Annual Report 2014

250 years Wessanen

our journey to a green future

Wessanen

Pages 23–48 form the management report of Wessanen's 2014 Annual Report

Italy based Abafoods (including its Isola Bio brand) was acquired per 8 January 2015.

All data on pages 1–48 refer to continuing operations if not otherwise stated.

Performance highlights

Revenue[1]

€434m

Revenue has increased 6.4%, mainly driven by strong growth of our core brands and the acquisition of Alter Eco.

Organic products

68%

We sold almost €300 million of organically certified products in 2014. Our target for 2017 is to increase it to 71%.

EBITE[1]

€23.6m

Operating profit before exceptional items increased 21%, driven by volume growth, supported by increased marketing spending, and leverage of operating costs.

Vegetarian products

96%

Almost all of our products are plant based and suitable for vegetarians. Our 2017 target is to keep the percentage of vegetarian products above 95%.

Employees[1]

822

In 2014, on average 822 employees worked for us at our continuing operations. It is their passion, hard work and commitment that makes us who we are.

Our years in business

250

In 1765, Adriaan Wessanen and Dirk Laan founded Wessanen. Their passion for good and honest food has lasted ever since: nowadays already for 250 years.

[1] Continuing operations only.

Welcome to Wessanen

At Wessanen, we believe we have a role to play in resolving global food challenges. To do that we make on food that is good for people and for our planet. We therefore focus on organic food, vegetarian, fair trade and good nutrition. Here is why:

- Organic food is produced in a way that protects the soil and preserves water and biodiversity;
- Vegetarian products are more sustainable than animal based ones;
- Fair Trade gives us the guarantee that the people producing our products can live decently;
- Good nutrition is based on preservation of the nutrients from the plant.

Healthier Food

We focus on food that is healthier for people such as organic, vegetarian and natural. We work hard to improve the nutritional balance of our products.

More on our business model
Page 16

Healthier People

We want to help our consumers, our own people and other stakeholders to live healthier lives through choosing the right food.

More on our business
Page 18

Healthier Planet

We want to protect our living planet for current and future generations by promoting sustainable products and conducting our business in a sustainable way.

More on our strategy
Page 21

Introduction
Letter from the CEO

Our journey to a green future

2015 is a special year for us. In 1765, 250 years ago, Adriaan Wessanen and Dirk Laan founded Wessanen&Laan.

They started a business with a passion for good and honest food that would last a quarter of a millennium. Therefore it is good moment to look at where we stand at the end of 2014.

Who we are today

Our journey to transform ourselves into a European champion of healthy and sustainable food has successfully continued and we have almost divested our remaining non-core activities. Growth rates of the market for healthy and sustainable food in Europe remain at mid single-digit level as more and more consumers look to make better food choices. We don't see an end to this any time soon.

We are a member and main sponsor of IFOAM Europe and active at national level with all key organic organisations. We invest in organic agriculture and our organic expertise centre aims to increase the awareness and knowledge of organic inside and outside the company.

The Wessanen of today is over 800 people committed to healthy and sustainable food in Europe. We are a family of companies and brands connected by shared values and a desire to make the world of food a healthier and more sustainable every day. It's the passion, creativity and hard work of the people that makes us who we are.

We have a stable of pioneering brands

Everyone at Wessanen is focused on growing our core brands such as Bjorg, Allos, Clipper and Zonnatura in our core categories and this has produced good and profitable growth while increasing our marketing spending. Many of our brands are leaders in their markets and are among the pioneers of the organic market in Europe. With better innovation and communication we are managing to increase our market share in key markets.

Why we care

We all witness that food has a crucial role in keeping people and planet healthy. Did you realise that producing one kilogram of beef causes the same amount of CO_2 as 250 kilometres driven in your car?

We see sustainability as an integral part of our strategy. Unlike many other businesses we don't want to compensate for negative side effects of our products but to create the right products in the first place. That's why we focus on organic, vegetarian, fair trade and nutritional products

Me and many of my colleagues are choosing organic and fair trade products every day and reducing meat consumption is a big topic for us. We all can and want to play a part in changing the world of food, personally and professionally.

What we have achieved in 2014

We have completed the divestment of three non-core businesses, while working on the last one. This has given us even more focus on core brands and core categories which has resulted in solid sales growth and improved profitability. Our marketing spending is up and core brands are winning share in key markets.

What's next

Right at the beginning of 2015 we have completed the acquisition of Abafoods, a European leader in organic dairy alternatives. This move will add critical mass to one of our core categories and add another leader to our family of brands.

Our focus in 2015 will be on further improving the execution of our strategy. We have achieved good results in 2014 and I look forward to the next part of our journey to a green future.

Christophe Barnouin
CEO

Many of our brands are pioneers of the organic, healthy & sustainable market

Our people make the business that we are. Committed, hard working and driven to make the world of food a little better every day!

The shape of our business

We focus on building the most desired brands in healthy and sustainable food in Europe.

We create and market food products that are organic, vegetarian, fair trade and nutritionally positive.

Our core categories

Our assortment mainly focuses on six core categories. Our brands partly focus on one particular category, such as Clipper on hot drinks. Others use more of an umbrella approach, such as Allos, Bjorg and Zonnatura, offering a wider range of products.

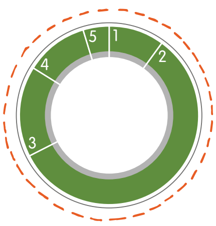
- Dairy alternatives and vegetal drinks
- Sweets in between
- Bread replacers
- Breakfast cereals
- Hot drinks
- Veggie meals

Our core brands

We excel in building and activating our brands and developing differentiating innovations. Our core brands are our largest and most successful own brands and these are the ones we put most of our marketing investment and activation efforts behind.

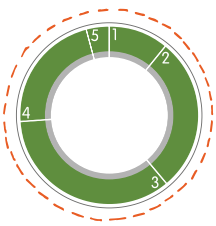
Allos	Alter Eco
Bjorg	Bonneterre
Clipper	Gayelord Hauser
Isola Bio	Kallø
Tartex	Whole Earth
Zonnatura	

Revenue by country in € millions



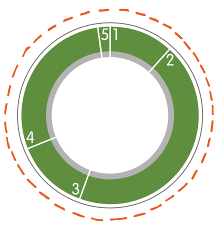
1 Netherlands	€44
2 France	€250
3 UK	€71
4 Germany	€49
5 Other	€20

Non-current assets by country in %



1 Netherlands	11%
2 France	28%
3 UK	35%
4 Germany	22%
5 Italy	4%

Employees by country average 2014



1 Netherlands	98
2 France	360
3 UK	109
4 Germany	238
5 Italy	17

Our offices and production locations

Our brands

France

UK

Germany

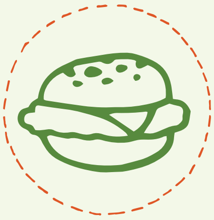
Benelux

Italy

Export

Marketplace
Introduction

The global food challenges we have to address



Over 1bn people are obese

Today more than one billion people are obese, of which 300 million are at major risk of diet-related illnesses such as type-2 diabetes and cardiovascular disease.

The rainforest is disappearing

While our sourcing of palm oil is sustainable, we are also working on replacing palm oil in products if possible.

Too many chemicals in food

Organic agriculture does not allow synthetic fertilisers or pesticides. Therefore, organic agriculture uses integrated pest management, based on the use of natural predators.

Antibiotics are failing

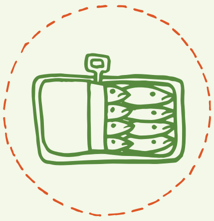
The development of antibiotic-resistant strains of micro organisms is a worldwide concern. In organic production, antibiotics can only be used to treat existing infections, rather than to improve growth or reduce the risk of disease

More food allergies

The number of people who have a food allergy is growing. Recent studies have confirmed a significant increase in the incidence of food allergies, in particular amongst children.

Soil degradation

Soil is the natural resource that ultimately sustains all life on land. Organic farming methods, such as crop rotations, inter-cropping and symbiotic associations are vital to maintaining and improving the soil quality.



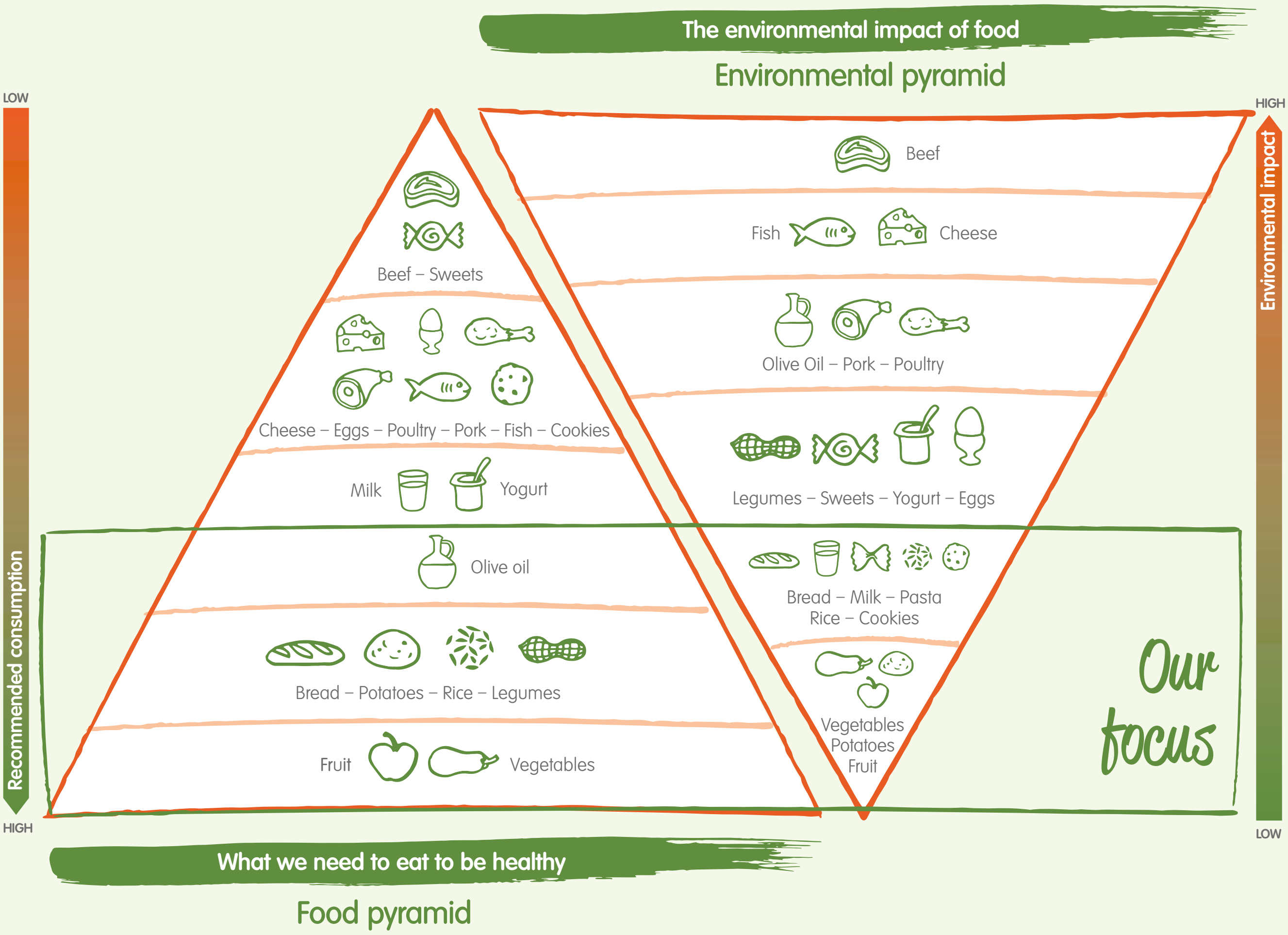
9bn people by 2050

In 2050, it is predicted that we will have to feed nine billion people versus seven billion nowadays. Around 90% of this growth will take place in Asia and Africa.

GMO in our food

Genetically modified (GM) plants endanger the environment since they can cross contaminate other plants and transfer their new genes, resulting in possible disruption of eco systems.

We focus on food that is good for people and planet



As Wessanen, we focus on food that is good for people and the planet. In most cases, what we should eat for our own health is also better for the planet. And vice versa.

Vegetarian products – 96% of what we sell – have the advantage of being, by nature, more sustainable than animal products, which are resource-intensive. In particular, the production of meat is very resource-intense.

There is a consensus that consumption of animal products has a highly negative impact on the environment and that meat heavy, Western diets are a major challenge for the sustainability of food globally.

Vegetarian products tend to be healthier, as shown in many epidemiological studies: vegetarian diets are associated with lower risk of cardiovascular disease, type 2 diabetes and gut disease.

Part of our brands like Tartex, Allos and Bjorg have strong vegetarian roots as they were the first ones to introduce – for example – vegetal pâtés, amaranth and tofu in their markets.

There is a growing body of evidence linking vegetarian diets to health and protection of environment.

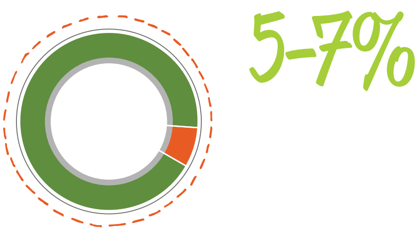
More on epidemiological studies
www.wessanen.com/en/what-we-stand-for

In November 2014, an article was published in the prominent scientific journal Nature entitled: 'Global diets link environmental sustainability and human health'. In the study, global-level data has been compiled and analysed to compare an omnivorous diet to three alternative diets (vegetarian, Mediterranean and pescatarian diet).

One of its conclusions is: that "alternative diets that offer substantial health benefits could, if widely adopted, reduce global agricultural greenhouse gas emissions, reduce land clearing and resultant species extinctions, and help prevent such diet-related chronic non-communicable diseases."

Marketplace
Healthy and sustainable food

Healthy and sustainable food in Europe



Number of vegetarians in Europe
in millions, estimate

>20m

Vegetarians
in our markets.

The European market for sustainable food such as organic and fair trade continues to grow. This is driven by increased consumer appreciation and awareness.

Health reasons, an increasing number of food scandals, climate and environmental issues and more consideration for the sustainable production methods motivate people to change their diet on a permanent basis.

We only create and market food products that are organic, vegetarian, fair trade and nutritionally positive.

Sustainable food and vegetarian lifestyle

Thanks to wider distribution methods and greater availability, these markets continue to develop favourably and its potential remains significant. Sustainable food is covered by various certificates such as regarding animal welfare, organic, fair trade and environment and conservation.

Another, in part overlapping, area of sustainable food is that of a vegetarian lifestyle. The reasons people decide not to eat meat are varied and individual, although it is most frequently for ethical reasons. Organic consumers and vegetarians/flexitarians often have similar motives for their choices, such as animal welfare, protection of the environment and world food issues.

Vegetarians and flexitarians

The vegetarian lifestyle is a long-term development as the number of vegetarians and flexitarians continues to rise.

According to estimates, about a billion people worldwide are vegetarians. About 300 million of them live in the 'home of vegetarianism' India. In Europe, the number varies widely from just 2% in France and Belgium to almost 10% in Germany.

An increasing number of people acts nowadays as a flexitarian by consciously avoiding to eat meat three or more days a week. In Germany, for example, around 40 million habitants (half the population) are flexitarian, while in the Netherlands the number stands at about seven million people.

Why we believe in organic

Organic food is grown with the utmost regard for the environment, animal welfare, food safety and quality. The organic growing process also enhances biodiversity, contributes to soil fertility, reduces the carbon footprint and helps to lower the risk of antibiotic-resistant organisms.

To carry the label 'organic', a product must contain at least 95% organic ingredients.

Additionally, the methods whereby organic ingredients and products are farmed, grown and processed must adhere to stringent criteria such as a demonstrable lack of genetically modified organisms (GMO) and strict rules concerning pesticides, antibiotics, growth hormones and the welfare of animals.

The real price of organic

Organic food is more expensive than conventional because it requires more man-hours and can lead to lower yields. However, we can consider that the price of organic food is a real price, as organic does not generate external costs to society. Conversely, conventional food does not include external costs like:

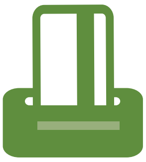
- Water treatment, polluted by nitrates and pesticides;
- Subsidies paid to farmers to maintain their competitiveness on the market;
- Health expenses linked to certain farmers' diseases caused by the use of pesticides as being recognised by the French institute of health and medical research INSERM.

Organic agriculture

We believe that organic agriculture is the best way to achieve healthier food, healthier people and a healthier planet:

- Healthier food because organic practices avoid the use of chemicals in agricultural production and transformation;
- Healthier people because farmers producing organic are not exposed to chemical pesticides, recognised as increasing the risk of cancers in the farming population;
- Healthier planet because organic agriculture enhances practices which favour biodiversity, soil fertility and reduce pollution.

Marketplace
Healthy and sustainable food continued



€5.5bn

Retail value of fair trade in Europe

1.4m

Fair trade farmers

>125

Countries selling fair trade products

>1,200

Fair trade producers

Why we believe in fair trade

Fair trade aims to help producers in developing countries to improve their trading conditions and promote sustainability. It advocates the payment of a higher price to farmers as well as higher social and environmental standards.

Nowadays, there are several recognised fair trade certifiers, including Max Havelaar and Fair Trade International. These are umbrella organisations whose mission is to set the fair trade standards and to support, inspect and certify disadvantaged producers and harmonise the fair trade message.

The real price of fair trade

Fair trade corresponds to the real price to producers as it also includes a premium, used by the cooperative for projects to develop the community. Premium allocation, decided by the farmers, goes to community projects.

Sustainable food market size

2014 was another year of sound growth for organic and fair trade. We estimate combined growth to amount to mid-single digit, although combined firm data is hard to gather for healthy and sustainable foods.

Fair trade markets

Fair trade products are now sold in over 125 countries. Around 80% of the 1,200 producer organisations worldwide are smallholders. This represents over 1.4 million farmers in 74 countries.

The estimated fair trade premium was €86 million in 2013. 55% of this fair trade premium on plantations was spent on direct support for workers and their families, while another 25% was spent on wider community projects such as education and health-related investments.

In Europe, fair trade has grown 28% to €5.5 billion in retail value in 2013, Further growth is expected for the next years.

The UK is by far the largest market, representing €2.0 billion, followed by Germany (€0.65 billion) and France (€0.35 billion).

Annual per capita consumption is the highest in Switzerland (€44 per person), followed by the UK and Sweden. The average in Europe was €12 per capita in 2012.

In volume, bananas and coffee are the largest categories, followed by sugar, cocoa and fruit juice.

Sustainable food

Sustainable food represents 5–7% of the European food market if we define it as food being covered by a certificate such as regarding animal welfare, organic, fair trade, environment and conservation and/or, fish farming and wild catch.

In the Netherlands, 11% growth of the consumption of sustainable food was recorded in 2013, which represented €2.4 billion in sales (6.1% of total consumption).

The majority consists of four labels, covering 91% of consumption. These are organic (40%), UTZ (20%) (sustainable farming), 'Beter leven' (19%) (animal welfare) and fair trade /Max Havelaar (12%).

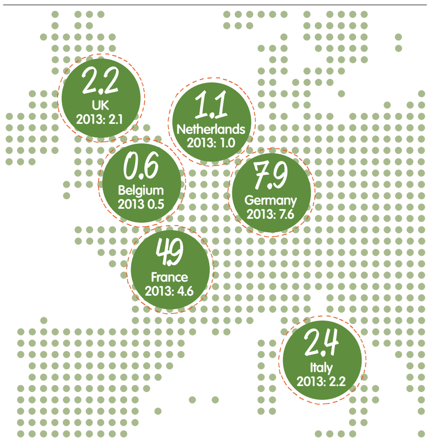
The breakdown in other European markets is broadly the same with cultural differences explaining the skewing to certain labels.

EU certification for organic food

Organic food is controlled by a unique certification system that ensures it meets strict requirements. Since 2012, all organic food produced in the European Union must carry the EU organic logo. The methods whereby organic ingredients and products are farmed, grown and processed must adhere to stringent criteria.

