, in order to bolster its acreage and thus ensure support for the sugar-ethanol industry. The proposed halting of our sugar operations in Escaudœuvres and the closure of our distillery in Morains were difficult decisions to make, but we believe they were necessary given the complex environment in which we have been operating for the past two years. We have not forgotten about the employees of these two activities, whose involvement has in no way been called into question. We will be by their side to support them in this transition.

These industrial reorganisation projects in France should result in substantial gains. They also respond to the continued decline in sugar beet volumes of around 25% between 2017 and 2022, linked to reduced sowing by our cooperative members, who are facing major regulatory and economic constraints.



At the same time, we have joined the FLAG (Forest, Land, Agriculture) version of the Science Based Targets (SBTi) initiative. In the coming months, we are committed to presenting an ambitious decarbonisation plan in line with the Paris agreements for all our activities, both industrial and agricultural. Our goal is to be net zero emissions by 2050. This project demonstrates our ability to match our performance ambitions with our responsible commitment to the world of tomorrow. We have given ourselves the means and the conditions to say: it is possible. It is possible to combine performance and the environment. It is possible to act with complete peace of mind, despite the instability of the world.

All these actions should allow us to safeguard our competitiveness and ensure the energy transition of our industrial sites, by adapting our industrial footprint, controlling our production costs and investing in the maintenance, upgrade and decarbonisation of our industrial facilities.

## Staying the course to build a promising future

Today, we can breathe once again and look boldly towards the future with enthusiasm. And we need to keep breathing, in order to unlock the full potential of plant-based resources, while remaining vigilant in the face of a market that is still



quite unstable. Rising interest rates in Europe, and even more so in the United States and Brazil, in addition to rising costs, could have an impact on the coming financial year.

This vigilance will not prevent us from maintaining confidence. It simply strengthens our demand for financial discipline and a continued reduction in our structural debt. Our confidence has been restored, and now we will also settle back into our investments. This will be particularly the case in our French sugar factories as part of our annual investment programme (excluding decarbonisation investments), but also as we pursue our policy of decarbonising our activities.

The next stage in our adventure, for our employees and cooperative members, as well as for all those who will be joining us in the near future, will require even more meticulousness and efficiency, but also trust, passion and enthusiasm. My aim is to more deeply embody the human values that are at the heart of our cooperative model, in particular by bringing together cooperative members, elected representatives and employees. Our business is plant-based resources. Our strength and our purpose are our human resources. We are determined to continue our efforts to build a common future, so that Tereos can regain full control of its growth, and at the same time ensure the best possible remuneration for our cooperative members.



## 3 questions

for Jorge Boucas,  
Tereos' Managing Director

### What are your thoughts on Tereos' transformation since 2021?

The cooperative has undergone an in-depth transformation, with a new strategic direction and changes to its governance and operations, and with a strong focus on its cooperative model: putting cooperative members at the heart of every decision. I am impressed by the involvement and commitment of the cooperative members, elected representatives and all our employees around the world in meeting the challenges of the food, agricultural and environmental transition.

### In 2022, Tereos launched a number of initiatives with a strong CSR objective. What do you think about that?

As an agro-industrial cooperative group, Tereos has a local, societal and environmental impact at both the agricultural and industrial levels. Tereos has made commitments to reduce this impact, which it has formalised in its CSR roadmap. The cooperative stepped up its actions at the end of 2022 by committing to the SBTi FLAG guidance. Against this backdrop, Tereos' teams and elected representatives are currently working on defining the actions to be taken between now and 2032 and then 2050 to achieve carbon neutrality. I am confident that our teams have the drive and determination to achieve this ambitious goal!

### A cooperative is based on human values. How do you intend to develop these values among your employees?

The cooperative spirit entails strong values of entrepreneurship, solidarity and teamwork. It is what unites all our cooperative members and employees, and is essential if we want to adapt to evolutions in our business in a constantly changing environment. We will continue to support and foster the professional development of Tereos employees through training, career diversity, internal transfers etc. In this respect, Tereos is currently working on defining its purpose, which will also allow it to express the values of the cooperative.

# 2022/23 financial performance

Financial strength restored



Gwenaël Elies,  
Tereos' Chief  
Financial Officer

With €6.6 billion in revenues, up 30% compared to 2021/22, an adjusted EBITDA up 60% and recurring EBIT doubling over the same period, our operating income is at a historically high level, the result of the strategy implemented since mid-2021 in a flourishing market. This is excellent news for Tereos. Our structural debt, i.e. our debt excluding working capital, is now less than €1.3 billion (compared with just over €1.8 billion at March 31, 2021), which is practically our 2024 target – almost a year ahead of schedule!

However, these results are not reflected in our overall net debt (structural debt + working capital), which has been impacted by the sharp increase in our working capital. This is linked to the economic and geopolitical situation, which has led to an increase in the price of energy and agricultural raw materials and therefore in the value of our stocks. This inflationary effect is felt directly in our working capital, which has doubled from €700 million at the end of March 2022 to €1.4 billion at the end of March

2023, automatically increasing our overall debt by the same amount.

We will now have to come to terms with a working capital that is structurally 400 to 500 million euros higher than the usual level in previous financial years, which reinforces our need to reduce our structural debt. We are obviously not alone in this situation, and this does not call into question our decision to transition from a volume strategy to a margin strategy, which has clearly proved its effectiveness. We have achieved three of our four major financial ambitions, well ahead of the March 2024 deadline: a leverage target (net debt divided by adjusted EBITDA) of below 3.0, a positive recurring cash flow and an EBIT margin above 5%.

In January 2023, Tereos successfully issued a new €350 million bond at a coupon rate of 7.25% per year. The initial amount announced on the market in order to launch the issue was €300 million. However, thanks to strong investor demand and a positive assessment of Tereos' credit profile, the offering was upsized. The final terms of this issue confirm the substantial and ongoing improvement in the way the market has assessed our profile since 2020, against a backdrop of sharply rising interest rates in Europe. To put this into perspective, Tereos' credit risk premium since the October 2020 issue has fallen from 5.22% to 0.45%. This decrease demonstrates the significant improvement in how investors are assessing Tereos' profile.

This transaction has allowed us to complete a long phase of bank and bond refinancing, which began in 2020 and totalled more than €2 billion, leading us to have a more solid financial profile today with maturities that are better spread out over time. At the end of November 2022, we

also negotiated an additional line of credit to deal with the increase in our working capital. This financing, signed with a syndicate of the Group's relationship banks, demonstrates the banking pool's confidence in Tereos.

During this financial year, we also made the integration of environmental, social and governance (ESG) indicators common practice in all our principal bank loans. This was also the case for the €143 million financing agreement signed with our Brazilian subsidiary in June 2022 and the new additional credit line obtained in November 2022 to deal with the increase in working capital. In the future, this type of commitment will be an essential requirement

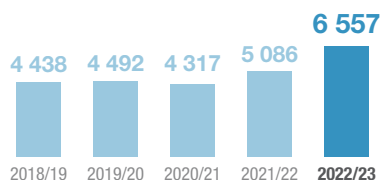
for transactions on the bond market, and our approach to decarbonising our activities through the Science Based Targets initiative (SBTi FLAG) is one of the Group's actions to prepare for these requirements.

