

Annual Report 2020

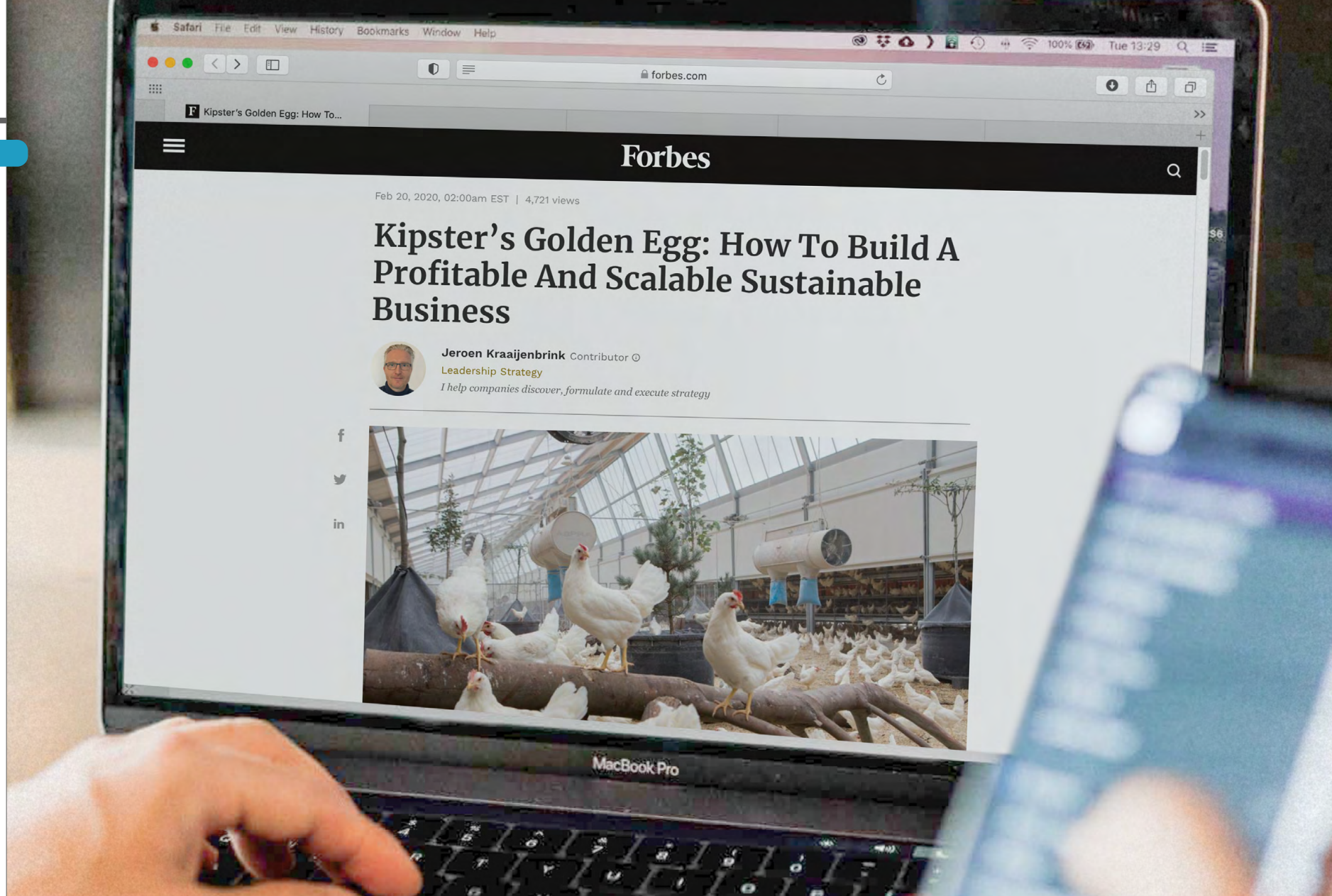
KIPSTER

Most Sustainable Company in the Netherlands of 2020

As named by the professional jury of Stichting Nederland CO₂ Neutraal

Yesss!







Let us help you clean up your residual flows

Preface

Our chickens are more than layers of eggs. They are more than the sum of what they consume and release. They are beings with desires and feelings – they both suffer and enjoy. This is not merely our opinion. These are facts backed by an overwhelming body of evidence.

So, we try to give our chickens the best lives possible. They're also the link in closing the cycle on a new type of food system that cleans up residual flows from traditional food production. Our chickens upcycle these leftovers into valuable proteins and fertile manure. Kipster exists to optimize this cycle.

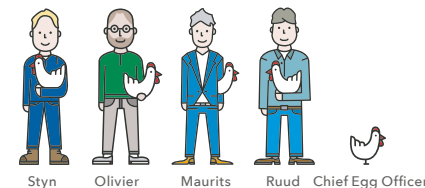
Everything we do is focused on making a meaningful contribution to improving global food production. And in fact, we'd prefer not to involve animals at all. But as long as our chickens can play a role in closing cycles, we will try to maximize their enjoyment and minimize their suffering – while still remaining a viable commercial operation.

In short, we are the most circular poultry farmers in the world. We also consider our feathery friends as special. And in this annual report, you can read about what they consume and what they release.

Thank you for your attention. (And enjoy.)