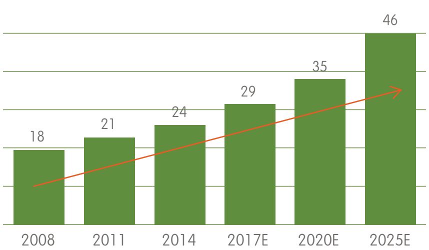
These include no use of GMO, no growth hormones as well as a restriction on the use of antibiotics, fertilisers, herbicides and pesticides. Only a few additives, processing aids and food colouring are allowed and there are strict rules concerning the welfare of animals.

European organic food market 2014
in billions, estimate



Organic food in Europe in billions

€24 bn



Organic markets

Organic food has a long track record of growth. In 2014, the market growth was high single digit, with the European organic food market estimated at €24 billion.

This is in line with the growth shown in recent years, although there are marked variations year on year per category and across the various European markets.

Wessanen strongly believes that this potential will remain significant in the long term. We are cautiously estimating mid-single digit growth in the medium and longer term with the grocery industry expected to be the main driver of future market growth.

According to these projections, we expect the organic food market to double in size to €46 billion by 2025. By doubling in size, organic food would still represent just 5% of the total European food market.

The overall growth of organic food will continue to outpace that of conventional food products, contributing positively to the expansion of the European food market.

Our competitive landscape

Our competition mainly consists of a wide range of branded product manufacturers and retailers offering private labels. A rough breakdown of these would be:

- Dedicated 'niche' manufacturers;
- Smaller manufacturers who are active in one or a few markets;
- Single brand/product companies;
- Large European players focusing on multiple brands and products;
- Manufacturers of natural and fair trade products;
- Private labels offered by retailers.

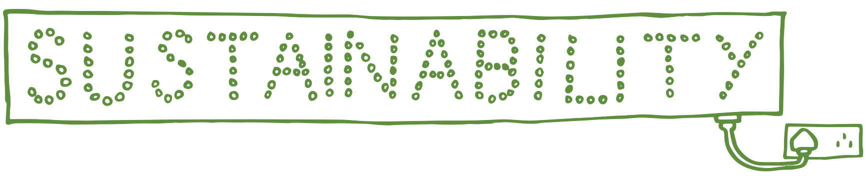
We are one of a handful of dedicated players with a strong European presence. Most organic producers are small to medium-sized, family-owned, active in just one country and produce and sell several product categories.

Fair trade, in contrast, has been embraced by many producers, almost becoming a requirement in several product categories such as coffee.

The larger European grocery chains, including the hard discounters, have their own range of private label organic products, as do larger health food store chains.

A-brands and private labels have a symbiotic relationship, as they compete for the same consumers in the organic category, but they also jointly help drive the growth of the organic market versus that of conventional food products.

Overall, the weaker brands are losing out to the stronger A-brands and private labels.



Marketplace
Stakeholders and our own employees

As a Company, we are responsible and accountable for our performance. We are part of a larger system, we want to make a positive contribution to the communities in which we work and we take responsibility in managing our impact on the world around us.

We conduct our business in a way that is transparent, fair and sustainable for all. It is not only our results that concern us, but also how these results are achieved.

Our dialogue with stakeholders

We conduct our operations in accordance with internationally accepted principles of good corporate governance and promote clear, timely and transparent communication to all stakeholders.

We observe applicable competition laws and regulations and compete for business fairly, on the merits of our products. Bribes in any shape or form are unacceptable to us.

We – of course – respect and support the fundamental human rights of all parties in societies affected by our business and the principle of free market competition as the proper basis for conducting our business.

Our Company Code provides a clear set of guiding principles on integrity and ethics in business conduct, applicable to both corporate actions and behaviour of individual employees when conducting business on behalf of Wessanen. It covers topics such as compliance with laws, environment, product safety, transparency, free market competition, child, bonded and forced labour and human rights.

For our Company Code:
www.wessanen.com/en/governance

By maintaining open communication, we keep our stakeholders informed about our activities and results. Each of the eight stakeholder groups we have identified has different interests in our activities and is crucial for our business model.

We communicate with our stakeholders to find out what they are seeking from the relationship and encourage feedback to ensure that we are meeting their expectations.

The feedback we obtain from stakeholders is used to redefine our strategy, policies and general conduct. Senior management and the Executive Board are always involved in stakeholder dialogues.

Consumers

We are convinced that we are contributing to the longer-term well-being of our consumers by delivering healthier products. That is our products are manufactured with the greatest care, guaranteeing the highest degree of food safety, and a reliable and transparent supply chain. Our products and services will be accurately and properly labelled, advertised and communicated.

We respect consumer privacy and deal with consumers in a fair and forthright manner, maintaining the highest levels of integrity. We require the same of all of our suppliers.

Through our products and brands, we are contacted by and learn from our consumers on a daily basis. They use our products for many of their meals or in-betweens, at home, away or at work. However, direct feedback is in general limited to contact via our consumer service desks. We are therefore increasing our efforts to engage directly with consumers via social media.

Customers and suppliers

We pursue mutually beneficial relationships with customers and suppliers. We expect our suppliers to have a shared responsibility for supply chain transparency as well as on other aspects of sustainability.

We work with our suppliers and trade partners to enhance social, ethical and environmental performance within our supply chain.

We work closely with customers to launch and market innovations and increase the visibility and availability of our products to large groups of (potential) consumers.

We seek to award business to business partners who are committed to acting fairly and with integrity towards their stakeholders and who observe the applicable laws in the countries in which they operate.

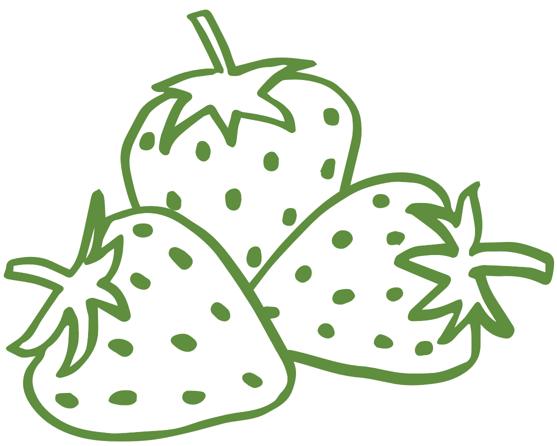
In February 2015, we participated again at Biofach, the largest European fair for the organic sector, as one Wessanen, showcasing our brands and products. It is a unique opportunity to meet many of our suppliers and customers.

More on our suppliers and supply chain
Pages 30–31

Government

To maintain the trust of our consumers and other stakeholder, regulatory compliance of our products is essential and we therefore pay full attention to guarantee this.

This is also a key requirement for our suppliers, specified in our Supplier Quality Booklet and in our raw material and packaging specifications. Our pesticides and GMO policies go beyond organic regulation requirements.



Overview stakeholders, their expectations and our engagement

	How we engage our stakeholders	Expectations of our stakeholders
Employees	– Day-to-day contacts – Yearly employee engagement survey	– Fair and principled employer – Safe workplace – Development opportunities – Sound working conditions and fair wage package
Consumers	– Product labelling – Information on website, flyers, etc. – Advertising and promotions	– Organic, healthy, sustainable and tasty food – Clear sound product information (e.g. labelling)
Customers	– Day-to-day contacts – Advertising and promotions	– Fair price – Quality and flexibility – Desired brands
Suppliers	– Day-to-day contacts – In audits and meetings – Clear requirements	– Long-term relationship with Wessanen – Fair price – A role in our ambitions regarding organic
Shareholders	– Annual shareholder meeting – Annual report, website – Quarterly road shows, investor conferences	– Return on investment – Dividend – Long-term well being of the Company – Timely, fair disclosure – Transparency
NGOs	– Meetings, conferences	– Be a promoter of organic, fair trade, healthy and sustainable food – Transparency
Governments	– Periodic meetings, disclosures	– Compliance
Society	– Annual report – Various communication channels	– Act as a sustainable company

55%

Buying organic food because it is healthier for me and my family

44%

Buying organic food because it is better for nature

Shareholders

While balancing the interests of all our stakeholders in search of long-term gains, we are also committed to providing a fair return to our shareholders.

NGOs

We highly value our contacts with various NGOs on local and European level and we actively participate in discussions with authorities and on new organic regulation.

We are member and sponsor of IFOAM EU group (IFOAM is the International Federation of Organic Agriculture Movements) and participate in different stakeholders meetings on the new organic regulation.

We are also members of the organic associations in the countries where we operate and participate actively in working groups including French Synabio and CNAB, German BÖLW, FIBL, BNN and AÖL, Dutch Bionext and VPB and UK-based Soil Association.

Society

Due to the very nature of our products and brands, sustainability is essentially already part of our operations. We are committed to act as a responsible corporate citizen, and act as a sustainable company.

Feedback from stakeholders

We use different approaches for feedback and dialogue: employees are, for example, asked to participate in engagement surveys and we organise town hall and lunch meetings and conference calls to regularly update them.

Consumers can find detailed contact information on the package and we engage with our shareholders via meetings and audio webcasts.

During 2014, we conducted a qualitative assessment through a stakeholder dialogue to define our material sustainability topics.

Materiality assessment

In 2014, a materiality assessment was carried out by interviewing internal and external stakeholders on sustainability topics relating to our strategy such as organic, fair trade and vegetarian.

It provided us valuable insights regarding the expectations of various stakeholders, especially on the materiality of specific sustainability issues. We have used the outcome to evaluate and validate our sustainability strategy and redefine part of our KPI's. Our materiality matrix plots the issues considered most important to our stakeholders and to us as a company.

Marketplace
Stakeholders and our own employees continued

Our materiality matrix

14 topics were considered the most important for both internal and external stakeholders. They cover our three pillars: Healthier Food, Healthier People and Healthier Planet. Parts of these key topics were already addressed in our sustainability strategy.

While two topics were not judged material, we considered these as important and have included them as well: healthier employees and renewable energy.

Another topic that raised concerns was a policy regarding conducting testing on animals. Although we do not have a formal policy, we do not conduct any clinical tests on animals. Besides, our non-vegetarian activities are organically certified, which is one of the highest standards for animal welfare.

We have defined and prioritised policies and measures, based on the most relevant issues for our internal and external stakeholders.

Highlighting our KPIs
Page 17

Responsible employer

Since many of our people have deliberately chosen to work for us, our purpose and values are important in attracting and maintaining motivated, talented employees, since all of us care passionately for healthy and sustainable food.

We focus on operating a capable organisation, made up of committed employees and a connected leadership group. For us, quality and continuity are centrally-driven principles.

We reflect this in our management development policy, which offers our employees plenty of scope for personal development.

Retaining experienced and talented staff is both a priority and strategically important, so we strive to lower the employee turnover rate by reducing the number of people who leave on their own initiative.

Equal opportunities

It is a given that we provide equal opportunities for current and future employees, regardless of race, ethnicity, gender, sexual orientation, socioeconomic status, age, physical abilities and religion.

The Executive Board, supported by the Supervisory Board, values the importance of a diversified work force.

Our remuneration

We deploy a uniform remuneration policy for the management of all operating companies and Head Offices which is competitive and performance-based. Bonus systems for senior executives are drawn up centrally and are based on the operating company's financial targets, personal performance and segments, and Wessanen's overall results.

The operating companies have their own compensation and benefit structures, which comply with local requirements and customs. In many cases, these exceed legal requirements and include elements such as pensions, company cars, parental leave and child care benefits.

Employee development

We use a goal-and-target-setting model and Employee Performance Commitment (EPC) targets. Our competency model defines behavioural expectations for all employees and translates our ambitions and values into conduct conventions and skill sets. These serve as the basis for selecting and developing candidates for promotion, while also taking into account experience and track record.

Our Management Development Review provides us with valuable insight regarding our senior management and talent pool. This helps us to ensure that we have sufficient talent for our future needs as well as to establish succession plans.

We operate a variety of training initiatives to support the development of our staff, including enhancing employee engagement and development, functional leadership and new hire orientation training.

Employee engagement

We run regular surveys which determine the level of engagement and commitment of employees and the factors behind. This allows us to identify opportunities for improving our organisation, culture and people management.

As a responsible employer, we are constantly striving to ensure that any workplace is a safe, healthy and pleasant environment.

Whistleblower policy

Our policy aims to support compliance with applicable laws, integrity in financial management, a healthier and safer work environment and effective corporate governance. It ensures that any employee can make a report without the risk of retaliation, and all being treated confidentially and be promptly investigated.

For our Whistleblower policy:
www.wessanen.com/en/governance

Health@work programme

In addition to fair trade and consumer health and safety, healthier people encompasses the health of our employees. Our own people are an important part of our success. We aim to provide all of them with a green and healthy place to work.

We have grouped related activities under health@work, which include:

- Encouraging practicing physical activities (either on site or by refunding part of a gym subscription);
- Providing organic drinks and/or food at various locations; and
- Developing knowledge on organic food (e.g. by hosting an Organic Day annually).

More on Green & entrepreneurial culture
Pages 34–35


Our 3RD Organic Day



Business and strategy
Business model

How we create value

We provide consumers with organic, fair trade, vegetarian and nutritionally positive food that contributes to people's health and a healthier planet.

What we want to be
We are building a European champion in healthy and sustainable food.

What we believe in
Healthier food, healthier people, healthier planet.

What we want to do
We make healthier products, we enable healthier living and we care for our planet.

What we provide you
We give you pioneering food brands, which are nutritional and tasty.

Inputs

Financial
We are debt-free. Our exchange listing provides us access to capital markets

Manufactured
Our five production facilities produce part of our products, including teas and dairy alternatives

More details on our operations
Pages 30–34

Intellectual
We deliver innovative products under well-known brands. We nurture our organic and fair trade certifications

More details on our brands
Pages 24–27

Human
Our dedicated people are fully committed to our business and the concept of healthier food for healthier lives

Social
Increasing awareness of product ingredients and eating healthier food

Natural
We have built a sustainable supply chain using certified organic farmers

Creating brands consumers want to buy

Developing better products in core categories

Building and maintaining No1 and No2 brands in key markets

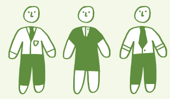
Increasing revenue to leverage our cost base

Investing more money in marketing to grow our brands

Promoting the concept of organic food

Value created

€45 mln
Net profit realised



822 People employed
(on average)

Better Health

Sustainable farming

Business and strategy
Our strategic focus

How we maximise our performance

We have four key areas of focus that will drive our future growth and performance

More on our strategic priorities
Page 21

1 Grow our core brands

We invest into the growth of our brands and focus on launching healthier, more sustainable products.

2 Upgrade operations

We are integrating manufacturing, supply chain and central sourcing to become more productive.

3 Green & entrepreneurial culture

By living a green and entrepreneurial culture, we improve our performance while respecting all stakeholders.

4 Acquire selectively

Acquisitions allow us to build scale in core markets and categories and can strengthen key capabilities.

How we breathe sustainability

Healthier Food

We make healthier products…

- Organic
- Vegetarian
- Healthy food
- Regulatory compliance
- Responsible labelling

Healthier People

We enable healthier living…

- Fair trade
- Fair and ethical advertising
- Consumer health and safety
- Health@work programme

Healthier Planet

We care for our planet…

- No GMO
- Palm oil
- Renewable energy
- Biodiversity
- Packaging
- Material sourcing (origin)
- Environmental evaluation suppliers

Business and strategy
Our business

At Wessanen, we have pioneering food brands and strong market positions in healthy and sustainable food in Europe. We have clear three-year strategic objectives in place to realise top line growth and improve profitability.

We nurture our green and entrepreneurial culture and attach great importance to being a good employer. Many of our people have deliberately chosen to work for Wessanen, attracted by the mixture of branded consumer goods and our sustainable positioning.

1765–2015 – A rich history

Two hundred and fifty years ago, on the 22nd of March, Adriaan Wessanen and Dick Laan have started Wessanen in the Zaan. It all started with the trading of mustard, canary and other seeds.

Over the last two decades, numerous acquisitions and divestments have been made. The foundation for our current portfolio was laid in 2000 and 2001 with the acquisitions of Distriborg, Zonnatura, Allos, Tartex and Kallø. Another important step was the choice to focus on these activities in 2009, and consequently divest all other operations .

In 2015, we are championing healthy and sustainable food in Europe.

We are a brand builder

For us, it is all about food that is better for our consumers, combining delicious taste with health and caring for the planet.

We focus solely on building our brands, which we develop and manage in various channels throughout our home markets and via export.

We combine our deep understanding of our food markets with our skills with respect to sourcing, brand building and activation, quality management and developing differentiating innovations.

Our management structure

We apply a mixed structure for managing our businesses. The decision-making power is partly in the hands of local management teams, meaning local operations can be run more efficiently, while we have centralised those functions which benefit from economies of scale.

Our Branded operating segment is managed by the European Leadership Team (ELT). The ELT is driving the transformation of the Branded business into an integrated European business, with focus on topics of cross country, mutual relevance, providing a platform for information sharing, alignment and decisions on key strategic initiatives and programmes. The ELT meets on a regular basis to discuss operating activities, budgets/forecasts and financial results.

The ELT develops group wide strategies for product launches, innovations, marketing spend allocation, export models and selection of acquisition targets against standard criteria to fit within Wessanen's current brand portfolio strengthening Wessanen's market position.

The ELT consists of the members of the Executive Board, the directors Marketing & Quality and Operations and the operating company general managers.

We manage our brands, its activations and customer relations mainly locally. Our centrally managed functions include Operations, Organic expertise (OEC) and quality, Innovations, Brand alignment, Export and ICT.

Human resources and Finance, have focused lead and coordination roles and increasingly benefit from the same systems such as SAP and employee review systems.

Our brands

Most of our brands, such as Bjorg, Allos and Zonnatura, have a long and rich history in organic food. We have nurtured and grown these brands for many years. Clipper and Alter Eco are equally well-known for their fair trade (and organic) roots.

Our brands are strongly rooted in local markets, based on deep consumer knowledge. Part of them, such as Tartex and Clipper, are available as well in numerous other countries.

We distinguish three categories for the brands we manage: core brands, tactical brands and third party brands. Our core brands are our largest and most successful own brands and these are the ones we put most of our marketing investments and activation efforts behind.

Our tactical brands, such as for example Vivis, Tanoshi and Molenaartje, are smaller brands which in general are soundly positioned in a certain niche. Vivis for example has a range of fructose sweeteners in France. We continue to evaluate these brands on a regular basis and if insufficient value is created, delisting is an option.

In addition to our own brands, we manage a limited number of third-party brands in certain markets such as Krisprolls and Almond Breeze.

Our products

With our brands we offer a wide variety of products such as spreads, honeys, marmalades, cereals, cookies, juices, sparkling lemonades, chocolate bars, in-between snacks, dairy alternative milks, teas, coffees, crisps and rice cakes.

Our products mainly consist of plant-based grocery and prepackaged products that have a sustainable shelf life.

To safeguard the quality of all of our products, a Product Quality Charter is in place, containing policies on nutrition, food safety and sustainability.

More on our product quality charter
Page 35

Our categories

Our assortment can be roughly classified in the following core categories: dairy alternatives, sweets in between, hot drinks, bread replacers, breakfast cereals and veggie meals.

Part of our brands focus on one particular category such as Clipper on hot drinks and Tartex on savoury (vegetarian) spreads.

Other brands use more of an umbrella approach such as Allos, Bjorg and Zonnatura. These brands offer a wider range of products, and also offer other products such as agave syrup, grains and stock cubes.

Healthier Planet Healthier People

Our annual Organic Day

In September, we hosted our third annual Organic Day. This day is meant to further engage our people and to increase their organic knowledge. Close to 500 people shared a common programme, including guest speakers of the WWF at all sites.

Workshops were hosted to discuss and define areas to improve our sustainability performance and we all participated in a Pop Soup challenge to prepare a delicious lunch from discarded fruits and vegetables. These goods were obtained for example at the local market of Bijlmer in Amsterdam and the weekly fruits supplier at Saint Genis. An internal quiz at all locations resulted in us donating 700 fuel efficient ovens to a WWF project in Madagascar.

Our channels

For healthy and sustainable food, the importance of the various food channels varies from one country to the next. While fair trade products are available in all channels, the differences for organic food are still considerable.

In France, the organic section within supermarkets is well-developed and sizeable. In most other markets this section is growing, but still immature in size and offering. In the UK, much emphasis is given to fair trade and natural, whereas in the Netherlands the larger grocery chains increased their shelf space in 2014.