We should also congratulate ourselves on the sale of our sugar factory in Ludus, Romania last February.

All in all, our excellent results have allowed us to generate record operating cash flow before working capital, directly giving us the resources to finance our investments so that we can continue to accelerate the transformation of our industrial facilities and thus achieve our objectives in terms of decarbonising our activities.

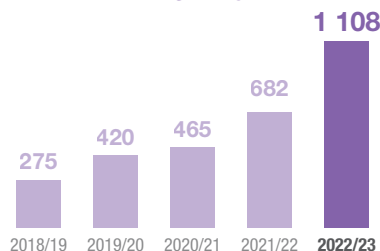
### Consolidated revenues

in € million



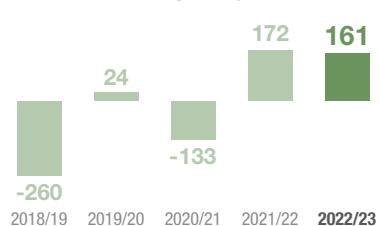
### Adjusted EBITDA

in € million



### Consolidated net income

in € million



# 6.6

## BILLION EUROS

IN REVENUES

### RECURRING EBIT

# 664

## MILLION EUROS

(I.E. AN EBIT MARGIN OF 10.1%)

### Breakdown of revenues

as a % by market

#### SUGAR



37%

#### STARCH



7%

#### ANIMAL FEED



7%

#### PROTEIN



6%

#### ALCOHOL/ETHANOL



19%

#### SWEETENERS



14%

#### OTHER (including energy)



10%

# Acting sustainably

Our commitments for tomorrow

In 2022, Tereos unveiled its SUSTAIN' 2030 road map, designed to provide a tangible response to the environmental changes we are seeing in our fields, consumers' new expectations in terms of food, healthcare and mobility, and the social challenges relating to work and diversity. It is essential that we continue and ramp up our actions in order to play our part in this transformation and make sustainability a real driver of value creation.



# 1

## Sustainable agriculture

### OUR AMBITION

Combine agricultural practices with sustainability, focusing on social aspects, environmental impact and economic viability.

### OUR 2030 GOALS

**90%**  
of our agricultural raw materials assessed or certified as sustainable (vs. 60% in 2018)

# 2

## Protection of the environment

### OUR AMBITION

Conserve and integrate biodiversity into our production processes and minimise our waste by making the most of our agricultural raw materials.

### OUR 2030 GOALS

**Biodiversity**  
**100%**  
of our subsidiaries will have completed at least one project to protect biodiversity

**Circular economy**  
**100%**  
of our raw materials will be used in the best possible way

**New CSR governance** was implemented this year to define and steer the projects and actions linked to our cooperative's roadmap.

- The "Ethics and CSR Committee", made up of members of the Board of Directors, the Cooperative Council and the Management Committee, sets ambitions and monitors non-financial performance;
- The Sponsors, who are members of the Management Committee, ensure that the objectives set are achieved;
- The Leaders coordinate the policies and action plans for each CSR theme;
- The Specialists contribute to the roll out of actions and measure non-financial performance.

## Climate and decarbonisation

Tereos has joined the Science Based Targets initiative\* (SBTi FLAG) to confirm its commitment to accelerating emissions reduction across the Group and achieving zero net greenhouse gas emissions across its value chain by 2050 at the latest.

*\* The Science Based Targets initiative is the benchmark for allowing companies to set ambitious targets for reducing greenhouse gas emissions in line with the latest scientific knowledge on the climate.*

# 3

## Preservation of resources

### OUR AMBITION

Reduce greenhouse gas emissions and water consumption.

### OUR 2030 GOALS

#### Reduction of greenhouse gas emissions

2030 target under review following our SBTi 1.5°C FLAG\* Net Zero by 2050 commitment

*\* Forest Land Agriculture*

## -20%

water consumption (vs. 2017)

# 4

## Responsible consumption

### OUR AMBITION

Promote responsible products through our brands and by being a leading partner for our customers.

### OUR 2030 GOALS

## 70%

of our major customers will receive a nutritional reformulation offer (vs. 2% in 2019)

## 100%

of our sugar brands will ensure that the general public is aware of responsible consumption

# 5

## Employees and local development

### OUR AMBITION

Protect the health and safety of our employees and promote diversity, equality and inclusion. Make the regions in which we operate more attractive.

### OUR 2030 GOALS

## 0.5

Lost-time accident frequency rate (vs. 2.8 in 2018)

## 40%

Percentage of women members of our Management Forum (vs. 14% in 2022)

# Acting for the agricultural world

Innovating for eco-responsible and economically viable agriculture



## Taking action

### Tereos takes action against the ban on neonicotinoids

For several years now, Tereos has been taking action alongside the rest of the sector and is actively involved in the PNRI\* to identify alternatives to neonicotinoids (NNI), in order to protect sugar beet crops from the risk of the beet yellows virus. Faced with the decision of the Court of Justice of the European Union on January 19, 2023 to ban the use of seeds treated with NNIs immediately and everywhere in Europe, Tereos and the rest of the sector called on the French government forthwith. It has committed to measures to compensate farmers and has implemented exemptions for the use of plant protection products that are still authorised by France. These measures complement those taken by Tereos, such as taking back the NNI-treated seeds that cooperative members hold in stock on their farms and reimbursing them.

Tereos' agricultural services have also been brought fully on board, in a joint initiative with the ITB (*Institut*



*Technique de la Betterave* — France’s Institute of sugar beet research). This commitment can be seen in the introduction, from the 2023/24 campaign, of increased sugar beet field monitoring in order to identify as quickly as possible the arrival of aphids, which carry the beet yellows virus, and to trigger the appropriate treatments.

Launched in 2021, the PNRI currently includes 21 research projects aimed at combating this disease. Work is continuing in four areas: understanding the health situation through real-time monitoring of the aphid/virus risk; identifying solutions at the crop level (tests to develop new treatments); identifying solutions at the plant environment level, particularly through agroecology; and the transition to an increasingly sustainable model.



## Tereos innovates for its breeder cooperative members

Tereos is a major supplier to the livestock sector, offering products derived from the processing of sugar beets, wheat, corn and potatoes, as well as dehydrated alfalfa. Over the past two years, the range of Animal Feed solutions offered directly to cooperative members has been expanded to include Amygold, moist Amyplus and distillers grains from the Oise Valley distillery (DVO). These offers from the Tereos plants are a lever to control feed costs for breeder cooperative members. In addition, Tereos is continuing to develop significant technical and economic solutions for livestock farming with Pulp’Mix®, a comprehensive service that offers support from ration calculation to mixing before silage, making the most

of fodder produced on the farm and coproducts, while helping to reduce the carbon footprint of cattle farming. Lastly, from 2023, Tereos will produce Betador, an energy-rich product made from sugar beets, using a unique industrial process that is more environmentally friendly.