Ruud, Styn, Maurits, Olivier

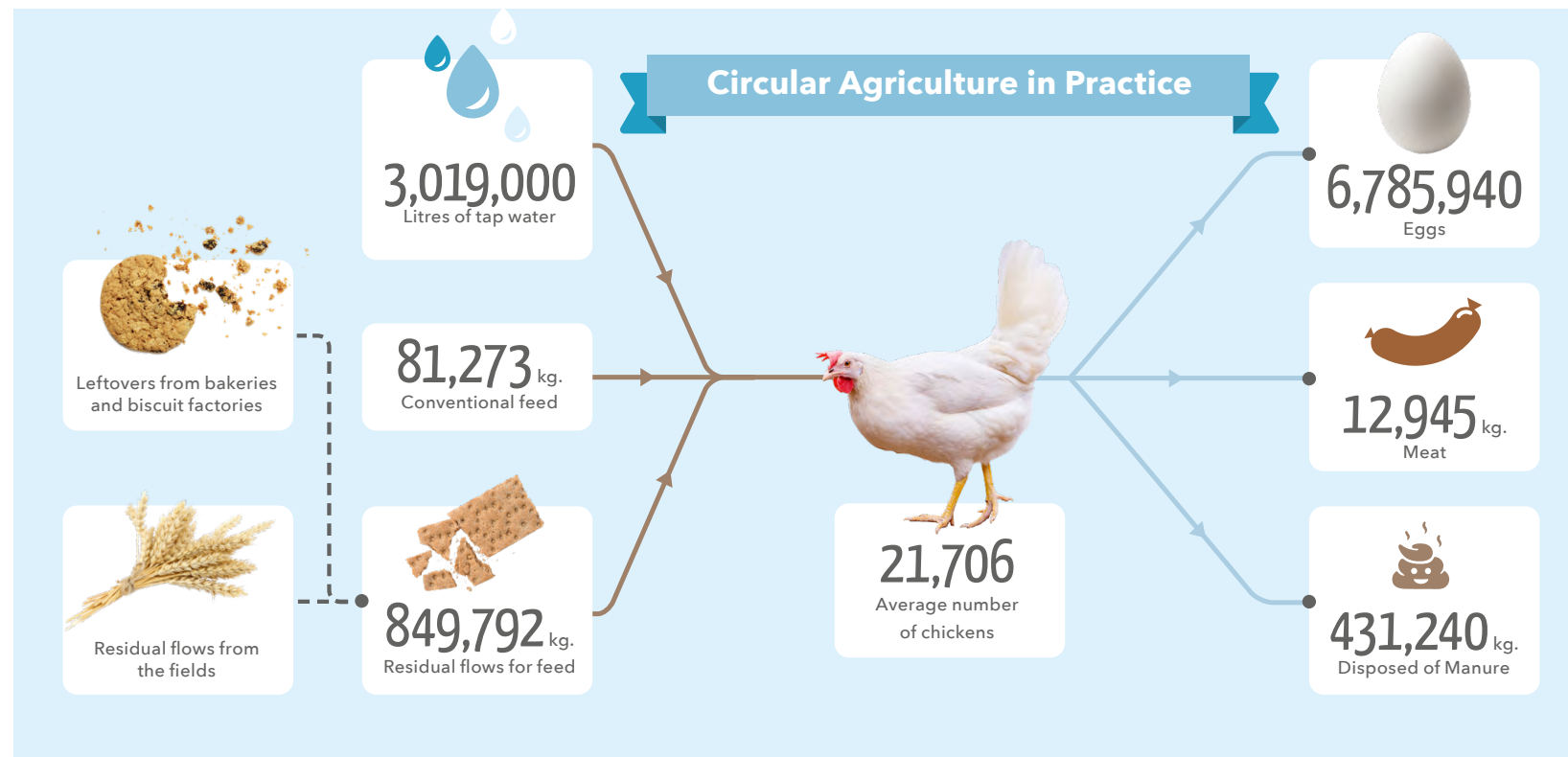
Founders Kipster





Kipster in a
(nut)shell

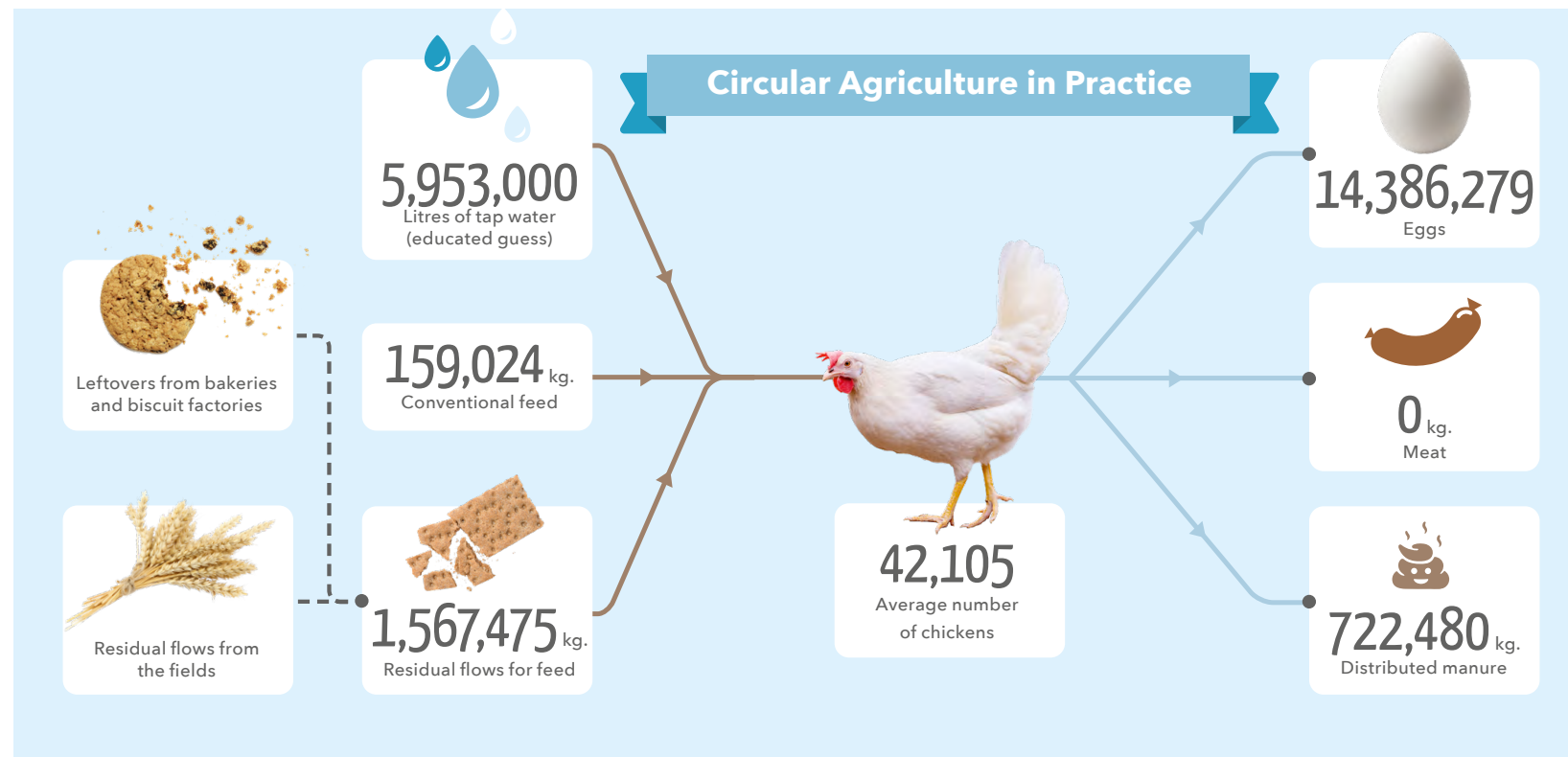
Summary Kipster Venray 2020





Kipster in a
(nut)shell

Summary Kipster Beuningen 2020



Highs and Lows 2020

Festive opening
Kipster
Beuningen

Introduction
of the
10-egg
box

Nomination
King Willem I
Plaque

Marc Voss
becomes
Managing
Director

Rated most
sustainable
company
in the
Netherlands

January

December

First
lockdown
and
obligation
to keep
chickens
inside

Contract
with Lidl
France

Lidl takes
over eggs
from Albron

Announcement
of the develop-
ment of a
plant-based
egg

Obligation
to keep the
chickens
inside
(bird flu)



Back when we were still
allowed to organize events...