Also the offering of free-from and dietary products is much broader in the speciality channel than in supermarkets.

Our customers

Our customers are mainly grocery chains, health food store chains, independent health food stores, organic wholesalers and food service companies. We hardly sell any of our products directly to consumers.

Our markets

France, Germany, Italy, the Netherlands and the UK are our home markets, while in the medium term we expect to enter new markets. We have local operations in all the markets we are active in.

Our local companies such as Distriborg and Allos have a long and rich history in the European organic food market and Alter Eco and Clipper have an equally strong record with regard to fair trade.

We manage our export activities by brand and geography. Clipper, Allos, Bjorg, Whole Earth and Tartex represent the majority of revenue. Our most important export markets are the Nordics, Austria, Italy, Japan, Spain and Switzerland.

Our production locations

We have five of our own production locations that produce part of our total products. We source the remainder from different (specialised) suppliers, mostly based on our recipes and specifications, while always in accordance with our quality requirements.

822

Our employees in 2014 (average)

1765

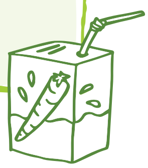
250 years ago, Wessanen started its operations in 1765

Business and strategy
Our business continued

Healthier Food Healthier Planet

Abafoods, leader in vegetable drinks

By acquiring Abafoods in early 2015, we are further strengthening our R&D and production capabilities in dairy alternatives. Dairy alternatives and plant-based drinks are a core category in the market for healthy and sustainable food. Category growth rates have been double-digit and are predicted to remain at this level for the years to come. This is driven by an ever-increasing number of people that have to and/or want to avoid dairy products. Key consumer motivators are lactose intolerance, vegetarian and vegan life styles, general improvement of well-being and health and the desire to make a positive contribution to a healthier planet.



Healthier Planet

Biodiversity

We are convinced that growing and promoting organic and vegetarian food is our best contribution to the protection of biodiversity. It is an essential aspect for a company engaged in organic. We operate in Europe and none of our locations are located in protected areas or areas of high biodiversity value outside protected areas. So our impact on biodiversity is mainly indirect, via our products.

Our brands are supporting the following initiatives aiming at protecting biodiversity.

- Bonneterre has initiated a partnership with Slow Food association. Both share the same passion for taste, origin and traditional know-how.
- Allos has initiated within its community a project of flower fields for bees. These flower fields offer a safe foraging area for bees and support biodiversity in the area. They cover three and half hectares in the area of Drebber.
- De Rit had in 2014 a campaign 'buy 1 save 100 bees'. They saved virtually nine million, which was substantiated by funding a Dutch association for bees' protection ('Nederlandse Bijenhoudersverenigings').

Healthier People

Fair and Ethical advertising

Our range of products does not cover any prohibited or potentially controversial products.

In 2014, we did not have any incidents regarding non-compliance with regulations or voluntary codes concerning marketing communications (including advertising, promotion and sponsorship).

Healthier Food

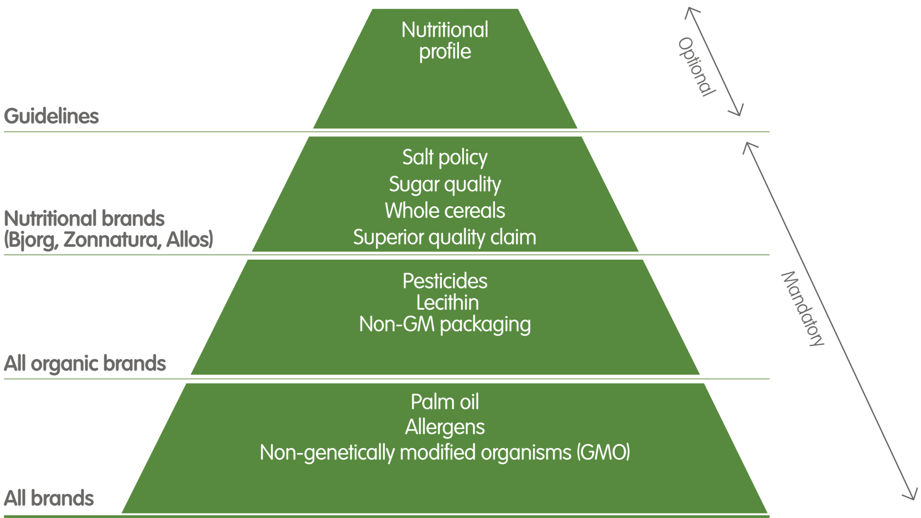
Responsible labelling

Consumers buying organic and fair trade products have high expectations regarding labelling.

Despite the fact that we do not have a policy on labelling, we always apply best practices. We do not use E numbers and are transparent on all ingredient. We – for example – do not use a generic mention of 'vegetable oil', but do mention the specific oils used.

On our products we comply with all requirements regarding the use of logos such as organic, fair trade and FSC.

Our product quality charter pyramid regarding nutrition, food safety and sustainability



Business and strategy
Our strategy

We have a focused strategy

We have four concrete focal areas to ensure that we translate our strategy successfully in our daily operations.

Clear targets are in place for 2015 as well for a three-year period, which have been cascaded into the whole organisation. All of our employees have personal targets which are aligned with these strategic actions, irrespective of their function and location.

1

Growing our core brands

We grow our brands by giving consumers products which are healthy and sustainable. We address and develop various categories in which we can build and maintain a leading position for our brands.

Having a number one or two position in any market is important for the long-term success of our brands and allows us to further support and grow our brands via strong marketing and sales support.

We manage our brands amongst others on growth, marketing spending, market share, rate of innovations and funnel of innovations.

2

Upgrade operations

We are integrating manufacturing, supply chain and central sourcing to become more productive.

We work on standardising planning processes and efficient sales and operational planning across Europe; while we are increasing the efficiency of warehousing and transportation, improving factory productivity through projects and insourcing that is fully aligned with central sourcing.

We manage our performance amongst others on customer service levels, forecast accuracy, scrapping costs and the number of consumer complaints.

3

Green & entrepreneurial culture

By living a green and entrepreneurial culture, we improve our performance while respecting all stakeholders.

Since sustainability is an integral part of our business, our three sustainability pillars (healthier food, healthier people, healthier planet) determine our focal areas and, consequently, our performance indicators.

All sustainability projects and initiatives support our strategic ambitions, while these also will cover the most material parts of our supply chain

Our sustainability strategy is the responsibility of the Executive Board, while our OEC is in the lead regarding its implementation.

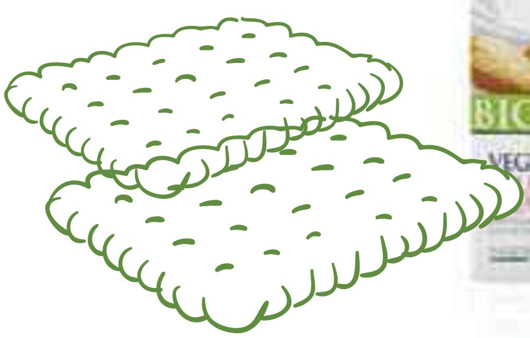
The Supervisory Board's Nutrition, Food safety and Sustainability Committee supports and advises the Executive Board to ensure its nutritional policies are relevant and scientifically supported and to ensure we operate in a sustainable way.

4

Acquire selectively

Acquisitions provide us with additional growth, and are helpful in building further scale and expanding in markets where we operate. The attributes that we look for include strategic fit, sound business plan and experienced management.

- Clipper is a hot drinks brand we are growing further in the UK and have rolled out in Europe. We added tea manufacturing capabilities and strengthened our UK organisation as well. (acquired March 2012);
- Alter Eco strengthened our position in French grocery by adding a pioneering organic and fair trade brand for tea, chocolate and coffee. (acquired June 2013);
- Abafoods will strengthen our position in Italian health food stores, while adding strong manufacturing and R&D capabilities regarding vegetal drinks. (acquired January 2015).



It's time for tea

Clipper Teas is a different kind of tea company. They want to share their love of great teas with everybody, but with the promise that every ingredient had been ethically sourced and naturally produced.

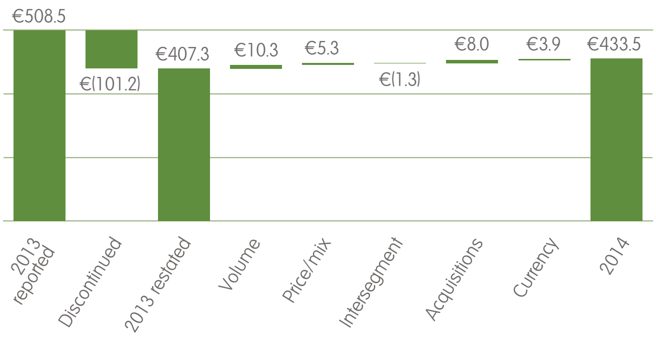
The complete range is Fair trade certified and also includes organic and decaffeinated varieties, as well as a number of teas subtly enhanced with natural fruit and herb flavours.

CLIPPER®
NATURAL, FAIR & DELICIOUS™

Performance
Key figures of continuing operations

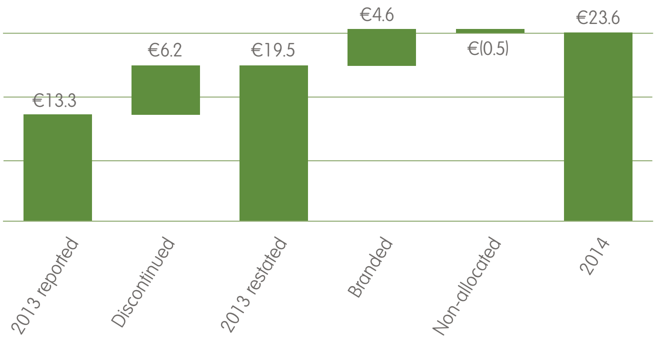
Revenue development in € millions

€433.5m



EBITE development in € millions

€23.6m



68%

% of revenue from organic certified products

96%

% of revenue from vegetarian products

Income statement

In € millions	2014	2013	% change
Revenue	**433.5**	407.3	6.4%
Operating result before exceptional items (EBITE)	**23.6**	19.5	21.0%
Operating result (EBIT)	**20.6**	13.2	56.1%
Profit/(loss) for the period[2]	**45.3**	(0.1)	–

Cash flow

In € millions	2014	2013	% change
Generated from operations	**31.9**	20.5	55.6%
From operating activities	**23.7**	14.3	65.7%
From investing activities	**(4.8)**	(8.1)	(40.7)%
From financing activities[2]	**(68.7)**	(3.4)	–
Net cash flow[2]	**12.4**	5.8	113.8%

Statement of financial position

In € millions	2014	2013	% change
Average capital employed	**121.0**	127.7	(5.2)%
Shareholders' equity[2]	**154.2**	105.4	46.3%
Net debt/(cash)[2]	**(27.3)**	50.7	–

Ratios

	2014	2013
EBITE as a % of revenue	**5.4%**	4.8%
EBIT as a % of revenue	**4.8%**	3.2%
Return on average capital employed (ROCE)[3]	**17.0%**	10.3%
Return on shareholders' equity[2,4]	**13.4%**	12.5%
Leverage ratio (net debt/EBITDAE)[2]	**(0.7)**	1.6
Debt to equity[2]	**(17.7)%**	48.1%
Capital expenditure to revenue	**1.1%**	1.0%

Employees

In Full Time Equivalents (FTE)	2014	2013	2012
Average number	**822**	842	924
Number at year end	**824**	822	927

[1] Unless stated otherwise.
[2] Total Wessanen.
[3] EBIT as % of average capital employed.
[4] EBIT as % of shareholders' equity.

Sustainability

	2014	2013	2012
Healthier Food			
Organic products	**68%**	69%	67%
Vegetarian products	**96%**	94%	n.d.
Products respecting nutritional policies	**83%**	n.d.	n.d.
Healthier People			
Fair trade (hot drinks & chocolate)	**48%**	n.d.	n.d.
Healthier Planet			
Renewable energy	**78%**	75%	53%
Palm oil (RSPO certified)	**100%**	100%	n.d

Share price

In €	2014	2013	2012
Highest share price	**5.54**	3.19	2.97
Lowest share price	**2.84**	2.07	1.94
At year end	**5.25**	2.84	2.20

Market capitalisation

In € millions, at year end	2014	2013	2012
Market capitalisation[2]	**399**	216	167
Enterprise value[2]	**372**	267	222

Per share

In €	2014	2013	2012
Profit/(loss) for the period[2]	**0.60**	0.00	(0.70)
Dividend[2]	**0.10**	0.05	0.05
Equity at year end[2]	**2.03**	1.39	1.46[2]

Shares in issue (basic)

In thousands	2014	2013	2012
Average number	**75,901**	75,723	75,688
Number at year end	**75,973**	75,736	75,682

Performance
Operating review

Our performance in 2014 was solid. We increased revenue, invested more in marketing and increased our operating result.

Our core brands and categories have grown on the back of new product launches and increased distribution. We also executed various strategic actions to further improve the quality of our brand portfolio.

By investing more in marketing, we are building our brands and strengthening their positions in our markets, for example by airing TV commercials for Bjorg, Alter Eco and Zonnatura.

We integrated our Sourcing, Manufacturing and Supply Chain activities and completed the integration of Clipper and Alter Eco.

Our brand performance

In 2014, market growth was healthy in all countries we are active in. Organic food, fair trade and other sustainable labels are expected to have all posted good growth. The increasing appreciation for a vegetarian way of life bodes equally well for our brands and products.

All channels benefited from this growth, including grocery and health food stores.

1

Growing our core brands

For many consumers, our brands have become synonymous with organic, fair trade and natural food products.

Our pioneering brands such as Bjorg, Allos, Zonnatura and Clipper help to strengthen our presence as a leading provider of healthy and sustainable food and are testament to our full commitment with regards to healthier food, healthier people, healthier planet.

Our primary focus is on the activation and innovation of our own brands. These are mostly local brands, having built a strong market presence over numerous years in their respective markets.

Our marketing and sales teams are therefore locally based to be close to our consumers and customers. They are responsible for the annual brand plans. Size and market position determine how we grow our brand, such as via TV campaigns, instore activation, sampling and social media.

At a European level, they work closely together on innovations and categories by exchanging best practices.

In 2014, our core brands have been growing close to 7%, while five of them have posted double-digit growth.

Bjorg showed almost 10% growth, driven by sweets in between, dairy alternatives and breakfast cereals on the back of innovations such as different sweets in between products without palm oil. Its successful TV campaigns were given follow-up in 2014, next to its Bio-Ateliers, promotions and in-store promotions.

Bonneterre's successful repositioning and sizeable assortment reduction (comprising a cutting the tail project in 2013) resulted in more focus on the core portfolio. The results are evident, being increased sales, especially towards health food store chains, increased distribution at customers, more innovations and promotional support.

Clipper showed double digit growth, performing well in the UK as well as in the Netherlands, France and Germany. Its European roll-out continued to progress well with both increased listings at current customers and the gain of new ones.

A healthy demand for breakfast cereals, sweets in between and bread replacers resulted in double digit growth for **Allos**. Innovations such as sweet spreads with a 75% fruit content ('Frucht pur') and vegetal spreads ('Hofgemüse') perform well.

Healthier Food

Bjorg, the leading French brand in organic

2014 marks another year of strong growth for Bjorg, driven by new innovations, more shelf space and loyal consumers.

Bjorg uses different means to reach out to its consumers, including social media, 'ateliers bio-nutrition', promotions, advertising and consumer publications. While its first TV campaign dates back to 1990 and has been followed by many others over time, TV remains a great channel to increase brand awareness. In 2014, new ones were aired, focusing on the nutritional aspects of Bjorg.

Healthier Food

Health shelf

In Autumn 2014, various large Dutch food retailers launched an extended, new health shelf, granting more shelf space to organic food in their supermarkets.

Depending on the size of the store, the shelf space varies. Wessanen Benelux has worked with these retailers to develop the shelf, delivering numerous organic products, mainly Zonnatura, but also Tartex and Whole Earth.

Zonnatura has grown over 15% on the back of breakfast cereals, sweets in between and the newly launched health shelf at various grocery chains in the second half of the year. Its TV commercials 'what happened to our food?' have created increased interest of consumers, attracted by its positioning.

Gayelord Hauser showed a sizeable decline as a result of delistings at a retailer in the second half of 2013, which have not been regained so far, and fierce competition within the dietetic category. Specific action plans are in place to reposition the brand, increase distribution and to introduce more innovations for 2015

The strong growth of **Kallø** was driven by its range of bread replacers. Its redesign late 2013 – using drawings and poetry on colourful packaging – distinguishes the brand clearly from other products. Increased distribution contributed as well to its success.

Like-for-like sales for **Alter Eco** were down. The deliberate slimming down of the portfolio has resulted in a decline of revenue.

Whole Earth showed a good underlying performance, growing its range of peanut butters in the UK and the Netherlands. The phasing out of its UK chocolate spreads and withdrawal from the German grocery market (initiated in 2013) had a depressing effect.

Tartex has also grown double digit, driven by very good growth in French health food stores and in Germany, despite lower year-on-year sales in the traditional health food channel. In the rest of Europe, Tartex has grown as well, driven by our dedicated export team.

Our recently acquired brand **Isola Bio** is the leading brand in vegetal drinks in Italian health food stores and is also exported successfully to a number of countries.

Our other own brands

The performance of our other brands has been mixed. In the Netherlands, we delisted Biorganic and drastically reduced the assortments of Molenaartje, De Rit and other HFS brands.

On the other hand, Evernat and Tanoshi did well in France. In total, revenue was about stable in 2014.

Third-party brands

In certain markets, we manage a limited number of third-party brands.

In 2014, revenue showed a good increase. Almond Breeze in the UK and Dr Schär in France performed particularly strong.

The termination of the distribution of Dr Schär in Dutch health food stores (as of July 2014) and Dutch grocery (as of 2015) and of Rice Dream in the UK (as of October 2014) has impacted revenue by €(3.3) million in 2014.

Private label

To optimise the utilisation of our factories, we produce a certain amount of private label products, mainly at our Italian plant-based factory and German vegetarian spreads factory. In 2014, private label sales declined.

Performance
Operating review continued

Our category performance

We mainly focus on six categories, based on our strengths and the different brand positionings.

Part of our brands focus on one particular category such as Clipper on hot drinks and Tartex on savoury (vegetarian) spreads.

Category Brand Teams (CBTs)

We have six CBTs in place, which teams meet regularly and consist of brand managers as well as sourcing and R&D team members.

Our CBTs cover our core categories and are instrumental in sharing knowledge and exchanging best practices within a category.

Sharing consumer insights and best practices is leading to more cross-border alignment regarding packaging, recipes and innovations.

We have achieved tangible results in all categories. Examples are Bjorg Fourrés Choc cookies launched under Whole Earth, Zonnatura and De Rit, spelt crunchy and amaranth breakfast cereals launched under Allos, Bjorg and Zonnatura brand and Bjorg and Zonnatura fruit drinks.

Others are breakfast replacers, fruit bars and dairy alternatives cooking aids (with soy, almond and oat).

Growth of our categories

All core categories have performed well, showing double digit growth.

An increased focus on our core brands and core categories by the Executive Board and ELT has been the driver for this performance, supported by strong marketing support throughout the year and appealing innovations.

Dairy alternatives category

Dairy alternatives and vegetal drinks are a core category in the market for healthy, sustainable and organic food. Category growth rates have been double-digit and are predicted to remain at this level for the years to come. This is driven by an ever-increasing number of people that have to and/or want to avoid dairy products.

Key consumer motivators are lactose intolerance, vegetarian and vegan life styles, general improvement of well-being and health and the desire to make a positive contribution to a healthier planet.

In France, Bjorg, Bonneterre and Evernat all performed well. In the UK, Almond Breeze more than doubled its sales in a strongly growing market for nuts-based dairy alternative drinks.

In Italy, Buon per Te and Bjorg both showed strong growth on the Italian market.

As a result of the acquisition of Abafoods, plant based drinks have become our largest category.

Abafoods is a European expert in organic vegetal drinks, producing a range of cereal drinks using rice, coconut, almond, oat, spelt and soy. It has strong R&D capabilities delivering new concepts and innovative packaging. It operates an advanced manufacturing plant.