*“Our livestock consumes compressed and dehydrated pulp, as well as Amyplus pellets. The latter has replaced wheat in our dry rations. These coproducts are attractive both technically and economically”.*

François Durieux, SCEA Ferme de Neuville

## Vinasse, a natural fertiliser with excellent potential

Nothing goes to waste – everything is processed! To reduce the use of chemical fertilisers, Tereos uses vinasse, which is rich in potassium, to naturally fertilise its sugar cane plantations. In Brazil, Tereos has invested more than €4.2 million to expand the use of this process. Across the entire Group, the company plans to increase the acreage treated by 40,000 hectares.

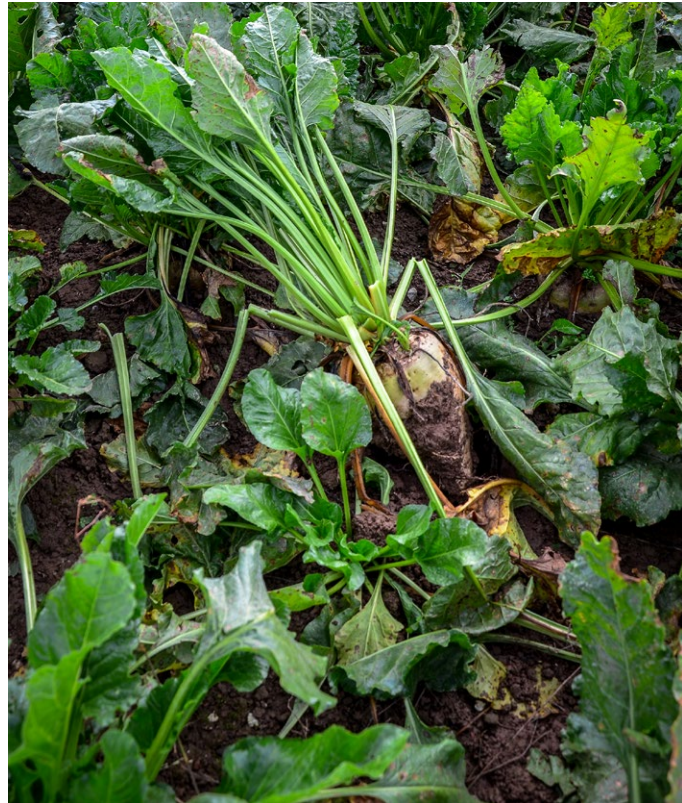


## Acting for the agricultural world

### Developing the circular economy on Reunion Island with waste fertiliser materials

Being able to rely on locally available resources is a key challenge for Reunion Island's growers – both from an economic point of view, against a backdrop of rising input prices, and in terms of their desire to incorporate more sustainable practices into their activities.

To support them, Tereos, via the eRcane R&D centre, has developed a workstream around waste fertiliser materials, organic fertilisers that can be waste, products or coproducts from local agricultural, agro-industrial or urban activities (green waste). Several awareness-raising sessions were held in the island's various sugar cane regions, for growers and, more generally, for players in the sugar cane sector and agricultural trainees. On the programme: a presentation of waste fertiliser materials and their benefits in terms of reducing economic and environmental costs; a demonstration of how to spread these materials over plots of land; and personalised advice to help growers develop the use of local organic fertilisers as a complement to mineral fertilisers, as part of a circular economy approach.



### Continuing to build more sustainable sectors

In 2022/23, Tereos continued its commitment to sustainable production through the renewal of its SAI and 2BSvs certifications, as well as through carbon assessments on its farms. In addition, more cooperative members have joined the sustainable organic and HEV sectors, with the acreage of agricultural land increasing.

#### Renewal of SAI and 2BSvs certifications

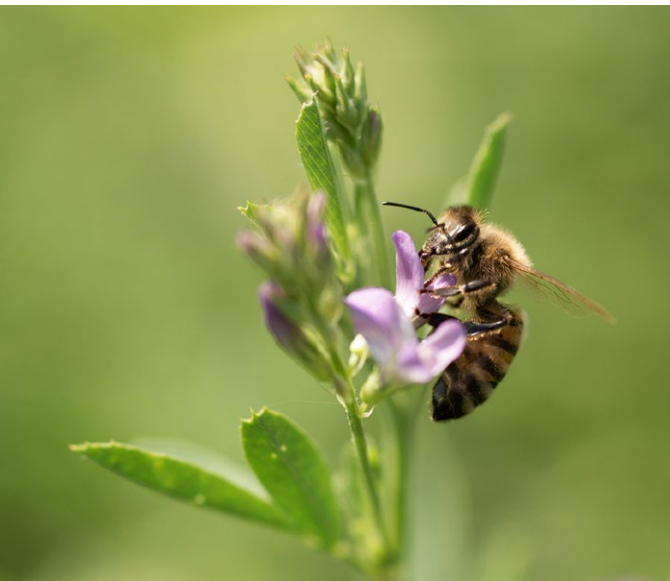
In June 2021, our SAI certification was renewed. As a result, 100% of the raw materials from our cooperative members (sugar beets, potatoes and alfalfa) are certified, with the sustainability score rising: 30% gold and 70% silver. In addition, our 2BSvs certification has been renewed for 100% of sustainable sugar beet volumes for bioethanol production.



## Carbon assessments on farms

Carbon assessments have been carried out at the farm level and for 20 cooperative members. This assessment is calculated using the history of farming practices over the last three years (crop rotation, yields, crop fertilisation, intercropping cover, fuel consumption, soil analyses etc.). The initial results show that, on average, a farm produces around three tonnes of CO<sub>2</sub> equivalent per hectare per year (in TeqCO<sub>2</sub>).

This volume is mainly explained by greenhouse gas emissions and slightly negative carbon capture. The main areas for improvement identified are fertilisation, by improving nitrogen input but also reducing the amount of nitrogen used and introducing legume crops. Meanwhile, carbon capture is encouraged by the increased quantity of biomass produced by cover crops and crops, as well as by the increased input of organic matter. Lastly, the reduction in fuel consumption will further improve this assessment.



## Tereos encourages cooperative members to plant flower strips!

This year, Tereos also maintained the actions it undertook in 2021 to promote biodiversity. The planting of flower strips has been encouraged in order to provide a habitat for wildlife and a food source for pollinators. In 2022, 1,284 hectares of flower strips made up of melliferous species were planted in the Tereos supply region.

## FOCUS

## New High Environmental Value (HEV) guidelines



New HEV guidelines were published on January 1, 2023, strengthening environmental protection requirements particularly with regard to biodiversity and fertilisation. From June 2023, Tereos will be offering HEV assessments to its cooperative members, in order to study the impact of certification on sugar beet farms.

**The HEV sector is expanding, and now has 159 certified cooperative members covering an area equivalent to 4,294 ha, or 331,820 tonnes of sugar beets with a sugar content of 16%. These figures show our cooperative members' commitment to and investment in more environmentally friendly agriculture.**

## Organic harvest

**In France, Tereos launched its fourth organic sugar beet harvest in 2022/23, with 122 organic growers over 958 ha of organic sugar beets in the supply region.**

In order to optimise transport costs, two organic harvests were organised: one in Attin in September and one in Artenay in November.