Kipster Beuningen



From left to right, host Harm Edens, Teun Verheij (Director, Albron), Quirine de Weerd (Sustainability Manager, Lidl), Carola Schouten (Minister of Agriculture, Nature and Food Quality) and Ruud Zanders (Founder, Kipster).

International Growth

This farm is the blueprint for all the future Kipsters we will be building worldwide.

Opening

Carola Schouten, Minister and Deputy Prime Minister of the Netherlands, officially opened the farm. Inspired speakers such as Daphne Bergman (Mayor, Beuningen), Peter Drenth (Representative, province Gelderland) and Reineke Hamелеers (CEO, Euro Group for Animals) turned the day into a real feather-fest.

Also Present

Dierenbescherming ('Animal Protection'), Urgenda, Milieukeur, World Animal Protection (WAP), Caring Farmers, Milieudefensie, Wageningen University and Research, Wakker Dier, Compassion in World Farming, Caring Vets, Dier&Recht and Varkens in Nood.



Clients

Holle Bolle Gijs

And Kipster's other clients

Our eggs are for sale at Lidl and the iconic Dutch theme park Efteling - whose most famous character is the insatiable Holle Bolle Gijs. You might also bump into our eggs at Dutch government canteens, as delivered by Albron.

Lidl

- Our exclusive retail partner

Victoria Trading

- **Albron**
- **De Efteling**
- **Delifrance**
- **HMS Host**
- **Kwalitaria**

**'Corona crisis?
Of course our
clients will help
each other'**

From NRC Handelsblad April 11, 2020

Since we could no longer deliver our eggs to the Efteling or the catering business Albron, Kipster eggs are now being sold in boxes of 10 at the supermarket chain Lidl. This is good news for many reasons. Our animals have enjoyed the best life, according to the Dierenwelzijnscheck.nl ('Animal Welfare Check'). Waste has been redeployed since our Kipster chickens only eat food industry leftovers. And as bonus: our white eggs are perfect for decorating.

Our vision to feed the world in a sustainable and fair way

In our approach, farm animals upcycle residual flows into new food for humans. Farm animals are no longer seen purely as a food source, but as a way to break down raw materials deemed unfit for human consumption (such as oat husks or deformed bakery products).

Our goal is to eventually have an effective global food system free of any unused residual flows. In this system, a legitimate role for farm animals will no longer exist. But as long as we do keep animals, we need to respect their way of life, needs and feelings.

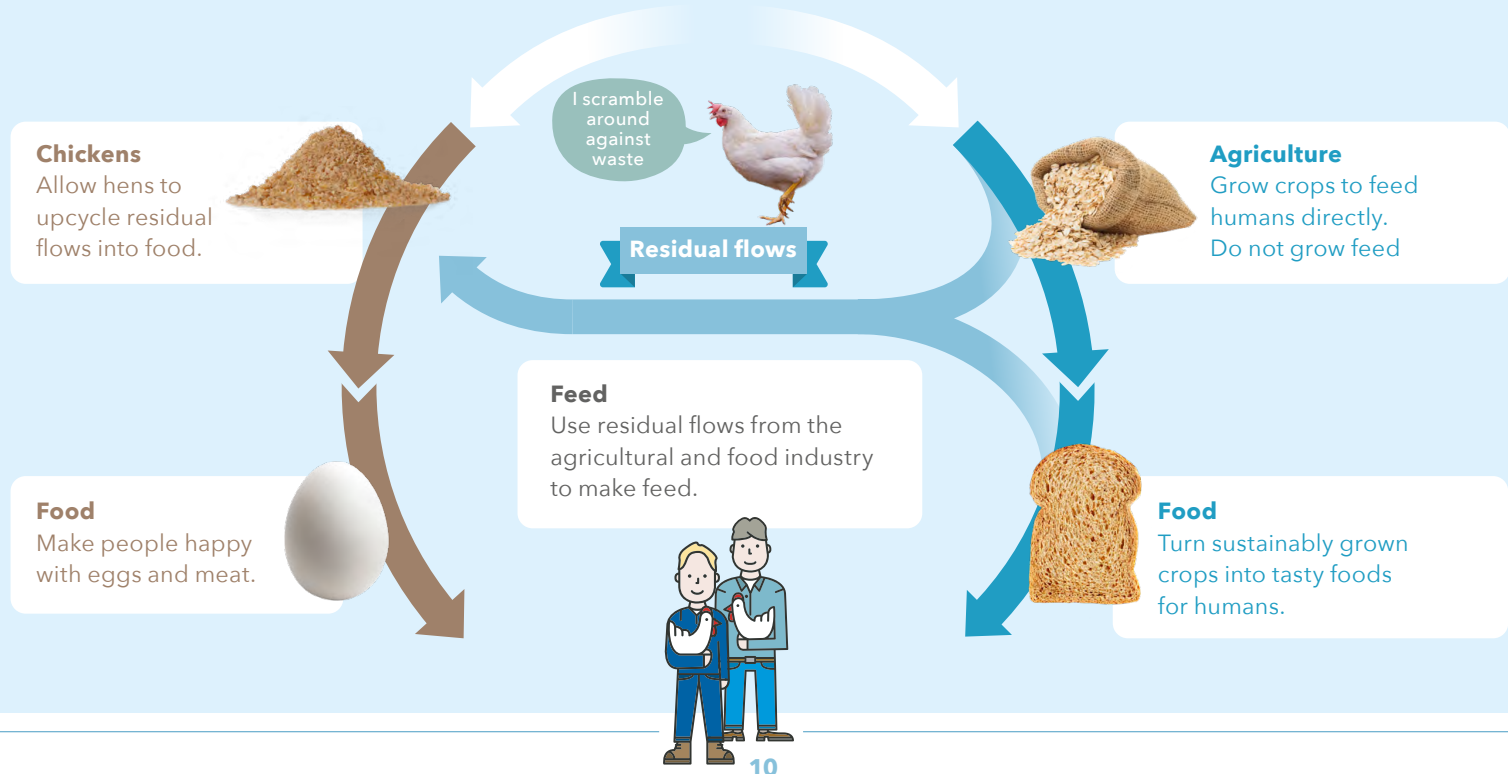
We look forward to a world with only plant-based alternatives to meat, eggs and dairy.