Next to its own brands, Abafoods currently produces a significant part of non-soy cereal drinks for our Bjorg and Bonneterre brands and it also manufactures for other third parties in Europe.

Healthier People

Long-lasting partnerships with fair trade cooperatives

From its foundation in 1998, Alter Eco has been a pioneer of fair trade and organic food products. It sources its raw materials such as tea, coffee beans and cacao from small cooperatives in Africa, Latin America and Asia.

It has developed strong long-lasting partnerships with 40 farmers' cooperatives, some even dating back to the start of Alter Eco.

Sweets in between category

Sweets in between are an important category for Bjorg, Allos, Zonnatura, Gayelord Hauser, Bonneterre and De Rit.

Good overall growth was accomplished, driven by innovations from our CBT and cross-country introductions.

Zonnatura for example has launched a number of Bjorg's best sellers in the Netherlands as part of the health shelf 2.0 launch at Dutch grocery chains.

Another ongoing achievement is the development and introductions of new products replacing palm oil by other oils.

Since palm oil has a quite negative image with many of our consumers, we already started to address the issue in 2010.

Bjorg and Bonneterre are on the forefront of these developments. In 2014, they removed palm oil from another 11 products, after seven in 2013.

More on our palm oil policy
Page 34

Hot drinks category

Our hot drinks category has been growing strongly driven by the solid growth of Clipper and the inclusion of Alter Eco teas. We have seen ongoing success of rolling out Clipper in the Netherlands, France and Germany and through export.

At our hot drinks factory in Beaminster, we produce the full range of teas including everyday, green, white, specialities and infusions for Clipper.

The success of Clipper in continental Europe, alongside the insourcing of Alter Eco, delivered significant increased demand for envelope, string and tag format production. This directly led to further factory investments, including a project to increase in house capacity.

Other insourcing projects also delivered, which included the supply of blends for Zonnatura and 22 innovations for the Bonneterre tea brand launch.

The international and UK demand for all formats remained very strong throughout the year. This continued growth is therefore likely to lead to further investment during 2015 in both capability and general site infrastructure.

Wessanen today

250 years after its start, Wessanen has changed. The old warehouses and windmills may have fallen into disuse, but what remains is a passion for good and honest food.

It's this passion created by the original founders that has lasted for a quarter of a millennium and built the foundation for what Wessanen is today.

Our country performance

France

In France, revenue grew 8% to €250.1 million, driven by a good performance across both the grocery channel and at health food stores and the full year inclusion of Alter Eco (acquired in June 2013).

We have increased revenue and market share at our grocery operations by growing our range of brands.

In the grocery channel, Bjorg continued to perform strongly, reinforcing its position as market leader in the organic market.

In the health food stores channel, we have also grown our revenue, especially as a result of the repositioning of and focus on Bonneterre. We achieved a clearer positioning towards our customers and an increased focus on our brands by ceasing our fruit & vegetables businesses and our wholesale activities in 2013.

In June, Daniel Tirat commenced as new managing director, succeeding Christophe Barnouin. He has a wealth of marketing, sales and supply chain experience.

During the year, the organisation and systems of Bio-Distrifrais have been decoupled to facilitate a smooth divestment.

United Kingdom

The UK reported a 24% increase in revenue to €71.3 million partly helped by a favourable currency effect of €3.9 million due to a strengthening British pound.

We realised good growth in the various categories such as dairy alternatives, bread replacers and sweet spreads with Clipper, Kallø and Whole Earth on the back of innovations and new listings of Almond Breeze contributed strongly as well, whereas losing the distribution of Rice Dream (as of 1 October 2014) impacted revenue.

The last (small) phase of integration Clipper was successfully completed in summer.

Germany

In Germany, revenue amounted to €48.5 million. Our production and other locations now all carry the Allos Hof-Manufaktur name.

After downsizing our presence in grocery, all our focus is on health food stores, a sizeable and growing part of the German market. We focus on both the specialised stores ('Reformhouses') and health food stores ('Naturkost'). We have introduced successful innovations such as Tartex organic yeast pâtés and Allos sweet spreads and savoury spreads.

Our production locations have realised higher volumes, driven by good growth of Allos and Tartex, both in Germany as well as in our other markets and via export.

The Netherlands

2014 was a year of sizeable changes for the Dutch organisation. To strengthen the organisation, a number of new people has started at amongst others marketing and supply chain.

Since our Benelux organisation and Natudis (which has been divested in April 2014), formed one organisation up to mid 2013, we had to disentangle the financial organisation in 2014.

Despite Zonnatura and Clipper both showing substantial growth, revenue was lower as a consequence of strategic actions to increase focus and profitability. These successfully executed actions included the delisting of Biorganic, ending low-margin export activities and a sizeable cutting the tail programme of our health food stores assortment.

In the second half of 2014, we launched a dedicated health shelf at several grocery chains to increase the focus on organic food. Most of our new products on this dedicated shelf are based on products already successful in our other markets.

Italy

In January 2015, we have acquired Italian-based Abafoods, giving us critical mass in Italy with its Isola Bio brand as well as providing us with its advanced manufacturing plant.

Our existing dairy alternatives factory in Viadana increased its revenue, which was realised, despite de-emphasising low-margin private label production. Part of the volume growth is driven by higher almond, rice and oat volumes, although the majority of its volumes are related to soy drinks.

Export

Our export plans and activities are managed by brand and geography.
The most important markets are the Nordics, Austria, Japan, Spain and Switzerland.

Clipper, Allos, Bjorg, Tartex and Whole Earth represent three-fourth of export revenue, growing 10% in 2014. As a result of putting most efforts behind these core brands, our other export decreased double-digit. Total export revenue grew modestly in 2014.

We expect to grow our exports further in 2015.

Healthier Planet

No GMO in our products

At Wessanen, all of our products are free of GMOs (genetically modified organisms), GMO ingredients or ingredients derived from GMOs.

All suppliers are expected to maintain a risk-based approach to GMO contamination and share the results upon request.

EU regulation requires the presence of GMO derived ingredients in a product to be labelled on the packaging, unless the proportion is below 0.9%.

Organic regulation prohibits usin GMO derived ingredients.

Performance
Operating review continued

Operations

2

Upgrade operations

In the second half of 2014, we changed our organisation to fully integrate our European Manufacturing, Supply Chain and Sourcing activities into a single organisation, managed by Philippe Pichol in the newly created role of Director of Operations.

Our manufacturing

Since 2013, we have managed our supply chain and own factories centrally. We moved away from a localised way of working towards a more standardised approach. We have aligned and streamlined processes and structure and are working on improving our tools.

Key areas are a standard planning and forecasting process and standardised sales and operational planning (S&OP). This requires working closely together with central sourcing and marketing to realise a flawless supply chain and better capacity utilisation at our production locations. Increased service levels and reduced working capital over time are other benefits.

Our sourcing

We operate a practice of sustainable sourcing right through our supply chain. A seamless, well-controlled supply chain is needed to safeguard the quality of the ingredients, processes and products.

We use mostly organic raw materials, whose production maintains and improves the biodiversity of soil and water, reduces the carbon footprint, improves animal welfare and lowers the risk of antibiotic-resistant organisms.

We also choose fair trade materials for most of our tea, coffee and chocolate as this allows farmers who produce these to live decently.

Since 2010 central sourcing concentrates on managing the costs of goods sold and creating strategic partnerships with numerous suppliers. We have a single, centralised way of working. We are increasing our expertise regarding raw materials, bundling purchasing volumes and reducing complexity within the supply chain. This will help us to prioritise the development and execution of a sourcing strategy for each category and drive alignment between marketing, quality and supply chain across functional teams.

During the last years, we have reduced the number of suppliers by around one third.

To be allowed to label our products as organic, we are required to have a fully certified supply chain. All parts are checked on a regular basis, both planned and unannounced.

Our supply chain is therefore a possible area of vulnerability in terms of sustainability, including soil, air and water emissions, quality standards, safe working conditions, fair wages and possible disruptions.

To deal with these potential risks we have created a framework of standards that brings our supply chain into alignment with our overall business principles. The objective is to ensure that our suppliers comply with these common criteria and with our commitment to transparency and sustainability.

Healthier Planet

Material sourcing (origin)

The majority of our ingredients comes from Europe, although we also source ingredients globally such as tea, agave and amaranth. Furthermore, sourcing from Western Europe is not always possible, due to availability issues as the European organic market is growing faster than organic production.

We source part of our raw materials ourselves, whereas the remainder is processed by our third-party producers, based on our recipes and specifications.

None of our ingredients represented more than 5% of our raw material sourcing. Our largest own-sourced raw materials are tea, peanuts, agave and soy.

100% of soy used at our dairy alternatives factory comes from Italy.

At Abafoods, part of its raw materials (such as rice, hazelnuts, almonds, oat and soy) are grown in Italy, whereas coconut is being sourced from Brazil.

Abafoods also owns farms with a combined area of around 400 hectares across Italy on which part of its raw materials are grown.

We are conscious that full transparency on the origin of raw materials is an expectation from our consumers. Our consumer care executives always provide the information on country of origin upon request and are transparent regarding the origin of our raw materials.

Healthier Planet

Our suppliers

To guarantee and explain the sustainable origin of our products, we continuously improve our supply chain requirements.

In 2013, we developed the Suppliers Quality Booklet, which details our expectations from suppliers, such as ensuring that each supplier who produces food for us has a Quality Management System in place, and requires proof of compliance to the agreed specifications.

For our Suppliers Quality Booklet:
www.wessanen.com

We will progressively and formally assess each supplier, via a Supplier Quality Declaration (SQD), to understand their capability to meet our requirements and we will evaluate these proportionally, based on the level of business and food safety risks. In 2014, 38 suppliers have been evaluated representing 47% of our purchase turnover.

In case of minor or major shortcomings, we will discuss improvement plans with suppliers, whilst those not able or willing to meet our expectations may be delisted. We expect our suppliers to work in a transparent manner, thereby refraining from fraud, corruption and bribery. We also expect our suppliers to maintain the same standards for their suppliers.

Additionally, there is support for our partners in the supply chain, ensuring that extra care is taken to deliver key ingredients of the highest quality.

Some of the benefits include good employment conditions, sustainable pricing (which allows farmers to improve quality and takes into account social and ecological principles), education and development, and a preference for plant-based products as an alternative to those of animal origin.

Healthier People

Human rights in the supply chain

We feel it is important to ensure that we have a responsible supply chain management in place.

The highest risks are for raw materials sourced from southern countries, which mainly correspond to our hot drinks category. This is why we are striving at growing the Fair Trade part of this category In addition to Fair Trade certifications, Alter Eco and Clipper both regularly visit producers of our raw materials.

For the rest of the portfolio, we ask our suppliers to commit to our suppliers code which follows ILO based principles.

For our Suppliers Code of Conduct:
www.wessanen.com

To date, 71% of suppliers have accepted our code. We are still in the process of consulting suppliers. So far one supplier refused to sigh and we are currently working on alternatives to delist this supplier.

Our dilemma: food miles

Stakeholders and the public are increasingly focusing on the food miles of products. Food miles are a main contributor to the CO_2-footprint of a product and therefore is a focus area for Wessanen.

We aim to increase the ratio of organic products, however, we can't source all of our raw materials in Europe. Therefore, we need to look at other parts of the world. This poses a dilemma for us. On the one hand, we are keen on reducing our environmental footprint, while, on the other hand, we believe that organic production is more sustainable.

We are in close contact with our stakeholders to understand their needs better and discuss how we can incorporate this issue into our approach and decisions.

Healthier Food

Regulatory compliance

We pay much attention to guarantee the regulatory compliance of our products. This is a key requirement for our suppliers, specified in our Supplier Quality Booklet and in specifications.

Our pesticides and GMO policies go beyond organic regulation requirements. For example, we have a non-GMO packaging policy in place.

We monitor closely the change of regulation, conduct risk assessment on products and carry out monitoring plans to manage risks.

In 2014, we carried out close to 5,500 analyses on finished products, of which 99.8% were compliant with regulation. Noncompliant products were not put on the market.

We did not pay any fines for noncompliance with law and regulation in 2014.

Healthier Food

Our people championing Allos 'Frucht Pur' spreads

In the Autumn, Allos launched a range of six local vegetable spreads. These bread spreads contain up to 70% vegetable content, are gluten free and vegan certified. The range includes varieties such as tomato leek, beetroot horseradish and curry courgette. All six varieties star one of our Allos colleagues on the pack and in advertising.

In 2015, based on the success in 2014, around ten additional flavours will be introduced.

Performance
Operating review continued

Our brands

The brands within our family are some of the most successful organic leaders in Europe. They all have strong local roots and are among the pioneers of the organic market in their respective country.

Allos, for example was launched in Germany more than 40 years ago and has remained a leading brand ever since. Clipper has launched the organic and fair trade tea market in the UK and Bjorg is the leading organic brand in France.






WHOLE EARTH
DOWN-TO-EARTH GOODNESS

Healthier Planet

Packaging

Stakeholders have strong expectations on packaging. We feel in a world where non-renewable resources become scarce, it is essential to investigate how to run business as a circular economy.

While we want to reduce the amount of packaging as much as possible, we do not want the shelf life of a product to be compromised. The first function of food packaging is to protect the food and to avoid food waste.

A consumer might not be able to see this connection and favour more obvious 'improvements' (such as paper versus plastic, recycled paper versus virgin paper). Within these constraints we are constantly looking for opportunities to reduce the amount of packaging without compromising the shelf-life of products.

The carbon footprint of packaging is, on average, 10–30% of the product itself. Reduction of the environmental impact of packaging should therefore not come at the expense of the product shelf life.

We are currently working on a packaging policy which will be tested in 2015 on innovations and will be deployed in 2016.

In 2014, we put 30,150 tons of packaging on the market, which represented a ratio of 0.18 kg per kilogram of product. We use recycled cardboard whenever possible.

When our product database is developed, we will be able to monitor the percentage of recycled material. However, we are already starting projects to drive improvements.

Healthier Planet

Packaging and circular economy

In a circular economy, waste is considered as a future resource., so nothing will be lost and everything is to be transformed. For food, it mainly concerns packaging.

Alter Eco and Cradle to Cradle

Over the years, Alter Eco has pioneered many sustainability initiatives. In January 2015, it has launched its first certified Cradle to Cradle product: coffee in metal box.

To obtain this high standard, all product and packaging components are analysed carefully, to make sure they are perfectly safe for consumers and the environment.

Such a high level of transparency on materials is very new in food industry.

Bio-sourced, compostable materials

In the first quarter of 2015, Bonneterre and Alter Eco are launching new ranges, packed in bio-sourced, compostable materials. The range includes

- Alter Eco biodegradable coffee capsules strong and mild (2 SKUs);
- Bonneterre tea in two formats (loose and bags) and 11 flavours (22 SKUs).

The Alter Eco capsules are made from 100% bio-sourced raw materials, guaranteed non-GMO. They are compostable in industrial conditions (not suitable for home compost).

The Bonneterre tea consists of boxes from FSC cardboard with vegetable inks, wrapped in a compostable cellophane film made from wood. The tea bags are PLA-made from corn and are compostable since they are free from staples and bleaching.

Our dilemma: non-GMO packaging

Our challenge was to guarantee non-GMO origin for the corn used to make PLA. Since our volumes did not allow us to use a GM-free guaranteed source, we choose the 'Feedstock sourcing' model.

It means that we compensate the volume of our tea bags by producing an equivalent volume that is guaranteed GMO-free.

Audit by Eco emballages

French-based Distriborg asked Eco Emballages (an organisation specialised in packaging recovery) to conduct an audit of its top-22 products' packaging. The main conclusion was that the consumer unit packaging were mostly optimised, while some progress could be made on sales unit packaging.

Recommendations have been made to reduce the weight of packaging material by 9% for these 22 products.

Healthier Planet

Emissions and energy

Despite not considered a material topic by our stakeholders, we consider it to be an essential aspect of Healthier Planet and circular economy.

There is a direct impacts, mainly in our factories, as well as indirect via the products we put on market and via our transportation.

To address the direct impact, we have engaged actions in each location to reduce the energy consumption and to move towards 100% renewable electricity.

In 2014, 78% of the electricity used was renewable (2013: 75%). Our target is to be at 100% in 2017.

One of the initiatives in 2014 was our Clipper factory in Beaminster investing in solar panels.

Regarding our indirect impact, fostering vegetarian product in our assortment and encouraging consumers and employees to eat fewer animal products, are essential to reduce global emissions.

Carbon compensation

Wessanen UK and Alter Eco are compensation their CO_2 emissions through different projects.

Wessanen UK is certified as a Carbon Smart by Carbon neutral company. They compensated for 2,393 tons CO_2 corresponding to 2013 emissions (scope I and II) through projects in South India (cook stoves) and Indonesia (biodiversity preservation in Rimba Raya reserve).

Alter Eco is compensating its emissions via in-setting, meaning carbon reduction in the supply chain. The project already started in 2008 with Acopagro in Peru. I

In 2014, Alter Eco compensated for 6,793 Teq CO_2 corresponding to 2013 emissions (scope I, II and III) in the San Martin reserve. This is a forest conservation model type REDD+ combining agro-forestry and agro-ecology, located next to the area where Alter Eco sources its cocoa for chocolate.

The Carbon compensation is certified by CCBA (Climate, Community & Biodiversity Alliance) and VCS (Verified Carbon Standard).

ISO certification

ISO 14001

ISO 14001 is an internationally recognised standard for embedding processes, which is used to analyse and reduce our impact on the environment.

We are encouraging our factories and offices to be certified ISO 14001. On this topic, we support the position of IFOAM EU and anticipate regulatory changes as environmental management systems may be a requirement for organic certification in the future.

In 2014, 78% of our employees were working in a certified ISO 14001 organisation in 2013, compared to 75% in 2013.

We have plans in each location to reduce emissions and waste.

Performance
Operating review continued

Healthier Planet

(Without) palm oil

100% of our operating companies are RSPO certified. 79% of our palm oil is CSPO (Certified Sustainable Palm Oil) segregated or mass balance while the remainder is compensated by Green Palm certificates (Book and Claim model). We ongoing team up with our suppliers to reduce the compensation part.

We have a palm oil policy in place dictating that we will use certified sustainable palm oil (CSPO) for our organic products and use either CSPO or Green Palm certificates (book-and-claim system) for all of our conventional products.

Our policy dictates that we substitute palm oil when possible; and we develop new products preferably without palm oil.

Healthier Planet

Collaboration tools

To further enhance internal communication and collaboration, Lync and SharePoint have been implemented as our main communication systems. For example, all conference calls – with or without video – will go through Lync, while sharing any document and/or program with a colleague is equally simple. SharePoint provides us with a great platform to retain our collective knowledge and to easily trace documentation and people. Sharing information across the organisation is now as easy as drag-and-drop. These collaboration and communication capabilities allow us to work more efficiently, make better decisions and to easily save €0.1 million in travelling costs per year.

Healthier Planet

ISO 14001 at our suppliers

While we prefer suppliers having a certified environment management program like ISO 14001 (conforming to our Suppliers Quality Booklet), this is not a mandatory requirement.

We are starting to track the information and will communicate KPIs as of 2016.

Our ICT

In 2014, we have seen the additional benefits of an European ICT organisation and the standardisation and renewal of our ICT infrastructure. Our communication systems (based on Lync Unified Communications) and document-sharing capabilities (based on SharePoint) are now state of the art, allowing for effective collaboration between all workplaces and devices in the company.

Numerous improvement projects have been executed, including an upgrade of our SAP systems, fully integrating Alter Eco and implementing SEPA, while good progress has been made on business intelligence (BI).

We have set up formal Master Data Management to improve the quality of our data for operational effectiveness and decision taking.

3

Green & entrepreneurial culture

By living a green and entrepreneurial culture, we ongoing contribute to healthier food, healthier people and healthier planet.

Organic Expertise Centre

Our OEC centrally aligns organic expertise and quality, resulting in a more integrated European approach and an exchange of best practices in relation to the quality of our ingredients, products and processes.

The OEC furthermore focuses on engaging our own people and help them to increase their knowledge on organic and vegetarian food.

It is also the driving force behind our sustainability strategy, the materiality assessment and defining all relevant KPIs.