# 958 ha

Average yield of organic sugar beets

**45.32 t/ha**  
with a sugar content of **16%**  
vs. 51.2 t over the 2021/22 harvest

# Acting for industry

Combining performance with responsibility



## Transition

Looking towards the future, Tereos has ramped up its energy transition

In line with the objectives set by the Paris Agreements, Tereos is picking up the pace and bolstering its commitment to the climate.

In the sugar factories, the first phase of decarbonisation projects at the Attin and Bucy sites will be rolled out from the 2024 harvest, while action plans are being rolled out at the Group's other plants.

In its alfalfa dehydration activity, three of the four sites have transitioned from coal to biomass. By 2021, as part of the French government's "France Relance" plan, Pleurs had installed a biomass injector. Today, 85% of the plant runs on renewable energy. For its part, Allemanche launched its system in autumn 2022, with a substitution rate that has already reached 60%. In total, these two plants will avoid emitting more than 23,000 tonnes of CO<sub>2</sub> during the 2022 harvest. As for the Montépreux site, its transition to biomass will be operational in 2023, two years ahead of schedule!

Lastly, the starch manufacture business has also made a decisive commitment to reducing its carbon footprint. By optimising its processes and halting operations with certain drying ovens, it has taken actions aimed at limiting energy consumption.



All of the measures planned should allow Tereos to reduce the greenhouse gas emissions from its European production facilities by more than 50% by 2032 (vs. 2022/23).

FOCUS

## An innovative waste heat recovery project



**In partnership with energy supplier Fluvius, Tereos has committed to developing the first carbon-neutral low-temperature heating network in the Belgian city of Aalst.**

The plant's waste heat will be used to heat neighbouring homes currently under construction, allowing 300 families to enjoy heat at a fixed price in the midst of the energy crisis.

To make the project financially viable, Tereos is making this waste heat available free of charge to the energy supplier. Construction of the network is due to begin in September 2023 and should be operational in 2024.



## Tereos acts for more efficient and responsible transport

Reducing carbon emissions remains a key ambition for Tereos in its sustainable development strategy. The logistical optimisation of its flows is central to its business and is one of the key factors in the cooperative's competitiveness.

The Group has set up testing, run by the sugar beet-sugar-ethanol sector in eastern France, with the aim of using lorries with a gross combined weight rating (GCWR) of 48 tonnes, instead of the current 44 tonnes. This project is part of a consultation and technical expertise process conducted with a number of partners. It involves both social and environmental challenges: reducing the number of lorries on the roads and providing an attractive solution to the shortage of drivers. During the 2022/23 harvest, seven lorries of 48 t each were on the road.

In 2022, Tereos tested and experimented with ED95 fuel, an alternative to diesel that is composed of more than 90% ethanol and can be used by heavy goods vehicles and tractors. From 2023 onwards, the Group will be rolling out ED95 to all its internal transport flows leaving from Lillebonne in France. Two new Scania tractors will be commissioned by Veynat by the end of the first half of 2023. The challenge of this action is promoting the green fuel produced by Tereos while also reducing CO<sub>2</sub> emissions from these transport flows by 60%.

## Acting for industry



### Tereos, a player committed

#### to water conservation

Water is our most precious resource. Faced with increased water stress, Tereos has made a major commitment: to reduce its consumption by 20% by 2030 (vs. 2017).

By 2022, five French sugar factories – Chevrières, Boiry, Lillers, Bucy and Origny – had specifically defined their “water footprint” and established a multi-year action plan to achieve this ambition. The medium-term objective is to reduce water consumption by 10% by 2025 (vs. 2019), an approach that will be expanded to three other plants in 2023 and 2024.

In addition, over the last few years Tereos has been promoting a circular water economy. Several sites have

been equipped with additional storage tanks to recover the condensed water that evaporates during sugar production, so that it can be reused in the industrial process. After Connantre, Boiry and Chevrières, the Lillers plant reallocated a tank for this purpose in 2022, providing 130,000 m<sup>3</sup> of additional storage capacity.

This circular economy approach serves the entire Tereos ecosystem. Thus, the three plants in Artenay, Boiry and Connantre have fertigation networks, so that the water from the sugar factories’ tanks can be reused by neighbouring growers and farmers. Rich in minerals, this water avoids having to draw from the natural environment while also providing essential elements for the earth. With this method, between 2 and 3 million m<sup>3</sup> of water are effectively reused every year.

*“With global warming, water resources will become increasingly scarce, as we are already seeing everywhere. Reducing our consumption as much as possible is strategic for the future of our plants.”*

**Samuel Dufay**, Environmental Risk Management Director, Tereos Group

#### FOCUS

### In France, Tereos is moving up its sugar beet harvest

#### Tereos has assumed certain responsibilities in the face of the energy crisis,

particularly in order to limit the cooperative’s exposure to the risk of gas supply disruptions during the winter, as this energy now supplies almost all of its plants in order to reduce CO<sub>2</sub> emissions.

#### As a result, the sugar beet harvest has been moved up at the Group’s nine French sugar factories.

Part of the production initially scheduled for January has therefore been carried out in September 2022.

This decision was made after voluntarily consulting with cooperative members and was accompanied by additional compensation.



## In Zaragoza, insourcing fosters synergies

Previously outsourced to external laboratories, the pharmaceutical testing of Tereos products from its starch manufactures and sugar factories is now carried out in-house at the Zaragoza site in Spain. Relying on the in-house expertise of our teams, consolidating these processes should generate savings of at least €260,000 per year. This dynamic fosters synergies and helps train teams to develop in-house skills.



## In Brazil, Tereos inaugurated its first biogas plant

With an installed capacity of 1 MW, Tereos' first biogas plant in Cruz Alta, in the state of São Paulo, was inaugurated in October 2022 – a first for the Group in the country. Beyond offering Tereos a new source of renewable energy, it bolsters the sustainable performance and optimal use of its industrial waste.

The biogas produced from vinasse, a coproduct of the production of ethanol from sugar cane, is converted into electricity and distributed to end users via transmission networks. It will soon be used to produce biomethane, a clean alternative to fossil fuels, which will power 100% of the Group's agricultural vehicle fleet by 2030.

# Acting for society

Responding to changing expectations and making a commitment to those around us



## Adaptation

Tereos develops its offer and adapts to new market expectations



### New laboratories dedicated to product applications

As it celebrates its 150th anniversary, the Aalst site in Belgium is looking towards the future. In order to better meet the expectations of Tereos' European customers, it has established new laboratories dedicated to the various food and industrial applications of its products, in fields as diverse as biscuits, beverages, confectionery, paper and cardboard. These new facilities will allow us to develop healthier, more sustainable solutions for our customers.

They will also strengthen synergies with the product and process development laboratories already present at the Aalst site. For example, the applications centre is working on solutions to improve the nutritional value of foods using Tereos' starch-derived fibres, proteins and products. It also has its own demonstration kitchen, designed to welcome customers in order to co-develop the solutions best suited to the demands of end consumers.