Better for humans, animals
and the environment

The 1st commercial closed-cycle chicken farmer in the world

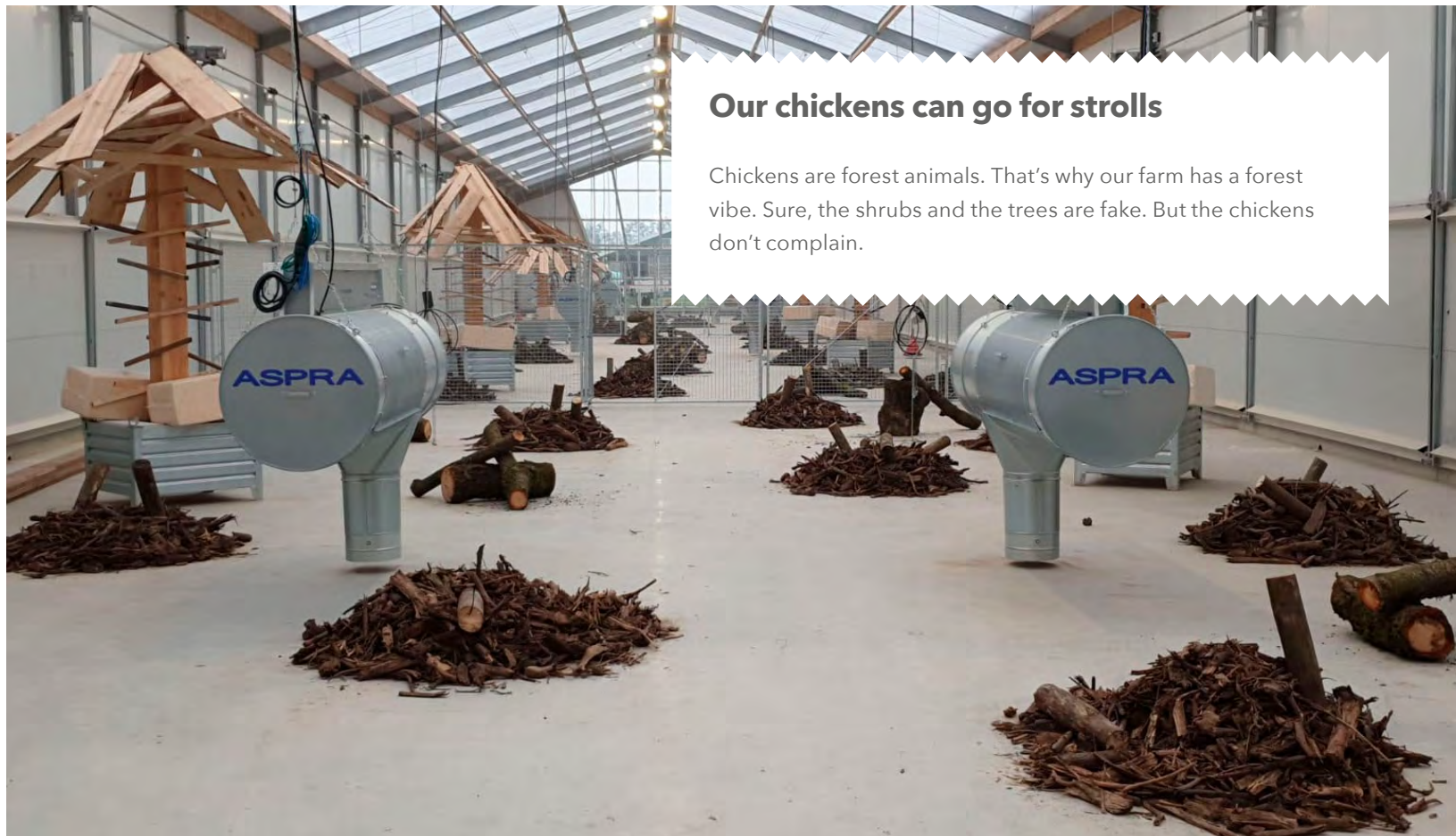
Feeding the world according to Kipster



Give me a chance to show you
my natural behavior.



Chickens



Our chickens can go for strolls

Chickens are forest animals. That's why our farm has a forest vibe. Sure, the shrubs and the trees are fake. But the chickens don't complain.

Chickens

Chickens are often traumatized by being caught.

It only costs about € 0.0005 extra per egg to change this.



Catching chickens

There are always exceptions, but most chickens aren't looking for cuddles. So, we only pick them up when it's absolutely necessary. When we gather the old chickens to make room for the young, we pick them up around the breast and wing area. This gives them the least stress or pain.

We never hold them upside down by their feet - this can, perhaps unsurprisingly, traumatize them. We also never carry more than two chickens at once.

We learned this unique way of catching chickens from Eyes on Animals.

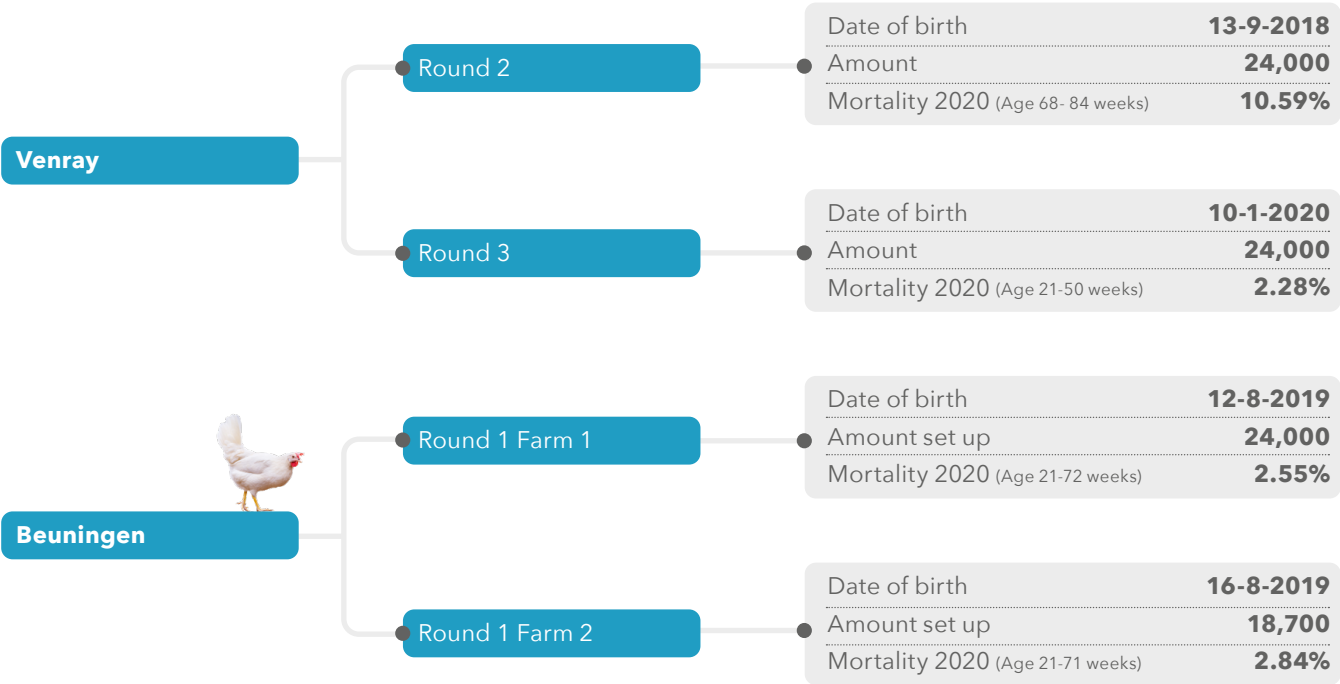


I can feel chick-tastic or dead as a feather.