Healthier People

Internal Organic Day

In September, we also hosted our third Organic Day for employees, across all locations

More on our annual Organic Day
Page 19

French Kids Organic Day

At our French operations, we also hosted a Kids Organic Day. It was co-organised with local associations and consisted of different games and activities to educate the children on healthy and sustainable food and good practices to preserve the planet.

The children attending learned about biodiversity, how to cook organic bread and make recycled paper.

Healthier People

Veggie Thursday

In June 2014, we have launched our Veggie Thursday to encourage our own people to eat vegetarian. It was launched by organising a vegetarian lunch at each location and giving every employee a cookery book with vegetarian recipes.

Market quality

Our products are rigorously checked to ensure that they are of the highest quality and conform with legal requirements, our own quality standards and our own nutritional policies. Therefore it is not only the results we achieve that concern us, but also how these results are achieved.

Our market quality department monitors and evaluates our suppliers on a regular basis, using a risk assessment tool considering all possible quality and food safety aspects.

By operating a centrally managed European team, we are able to invest more resources into our R&D capabilities to drive product innovation.

Two examples are our ability to produce nowadays organic spreads using organic yeast and the replacement of palm oil by other oils as part of our sweets in between products.

Healthier People

Fair trade

For us, the most important categories for Fair Trade are chocolate, coffee and tea and we therefore measure the amount of sales that are certified Fair Trade. Its standards are set by the international body Fair-trade Labelling Organisations (FLO) International.

In 2014, 48% of our hot drinks and chocolate were Fair Trade certified.

Some of our brands (such as Alter Eco) are Fair Trade "by nature" and so offer only certified Fair Trade products. Others such as our herbal teas can't be fair trade as these herbs are not grown fair trade.

It is our ambition to increase the percentage of Fair Trade certified hot drinks and chocolate to 50% in 2017.

Healthier Food

Our product quality charter

For our brands, we have had a Product Quality Charter in place since 2013, containing policies and guidelines in the area of food safety, nutrition and sustainability.

This charter reflects the importance of nutrition and sustainability as building blocks for our brands. Our pyramid shows the hierarchy and policies we apply to our various brands and products.

More on Product quality charter pyramid
Page 20

It firstly includes policies for palm oil, allergens and non-genetically modified organisms (GMO), which apply to all our brands.

For our organic brands, we also have specific policies in place on pesticides, lecithin and non-GMO packaging.

We have six nutritional brands: Allos, Bjorg, Evernat, Kallø, Tartex and Zonnatura. For these, we have additional policies on whole cereals, salt, sugar quality and superior quality claims. These policies are to become mandatory and apply to all products in scope.

In addition, guidelines are optional and apply wherever possible on any products within the scope. These are reviewed annually to determine if these should become policies. Currently, a guideline is available for the nutritional profile.

Policies for our nutritional brands

The policies and guidelines on salt, sugar, whole cereals and superior quality claim are applied primarily on innovations. Progress is monitored annually.

Our sugar policy aims to increase nutritional density by limiting 'empty calories' in our products. We prefer natural sugar, low refined and raw sugar (honey, agave syrup and concentrated fruit juices), and we tolerate organic sugar not fully refined. Our policy forbids fully refined sugars.

Our salt policy aims to offer our consumers responsible products. We have defined maximum levels of salt/sodium per product category and apply these to all innovations and renovations. We also use unrefined salt when technically possible.

Our superior quality claim policy relates to our nutritional organic brands. In recent years, old varieties of wheat such as spelt and exotic products such as amaranth, agave syrup or coconut water have been (re-)discovered. These raw materials, combined with careful processing, can help to improve the nutritional profile of food products.

Healthier People

Consumer health & safety

This topic covers different aspects from food safety to nutrition. Food safety is – of course – a priority, as it is a prerequisite to healthy food. It is covered in our policies (product quality charter) and Suppliers Quality Booklet.

Our factories are certified according to the GFSI standard. 55% of purchased turnover of finished products sourced from third parties is certified according to the GFSI standard as well.

Suppliers which are not certified according to GFSI are submitted to an on-site evaluation by the quality department before being selected. 45 such visits were carried out in 2014.

Healthier Planet

100% free of GMOs

All of our products are free of Genetically Modified Organisms (GMOs), which is also a strong expectation from our internal and external stakeholders.

According to CRIIGEN (Committee for Independent Research and Information on Genetic Engineering), GMO crops are essentially soy, corn, cotton and rapeseed/canola, the first two representing 83% of the total of GMO crops. These plants are either tolerant to herbicides, produce their own insecticide or both.

We consider GMO plants to be a danger for the environment for more than one reason:

- Cross contamination of other crops or plants by exchanging genetic material (according to experts, this is unavoidable because of pollens transportation by bees, wind or water);
- pollution by herbicides (for herbicide tolerant crops) and pesticides (for crops producing their own pesticide);
- eco system disruption since GMO plants producing insecticide appear to be toxic for other insects apart from the ones targeted. Insects therefore develop resistance, which is a risk of disrupting current ecosystems.

GMOs are forbidden in organic products, but unfortunately cross contamination can occur.

Our non GMO policy requires specific measures for at-risk ingredients (soybean, corn and rapeseed). We require our suppliers to carry out an analysis on each batch before using it.

We carried out over 1,300 analyses on final products in 2014, 100% were compliant (meaning lower than 0.1% of GMO material for organic products and 0.9% for conventional).

Our vision:

Building a European champion in healthy and sustainable food

Today we are building a European champion in healthy and sustainable food. Our brands offer a variety of relevant food products across Europe, all of which are made with ingredients from sustainable sources, making them nutritionally pure and rich in flavour. We require our supply chain to fully comply with social and ethical standards.

More and more consumers are considering benefits to their health, as well as sustainable production methods, when shopping for food.

Our approach to food is designed to encourage consumers to experience the many benefits of healthier, sustainable food.

Using our four pillars of healthy and sustainable food, we are continuously adding value to our assortment.

96%

of our revenue is vegetarian

68%

of our revenue is organic certified

Top reasons for buying organic food

	most important reason mentioned	all reasons
Healthier for me and my family	25%	55%
Fewer chemicals	17%	53%
Natural and unprocessed	12%	52%
Better for nature/the environment	6%	44%
Safer to eat	7%	39%
Organic food tastes better	11%	35%
Organic farming is kinder to animals	10%	31%
More ethical	3%	29%
No GMO ingredients	4%	28%

● most important reason mentioned
● all reasons

October 2012 source: Leapfrog Research/Organic UK

Performance
Financial Review

In 2014, continuing operations have realised net revenue of €433.5 million and increased the operating result to €20.6 million. Net profit amounted to €45.3 million, resulting in earnings per share of €0.60. A dividend of €0.10 will be proposed to the AGM.

All figures in the financial review relate to continuing operations, unless stated otherwise.

IZICO, Natudis and Bio-Distrifrais have been classified as discontinued operations as from 31 December 2013. ABC is classified as discontinued operation as from 30 September 2014. To reflect the latter, the income statement and cash flow statement have been restated for 2013.

For Basis of preparation, see Note 2 of Financial Statements (page 63)

Revenue

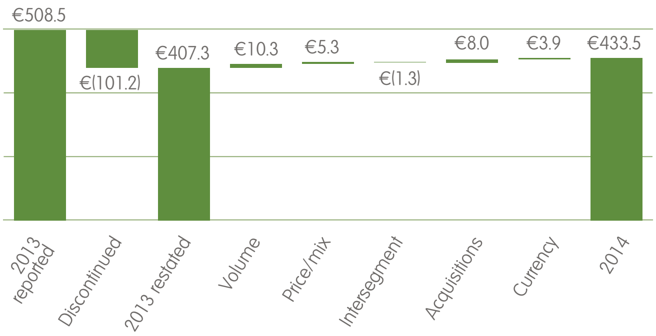
In 2014, revenue amounted to €433.5 million, an increase of 6.4% compared to last year's (restated) revenue of €407.3 million. Autonomous growth was €15.6 million, or 3.8%, of which 2.5% to higher volumes and 1.3% was attributable to price/mix. The acquisition of Alter Eco in 2013 added €8.0 million, or 2.0%. A strengthening of the British pound exchange rate impacted revenue positively with €3.9 million or 1.0%. Lower inter-segment revenue to discontinued operations impacted revenue by (0.4)%.

Strategic actions, mainly initiated and implemented during 2014, negatively impacted revenue. These include cutting the tail projects regarding the Dutch grocery, health food stores and export assortments, the delisting of Biorganic in the Netherlands and the loss of the distribution of Dr Schär to the Dutch health food stores channel. Furthermore, ceasing fruits & vegetables distribution at Bonneterre in 2013 impacted 2014 as well. The total negative effect on revenue amounted to €11.0 million.

In 2014, vegetarian products represented 96% of revenue (€416 million). Organically certified products represented 68% of our revenue, being €295 million (2013: €281 million).

Revenue development in € millions

€433.5m



Operating costs

Gross contribution increased 8.5% to €176.0 million as a result of raw material and supplies costs growing at a slower pace than revenue growth. The contribution margin increased from 39.8% to 40.6%.

Personnel expenses increased 3.3% to €(62.2) million (2013: €(60.2) million). This increase is mainly the result of higher (short-term and long-term) management incentives and pension expenses, partly offset by lower termination benefit expenses.

Other operating expenses were up 8.2% to €(86.8) million.

Financial overview per segment

In € millions, unless stated otherwise	Branded	Non-allocated	Eliminations	Continuing operations	Discontinued operations	Total
2014						
Revenue third parties	**433.0**	**–**	**0.5**	**433.5**	**176.3**	**609.8**
Inter-segment revenue	**0.5**	**–**	**(0.5)**	**–**	**–**	**–**
Revenue	**433.5**	**–**	**–**	**433.5**	**176.3**	**609.8**
Operating result before exceptional items (EBITE)	**27.2**	**(3.6)**	**–**	**23.6**	**5.3**	**28.9**
EBITE margin as a % of revenue	**6.3%**	**–**		**5.4%**	**–**	**4.7%**
Operating result (EBIT)	**26.4**	**(5.8)**	**–**	**20.6**	**5.2**	**25.8**
Average capital employed	**115.1**	**5.9**	**–**	**121.0**		
Return on average capital employed (ROCE)	**22.9%**	**–**		**17.0%**		
2013						
Revenue third parties	405.5	–	1.8	407.3	285.1	692.4
Inter-segment revenue	1.8	–	(1.8)	–	–	–
Revenue	407.3	–	–	407.3	285.1	692.4
Operating result before exceptional items (EBITE)	22.6	(3.1)	–	19.5	0.2	19.7
EBITE margin as a % of revenue	5.5%	–		4.8%	–	2.8%
Operating result (EBIT)	16.3	(3.1)	–	13.2	3.9	17.1
Average capital employed	122.7	5.0	–	127.7		
Return on average capital employed (ROCE)	13.2%	–		10.3%		

Operating result Branded

The operating result of Branded increased to €26.4 million (2013: €16.3 million). Excluding non-recurring items, EBITE amounted to €27.2 million versus €22.6 million last year. Non-recurring items totalled €(0.8) million (2013: €(6.3) million), mainly including costs for restructuring the warehouse infrastructure in France of €(0.5) million and additional Alter Eco integration expenses of €(0.3) million.

Non-allocated costs

All corporate costs other than shareholder and stewardship costs are charged to the operating segments.

In 2014, these non-allocated costs amounted to €(5.8) million, compared to €(3.1) million in 2013. Excluding non-recurring items, non-allocated costs amounted to €(3.6) million compared to €3.1 million last year. The increase is mainly the result of higher short-term and long-term management incentive expenses.

Non-recurring items of €(2.2) million in 2014 mainly include additional severance payments and termination benefits incurred at the corporate head office of €(0.7) million and additional tax provided for of €(1.0) million relating to contract termination benefits provided to Mr Merckens (former CEO of Wessanen), which became excessive in 2014 based on Dutch legislation as a result of share price appreciation and improved TSR-performance.

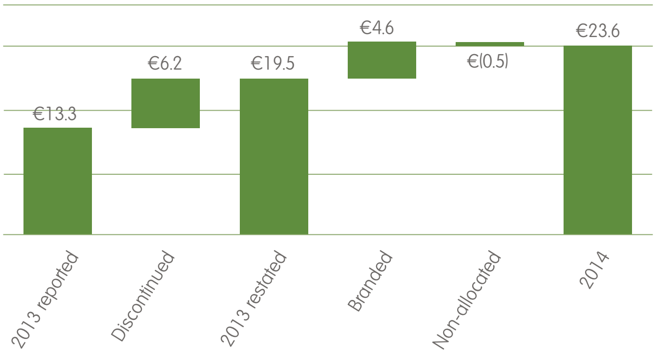
Non-recurring items in 2013 of €0.0 million mainly included the settlement gain of €1.7 million related to the plan amendment of the pension scheme for corporate staff in the Netherlands, and contract termination expenses of €(1.3) million related to Mr Merckens.

Operating result and EBITE

Wessanen's operating result increased to €20.6 million (2013: €13.2 million). Excluding non-recurring items, EBITE increased 21% to €23.6 million from €19.5 million last year, representing a 5.4% margin (2013: 4.8%).

EBITE development in € millions

€23.6m



Net financing costs

Net financing costs were €(1.6) million (2013: €(1.8) million). Interest expenses halved to €(0.7) million (2013: €(1.3) million), Other financial income and expenses increased to €(0.9) million. (2013: €(0.5) million) as a result of a settlement gain on a financial asset in 2013 (€0.4 million).

Income tax expenses

Income tax expense decreased to €(7.6) million (2013: €(10.0) million) mainly as a result of a lower net addition to the provision for uncertain tax position of €2.5 million and an increase in the recognition of unrecognised income tax losses of €0.6 million, mainly as a result of taxable profits realised in Italy and the United Kingdom.

The effective tax rate of 40.1% (2013: 87.8%) deviates from the domestic income tax rate of 25%, mainly as a result of the aforementioned reasons.

More on Income tax
Note 10 of Financial Statements (page 79)

Corporate tax policy

At Wessanen, we believe that paying taxes is ordinary behaviour and part of our corporate social responsibility. Our corporate tax policy is in essence reflected by the following proclamations:

- Tax is not limited to corporate income tax but also entails VAT, wage withholding tax, social securities, stamp duties, packaging tax, dividend withholding tax, sales and use tax, crisis levies, (exceptional) solidarity surcharges, real estate tax, excise duties and any other taxes that Wessanen pays annually in multiple jurisdictions.
- Tax should be aligned with our commercial business and we therefore do not establish artificial tax driven structures that are not in line with (the spirit of) any tax regulations. This means that we do not maintain or implement aggressive tax planning structures or has entities located in tax haven jurisdictions solely for tax optimisation purposes.
- Wessanen is tax compliant and pays the tax that is due and owed.
- Wessanen is transparent towards tax authorities (e.g. we have a horizontal monitoring ruling with the Dutch tax authorities).
- Wessanen monitors and tests its tax control framework on a regular basis. Errors detected will be corrected within the fiscal year.
- A tax exposure report is presented to the Audit Committee at least twice a year.
- The legal entities of our continuing operations are solely domiciled in EU countries.

Our entities are subject to the following corporate income tax rates for 2014: Netherlands 25%, Belgium 33,99%, France 38%, Germany 29%, Italy 31,4% (IRES/IRAP), the UK 21% (as from April 2014) and USA 37.4%.

Discontinued operations

The result from discontinued operations, net of income tax of €33.9 million (2013: €(1.5) million) includes:

- The 2014 operating result of IZICO, Natudis, Bio-Distrifrais and ABC of €3.6 million (2013: €(1.5) million);
- A remeasurement loss of €1.2 million in 2014 related to Bio-Distrifrais; and
- An after tax gain on the divestment of Natudis and IZICO of €31.5 million.

Natudis

In February, an agreement was signed with Vroegop Ruhe & Co for the sale of Benelux wholesaler of organic and reform products Natudis, Dutch wholesaler of fresh food Kroon and Belgian organic food distributor Hagor. In April, the sale was completed.

Performance
Financial Review continued

IZICO
In April, Wessanen has signed an agreement with Egeria for the sale and purchase of IZICO and all its subsidiaries for an enterprise value of €68 million on a cash free and debt free basis.

An additional amount of up to €3.5 million can be received in respect of the divestment as part of an earn-out related to 2014 EBITDA. Based on initial information provided by IZICO on the 2014 financial performance, the fair value of the financial asset as at 31 December 2014 is assessed at nil.

Bio-Distrifrais
In December, we have signed an agreement with French entrepreneur Box66 for the sale of the French wholesale activities Bio-Distrifrais. The sale was completed on 2 January 2015.

Valuation of the business at fair value less cost to sell resulted in the recognition of a remeasurement loss of €(1.2) million in 2014.

American Beverage Corporation
In 2014, revenue decreased 7.1% to €94.0 million. Little Hug continued to perform very well, growing its volume and market share. Although Daily's suffered from a weak market for ready-to-drink pouches, market share was gained as a result of new listings and increased shelf space.

ABC reported an operational profit of €4.9 million, net of cost to sell incurred of €(1.2) million.

Net profit
Net profit from continuing operations was €11.4 million, a marked improvement compared to €1.4 million in 2013. Net income of discontinued operations (net of income tax) amounted to €33.9 million (2013: €(1.5) million).

Net profit amounted to €45.3 million (2013: €(0.1) million).

Earnings per share
Earnings per share increased from €0.00 in 2013 to €0.60 in 2014. The average number of shares outstanding slightly increased to 75.9 million (2013: 75.7 million).

2014 dividend proposal
As a policy, Wessanen aims to pay out a dividend of between 35–45% of its net result, excluding major non-recurring effects.

As the 2014 net result of Wessanen, adjusted for non-recurring items, represents a profit, a dividend of €0.10 per share will be proposed to the Annual General Meeting of Shareholders.

This represents a pay out of 37.4% of the net result excluding major non-recurring effects.

Capex and depreciation
The acquisition of property, plant and equipment amounted to €3.5 million (2013: €2.9 million), which represents 0.8% of revenue (2013: 0.7%). The acquisition of intangible assets amounted to €1.3 million (2013: €1.3 million).

Depreciation was €(3.7) million (2013: €(3.6) million) and amortisation was stable at €(2.7) million (2013: €(2.7) million). No impairments have been recorded in 2014 (2013: €(2.3) million).

Working capital
At year end 2014, working capital decreased to €23 million, being 5.3% of revenue (2013: €26 million (excluding ABC), representing 6.4% of revenue). The cash inflow following changes in working capital amounted to €3.9 million (2013 inflow of €3.0 million).

Inventories and trade receivables both increased, however they were more than compensated for by an increase in trade payables.

Our working capital project has yielded good results, translating in a lowering of our working capital while we have grown our revenue.

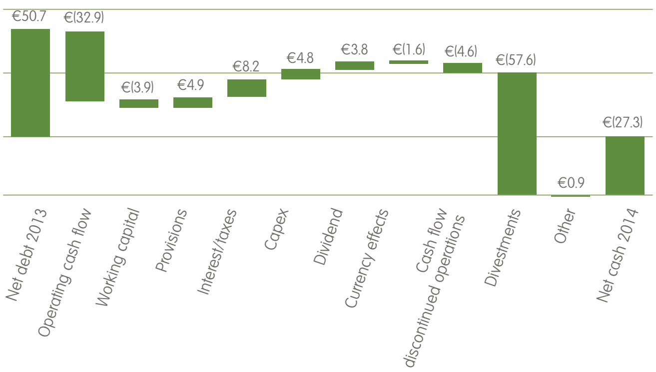
Cash flow from operating activities
Cash generated from operations increased to €31.9 million (2013: €20.5 million), mainly as a result of a €5.2 million higher EBITDA, higher provisions created, lower provisions paid and aforementioned inflow of working capital.

Interest paid amounted to €(1.4) million (2013: €(1.7) million), while income tax paid increased to €(6.8) million (2013: €(4.5) million).

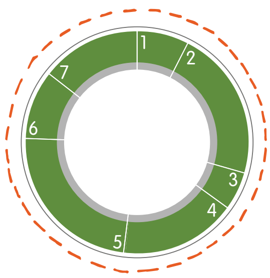
Operating cash flow from continuing operations therefore amounted to €23.7 million (2013: €14.3 million). Operating cash flow from discontinued operations was €8.5 million compared to €4.6 million in 2013. Accordingly, net cash from operating activities increased to €32.2 million (2013: €18.9 million).