*"In Aalst, we have state-of-the-art equipment and the best experts. Our centre supports our commercial and marketing teams. Our location in Belgium means we are close to many customers, who also have R&D centres in the region. All these advantages make it easier to quickly launch innovative products and solutions that meet our development challenges."*

**Michel Flambeau**, Customer Applications and Technical Support Manager, Tereos Group



## Conquering America together with “Ensemble™”

Launched in 2019, the adventure of Tereos’ range of simple, healthy, 100% plant-based recipes took a new turn in 2022. Made from five main ingredients – wheat, chickpeas, sunflower oil, vegetable broth and fibres – the range was revised and improved last year to become “Ensemble™”, in order to accelerate its commercial development. At the same time, it has become a fully fledged Tereos business, with a team dedicated to its development. The new organisation reflects the ambitions of this brand, which is part of a plant protein market that is growing by 7 to 8% every year. Responding to the dual challenge of «good for me, good for the planet», Ensemble™ saw its sales increase by 56% during the 2022/23 financial year. It is now set to become a pillar of the Group’s growth and is proving its worth internationally: mainly in Europe, but also in the United States, where Tereos has taken its first steps by opening an office in Chicago at the end of 2022 to accelerate its distribution.

## Tereos launches FOSbeauty® on the cosmetics market

In March 2023, Tereos launched FOSbeauty®, a prebiotic for the cosmetics industry whose effects on the skin microbiota encourage the development of bacteria beneficial to skin health. This new product is riding the wave of a major consumer trend. With demand for products offering additional health benefits, this is a growing market across the world. FOSbeauty® is made up of short-chain fructo-oligosaccharides (scFOS), dietary fibres derived from the sucrose of sugar beets grown in France by Tereos. In 2021, FOS represented 9% of the soluble fibre market in Europe. The Group has been tackling this subject for 30 years, initially in the field of human and animal nutrition. Volume production has increased by 35% in five years at the Chevières site in the Oise region, which produces FOS 24 hours a day, 365 days a year, as demand is significant. FOSbeauty® can now be easily integrated into the reformulation of skin creams, sun protection products, shampoos and any other cosmetic product designed to balance the skin’s microbiota. This new product is part of Tereos’ portfolio of beauty and body care products, which also includes sugars, polyols, starch derivatives and organic alcohol (COSMOS certified). These all contribute to improving the performance, functionality and durability of the end product.

*“Sugar production, uses and challenges are changing, and we are changing with them by opening up new avenues of diversification in order to take advantage of all the potential offered by our agricultural raw materials. Short-chain FOS fit in perfectly with this approach and represent a highly dynamic, high added-value market.”*

**Olivier Leducq**, Tereos Group Commercial Director



## Acting for society



### Béghin Say has been suiting every taste for 50 years

Béghin Say, France’s most well-known sugar brand\*, is celebrating its 50th anniversary this year.

With more than 30 products, it appeals to 8 million consumers every day, who are increasingly mindful to combine pleasure, balance and commitment through their food.

To meet their expectations, Béghin Say is constantly expanding its offer. The Organic and High Environmental Value (HEV) sugar ranges reflect the brand’s commitment to more sustainable agriculture and better consumption. Launched in 2022, the Sugar & Stevia range is designed to satisfy people’s desire for pleasure combined with self-control, thanks to the high sweetening power of stevia extract, which makes it possible to sweeten drinks and foods with only half the amount of sweetener and without altering their taste.

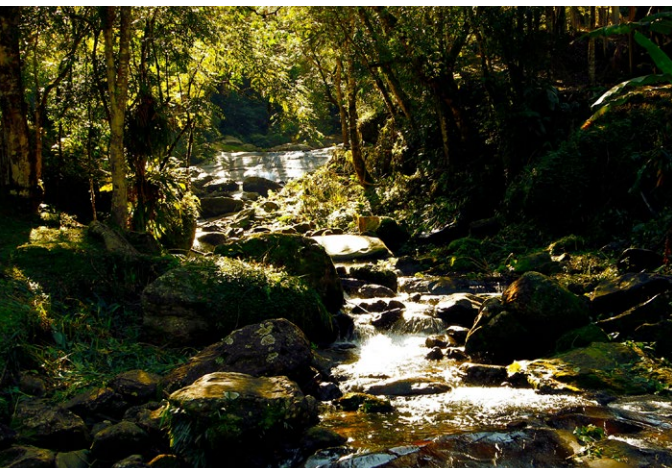
### In Brazil, we are changing the names of desserts deemed sexist!

In November 2022, Guarani, the Tereos sugar brand in Brazil, made a stir on social media with the launch of a major communications campaign called “Respeito na Medida” (Respect at your fingertips). It invited Internet

users to vote to change the names of certain traditional pastries considered offensive to women. The campaign reached more than 8 million people in total, achieving over 15 million views on digital channels (such as YouTube, Facebook, Instagram, TikTok and through influencers), over 20 million impacts on offline channels, as well as 80,000 shares on social media and thousands of votes.

The campaign also generated a cash donation for the NGO “Mãos de Maria”, an institution that promotes entrepreneurship and professional training for socially vulnerable women in the Paraisópolis neighbourhood of São Paulo. The new names chosen by Internet users were revealed through recipe videos published online. SINDIPAN (the São Paulo Bakery and Confectionery Industry Union), which supported the campaign, has committed to inviting its members to adopt the new dessert names in their establishments.





## Rehabilitation of a new spring in Brazil

For World Water Day, Tereos planted 200 native trees near a spring in Monte Azul Paulista. This action is part of an approach rolled out in 2021 as part of the “Olhos d’Água” (Eyes of Water) initiative, which aims to preserve and encourage the protection of one of the most essential elements for life on Earth. The action was carried out by around a hundred Group employee volunteers, assisted by around a hundred students from the “Coronel Aureliano Juliano Franco” municipal school. The project promotes the environmental preservation of springs, while encouraging biodiversity in their surrounding areas. Most of the plantlings come from the Tereos nursery, which has produced more than 1.5 million trees for reforestation since its establishment. The Group’s objective is to rehabilitate one spring each year.

## Solidarity at the heart of our actions

### Tereos is taking action for Ukrainian refugees

True to its cooperative values of mutual aid, Tereos has launched a number of initiatives in support of Ukrainian refugees, including several donations: pallets of Béghin Say sugar packets from the Artenay plant to refugees in Poland; pallets of sugar to the Solaal association, which specialises in coordinating donations from

the agricultural and food sectors; 320 litres of hydroalcoholic gel to various reception centres in France and Poland. In the Czech Republic, Tereos has also organised collection drives for baby food, blankets, first aid kits, hygiene products and clothing. Lastly, the management of the Boiry plant decided to take in a family who had fled the bombings in a vacant house on the factory’s premises.

### Combating food insecurity: collaborative and sports challenges

From November 14 to December 11, 2022, 1,539 employees from the European area travelled 73,606 km as part of the “Tereos in Motion” Solidarity Challenge, carried out in partnership with the United Heroes digital solution to develop quality of life at work, while supporting the food cause with its partners, the Food Banks. In France, Belgium, Spain, the Czech Republic and the United Kingdom, the collective effort of all employees resulted in a donation of four tonnes of sugar. In France, Tereos also took part in the 38<sup>th</sup> national food drive organised by the Food Banks, pledging to donate an additional 25 tonnes of sugar.



# Acting together

with our cooperative members, employees, customers and territories



## Safety: everyone's business

Ensuring the health and safety of all its employees and partners is a core value of the Tereos Group. As such, it has established an ambitious roadmap for developing a safety culture based on the mantra: "Safety starts with me!"