Chickens

Hens in numbers

For us, our hens are not numbers. They are beings with needs and feelings. But for the sake of this annual report, we’ve put some numbers on them.



Common meat chickens are actually 6-week-old chicks



How long can a chicken live?

Common meat chickens

42 days

Free-range meat chickens

60 days

Organic meat chickens

75 days

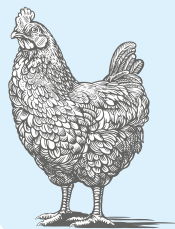
Kipster roosters

100 days

Kipster hens

590 days

A lot of variety in this pecking order!



Lifecycle of a Kipster hen

The egg

At 21 days, the chicks are fully grown and ready to hatch, which they all do on the same day. Therefore, all our chickens are the exact same age.



Chick

Over the course of 17 weeks, chicks grow through adolescence and onward into young chicken-hood. Just as their yellow fluff is making room for white feathers, they arrive at our farm.



Young hen

Starting from 21 weeks, our young ladies - recognizable by their beautiful and tidy white feathers - will begin to lay eggs.



Old hen

Just like people, older hens start showing their age. They look a bit, um, older. Some even get bald spots.



Edible chickens

We slaughter our chickens when they are around 85-weeks-old. Our clients sell them as meatballs, sausages and other meat products.



If we eat the hens who no longer lay eggs, the meat industry needs less chicks.



Our roosters get the 3-star quality certificate – the highest ranking – from Beter Leven ("Better Life").

Roosters

Roosters in numbers

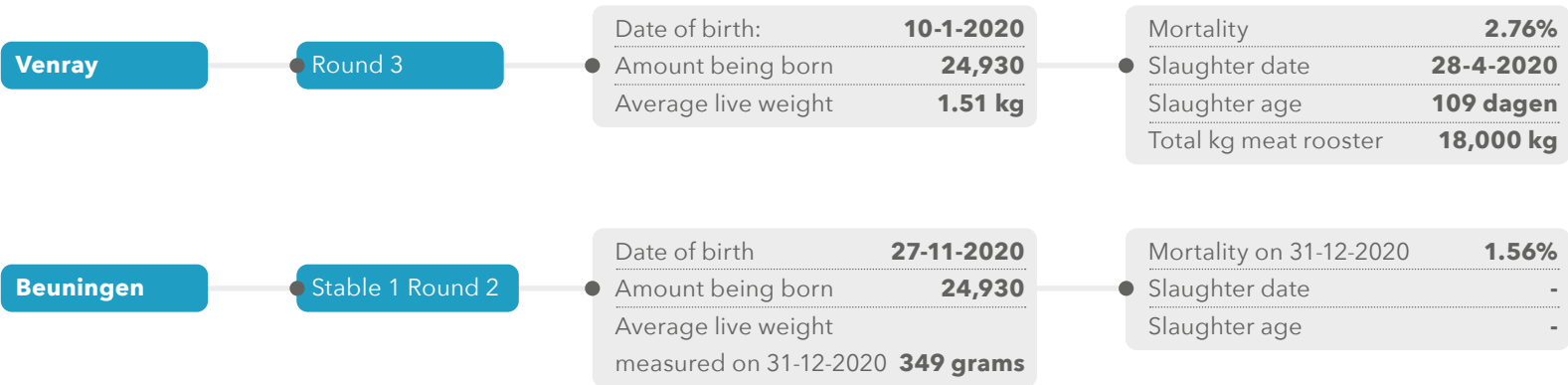
Where there are hens, there are roosters. However, these roosters are usually immediately killed after hatching.

40 million chicks

In the Netherlands, we are talking about 40 million chicks per year. But for Kipster eggs, we don't gas roosters. We allow them to grow up according to the norms of the 3-star quality certificate of Beter Leven. We give them a place in our food system.

Difficult to digest

In essence, this means less chickens need to be killed for meat consumption. A kilo of this rooster meat can replace a kilo of specially-bred animals. We find it difficult to digest that the life of our roosters should end so soon – while at the same time at another farm, meat chickens are being bred.





Over 21 million
eggs this year

2,149,620

Boxes of 6 eggs
delivered to Lidl

591,462

Boxes of 10 eggs
delivered to Lidl

3,142,649

Eggs
Victoria Trading

Eggs

Eggs Venray

Amount laid
6,785,940

A quality

● for supermarket
6,302,560

B quality

● for industry
483,380



Eggs Beuningen

Amount laid
14,386,279

A quality

● for supermarket
13,441,968

B quality

● for industry
944,311

Division humans & animals

Global grain production



Grain production in the Netherlands



Global division agricultural land



Feed

Growing for humans

Growing crops to feed animals is a very inefficient way to feed humans. This system, while considered 'normal', has many flaws – both environmentally and ethically.

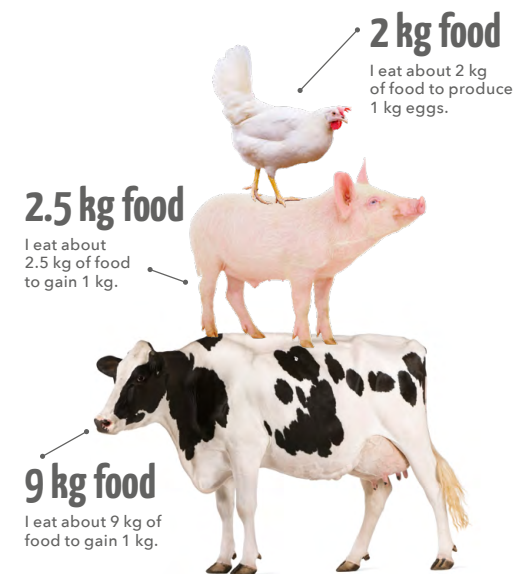
Less agricultural land

To produce meat, milk and eggs, we need an incredible amount of wheat, corn and soy. If people just ate these crops directly, our needs would be much less – and the planet would thank us.

We would also have plenty of food to meet the demands of the ever-growing world population. Plus, we could meet these needs using less agricultural land.

How much do animals eat?*

The less food an animal needs to gain one kilo, the better it is for the environment.