Net debt/(cash) development in € millions

€(27.3)m

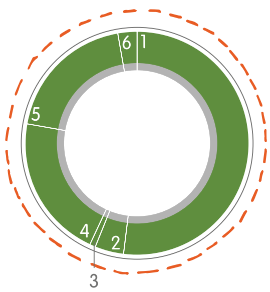


Balance sheet
Total assets at year end 2014 in € millions



1 Property, plant and equipment	€22.7
2 Intangible assets	€64.7
3 Other current & non-current assets	€16.2
4 Inventories	€49.9
5 Trade receivables	€70.2
6 Cash and cash equivalents	€29.8
7 Assets classified as held for sale	€42.2

Total equity and liabilities at year end 2014 in € millions



1 Total equity	€154.2
2 Non-current liabilities	€12.4
3 Bank overdrafts	€2.5
4 Trade payables	€61.7
5 Other current liabilities	€57.0
6 Liabilities classified as held for sale	€7.9

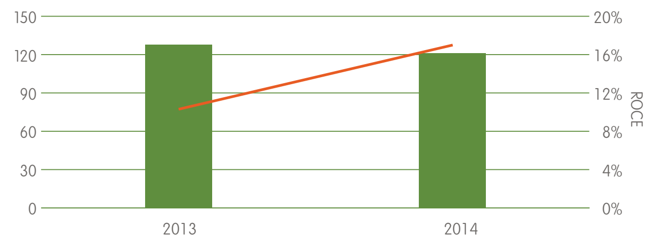
Total equity increased to €154.2 million due to the net profit of €45.3 million realised. Intangible assets were stable at €64.7 million (see page 82). Property, plant and equipment amounted to €22.7 million (2013: €22.5 million, excluding ABC).

Average capital employed

To create economic value, we aim to achieve a return (operating result) on capital employed in excess of our weighted average cost of capital over the medium term. Average capital employed of €121.0 million was modestly lower than last year's €127.7 million, yielding a 17.0% return.

Average capital employed in € millions

€121.0m



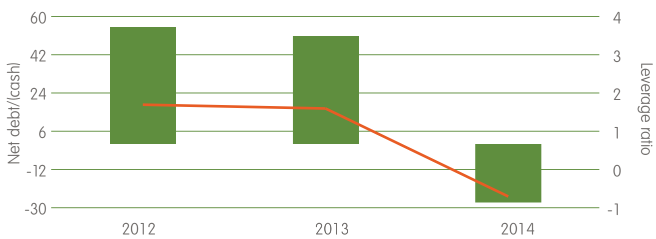
Net debt, debt funding and liquidity

Net debt development

The net debt position at year end 2013 of €50.7 million has changed into a surplus of cash of €27.3 million at year end 2014 due to the divestments of IZICO and Natudis and the cash generated from operations.

Net debt/(cash) in € millions and **leverage ratio**

€(27.3)m



Revolving credit facility

The Group has a committed €100 million secured revolving credit facility in place. In June 2014, we have extended the €100 million revolving credit facility by one year, changing the maturity of the facility to July 2017. The pricing grid of the facility has been reduced to 85–195 basis points over Euribor (previously 110–125 basis points) based on the leverage ratio (Net debt to EBITDAE).

The facility, which was agreed during 2013, has a second extension option in spring 2015 to extend the maturity by another year as well as the option to increase the facility amount up to a maximum aggregate amount of €25 million ('accordion facility').

At year end 2014, Wessanen had not drawn from this facility as loans drawn were fully repaid in 2014, following the divestments of Natudis and IZICO (2013: €64.1 million, net of capitalised financing costs of €0.9 million). Under its financial covenants, Wessanen has to ensure that total net debt does not exceed 3.0 times consolidated EBITDAE.

The facility has various other general and financial covenants that are customary for its type, amount and tenor. For example, Wessanen is not permitted to declare or pay a dividend exceeding 45% of its net results, excluding any non-recurring items, and there are certain restrictions in place concerning acquisitions. The payment obligations under the facility are secured by a pledge of trade receivables and moveable assets.

Other loans and facilities

In 2013, other long-term loans consisted of non-convertible bonds which were part of the acquisition of Alter Eco. The remaining balance as per year end 2013 of €0.5 million was repaid in July 2014. The interest on the non-convertible bonds was 4.0%.

Liquidity management

Wessanen manages its liquidity by monitoring and forecasting cash flow of its operating companies, debt servicing requirements, dividends to shareholders and other obligations. This approach ensures that, as far as possible, the Group will always have sufficient liquidity to meet its financial obligations when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Financing strategy

Our financing strategy is centred on securing long-term financing in order to support autonomous growth and acquisitions.

The Company's capital structure balances the following objectives in order to meet its strategic and operational needs:

- Ongoing access to debt and equity markets;
- Sufficient flexibility to fund add-on acquisitions;
- Optimal weighted average cost of capital;
- Mitigating financial risks.

Our targeted net debt level is below 2.5 times consolidated EBITDAE, but our actual net debt levels can be higher or lower depending on acquisitions and divestments, access to capital markets and the timing of cash flows.

Compliance statement

As required by Section 5:25c, paragraph 2 of the Dutch Act on Financial Supervision, the members of the Executive Board confirm that to the best of their knowledge:

- The 2014 financial statements included in this Annual Report give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The management report (pages 23–48) included in this Annual Report gives a true and fair view of the position of the Company and the undertakings included in the consolidation taken as a whole as of 31 December 2014 and of the development and performance of the business for the financial year then ended; and
- The management report (pages 23–48) includes a description of the principal risks and uncertainties that the Company faces.

Amsterdam, 19 February 2015

Executive Board

Performance
Principal risks and opportunities

The Executive Board is responsible for setting risk management policies and strategies. Wessanen's Risk Management and Internal Control Framework are integral parts of our business model and are designed to identify and manage risks as we pursue our overall corporate objectives.

Doing business and risk management

At Wessanen we believe risk management is not an isolated activity but should be integrated in regular business processes. Entrepreneurship, which is one of our core values, implies dealing with risks attached to the decisions we make. Decisions are taken at all levels in the organisation and the nature of decisions may differ. By creating transparency about roles and responsibilities within the organisation, we make the rules of the game in taking risks and using business opportunities clear to all our employees.

Risk management starts with the right behaviour of all people in our organisation, who are guided by our vision, mission, core values and a set of key policies and procedures. All this together forms our Wessanen's Framework of Internal Control (FIC) which supports the Executive Board in managing and monitoring the Company's overall risk profile. Risk (management) related topics are discussed in Executive Board and ELT meetings, the Audit Committee and during regular monthly and quarterly business reviews between the Executive Board and management teams of operating companies and central functions.

Assessing Wessanen's control environment

Our FIC includes our main processes and identifies clear reporting and accountability structures. Various key policies apply to all entities in our organisation, such as authority limits, financial reporting manual, Company code, whistle blower policy and fraud policy. Procedures for all core processes (e.g. purchasing, sales, and financial close process) have been defined based on potential risks. Although this set-up represents minimum requirements operating companies have to comply with, the actual set-up of the procedures may have local characteristics.

Within this structure we pay specific attention to key entity level controls and control activities that are related to financial reporting risks. Annually, we actively test the effectiveness of our FIC and review whether our controls sufficiently mitigate the risks we run by pursuing our objectives. Process owners at corporate and operating company level make detailed self-assessments of the operating effectiveness of their controls. The main objective is to ensure reliable financial reporting and proper corporate governance. Internal Audit, as independent assurance provider, reviews the quality of the test work and conclusions. Moreover, Internal Audit provides additional assurance to the Executive Board by auditing Wessanen's main processes in our operating companies and at corporate level.

For identified control weaknesses, action plans are put in place by issue owners and follow-up is closely monitored by Internal Audit. Results of the self-assessments and internal audits, including progress of the related control improvement plans are communicated to the Executive Board and the Audit Committee quarterly.

Rewarded and unrewarded risks

Our risk management has matured to the extent that it focuses on both, so-called, rewarded and unrewarded risks. The bear minimum of our risk management process relates to risks for which our risk appetite is low and for which negative surprises are not acceptable. These unrewarded risks comprise topics such as food safety, integrity, financial reporting, and legal and compliance. This part of our risk management and internal control framework forms a crucial basis for Wessanen being in control. However, it does not directly create additional value compared to our competitors.

We more explicitly pay attention to rewarded risks, which are mostly of strategic and operational nature. The primary incentive for taking rewarded risks is value creation. Although these initiatives might have a significant downside, the potential upside is greater. Consequently, the risk appetite is higher and requires proper monitoring by management. In addition, for key projects, we have strict governance requirements, including steering committees which review the project's progress and (remediation of) issues.

Risk response and appetite

Risks are assessed on potential impact and vulnerability. The resulting heat map prioritises the risk response but also reflects our risk appetite. We have defined four basic types of risk response: Terminate, Treat, Transfer and Tolerate.

As hardly no risk can be fully eliminated (Terminate), the most frequent response to our main risks is to mitigate/reduce risks (Treat). Sometimes we choose to Transfer risks partly to other parties. For instance, financial risks related to a fire in our factory are insured. Finally, there is an option to accept risks (Tolerate) as we deem the potential negative impact low or we cannot influence a certain risk.

In 2014, special attention was paid to fraud risks. Although the review did not reveal any new items, we gained a better understanding of the fraud-related risks and controls in place. Some minor follow-up actions have been defined and implementation is being monitored by the Executive Board.

Performance
Principal risks and opportunities continued

Top 5 Risks

In 2014, we considered the following risks our top 5 risks and we have linked these to our five strategic areas. These risks score relatively higher on impact and vulnerability than other risks identified, but may change over time.

Due to the dynamic world Wessanen operates in these risks may become less relevant and others may gain in importance. The higher the risk rating the more involvement by the Executive Board there will be.

1

Innovation to create revenue growth

The risk of not being able to realise long-term growth through lack of innovation power. It is our goal to benefit from launching appealing new products and creating advantage over competitors.

1 4 5

Growth and value creation through acquisitions

The risk that due to market circumstances or failing acquisition and divestment processes (at various stages) projected growth and value creation will not be realised and potential reputational damage may occur.

1

Strategic position of suppliers

A part of our products is produced by third parties. The risk that having a relatively poor strategic position at a strategic supplier may lead to a supplier choosing other customers for strategic relationships, e.g. related to innovations. Our ability to establish and maintain a good position with these suppliers could positively affect our growth.

1 4

Increased competition from new entrants and private label

Operating in appealing markets may attract new entrants. On one hand this means more attention for the area we work in, on the other hand our revenue growth and market share may come under pressure.

3

Food safety issues in our business

The risk that food safety related problems and issues at our products might damage our brands and reputation, via social media and other channels. The risk that such problems and issues damage the credibility of the certifications (such as organic and fair trade) we trust on and build upon. On the other hand, our reputation may benefit from flawless operations and the authenticity of our products.

Although the risks above may have a negative connotation, adequately dealing with the risks should support us in reaching our strategic objectives. Hence, they can be seen as opportunities as well. In the section 'Principal risks and opportunities' we present a more comprehensive list of risks and opportunities, including this top 5, that are specific to our business and important in achieving our goals. These strategic and operational risks are also linked to Wessanen's strategic areas. In addition, the main risk responses are mentioned.

For the following Financial risks see note 25. Financial instruments and risk management: liquidity risk, currency risk, interest rate risk, commodity risk, credit risk.

More on Corporate tax policy
Page 39

Wessanen's risk profile and main developments in 2014

- The integration of Alter Eco into Distriborg has been completed.
- The sale of Natudis and IZICO has led to reduced complexity of our organisation, as will the divestment of Bio-Distrifrais in early 2015. Whilst the smaller companies have grown relatively in size, issues can have a bigger impact on the group.
- With respect to our control self-assessments of FIC, teams in operating companies and at Head Offices have tested the operating effectiveness of the key controls throughout the year. Both the test work and the action plans made to improve controls were reviewed by Internal Audit and our External Auditor's teams. In some cases, Internal Audit performed the test work instead of reviewing a self-assessment. With these tests, we covered close to 100% of our operations. This year's control testing of our German activities was limited to a small number of key topics. This was not in line with our planning and mainly due to the completion of the reorganisation and the implementation of SAP. In this instance, our External Auditor performed alternative audit procedures.
- The integration of Abafoods into Wessanen has started after the acquisition early 2015. The detailed integration plan is being put in place.

Management Letter: main conclusions and status

The following items are the main management letter issues being reported by our External Auditor in 2014 and 2013. These were identified as well in the control assessments (FIC). Action plans are being executed and monitored by the Executive Board and Audit Committee.

- Quality of FIC testing.

We concluded that again internal control improvements were made. However, we also still noted different maturity levels per operating company in which way control testing evidence is retained. As a result, our External Auditor was not always able to conclude on the effectiveness of controls to the same level we internally did. In these instances, the External Auditor made inquiries with control owners and collected additional supporting documentation to conclude independently whether controls were effective. We are to reconsider the benefits of the approach in 2015.

- High number of segregation of duties' conflicts in SAP, although risks are sufficiently mitigated by compensating controls.

Despite a strong reduction in the number of conflicts achieved late 2013, additional steps still have to be taken to further improve and simplify control over user roles. We refer to the SAP GRC project, mentioned below.

- Improvements to be made in administrative and monitoring controls related to IT change management processes and general IT environment.

Due to priorities related to the system disentanglement of Natudis and IZICO we have made less progress than planned. We had several meetings in order to determine what the desired IT control environment should be given the current size and characteristics of our Company

In 2015 the follow-up on the reported IT General Computer Controls will be closely monitored.

– Master data management needs to be strengthened.

Good progress is made in the project and we are rolling out our new governance model in 2015. The project includes, master data cleansing as well as centralising roles and responsibilities around master data entry in our ERP system, supported by an integrated workflow tool.

In conclusion, both Wessanen and the External Auditor believe with additional efforts the Framework of Internal Control within Wessanen will improve the discipline of control owners around the incorporation of control testing activities and related documentation in their daily routine. This helps maintaining effective and efficient business processes supported by standardised procedures, common systems and a cost-effective balance between preventive and detective controls.

As a result, we will implement a new tool for our FIC and related control testing. This tool is an integrated part of SAP (SAP GRC). The investment is necessary in order to further improve the efficiency and effectiveness of our internal controls and to improve the way we detect and manage segregation of duties' risks in SAP.

Statement of Internal Control

Koninklijke Wessanen N.V. supports the Dutch Corporate Governance Code and makes the following declaration in accordance with best practice provision II.1.5:

The Executive Board is responsible for achieving the Company's strategy, objectives, goals and results as well as for establishing and maintaining adequate internal risk management and control systems consistent with our business. With respect to financial reporting, we have assessed whether the risk management and control systems provide reasonable assurance that the 2014 financial statements do not contain any material misstatements.

Our assessment included the review of the Company's principal risks and uncertainties (as outlined on pages 46–48), test of the design and operating effectiveness of entity-level controls and detailed assessment of our operational controls in our operating companies. Any control weaknesses not fully remediated at year-end were evaluated. Based on this assessment, the Executive Board determined that the Company's financial reporting and risk management systems are adequately designed and operated effectively in 2014 and there are no indications that these systems will not continue to perform adequately in 2015.

Amsterdam, 19 February 2015

Executive Board
Christophe Barnouin (CEO)
Ronald Merckx (CFO)

Healthier Food

Whole Earth peanut butter

In the UK, Whole Earth has grown its peanut butter volume and market share. Drivers have been successful innovations such as the seeded range and promotions resulting in increased distribution at the various UK grocery chains.

Performance
Principal risks and opportunities continued

Risks & opportunities	Actions	Strategic objective[1]	Risk Appetite/ Response	Key developments 2014
Strategic and market risks & opportunities				
Strategy development and market risks Ability to timely respond to changes in consumer preferences for our core product categories.	We measure the performance of our strategic plans and take corrective actions when necessary, by means of: – Annual strategic reviews both at central and operating company level. – Detailed and measurable objectives throughout the entire Company based on our strategic objectives. On at least quarterly basis, operating companies and central departments report progress in the ELT and to the Executive Board. – Continuous monitoring of latest market developments.	1	Treat	– We see that with our three-year plan we are on the right track. At least annually, we review to what extent changes need to be made. This is part of our regular planning and control cycle.
Sustainability of our strategy Strong shifts in the success and credibility of our products in the niche segments we operate in and Wessanen's ability to respond to these adequately.	– Periodic assessment of our strategy by the Executive Board with the business leaders of our company. – Clear communication to our stakeholders of the added value of our vision and our products. – Increased marketing spend on our core brands, categories and products. – Market research and investigating market developments in order to identify opportunities for (new) brands, categories and/or products.	1 2 3	Terminate and Treat	– We have broadened our strategy to healthier, sustainable food, which better reflects what we stand for, since fair trade, free-from and vegetarian options have become more important but are logic elements of our product portfolio in addition to organic food. We see growth in all of the areas we operate in. – In total six CBTs across Europe need to drive growth and improve positioning of core categories. – The acquisition of Abafoods should further strengthen our position in the dairy alternative market in Europe and more specifically Italy. – Rolling out our plans related to the green & entrepreneurial culture brings us closer to creating a healthier planet, healthier food and healthier people.
Increased competition from new entrants and private label Operating in interesting markets may attract new entrants to the market. On one hand this means more attention for the area we work in, on the other hand it could result in increased pressure on our market share.	– Being in a branded business, we are focusing on our own core brands by creating products that our consumers believe in and love. – Product innovation, renovation and activation to keep and grow our unique position in the market.	1 2	Treat and Tolerate	– We invested more in marketing to build our brands and strengthen their positions in our markets. – On-going renovation of our brands, such as Tartex, Allos and Zonnatura.
Innovation to create revenue growth The ability to realise long-term growth through innovation power. This depends on our internal competencies and capacity and to an extent also on our key suppliers and our position with them.	– Product innovation, renovation and activation to keep and grow our unique position in the market. – Building strong relationships with our key suppliers in order to jointly come to new innovations.	1	Treat	– New products were introduced in our core categories and for our core brands. – Successful products are introduced under key brands in other countries and where necessary adjusted to local preferences. – The success of innovations and product improvement projects are evaluated through our Innovation Boards. Lessons learned are shared via central management.

See sections Our business and Our strategy for more details
Pages 18–21

Risks & opportunities	Actions	Strategic objective[1]	Risk Appetite/ Response	Key developments 2014
Economic environment (in Euro zone) There are continued signs of economic recovery, although the economic environment still remains fragile. We have been able to grow in our markets, which we also see as evidence that we are in the right position. However, our debtors may face difficulties under these circumstances. In addition, our consumers could be reluctant on spending on organic food at it is perceived to be more expensive.	We have clear procedures in monitoring the debtors' positions. See our Strategy and Business Review sections for more details related to our strategic and commercial activities.	1 4	Treat and Tolerate	– We managed to grow in our core segments and markets. – The economic situation has had no major impact on debtors' balances as a result of our well-functioning processes. – With our export strategy for our core activities we try to carefully grow in other markets than our home countries we operate in.
Growth and value creation through acquisitions Besides autonomous growth, we aim to expand and strengthen our position through acquisitions. However, we might be unable to acquire businesses, which holds back the execution of our strategy. There is also a risk that completed acquisitions will fail to match expectations..	– The acquisition and divestment agenda is aligned with our strategy. – In our acquisition and divestment processes, we use both internal and external expertise.	1 2 5	Treat	– After the acquisition of Alter Eco in 2013, we completed its integration into Distriborg in 2014. – We acquired Abafoods in 2015, which is now being integrated in our company. – We divested Natudis, Bio-Distrifrais and IZICO and are working on the divestment of ABC. After completion, Wessanen can fully concentrate on its core activities. These developments are all in line with Wessanen's acquisition agenda.
Key customers/distributors Like in any commercial business, contracting or losing large customers could have a material impact on our profitability. Too much dependency on key markets, products, segments and customers could make our business vulnerable. In this respect our negotiation power towards key customers is relevant for our profitability.	– Creating and maintaining a large customer base. Fact-based monitoring of dependencies in different markets and countries. – Establishing customer intimacy, understanding the needs of our customers. – Tailoring our organisation to specific market circumstances. – Monitoring and managing customer service levels through KPIs. – Motivated and competent sales force that functions well within our commercial and procedural boundaries.	1	Treat	– Continuous improvement projects related to our products and customer service levels such as launching multiple innovations and the introduction of the health shelf 2.0 in the Netherlands (see also Operating Review). – None of our customers represents more than 10% of our revenue.
Operational risks & opportunities				
Strategic position of suppliers Wessanen has outsourced many of its activities related to production and logistics as we believe that these suppliers can do it better and cheaper than us. Subsequently, we can focus on what we are good at. With too much dependency we may not be able to switch to another party if needed. So, it is crucial to the Company and our consumers that we have strict control over these external products and services.	– Close relationship with our suppliers/service providers who are subject to quality audits. Specific controls have been implemented to detect (operational and fraud) risks. – Quality managers in all operating companies perform inspections on products and processes. – Balancing concentration for scale economies and overdependence on a limited number of suppliers or service providers. – Insurance contracts to manage the financial consequences of risks.	4	Treat and Transfer	– We continuously analyse our key suppliers' performance and execute the consequent improvement initiatives. – Where we identify that dependency on suppliers is too high or quality not in line with our standards we spread the risk by contracting new suppliers or even switch entirely to a new supplier.