### Safety dialogue held within Tereos

As part of its prevention policy, Tereos has launched an innovative initiative in France in 2022: "safety dialogue". This consists of training volunteers to lead dialogue at our plants, as well as support functions



who are responsible for ensuring that safety rules are understood and adopted in order to maintain the physical integrity of each employee. This principle is based on friendly dialogue aimed at solidifying good behaviour or correcting risky behaviour. Rather than simply reminding them of the rules in a top-down way, the aim of those leading the dialogue is to help their colleagues understand the reasons why they must abide by them. The quality and effectiveness of this dialogue are monitored using scorecards. In March 2023, 21 in-house coaches were trained by experts to supervise the 300 volunteers already leading dialogue, to ensure that they have mastered the teaching methods and applied them in the field.

## First aid training

Safety is one of the cooperative's main challenges. That is why Tereos has provided support to its cooperative members, allowing them to improve their first aid skills. The Group has offered them the opportunity to take part in the SST (*Sauvetage, Secourisme Travail* – Workplace Rescue and First Aid) training course, through various events that took place in February 2023. Open to all cooperative members wishing to help prevent occupational risks in their businesses, these courses allow participants to take effective action in the event of an accident at work. By implementing these training courses, Tereos has given its cooperative members the opportunity to comply with the French Labour Code, as well as with the requirements of the Global GAP certification.

## Tereos' commitment to employment for women: the example of Brazil

As a multicultural group, Tereos aims to strengthen its diversity, and in particular to give women access to management and leadership positions. To do so, it aims to increase the proportion of female employees, providing them with equal access to recruitment, training and promotions.

Tereos' Brazilian subsidiary, for example, is taking a number of actions to improve the number of women in its workforce, with a target of 15% by 2030. In the Tanabi and Colina regions, four training courses were developed

exclusively for them in 2021, focusing on the maintenance and operation of agricultural machinery. As a result, Tereos was awarded the "Valuing Diversity 2022" prize in Brazil as part of the Mastercana Social Awards, which promote CSR in the sugar and energy industries. Upon completion of these training courses, around 65% of the participants joined the Tereos workforce during the 2022/23 and 2023/24 harvests. Last year, the company also created a new department dedicated to rehabilitating degraded land through reforestation, run by all-female teams. In addition, the more general efforts made to create a welcoming and productive work environment, combined with a culture that values performance, have allowed the subsidiary to receive the Great Place to Work certification in 2022: the result of its commitment to always promoting the development of talent and ensuring their employees' well-being.

### FOCUS

## CSR ambassadors serving an ambitious approach

**With "SUSTAIN' 2030", Tereos is leading an ambitious CSR approach that is visible and a source of competitive advantage.**

To promote this vision and enable each employee to act as a citizen in service of the planet, the Group has launched its CSR Ambassadors programme. At each plant, volunteer employees are responsible for instilling the CSR dynamic within their department or plant. They receive training in CSR issues, have access to a Climate School, share best practices, propose ideas and raise awareness among their colleagues.

Everyone, regardless of their profession, is free to participate. Throughout the year, cafés and webinars, as well as collaborative workshops and seminars, are also held: **the perfect way to develop a truly collective approach that is shared by everyone!**



## Acting together

### Tereos prepares the future generation

Tereos actively supports young growers and fosters know-how through mentoring, anticipating the challenges of generational changes in its sugar factories and in the fields.

### Mentorship continues in the sugar factories

Ensuring the continuity of knowledge and the transfer of expertise and skills is essential to securing the future, particularly when the most experienced people retire. This approach is all the more important in the sugar industry, where jobs are learned more in the field than at school. With that in mind, in 2021, a mentorship programme was created in Tereos' sugar factories for process operators. In 2022, the programme was strengthened with the expansion of mentorship to maintenance operators, with training given to 68 employees over the last two campaigns.



### Tereos makes a commitment to young growers

To address the challenge of generational changes in the agricultural sector, support measures have been rolled out to assist young growers joining the cooperative. These include the introduction of a payment schedule for the subscription of the share capital required for crops, as well as discounts on seeds with payment deferred until November, and on coproducts and animal feed products. These young growers also benefit immediately from the shares and dividends they hold, where applicable. These measures are intended for growers under the age of 40, who will have their first crop in 2023/24, to help them get off their feet. Cooperative members who started their business before this date can also benefit from these measures under certain conditions.

### Local residents at the centre of our focus

At the various Tereos plants, a number of measures have been implemented to reduce the inconveniences associated with its industrial activities, in particular odours: the installation of an odour observatory involving local resident volunteers in Artenay, Bucy and Lillers; the implementation of anti-odour devices around the tanks;

improved effluent management; and investment in equipment such as an anaerobic digester, installed at the Aalst plant in Belgium in early 2023. The Group is also committed to reducing noise pollution, through the installation of fans equipped with sound attenuators, like at the Boiry pumping station, as well as the use of acoustic materials and sound level meters, notably at the Zaragoza site in Spain.

Lastly, in terms of transport, Tereos is working to reduce heavy goods vehicle traffic. The Group has also taken part in testing, run by the sugar beet-sugar-ethanol sector to replace 44-tonne lorries (gross combined weight rating) with 48-tonne lorries.

To limit the impact of its industrial activities on local residents, discussions and communication with local elected representatives are also key actions that Tereos takes. After a period of interruption due to the health crisis, the sugar factories resumed their traditional on-site meetings in 2022, prior to the harvest in order to ensure better coordination and information for residents living near the plants.

## Relationships, proximity and co-construction at the heart of our cooperative values



## Support functions visit our plants

The 2022/23 sugar beet campaign gave 90 employees from Tereos' support functions (legal, finance, HR, analysts, sales etc.) in Europe the opportunity to visit the sugar factories during the harvest. On this occasion, they were able to learn more about the sugar process and to talk with cooperative members and industrial professionals in each region. This enriching experience allowed valuable knowledge to be shared, giving Tereos employees the opportunity to gain a better understanding of the realities in the field, as well as the agricultural challenges faced by cooperative member farmers. One subject in particular came up several times in conversation: sustainable development, identified as the main area for improvement in our plants and fields. This initiative will be repeated in 2023 within the Group's starch manufactures.

## Third edition of Coop Days

From January 26 to March 3, 2023, the third edition of Coop Days took place. Twenty-four meetings were held at all our plants, giving more than 900 cooperative members the opportunity to discuss and interact with Tereos teams and elected representatives on a variety of topics: a time to share and grow closer, essential to the life of the cooperative of which all the participants are particularly fond. On the agenda: an assessment of the previous campaign; a look back on the crop year and the agronomic lessons learnt; progress on the work sites under the PNRI to prepare for the post-neonicotinoid era; the animal feed range; as well as the life of the cooperative and the Group's major strategic priorities. These meetings are essential for creating and maintaining the link between Tereos and its cooperative members.