*This is an indication



Our residual flow feed makes us unique in the world

Circular feed

Kipster is the only commercial poultry farmer in the world that feeds their chickens using residual flows from bakeries and other food producers. We actively work on optimizing their food in collaboration with our veterinarian, feed company Nijssen, farm Vepymo and Hendrix Genetics.

Against food wastage

Kipster's hens and roosters help fight food wastage by turning leftover raw materials and foodstuffs into eggs and eventually meat.

Climate neutral

Our feed has an extremely low carbon footprint and works to produce a climate-neutral egg. We also do not need agricultural land to grow grain for our chickens.

Foodstuffs in our feed

For our feed, we use whatever humans cannot, will not, or are not allowed to, eat. Think: wonky pastries, products with misprinted labels, or a surplus of a certain raw material.

- | | | |
|----------------|-------------------|------------|
| • Muesli | • Toast | • Rice |
| • Knackebrod | • Bread crumbs | • Bulgur |
| • Biscuits | • Flour | • Couscous |
| • Rice waffles | • Pasta & Noodles | • Bread |

Feed composition

4.9%

Vitamins and minerals

7.7%

Specially grown high quality products

5.1%

Soy surplus

32.4%

Residual flows from agricultural land

50.1%

Residual flows from bakeries and food production

Wageningen University & Research

The raw materials that make up the residual flows and co-product category can vary. In collaboration with Wageningen UR (Professor Imke de Boer) we are continually doing research on the nature and variety of residual flows and how these can be most efficiently applied.



Please don't grow anything for me



Residual flows

Our goal is to use a sustainable chicken feed made up entirely of residual flows. This way, no extra food has to be grown. Thereby, we can return the soil to nature.

Feed

Sustainable and circular
Residual flow feed

Leftovers from bakeries

Our energy (carbohydrates) mostly comes from the residual flows of bakeries, as collected by Nijssen from all over Europe.

Leftovers from the land

Our protein source is mainly residual flows from crops such as sunflowers and rapeseed. Nijssen mixes this into a healthy and safe chicken feed. And sorry, if we're repeating ourselves: *we are the only ones doing this.*



The global soy demand for animal feed is the driving force behind South America's deforestation

So, what's the scoop on soy?

Both chickens and pigs thrive on soy waste because it's an easily digestible source of protein. Soy waste used to be a residual flow of soy oil production. But today, we mainly grow soy for its protein-rich waste to feed our immense livestock numbers. A battle for agricultural land is now taking place between growing livestock soy and growing other human crops.

Feed

Consequences of soy for animal feed

- Deforestation for agriculture
- Emission of greenhouse gasses
- Overuse of artificial manure
- Use of pesticides
- Soil erosion
- Manure surplus
- Water contamination
- Increase of endangered species
- Etcetera...

Kipster's feed strategy

We decided soy waste can no longer be considered a residual flow.

Soy waste

Therefore, we decided not to add any soy waste to our feed. This has led to some problems with our chickens, so due to a sporadic lack of good alternatives, we occasionally add soy anyway. We minimize this as much as possible, depending on the chickens' age and health. And we are working hard on a strategy for a responsible use of soy waste in our animal feed. For now, our aim is to not use more than 15 tons of soy waste per location per year. This is the quantity that would be available per animal in Europe, if we only counted the waste byproduct of what's grown for soy oil for human consumption. We exceeded this limit in 2020.

It sucks

We do not know exactly where our soy comes from. And that sucks. Sure, you can get certificates that say, on paper, that you are buying deforestation-

free soy. But to us this feels a bit like greenwashing. We're just not sure. And that's why we choose to drastically limit our soy usage as much as possible.

Developments and a learning curve

We feed our young chickens conventional feed from Vitelia that contains corn, wheat and oats. In addition, they also get circular feed from Nijssen. And we are switching step-by-step to this circular feed produced from residual flows. We started Kipster Beuningen with an extra careful focus when it comes to food. It's a completely new business with new strategies, a new team and two new farms.

Safety and stability

We have chosen security and stability by using conventional feed for a little longer. By applying the lessons we learn along the way, we believe we can be faster in switching to circular feed in the future. Our goal remains to eradicate the use of soy and conventional feed. The sooner, the better.



Verified by Wageningen
University & Research

Emissions

Calendar year

This is the first year we have calculated our emissions from January through December. We used to track this based on the egg-laying cycle, and then converting the numbers to 365 days.

Manure

We dry our manure at our farms. The manure from Kipster Beuningen is turned into manure granules by a specialized company. The manure from Venray is spread across fields in Germany and France.

Converting into CO₂ equivalents

In calculating our CO₂ footprint, we include CO₂, CH₄ (methane) and N₂O (laughing gas) – the main greenhouse gases emitted by livestock farming. In this calculation, the rate at which CH₄ and N₂O contribute to global warming are converted into the CO₂ value. We express these values in kilogram CO₂ equivalents.

All in and output

We have included all in- and outputs of cradle-to-farmgate, including the breeding of the hens and roosters.





I scramble around in a climate-neutral way against waste

We compose what we emit

This is how we can make climate neutral eggs

77%

Feed



Remarkable

Feed

The feed share is significant. It's where we can make a difference. Our circular feed also has around a 50% lower carbon footprint than conventional chicken feed.

2,033 tonnes

Total emission kg CO₂-eq
(including roosters)

Compensation

2,033 tonnes

Emission kg CO₂-eq

4.6%

Enrichment and soil coverage

11.3%

Manure

0.4%

Transport

6.9%

Energy



Remarkable

Transport

The transport share in the entire emission overview is almost nothing. We cannot make significant changes here.



I think it's clear:
Kipster wins by far

CO₂ footprint*

	Per egg (in total kg CO ₂ -eq)	Per Kg (in totaal kg CO ₂ -eq)
Kipster	0.075 kg CO₂-eq (excluding Roosters and LUC)	1.29 kg CO₂-eq (excluding Roosters and LUC)
Indoor Free range	0.116 - 0.167 kg CO₂-eq (Hilken en Klein Swormink, 2011; Dekker et al., 2011) (Using an egg that weighs 62.5 grams, Dekker et al. 2011)	1.86 - 2.67 kg CO₂-eq (Hilken en Klein Swormink, 2011; Dekker et al., 2011)
Free range gets to go outside	0.118 - 0.171 kg CO₂-eq (Hilken en Klein Swormink, 2011; Dekker et al., 2011) (Using an egg that weighs 62.5 grams, Dekker et al. 2011)	1.88 - 2.74 kg CO₂-eq (Hilken en Klein Swormink, 2011; Dekker et al., 2011)
Organic	0.139 - 0.160 kg CO₂-eq (Hilken en Klein Swormink, 2011; Dekker et al., 2011) (Using an egg that weighs 62.7 grams, Dekker et al. 2011)	2.21 - 2.55 kg CO₂-eq (Hilken en Klein Swormink, 2011; Dekker et al., 2011)

*Due to the varying assumptions and sources, the numbers on this page are meant to be only indicative.