Performance
Principal risks and opportunities continued

Risks & opportunities	Actions	Strategic objective[1]	Risk Appetite/ Response	Key developments 2014
Business interruptions – food safety issues in our business Operating in the food industry, implies running risks related to production failure, product quality issues and product recalls. It is of utmost importance to maintain a flawless reputation by having effective preventive controls and excellent and rapid reaction in case of issues.	– Following strict food and product safety procedures. – Business continuity procedures to act in case of emergency. This includes effective and swift communication plans (e.g. via social media and other channels) to inform our stakeholders and protect our reputation and brands. – NFSC reviewing food safety systems. – Insurance contracts to manage potential financial consequences.	4	Terminate, Treat and Transfer	– We had to manage one recall in 2014. Action plans have been implemented to solve these defaults. – We have developed a risk assessment tool and a quality management process for finished products suppliers.
People and talent management Without our people there is no business. Highly motivated and competent staff make the difference. Not having people with the right skills and competence in our organisation could adversely affect our ability to execute our strategy. In addition, a poor working environment could result in difficulties in attracting and retaining qualified staff.	– Leading by example. Living our values and principles. – Frequent performance and appraisal processes, including execution of personal development plans. – Providing equal opportunities: decisions on recruitment, employment, promotion and termination are based on objective and non-discriminatory criteria.	3	Treat	– Our performance and reward management system is in place and functions as intended. – Staff wide and local initiatives to establish the company-wide green & entrepreneurial culture, which is one of our four strategic pillars.
Commercial viability of own factories Having factories should create interesting economies of scale and increase our innovation power (together with in-house R&D). However, there is a risk of retaining excessive fixed costs if factory production is not competitive and similar products are sourced in the market, leading to underutilisation.	– Make-or-buy decisions based on our strategic vision and objectives. – Strong supply chain teams in our factories focusing our efficiency of our logistical processes, while not compromising any quality standards.	4	Treat	We are fully integrating our Manufacturing, Supply Chain and Sourcing activities into one single organisation, under the leadership of a newly created position of Director of Operations. Within this structure we want to create the best conditions for: – Standard and efficient sales and operations planning across Europe; – Efficient warehousing and transport; – Improvement of factory productivity through projects and insourcing; and – Secure price competition through Central Sourcing.
Business interruptions IT continuity management Major disruptions to our ICT systems may have a serious impact on both primary and supporting business processes. Our service levels with our customers may be at risk. This is an unrewarded risk but becomes more and more important.	– Implementing one standard ERP system (SAP) in order to enhance the stability and security of our ICT infrastructure. – Follow security policies and Business Continuity Planning for the ICT infrastructure (e.g. proper back-ups), which are regularly reviewed and tested for effectiveness.	4	Terminate, Treat and Transfer	– We have taken further steps taken with SAP in order to get efficiency benefits and execute our business more effectively. – Our IT audits did not reveal any significant issues in terms of continuity risk.
Legal and compliance risks & opportunities				
Government – laws and regulations New government measures could have a major impact on our business, and can present a threat to activities within a relatively short time frame. However, this could also be an opportunity. For instance, we could benefit from regulations related to food quality and healthier products.	– Monitoring European and local governmental developments in laws and regulations by our specialists on e.g. food quality, financial reporting and tax.	1	Treat, Terminate and Transfer	– In various jurisdictions, we notice tax authorities to take a more determined approach towards taxpayers. Recently introduced tax legislation is not always viewed to be in line with (the spirit of) international tax standards. As well, we expect a further increase in new tax legislation that will increase the administrative burden of the Group and may lead to higher tax (related) costs.

Healthier food
Healthier people
Healthier planet

We believe that healthiness and sustainability of food are intrinsically linked

Our markets are growing as more and more people want to live healthier and more sustainable

Governance
Biographies

Executive Board

C.P.J. (Christophe) Barnouin

1968 French nationality

Executive Board member and CEO

Current term of appointment: 2014–2018; first appointment in 2014.

Ownership of Wessanen shares: 118,804

Experience: Joined Wessanen in April 2006. Became CEO on 25 January 2014.

Former positions include managing director of Wessanen's French and Italian operations, marketing director at Mars and marketing and sales positions at Reckitt Benckiser and Orangina.

R.J.J.B. (Ronald) Merckx

1967 Dutch nationality

Executive Board member and CFO

Current term of appointment: 2011–2015; first appointment in 2011.

Ownership of Wessanen shares: 10,000

Experience: Joined Wessanen in June 2011 as CFO.

Former positions include CFO Europe for Britax Childcare International and financial positions in internal audit, controlling, investor relations and financial management at Unilever in the Netherlands, the UK and Germany.

Supervisory Board

F. (Frank) van Oers

1959 Dutch nationality

Supervisory Board Chairman

Member of the Audit Committee; Member of the SARC

Current term of appointment: 2013–2017; first appointed in 2009.

Ownership of Wessanen shares: none.

Experience: Managing Partner Vorwerk & Co. KG.

Former CEO of Sara Lee International Beverage & Bakery Division. Former Executive Vice-President of Sara Lee Corporation.

R.K. (Rudy) Kluiber

1959 American nationality

Supervisory Board member

Chairman of the Audit Committee

Current term of appointment: 2012–2016; first appointment in 2012.

Ownership of Wessanen shares: none.

Experience: Co-founder and managing director of GRT Capital Partners LLC.

Former Senior Vice-President and portfolio manager at State Street Research & Management Company.

I.M.C.M. (Ivonne) Rietjens

1958 Dutch nationality

Supervisory Board member

Chairman of the NFSC

Current term of appointment: 2012–2016; first appointment in 2012.

Ownership of Wessanen shares: none.

Experience: Full professor of Toxicology at the Agrotechnology & Food Sciences Department at Wageningen University. Member of the Dutch Royal Academy of Sciences (KNAW). Amongst others Member of the Academic Board of Wageningen University, Member of the Dutch National Health Council, Member of the German Senate Commission on Food Safety (DFG), Member of the Scientific Advisory Board of the National Institute of Public Health & Hygiene (RIVM) Bilthoven and Member of the Board of Trustees of the ILSI (International Life Sciences Institute) Research Foundation.

M.M. (Marjet) van Zuijlen

1967 Dutch nationality

Supervisory Board member

Chairman of the SARC; Member of the NFSC

Current term of appointment: 2012–2016; first appointment in 2012.

Ownership of Wessanen shares: none.

Experience: Independent management consultant.

Former partner at Deloitte. Former member of the Dutch parliament. Member of the Supervisory Board of Holland Casino. Member of the Supervisory Board of Verbrugge Terminals. Chair of the Board 'Het Nationale Toneel'. Member of the Board of 'Holland Festival'. Member of the Board of 'Film by the Sea'.

Governance
Report of the Supervisory Board

Board activities

2014 marked significant steps along Wessanen's transformation into a focused player in natural food and was an intense year for the Supervisory Board. The disposal of three non-core businesses and an acquisition in a core category required a lot of the Board's attention.

In addition to six regular meetings the Supervisory Board held 16 meetings via a conference call and had various other informal meetings and contacts.

Furthermore, the Supervisory Board visited Wessanen's Clipper tea operations in Beaminster (UK) and representatives of the Supervisory Board met with the Central Works Council.

Topics discussed in the Supervisory Board meetings included amongst other things Wessanen's financial and operational results, Wessanen's rolling three-year strategic plan, the 2015 budget, Wessanen's governance model following Mr Koffrie's resignation from the Supervisory Board, the disposal of Wessanen's non-core activities, acquisitions, Mr Merckx' reappointment and the proposed amendment of the remuneration policy.

As already reported in our 2013 report, following Mr Koffrie's resignation, the Supervisory Board resolved to leave Wessanen's two tier governance model unchanged. At the same time the Supervisory Board requested the Executive Board to be more frequently updated about Wessanen's performance through regular trading update meetings. The subject of the ad-hoc conference calls was often pending acquisition projects.

The Supervisory Board spent much time on the disposal processes of Natudis, IZICO, Bio-Distrifrais and ABC. The respective disposal processes were closely monitored and the respective valuations were carefully assessed in light of the financial performance of these non-core activities.

Ample time was also spent on the acquisition of Abafoods. The acquisition rationale and Abafoods' valuation were reviewed, particularly in view of the composition of Abafood's branded and private label revenue streams. Furthermore, the Supervisory Board ascertained that appropriate contingency scenarios have been put in place to remedy the potential loss of private label sales.

Composition of committees	Audit Committee	SARC	NFSC
F. van Oers	Member	Member	–
R.K. Kluiber	Member and chairman	–	–
I.M.C.M. Rietjens	–	–	Member and chairman
M.M. van Zuijlen	–	Member and chairman	Member

Member   Member and chairman

Attendee	Supervisory Board	Audit Committee	SARC	NFSC
F. van Oers	21/22	3/4	2/3	
R.K. Kluiber	22/22	4/4		
F.H.J. Koffrie[1]	3/3			
I.M.C.M. Rietjens	21/22			3/3
M.M. van Zuijlen	22/22		3/3	3/3

[1] Until 24 January 2014

Audit Committee

The Audit Committee met four times in 2014. All meetings of the Audit Committee were attended by Messrs Barnouin and Merckx, the VP Corporate Accounting & Control, the Head of Internal Audit and the External Auditor.

The annual- and semi-annual results, Wessanen's framework of internal control and risk management, the External Auditor's findings (including the management letter), litigation, tax planning and tax litigation and whistleblower reports were recurring agenda items of these Audit Committee meetings.

At the end of these meetings the Audit Committee always spoke with the External Auditor in the absence of Messrs Barnouin and Merckx and the corporate staff.

The Audit Committee assessed Wessanen's framework of internal control and saw several improvements, such as further standardisation and increased consistency across companies. The framework of internal control can be even further improved by an increased usage of SAP automated controls. Furthermore, the discipline of control owners around the incorporation of control testing activities and related documentation can further improve the internal control framework.

A continued point of attention were the IT General Computer Controls. Amongst other things, due to the fact that priority had to be given to the system disentanglement of Natudis and IZICO, the progress on solving identified gaps was less than planned.

In connection with the year-end audit the External Auditor performed additional substantive audit procedures which mitigated the identified gaps. In 2015 the follow-up on the reported IT General Computer Controls will be closely monitored.

The Audit Committee analysed various options related to the possibility to extend Wessanen's revolving credit facility and approved a one-year extension until July 2017 as the most attractive option.

In view of the divestment of Wessanen's Discontinued operations (Natudis, IZICO, Bio-Distrifrais and ABC) the potential impact on the segmentation of Wessanen's results following these divestments was reviewed. Based on this review, it was concluded that no change is to be made to Wessanen's segment structure.

Governance
Report of the Supervisory Board continued

The Audit Committee evaluated the performance of Wessanen's External Auditor Deloitte and concluded that Deloitte continued to display a critical and challenging attitude, coupled with a practical approach and at times acts as the sparring partner for the CFO and Wessanen's wider finance team. Also, the communication and cooperation between Deloitte and Wessanen continued to improve. Inquiries were well structured and in line with the audit plan and issues tended to get resolved quickly. Furthermore, the Audit Committee assessed that Deloitte is independent. In view of Deloitte's continued satisfactory performance the Supervisory Board will propose to appoint Deloitte as Wessanen's External Auditor for 2015.

Selection, Appointment and Remuneration Committee (SARC)

In 2014, the Selection, Appointment and Remuneration Committee met three times. These meetings were attended by Mr Barnouin and the EVP Human Resources. In addition to these meetings, the chairman of the SARC had numerous contacts with Mr Barnouin.

The SARC verified the 2013 incentive pay-out for the members of the Executive Board and set the incentive targets for 2014 thereby paying particular attention to the appropriateness of the relative weighting of the targets. The SARC reviewed the costs which for the purpose of determining the 2014 incentive pay-out were proposed by the Executive Board to be treated as exceptional items.

The SARC approved the grant of long term incentive rights and furthermore reduced the pay-out under the 2011 vested long term incentive plan for certain senior managers to 25% of the entitlement, as a 100% vesting would in the opinion of the SARC produce an unfair result given the composition of the vesting criteria.

In view of the expiration of Mr Merckx' appointment in April 2015 the SARC evaluated his performance and prepared for the Supervisory Board a proposal for his reappointment and the terms thereof.

Every year the SARC evaluates the performance of Wessanen's senior management. This year, the evaluation was extended to a larger group of senior managers. The SARC concluded that Wessanen's current senior management is well equipped to execute Wessanen's strategic ambitions. Despite a number of internal promotions the succession cover is however very limited in the short term due to the size of the local organisations and most managerial positions being local roles. The SARC prepared a proposal to amend Wessanen's remuneration policy in close consultation with the CEO, EVP Human resources and external advisor.

More details about this proposal can be found on
Page 57

Nutrition, Food safety and Sustainability Committee (NFSC)

The Nutrition, Food safety and Sustainability Committee, which supports and advises the Executive Board in matters related to nutrition, food safety and sustainability, met three times in the reporting year.

Following its involvement in defining Wessanen's sustainability strategy in 2013 the NFSC monitored the role out of this strategy in 2014. The NFSC saw to it that meaningful targets were set for existing and new sustainability KPIs and that both the internal and external communication about Wessanen's sustainability strategy became more visible and transparent.

The NFSC discussed the need to further strengthen Wessanen's relationships with national organic organisations and recommended Wessanen's local senior management to play a more active role in these organisations. Wessanen's operating company general managers are now represented in Bionext, VBP, Synabio, CNAB, AOEL, BNN, BOLW and Soil Association.

Furthermore, the NFSC provided input on guidelines for packaging and product related policies.

Remuneration report

The Remuneration report can be found on pages 56–57.

Composition of the Executive Board and Supervisory Board

The Supervisory Board consists of Mr F. van Oers (Chairman), Mr R.K. Kluiber, Mrs I.M.C.M. Rietjens and Mrs M.M. van Zuijlen. The Executive Board consists of Mr C.P.J. Barnouin and Mr R.J.J.B. Merckx. The biographies of the members can be found on page 50.

Competence matrix	Van Oers	Kluiber	Van Zuijlen	Rietjens
International management experience	✓			
Finance, accountancy, risk management	✓	✓		
Food industry	✓			✓
Marketing, sales	✓		✓	
Social and employment matters			✓	
Nutrition, food safety				✓
Corporate social responsibility			✓	✓
Corporate governance			✓	
Active management	✓			✓
Disclosure, communication, investor relations	✓	✓	✓	

Reappointment Mr Merckx

At the Annual General Meeting of Shareholders held at 19 April 2011 Mr R.J.J.B. Merckx was appointed as member of the Executive Board in the position of Chief Financial Officer with effect from 1 June 2011 for a first term of four years. This term will expire on 31 May 2015.

Mr Merckx is available for reappointment. The Supervisory Board proposes to reappoint Mr Merckx as member of the Executive Board in the capacity of Chief Financial Officer for another period of four years until and including the date of the Annual General Meeting of Shareholders in 2019.

Mr Merckx has fulfilled his function as Chief Financial Officer during his first four year term adequately and with his financial experience has provided and will continue to provide a valuable contribution to the financial position and the financial organisation of the Company.

Mr Merckx' remuneration will remain unchanged. Subject to the approval of Wessanen's amended Remuneration Policy Mr Merckx will participate in Wessanen's new share matching plan which is described on page 57.

More detailed information about Mr Merckx' remuneration can be found on pages 74–78.

Board evaluation

The Supervisory Board performed an assessment of its functioning, as well as that of its members, its committees and the Chairman, with the support of an outside assessor. The members of the Supervisory Board and the Executive Board as well as the Company Secretary and the EVP Human Resources were each interviewed separately by this assessor. The results of the interviews were discussed with the Chairman of the Supervisory Board and subsequently shared with the full Supervisory Board.

The evaluation was mainly focused on the preconditions required for a proper functioning of the Supervisory Board: the Supervisory Board's composition, the way of working, information sharing between the Supervisory Board and the Executive Board and between the members of the Supervisory Board, board dynamics and self-reflection and self-correction.

Specific actions related to identified areas of improvement were formulated and will be executed in 2015.

Independence

All Supervisory Board members are qualified as independent (as defined in the Dutch Corporate Governance Code).

No conflict of interest

In compliance with the Code, Wessanen has formalised strict rules to avoid conflicts of interests between Wessanen on the one hand and the individual members of the Executive Board and Supervisory Board on the other hand.

Decisions to engage in transactions in which interests of members of the Executive Board and Supervisory Board play a role, which have a material significance for Wessanen or for the Board member concerned, require approval by the Supervisory Board and conflicted members of the Executive Board and Supervisory Board may not participate in deliberating or decision-making, if with respect to the matter concerned he has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it.

The Supervisory Board is responsible for taking decisions on handling conflicts of interest between Wessanen and the members of the Executive Board and Supervisory Board.

No conflicts of interest were reported in 2014.

Amsterdam, 19 February 2015

Supervisory Board

Governance
Corporate governance report

Compliance with Dutch Corporate Governance Code

The Dutch Corporate Governance Code (the 'Code') forms the basis for Wessanen's governance structure. Koninklijke Wessanen N.V. ('Wessanen' or the 'Company') complies with the Code by either applying its principles and best practice provisions or by explaining why it deviates from the Code. The Code's principles and best practice provisions are fully applied, with currently the following three exceptions:

- In deviation of best practice provision II.2.5, which provides that shares granted without financial consideration must be retained for at least five years or until at least the end of the employment. If this period is shorter, members of the Executive Board may sell shares to pay wage withholding taxes in connection with the delivery of shares related to such grant of shares. In view of the parallel requirement to build up and hold on to a significant portfolio of Wessanen shares under Wessanen's amended remuneration policy, which is tabled for approval at Wessanen's Annual General Shareholders Meeting in April 2015, members of the Executive Board may, in deviation of best practice provision II.2.5, at all times sell shares provided that the share ownership guidelines are met.
- Best practice provision II.2.8, which provides that the maximum remuneration in case of dismissal of a member of the Executive Board shall not exceed one year's salary, is not applied by Wessanen. In cases where the dismissal is a result of a change of control over Wessanen, the severance pay consists of one year's salary plus pay-out of the short-term cash incentive 'at target', plus the cash equivalent of the exercise value of all outstanding performance shares.
- Because the tasks in the area of Executive and Supervisory Board members appointment, selection and remuneration are closely related, these tasks, in deviation of best practice provision III.5, have been combined into one Committee.

Substantial changes in the corporate governance structure will be submitted to the General Meeting of Shareholders for consideration.

Corporate Governance statement

In accordance with the Decree of 23 December 2004 regarding the implementation of further accounting standards for the content of annual reports ('Besluit van 23 December 2004 tot vaststelling van nadere voorschriften omtrent de inhoud van de jaarrekening'), as amended on 10 December 2009, Wessanen annually publishes a statement relating to corporate governance. As permitted under the regulations, Wessanen has opted to publish its corporate governance statement by posting it on its website, www.wessanen.com, in the Corporate Governance section.

This corporate governance statement, which describes Wessanen's corporate governance structure in detail, is incorporated by reference in Wessanen's 2014 Annual Report and Financial Statements and as such can not be amended.