## Tereos Café: building special relationships with our customers!

The Tereos Café is an opportunity for Tereos customers to meet and exchange ideas. Held at the Group's plants for the very first time in 2022, it has made it possible to develop a customer culture at these sites and for employees to have a clearer idea of the final destination of the ingredients they produce. This initiative has also given customers the opportunity to visit the plants and create a lasting relationship with the Tereos teams. The commercial and quality departments are the driving force behind the organisation of these events. This year, five sessions were held in Bucy with Cointreau, Lillers with Suntory, Zaragoza with Nipro, and Marckolsheim with Clairefontaine and Talon co-products.





# Harvest reports

2022/23



# Harvest report sugar beet

## France

This year, 14.7 million tonnes of sugar beets were processed during a harvest lasting an average of 110 days. The average yield was 77 tonnes per hectare with a sugar content of 16%, compared with 84 tonnes in 2021/22. This decrease was mainly due to the dry summer. The sugar content level has increased for its part. At 17.7%, it still remains below the five-year average. The harvest was also marked by an exceptional increase in the sugar beet price, which reached €41.61/t.

Sowing began on March 25, the third earliest date in the last ten years. Until August 15, yield projections were above the five-year average, due to the mild weather. But the persistent absence of rain and a wet, cold start to the autumn season then slowed down sugar beet growth.

In general, the harvest was characterised by highly heterogeneous yields within the same sector, with any shortcomings partially explained by very localised rainfall. On the other hand, good crop conditions allowed soil tare to remain at a relatively low level of 7.73%.

The organic sugar beet campaign involved 122 certified growers over 958 hectares and an average yield of 45.32 t/ha with a sugar content of 16%. There were also 159 HEV (High Environmental Value) certified cooperative members, covering acreage equivalent to 4,294 ha, or 331,820 tonnes of sugar beets with a sugar content of 16%.

On the industrial side, the cluster organisation is beginning to prove its worth. It provides greater decision-making responsiveness and encourages best practices to be shared between the Nord-Pas-de-Calais, Marnais/Sud de Paris and Picardie plants. Business line points of contact have been identified, helping to speed up certain matters such as energy savings or the ISO 50001 certification.

Faced with rising energy costs due to the war in Ukraine, various strategies have been adopted to minimise consumption: adapting settings between gas and electricity in Bucy; constant decision-making in Connantre; flexibility between pulp and pellets in Origny etc. The investments made, such as the installation of a trommel washer in Boiry and Lillers, have paid off and are generating savings.



## IN SUMMARY

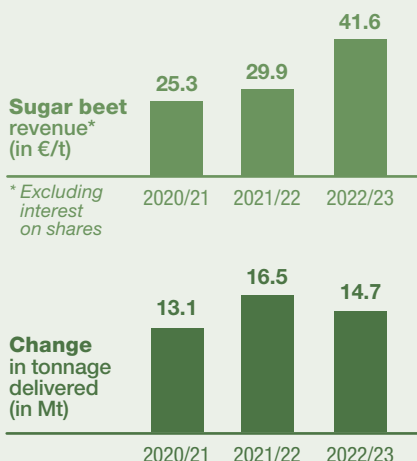
# 14.7 million tonnes

of sugar beets processed in France

An exceptional increase in the sugar beet price

## €41.61/t

vs. €29.90/t in 2021/22



To offset the rise in energy prices, Tereos also made an effort to pass on the increase in production costs by raising the sugar beet price, which reached the exceptional level of €41.61/t.

A call for an early harvest was also launched to protect against the risk of energy shortages. The Beet Commission thus established an additional compensation scheme for harvests beginning prior to September 15, moving up the start of the harvest by an average of 5 days.

Lastly, in October, a shortage of drivers, and then of diesel, threatened the harvest, although the impact was reduced thanks to Tereos' ongoing discussions with its suppliers. As a result, only two days of slowdown were recorded at two of the cooperative's nine French sugar factories.



## Czech Republic

The Dobrovice and České Meziříčí sugar factories processed almost 3 million tonnes of sugar beets, harvested by 600 growers over 38,000 hectares. Average yield was 77.4 tonnes per hectare with a sugar content of 16%, down slightly by 4%.

The harvest was marked by a record duration, the longest in Tereos' history in the Czech Republic: 138 days at the Dobrovice plant and 149 days at the České Meziříčí plant. This duration can be explained by historical temperature variations in December and January. In some regions, the thermometer showed a variation of 30°C in the span of just a few days, thus weakening the sugar content of the beets.

Despite these difficulties and the deterioration in sugar beet quality, with their high soil content, Czech sugar factories produced a volume of 346,000 tonnes of crystal sugar, similar to that of the previous period. Pellet production, on the other hand, fell by 25% to 76,000 tonnes, due to the streamlining of the production process as a result of high energy costs.

# Harvest report alfalfa

Over 11,000 hectares were cultivated in 2022 by 720 Tereos cooperative members. The harvest was marked by drought, but also by several records.

The 186-day harvest ended on October 28, 2022 with an average yield of 12.7 tonnes of dry matter per hectare. This result is in line with the five-year average and can be explained by the favourable weather conditions. After a rainy winter, the dry, warm start to the harvest allowed us to optimise pre-drying in the field, resulting in a record dry matter content of 50.5% (compared with 43% on average). Protein levels, meanwhile, were slightly below the five-year average, standing at 17.47% this year.



The drought also had an impact on the growth of young alfalfa sown in the spring. Once again this year, 350 hectares of organically cultivated alfalfa were harvested and processed.

The plants produced 140,000 tonnes of standard alfalfa pellets and 2,500 tonnes of concentrated alfalfa extracts.

This year, Tereos also expanded its alfalfa direct sales range to cooperative members in northern France. Local operations have multiplied, allowing these members to obtain supplies according to their needs, even in

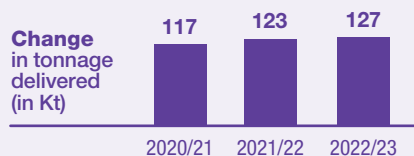
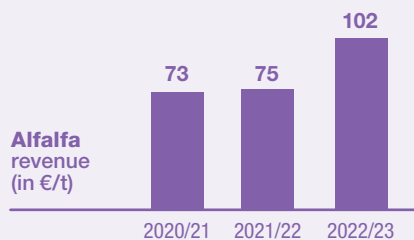
small quantities, and no longer just by receiving full 30-tonne lorries from the Marne region. By eliminating intermediaries, this system has proved to be virtuous both for cooperative members and for Tereos.

In 2022, the price per tonne of dry matter paid to alfalfa producers stood at €102, compared with €75 in 2021. This sharp increase was due to supply pressures linked to industrial performance and a flourishing animal feed market.

## IN SUMMARY

**140,000 tonnes**  
of alfalfa pellets produced

**2,500 tonnes**  
of concentrated alfalfa extract produced



# Harvest report potato

This year, the 470 starch manufacturer cooperative members planted 7,200 hectares, for a contracted tonnage of 395,000 tonnes. Lasting 117 days, the 2022/23 harvest was marked by exceptional drought.

Impacted by the difficult weather conditions, the average yield was 37.2 t/ha, down 12.5% compared to our five-year average. Potato quality was maintained, with a sugar content of 20.2% and a soil tare of 10%.