Boxes



More variation material

Paper foam

5 and 10 boxes for Lidl

This bio-based material is also used as packaging for consumer electronics, cosmetics and medical supplies. It's a mixture of starch, fibers, water and a premix. Our boxes are biodegradable. You can also recycle them or compost them with paper. Our box has a carbon footprint that is up to 90% lower than a recycled cardboard egg box.

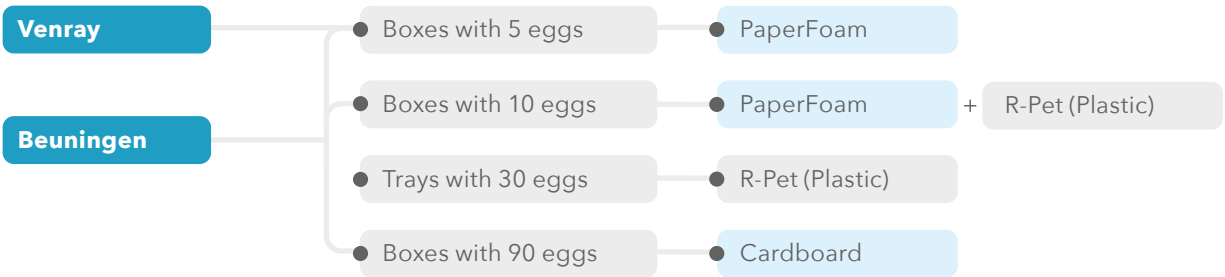
R-PET

10 boxes and 30 trays

These are made from recycled PET bottles and packaging for the business sector. Of course, no plastic is better. But as long as the plastic is recycled, we will participate in the cycle as re-users.

More variety in boxes

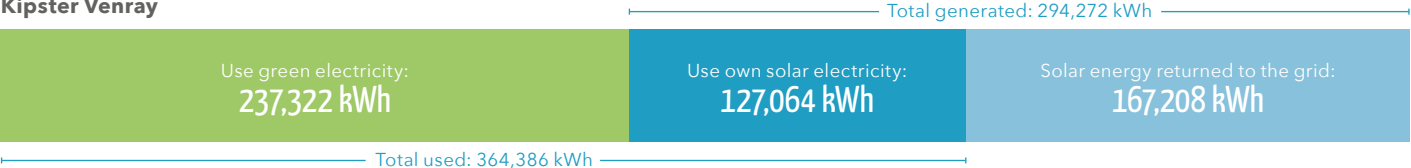
Until January 2020, we packaged our eggs per 5 in the characteristic blue boxes. But since we have Kipster Beuningen and new clients, our eggs leave the farm in a variety of boxes.



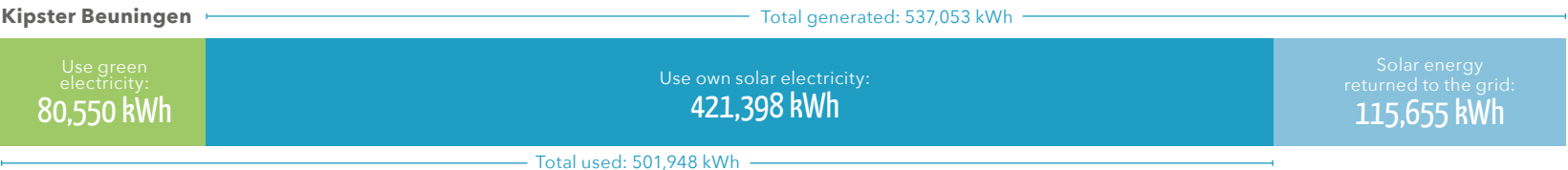
Energy

We place solar panels on our farm roofs to generate our own energy - with excess to share.

Kipster Venray



Kipster Beuningen



Awards

Kipster is the 'Most Sustainable Company in the Netherlands in 2020'.

www.duurzaam-ondernemen.nl

"Kipster is the most human-, environment- and animal-friendly chicken breeder in the world. And now, according to a jury of professionals, it is also the 'Most Sustainable Company in

the Netherlands in 2020'. The company won the award during the online event organized by Stichting Nederland CO₂ Neutraal [The Netherlands CO₂-Neutral Foundation]."



Seriously: serious media covers Kipster *a lot*.

Publicity

In 2020, we were again the subject of some serious attention from the media. Some examples:

'The recently opened chicken farm Kipster in Beuningen has a sign saying "Revolutionary Farmers". This is an understatement.'

NRC Handelsblad

'Which egg is the most sustainable?'

A question with a simple answer: Kipster eggs. You can buy them at Lidl and they are by far the most sustainable out there.'

Source: Change Inc.

Publicity

Peter de Roos, Buying Director Lidl

'How cool is it that we're the only ones selling the most sustainable egg in the world?' **de Volkskrant**

Ruud Zenders, Founder Kipster

'To keep animals used for eggs, meat or milk in a truly animal-friendly way is impossible.' **NU.nl**

'Whoever thinks that "organic" is the best one can do when it comes to happy chickens, they have clearly not visited Kipster.' **NU.nl**

Olivier, Co-founder Kipster

'We believe that agricultural land should only be allowed to be used for growing plant-based foods for human consumption.'

de Volkskrant



de Volkskrant

Voorpagina

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Wetenschap

REPORTAGE KIPSTER

De 'groenste' kippenstal ter wereld: Beuningen is klaar voor een milieurevolutie

'The "greenest" chicken farm in the world: Beuningen is ready for an environmental revolution.'

'Kipster put V-snaar Projecten's John Michels to work on designing animal-friendly architecture. The desires of chickens for "light, air and space" was translated into an appropriately modern design.'

NRC Handelsblad

Maurits Groen, Co-founder Kipster

'I won't quit until we have a thousand farms.'

De Ondernemer

Marketing

We are often asked about the secrets behind our branding, marketing and communication.

The secret is we have no secrets. We do all three without a substantial budget, without a PR agency and without a marketing and communications department. We also don't plan to have a real plan for any of these. Or do we?

Our marketing plan is built on two rules:

Rule 1

WHAT YOU SEE IS WHAT YOU GET

Rule 2

WHAT YOU SEE IS ALL THERE IS

A black page

Chickens in lockdown

Virologists have long predicted that having humans and animals live so closely together is asking for trouble. And this year, we had to live through the realities of their warnings.

Obligations

As people, we were forced to stay indoors because of Covid-19. And as of 23 October 2020, Minster Schouten forced us to also lockdown our animals – followed by another lockdown in the spring.

This obligation to stay indoors was enforced on all commercial poultry businesses. This occurred after two swans were found dead with the bird flu. They had been contaminated with a high pathogen variant (HPAI of the H5N8 serotype).

Infected

Large parts of Europe had confront infections over the winter. A number of poultry farms in the Netherlands had to be cleared because their birds were infected. This also led to our chickens being forced to stay inside. It's expected this will continue until after Easter 2021.

Luckily our farms have courtyards with daylight, ventilation and plenty of space for a stroll and a dust bath. This way, the chickens still get to enjoy the great outdoors in a way.



Mute swan

In 2020, the bird flu was first found in two mute swans in Kockengen (Utrecht). Their bodies were found to be infected with a very infectious variety of the bird flu.

After that, many more wild birds were found to be infected across large parts of the Netherlands.



Criticism – positive, negative or both – is always welcome. At Kipster, we're out to learn.

Better together

We're always talking with our stakeholders. We're always out to connect with the right people and organizations who can help us preach our gospel, inspire us, inspire others and to test – and test again – everything we do.

Dialogue

These are some of the organizations we spoke with in 2020:

A Adviescommissie Agrofood Advee Dierenartsen Aeres Hogeschool Albron	E Efteling Euro Group For Animals Eyes on Animals	K KPMG	P Pakhuis de Zwijger Paperfoam Picnic Provincie Flevoland, Brabant, Gelderland, Limburg	T TAPP Coalitie TCV Top BV Triodos Bank Trouw
B Barth Misset Fonds Big Dutchman Brightlands	F Flevo Campus Foodlog Foodservice network Food 100	L Labeij Food Products Lidl Limburg Development and Investment LLTB LTO	R Rabobank Ruitenbergh Ingredients	U Unilever
C Caring Farmers Caring Vets Citaverde Compassion in World Farming	G Gemeente Venray, Beuningen, Almere, Amsterdam Grassa	M Ministerie LNV MVO Nederland	S Samen tegen voedselverspilling Smart Food Alliance Sprout St. Behoud de Parel St. Milieukeur	V Varkens in Nood Vepymo Victoria Trading
D De Volkskrant Dier & Recht Dierenbescherming Duurzaam Bedrijfsleven	H Hendrix Genetics	N Natuur&Milieu Nieuwe Boerenfamilie Nijsen/Granico Nima NWO	W Wageningen Universiteit Wakker Dier World Animal Protection World Food Centre Ede	Z ZLTO
	I Instituut voor Dieren in Filosofie en Wetenschap			

(We tried hard to make this list as complete as possible, but if you notice anything missing, please let us know.)



We invest in the future

Team

Our Team

40 people

17.5 people if converted to FTE

4 interns work for us

8 people are working on the international expansion

Finances

Kipster Venray

Net. Profit: € 44,925.- (5% of revenue)

Kipster Beuningen

Net. Profit: € 67,005.- (4% of revenue)

Kipster BV

Net. Loss: € 566,800.-

Explanation

- The loss is due to investment into international expansion.
- We expect the same losses for 2021 and 2022.
- We expect to be profitable from 2023 onwards.

**Please visit us
(as soon as it's
allowed again)!**

Kipster Venray

Wusterweg 9
5808 BX Oirlo
Navigatie: Wusterweg 9,
Castenray

Kipster Beuningen

Hosterdstraat 1b
6641 KB Beuningen

Kipster HQ

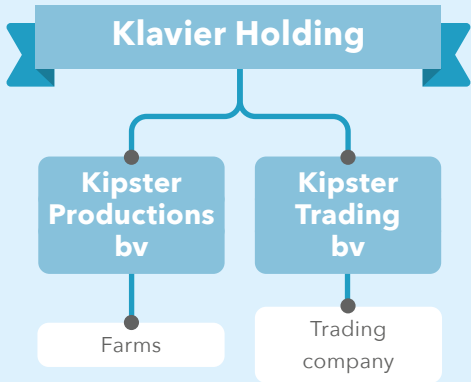
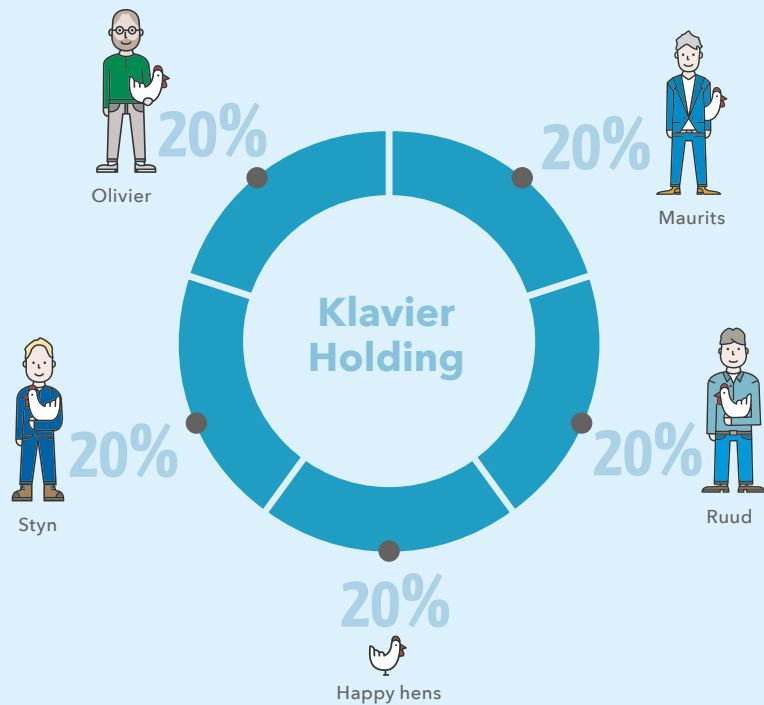
(Please note the name of
our street has changed.
But we haven't moved!)
Villafloraweg 1
5928 SZ Venlo



Four of us founded Kipster, with our investor Happy Hens joining later.

Who does Kipster belong to?

Percentages of ownership and the legal structure 2020.





Whatever

Kipster's certificates



Climate neutral via Fairtrade Gold Standard Carbon Credits



IKB egg free range



IKB egg packaging



IKB farm design certificate



Beter Leven quality mark hens 3 stars



Beter Leven quality mark packaging



On the way to PlanetProof egg



IFS Food



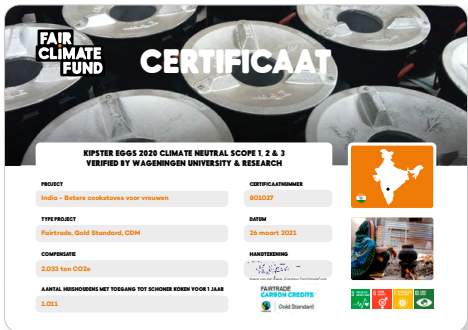
COKZ packaging/control



COKZ farm design certificate



Kipster Beuningen:
Zoonoses responsible company by GD





The revolutionary
farm