On the industrial side, 268,000 tonnes of potatoes were processed to produce starch, pulp and protamylasse. With a production rate of 1,977 net tonnes per day (average production rate of 2,256 tonnes per day with a sugar content of 17%), the harvest achieved the best performance of the last five years. This was largely due to an excellent start to the harvest and stable plant operations, despite two major events: the breakdown of a belt reducer and the cracking of a steam pipe.

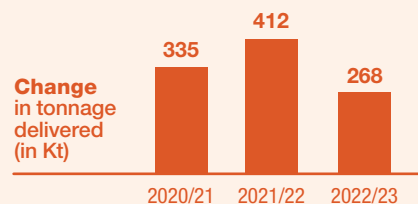
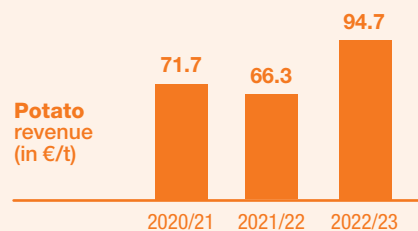
Interharvest work is also going well, with harvesting scheduled to begin once again in early September 2023. Work is also under way to address the slowdowns that occurred at the end of the last harvest, particularly on the steam network.

With regard to diseases and pests, while mildew was virtually absent from the harvest, cooperative members had to deal with significant aphid, leafhopper and potato beetle pressure. In this respect, the arrival of new hybrid varieties offers interesting prospects. The Priam, LD17 and Nafida varieties performed very well, with yields 15% higher than the harvest average. Varietal research continued at the Gourgançon and Nampcel platforms, in collaboration with the Tereos research and development centre in Aalst, Belgium.



## IN SUMMARY

**268,000 tonnes**  
of starch potatoes processed



# Harvest report cereals

In Europe, the wheat and corn harvest was characterised by higher yields, accompanied by increased prices in the context of both inflation and reduced demand on the starch market. In Brazil, after a downwards trend this year, corn prices are set to rise again. Lastly, in Indonesia, despite increased competition and oversupply, Tereos was able to consolidate its profits thanks to good cost control.

## Europe

This year, Tereos' six starch manufactures processed 3 million tonnes of cereals, down 11% from the previous harvest. 2022/23 was a year affected by various exogenous factors, such as reduced demand on the starch and sweetener markets, as well as by successive strikes in France, first for purchasing power in the first quarter, then against pension reform at the end of the year.

In Nesle, in the Hauts-de-France region, a regulatory issue concerning wheat gluten put a hold on production for several months. However, the rapid, coordinated joint action of our teams allowed us to control its impact. In Spain, the Zaragoza plant achieved new yield records for corn protein. At the Lillebonne plant in Seine Maritime, the roll out of a new technology has shown promising results in terms of energy efficiency in ethanol production. This technology should demonstrate its full potential during the 2023/24 campaign, thanks to improved reliability. In the Bas-Rhin department, the Marckolsheim plant met demand steadily with increased yields, as did the Aalst plant in Belgium, which improved its efficiency at the end of the year.

By keeping fixed costs under control during a time of high inflation, European starch manufactures improved their industrial competitiveness during this



campaign. Investments made in recent years, such as the widespread use of electricity/steam cogeneration throughout the subsidiary, have greatly reduced the impact of rising energy prices. Nevertheless, product prices on the market have followed this inflationary trend, which has also affected raw material costs.

In terms of sustainable development, the plants have optimised their environmental footprint by reducing water and energy consumption, and by improving production processes as part of a renewed industrial strategy. Overall, in a period of such high inflation and falling demand, the starch manufacture business was able to maintain very good margins throughout the year.

IN SUMMARY

**3.61 million tonnes**  
of cereals processed

## Brazil

Tereos processed approximately 200,000 tonnes of corn, slightly more than the previous year. It processed 43,000 tonnes of cassava, less than the previous year due to weather-related difficulties and the high cost of the crop.

The Group boosted its competitiveness by maintaining raw material purchase costs, improving operating results and taking advantage of the accelerating corn market: on average, Tereos achieved sales prices 22% higher than the previous year.

Due to its high production costs, the commercial scenario for cassava limited the impact of this result. This market remained unbalanced, continuing to rise to reach R\$1,178 in March 2023 compared with R\$781 in March 2022.

Tereos thus experienced an increase of around 7% in its production costs due to the reduced volume of cassava grinding and the increase in raw material costs. However, this increase was limited by the rise in corn milling and the dilution of fixed costs.



## Indonesia

This year, in the face of high corn prices, 40% of domestic demand shifted to tapioca starch, a less costly product. This decline was exacerbated by the opening of a new corn starch manufacture by a competitor group, and by corn starch imports from China and India, all of which led to excess supply on the market. During this campaign, the Cilegon plant processed 367,000 tonnes of corn, 11% less than the previous year.

Despite the challenges posed by the market and rising energy prices, EBITDA (earnings before interest, taxes, depreciation and amortisation) improved considerably compared to the previous year, thanks to production and logistics savings.

The cogeneration unit at the Cilegon plant was also recommissioned in August 2022, after a one-year shutdown due to a major breakdown.

# Harvest report sugar cane

While production from the 2022/23 crop in Brazil was 10% higher than the previous year, the sugar cane harvest on Reunion Island saw historically low tonnage. This year, Kenya and Tanzania once again saw an increase in the quantity of crushed cane.

## Brazil

Tereos ended its campaign by processing 17.3 million tonnes of sugar cane. After the decline recorded in 2021/22 due to unfavourable weather conditions, the Group increased its volumes by 10%.

1.6 million tonnes of sugar, 480 million litres of ethanol and 1.4 GWh of electricity, derived from sugar cane biomass, were produced.

The increase in production was also reflected in a sharp rise in export volumes: 17% of production was exported, representing a 130% increase in volume from one crop to the next, with a price 45% higher. The international CARB certification obtained in 2021 for export to the United States, and the Bonsucro E.U. Red certification obtained for the European market, has largely contributed to this momentum, opening up new markets.

The campaign was also marked by an acceleration in sustainable development, with the opening of Tereos' first biogas plant in Brazil at the Cruz Alta site in Olímpia.

## Reunion Island

On Reunion Island, the sugar cane harvest was severely impacted by extremely unfavourable weather conditions. Sugar cane farms first suffered the effects of cyclones Batsirai and then Emnati in early 2022, before going through a major drought that hit the island for the third year running, dealing a further blow to the already weakened sugar cane crop. The disappearance of certain molecules to fight weeds, rising input prices

and labour shortages have made working conditions more difficult for growers. The combination of these factors has resulted in a historically low tonnage of 1.3 million tonnes of sugar cane received. As a result, production at Reunion Island's two sugar factories stood at 138,400 tonnes of sugar in 2022.

## Kenya

The Transmara sugar factory, operated in partnership with Alteo, recorded a sugar cane harvest of 940,000 tonnes of crushed cane, resulting in the production of 98,300 tonnes of sugar\*.

## Tanzanie

The TPC sugar factory, owned jointly with Alteo, reported a slight upturn in the sugar cane campaign, with more than 1.1 million tonnes of crushed cane and 108,700 tonnes of sugar produced\*.

### IN SUMMARY

**1.95 million  
tonnes**  
of cane sugar produced



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