Information required pursuant to article 10 of the Takeover Directive Decree

Capital structure (article 1, paragraph 1a)

As of 31 December 2014, Wessanen's authorised share capital amounted to €300 million divided into 300,000,000 shares, with a nominal value of €1.00 per share each. Each share entitles the holder to cast one vote and to dividend payments. All shares are registered shares and can be included in the deposit system of the Act on deposit securities transactions ('Wet giraal effectenverkeer'). As of 31 December 2014, the issued share capital was divided into 75,992,275 shares all of which have been fully paid up.

Restrictions on transfer of shares or depository receipts (article 1, paragraph 1b)

The Company does not impose under contract or in its Articles of Association any limitation on the transfer of shares or their depositary receipts issued with the cooperation of the Company.

Substantial participating interests (article 1, paragraph 1c)

Pursuant to Section 5.3 of the Financial Markets Supervision Act ('Wet op het Financieel Toezicht') shareholders having (potential) ownership of and (potential) voting rights on the issued capital in excess of 3% are required to disclose their interest to the Authority Financial Markets (AFM). As per 31 December 2014 the following entities had reported a direct or indirect substantial holding of shares in the issued capital of Wessanen:

Share ownership	Holding
Delta Partners, LLC	25–30%
Invesco Limited	3–5%

No special controlling rights (article 1, paragraph 1d)

There are no special controlling rights attached to the shares into which the Company capital is divided.

No share schemes (article 1, paragraph 1e)

The Company does not have any employee participation plan or employee share option plan and hence no mechanism for monitoring such scheme.

No limitations on voting rights (article 1, paragraph 1f)

There are no limitations on the exercising of the voting rights attached to ordinary shares or the depositary receipts for ordinary shares.

No agreements limiting transfer of shares or depository receipts (article 1, paragraph 1g)

The Company is not aware of any agreements with shareholders which might give rise to a limitation on the transfer of ordinary shares or depositary receipts for ordinary shares issued with the cooperation of the Company, or in a limitation on voting rights. Appointment and removal of members of Executive Board and Supervisory Board.

Appointment and removal of members of Executive Board and Supervisory Board. Amendment of Articles of Association (article 1, paragraph 1h)

The members of the Executive Board are appointed and removed by the General Meeting of Shareholders. The full procedure of appointment and removal of members of the Executive Board is set out in articles 15 and 16 of Wessanen's Articles of Association. The members of the Supervisory Board are appointed by the General Meeting of Shareholders. The full procedure of appointment and dismissal of members of the Supervisory Board is set out in article 23 and 24 of Wessanen's Articles of Association. A resolution to amend the Articles of Association can only be adopted by the General Meeting of Shareholders on a motion of the Executive Board acting with the approval of the Supervisory Board. The full procedure of the amendment of the Articles of Association is set out in article 43 of Wessanen's Articles of Association.

Issue of shares and repurchase of shares (article 1, paragraph 1i)

Shares are issued pursuant to a resolution of the Executive Board, subject to the prior approval of the Supervisory Board. The authority vested in the Executive Board relates to all unissued shares in the authorised capital. The duration of this authority is determined by a resolution of the General Meeting of Shareholders and shall amount to a maximum of five years. If no authorisation is given, the issue of shares requires a resolution of the General Meeting of Shareholders. Such resolution may only be taken upon a proposal by the Executive Board that has been approved by the Supervisory Board. Currently, the Executive Board is not authorised to resolve the issuance of shares. Therefore, the issuance of shares requires the approval of the General Meeting of Shareholders

Unless Dutch law prescribes otherwise, Wessanen shareholders have pro rata pre-emptive rights to subscribe for new issuances of shares. These pre-emptive rights may, subject to the prior approval of the Supervisory Board, be restricted or excluded by the corporate body that is authorised to issue shares.

Wessanen may repurchase its own shares, subject to certain provisions of Dutch law and the Articles of Association. Wessanen may not repurchase its own shares if (i) the payment required to make the repurchase would reduce shareholders' equity to an amount less than the sum of paid-in and called portions of the share capital and any reserves required by law or our Articles of Association or (ii) Wessanen and its subsidiaries would thereafter hold shares with an aggregate nominal value equal to more than 10% of the issued share capital. Shares owned by Wessanen may not be voted. Any repurchase of shares that are not fully paid-up is null and void.

A repurchase of shares may be effected by the Executive Board if the Executive Board has been so authorised by the General Meeting of Shareholders, which authorisation may not be granted for a period of more than 18 months. Most recently, the General Meeting of Shareholders granted this authorisation until 17 October 2015 by resolution dated 16 April 2014.

Change of control (article 1, paragraph 1k and 1j)

In the event of a change of control our senior debt facility becomes immediately due and payable. Also, in the event of a change of control the members of the Executive Board and a small group of senior executives are entitled to a severance payment in case their employment agreement would end following such change of control, their annual short-term incentive will be paid out on the fixed assumption of at least an 'at target' performance and outstanding long-term incentive rights will vest. There are no other agreements that come into existence or may be amended or terminated in the case of a change of control and whose effect could reasonably be expected to have a material adverse effect on Wessanen's business, operations, property and condition (financial or otherwise).

Gender balance

On 1 January 2013 the Act on Management and Supervision ('Wet Bestuur en Toezicht') entered into force. Pursuant to this Act the composition of Wessanen's Supervisory Board and Executive Board must be balanced to the effect that at least 30% of the seats on each Board are taken by women and at least 30% by men.

The composition of the Supervisory Board meets this requirement. The two seats on the Executive Board are taken by two men.

Governance
Remuneration report

Summary Remuneration Policy

The objective of Wessanen's Remuneration Policy is to attract, motivate and retain experienced Board members with an international outlook, and reward them appropriately for their ability to achieve stretched targets for short-term and long-term performance.

The structure of the remuneration package for the Executive Board strives to achieve a balance between Wessanen's short-term and long-term strategy while taking into account the interest of its stakeholders.

In setting remuneration levels for the Executive Board, the relevant statutory requirements, corporate governance guidelines and best practice in the Netherlands are taken into account. The total compensation for the Executive Board is set at median level relative to the labour market peer group. To ensure the attraction and retention of highly skilled and qualified management, Wessanen aims for a total remuneration level that is comparable to levels provided by other Dutch and European companies that are similar to Wessanen in terms of size and complexity.

Variable compensation, which forms a considerable part of the total remuneration package, is linked to measurable predetermined targets.

Incentive targets and performance conditions reflect the key drivers for value creation and medium to long-term growth in shareholder value.

Remuneration components

The remuneration for Executive Board members comprises the following components:

- A base salary, which is reviewed annually;
- A short-term cash incentive, ranging from 0%–100% of the base salary depending on the achievement of performance targets (STIP);
- A long-term incentive, ranging from 0%–50% of the base salary at grant date depending on the achievement of performance hurdles (LTIP);
- Pension contributions;
- Benefits in kind such as housing, a contribution to health and medical insurance premium, a company car, a contribution to telephone costs and a fixed expense allowance for business purposes.

Adjustment of remuneration

The Supervisory Board has the 'ultimate remedy' power to adjust the value of the variable remuneration components awarded, either downwards or upwards, if this remuneration produces an unfair result.

In addition, a variable remuneration component will be recovered from an Executive Board member if it appears that such remuneration component was granted on the basis of incorrect (financial) data (i.e. clawback).

Short Term Incentive Plan (STIP)

The STIP targets, including the personal objectives, are set each year at a challenging level, taking into account general trends in the relevant markets, and are for a major part linked to the consolidated financial results of Wessanen.

Operating result before exceptional items (EBITE), annual sales growth and working capital reflect the elements of Wessanen's financial performance.

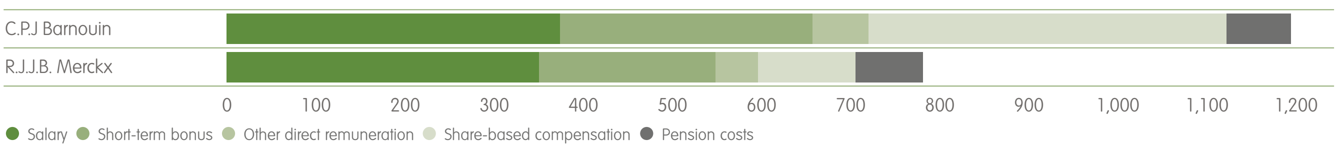
The short-term incentive related to financial targets will only be paid if the minimum EBITE target has been achieved.

Long Term Incentive Plan (LTIP)

Under the LTIP, performance shares (restricted share rights) are rewarded based on a three-year horizon with a review date at the end of the third year. At the review date, one specific performance target is measured.

The number of shares that vest after three years is determined on the basis of Wessanen's Total Shareholder Return (TSR) performance compared to the TSR performance of a selected peer group and ranges between 0% to 150% of the initial number of performance shares granted dependent on the relative TSR performance.

Remuneration expenses Executive Board 2014 in € millions



Other direct remuneration mainly includes social security charges, insurances, car rental expenses, allowances for expenses and housing.

Performance targets 2014

					Realised % and pay-out per component	
Short-term incentive performance	C.P.J. Barnouin	R.J.J.B. Merckx	Performance targets and relative weighting	Relative weighting	C.P.J. Barnouin	R.J.J.B. Merckx
At target: % of base salary	50%	40%	Personal agenda	30%	45.0%	45.0%
Maximum: % of base salary	100%	80%	Wessanen (Consolidated)			
			Sales growth	30%	35.7%	35.7%
			EBITE	30%	47.4%	47.4%
			Net working capital	10%	13.4%	13.4%
			Total		141.5%	141.5%

Performance shares will not vest if the TSR performance is below the median of the peer group. For the 2012–14 period, Wessanen has ended second, resulting in a 125% pay-out.

Change of control

In the event of a change of control the Executive Board members are entitled to a severance payment in case their employment agreement would end following such change of control, their annual short-term incentive will be paid out on the fixed assumption of at least an 'at target' performance and outstanding long-term incentive rights will vest.

Proposed amendment of Remuneration Policy

The Supervisory Board will propose to the Annual General Meeting of Shareholders to be held on 16 April 2015 to amend Wessanen's Remuneration Policy.

Taking into account amongst other things developments in the area of corporate governance, best practices at other companies the Supervisory Board would like to modernise the Remuneration Policy by moving the focus of the incentives from short to long term, making sustainability an incentive target, adjusting the long term incentive performance measures, amending the change of control arrangements and simplifying the pension contributions.

In order to increase the alignment of members of the Executive Board with the interests of shareholders, members of the Executive Board will be required to build up share ownership of Wessanen, equal to the value of 100% of their annual gross base salary, within four years after election as a member of the Executive Board.

In order to meet these share ownership guidelines, shares that are obtained by means of the long term incentive plan (if any) are required to be held in possession. In addition, part of the Executive Board member's net short term incentive award (if any) will be converted into Wessanen shares until the requirements pursuant to these guidelines have been met.

Furthermore, members of the Executive Board may choose to have the remainder of their short term incentive be allotted in shares, in part or as a whole. These investment shares will be matched in accordance with a share matching plan, subject to performance, after a 3-year vesting period. For on-target performance, the shares will be matched one on one, with a maximum of 1.5 for every share in case of stretch performance. For threshold performance, a matching of 0.5 share for each share will vest. Below threshold performance will result in no matching.

Best practice provision II.2.5, which provides that shares granted without financial consideration must be retained for at least five years or until at least the end of the employment, will not be applied given the parallel requirement for members of the Executive Board to build up and hold on to a significant portfolio of Wessanen shares.

Furthermore, members of the Executive Board may at all times sell shares if to pay wage withholding taxes in connection with the delivery of shares related to such grant of shares.

A limited number of senior executives designated by the SARC upon recommendation of the Executive Board will also be required to participate in this share matching plan.

In order to enhance the alignment of the performance conditions for the short term incentive with Wessanen's strategy, the personal agenda of the members of the Executive Board will consist of at least one target related to sustainability as from 2015.

Moreover, return on invested capital (ROIC) will be introduced next to relative TSR as a second financial performance condition for the long term incentive plan, in order to put more emphasis on Wessanen's value creation as such. Both performance measures of the long-term incentive will have equal weight.

For the relative TSR part, the peer group has been revised and slightly adjusted: Bongrain, Fleury Michon, Nutreco and Sligro Food Group are replaced by Cranswick, La Doria, Frosta and Raisio.

In the event of a change of control, the vesting of matching shares and performance shares will be accelerated, in principle, on a prorated basis, both in terms of time and performance. Furthermore, if the Company discontinues the employment of a member of the Executive Board following a change of control, the direct pay-out of the short term incentive award will, at the discretion of the Supervisory Board, be time pro-rated on the assumption of 'on-target' performance.

These change of control provisions will apply to newly appointed members of the Executive Board and the current members of the Executive Board insofar it relates to the share matching plan.

The change of control provisions (as described above on page 57 under 'Change of control') which are included in the terms of employment of the current members of the Executive Board will be respected other than in relation to the share matching plan. As a result, performance shares awarded to members of the Executive Board will, at the discretion of the Supervisory Board, not be pro-rated and unconditionally and fully vest. The short term incentive will be paid in full on the fixed assumption of at least an 'on-target' performance. The vesting of the matching shares will however be time pro-rated.

The full text of the proposed new Remuneration Policy can be found on the Company's website.

Remuneration of the Executive Board 2014

In connection with the contemplated amendment of the Remuneration Policy the SARC performed a scenario analysis and concluded that the remuneration of the Executive Board was fair and did not have unreasonable effects under any of the tested scenarios.

Remuneration of the Supervisory Board 2014

In 2014, each member of the Supervisory Board received a fixed fee of €45,000 and a fixed cost allowance of €3,176. The Chairman of the Supervisory Board was awarded an additional fee of €20,000 and an additional cost allowance of €454. The Chairman of the Audit Committee was awarded an additional fee of €10,000 and the Chairmen of the SARC and NFSC were each awarded an additional fee of €5,000.

Further details of the remuneration of the members of the Executive Board and Supervisory Board in 2014 can be found in Note 7 of the Financial Statements.

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Financial statements
Consolidated income statement

In € millions, unless stated otherwise	notes	2014	2013 Restated[1]
Continuing operations			
Revenue		**433.5**	407.3
Raw materials and supplies		**(257.5)**	(245.1)
Personnel expenses	7, 8	**(62.2)**	(60.2)
Depreciation, amortisation and impairments	13, 14	**(6.4)**	(8.6)
Other operating expenses		**(86.8)**	(80.2)
Operating expenses		**(412.9)**	(394.1)
Operating result		**20.6**	13.2
Interest income		**–**	–
Interest expenses		**(0.7)**	(1.3)
Other financial income and expenses		**(0.9)**	(0.5)
Net financing costs	9	**(1.6)**	(1.8)
Profit before income tax		**19.0**	11.4
Income tax expense	10	**(7.6)**	(10.0)
Profit after income tax from continuing operations		**11.4**	1.4
Discontinued operations			
Profit/(loss) from discontinued operations, net of income tax	11	**33.9**	(1.5)
Profit/(loss) for the period		**45.3**	(0.1)
Attributable to equity holders of Wessanen		**45.3**	(0.1)
Earnings per share attributable to equity holders of Wessanen (in €)	12		
Basic		**0.60**	–
Diluted		**0.59**	–
Earnings per share from continuing operations (in €)	12		
Basic		**0.15**	0.02
Diluted		**0.15**	0.02
Earnings per share from discontinued operations (in €)	12		
Basic		**0.45**	(0.02)
Diluted		**0.44**	(0.02)
Average number of shares (in thousands)	12		
Basic		**75,901**	75,723
Diluted		**76,386**	76,015
Average USD exchange rate (USD per Euro)		**1.3211**	1.3308
Average GBP exchange rate (GBP per Euro)		**0.8031**	0.8501

[1] ABC qualified as discontinued operation as from 30 September 2014. Accordingly, the income statements of ABC for the full year 2014 and 2013 have been reported as part of the 'Profit/(loss) from discontinued operations, net of income tax'.

Financial statements
Consolidated statement of comprehensive income

In € millions	notes	2014	2013
Profit/(loss) for the period		**45.3**	(0.1)
Other comprehensive income			
Remeasurements of post employment benefit obligations, net of income tax		**(0.7)**	0.3
Other comprehensive income that will not be reclassified to profit or loss		**(0.7)**	0.3
Foreign currency translation differences, net of income tax		**7.4**	(2.3)
Effective portion of changes in fair value of cash flow hedges, net of income tax		**–**	(0.1)
Other comprehensive income that may be reclassified to profit or loss		**7.4**	(2.4)
Total other comprehensive income/(loss)		**6.7**	(2.1)
Total comprehensive income/(loss)		**52.0**	(2.2)
Attributable to equity holders of Wessanen		**52.0**	(2.2)

Financial statements
Consolidated statement of financial position

In € millions, unless stated otherwise	notes	31 December 2014	31 December 2013
Assets			
Property, plant and equipment	13	**22.7**	47.4
Intangible assets	14	**64.7**	65.6
Other investments	15	**0.7**	0.5
Deferred tax assets	16	**3.3**	4.5
Total non-current assets		**91.4**	118.0
Inventories	17	**49.9**	51.9
Income tax receivables		**–**	0.3
Trade receivables	18	**70.2**	65.4
Other receivables and prepayments	18	**12.2**	14.2
Cash and cash equivalents	19	**29.8**	23.3
Assets classified as held for sale	11	**42.2**	64.6
Total current assets		**204.3**	219.7
Total assets		**295.7**	337.7
Equity			
Share capital		**76.0**	76.0
Share premium		**102.9**	102.9
Reserves		**(14.2)**	(22.7)
Retained earnings		**(10.5)**	(50.8)
Total equity	20	**154.2**	105.4
Liabilities			
Interest-bearing loans and borrowings	21	**–**	64.1
Employee benefits	22	**6.4**	4.5
Provisions	23	**3.3**	1.2
Deferred tax liabilities	16	**2.7**	2.7
Total non-current liabilities		**12.4**	72.5
Bank overdrafts	19	**2.5**	9.4
Interest-bearing loans and borrowings	21	**–**	0.5
Provisions	23	**4.2**	6.1
Income tax payables		**5.2**	4.9
Trade payables	24	**61.7**	51.9
Non-trade payables and accrued expenses	24	**47.6**	46.0
Liabilities classified as held for sale	11	**7.9**	41.0
Total current liabilities		**129.1**	159.8
Total liabilities		**141.5**	232.3
Total equity and liabilities		**295.7**	337.7
End of period USD exchange rate (USD per Euro)		**1.2141**	1.3791
End of period GBP exchange rate (GBP per Euro)		**0.7789**	0.8337

Financial statements
Consolidated statement of changes in equity

In € millions	Issued and paid-up share capital	Share premium	Reserves: Treasury shares	Reserves: Translation reserve	Reserves: Hedging reserve	Reserves: Other legal reserves	Retained earnings	Total equity
2013								
Balance at beginning of year	76.0	102.9	(2.2)	(19.9)	0.1	1.4	(47.5)	110.8
Total comprehensive income and expense for the period								
Profit/(loss) for the period	–	–	–	–	–	–	(0.1)	(0.1)
Foreign currency translation differences[1]	–	–	–	(2.3)	–	–	–	(2.3)
Remeasurements of post employment benefit obligations[1]	–	–	–	–	–	–	0.3	0.3
Effective portion of changes in fair value of cash flow hedges[1]	–	–	–	–	(0.1)	–	–	(0.1)
Total comprehensive income and expense for the period	–	–	–	(2.3)	(0.1)	–	0.2	(2.2)
Contributions by and distributions to owners								
Shares delivered	–	–	0.4	–	–	–	(0.4)	–
Dividends	–	–	–	–	–	–	(3.8)	(3.8)
Share-based payments	–	–	–	–	–	–	0.6	0.6
Transfer to other legal reserves	–	–	–	–	–	(0.1)	0.1	–
Total contributions by and distributions to owners	–	–	0.4	–	–	(0.1)	(3.5)	(3.2)
Balance at year end	76.0	102.9	(1.8)	(22.2)	–	1.3	(50.8)	105.4
2014								
Balance at beginning of year	**76.0**	**102.9**	**(1.8)**	**(22.2)**	**–**	**1.3**	**(50.8)**	**105.4**
Total comprehensive income and expense for the period								
Profit/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**45.3**	**45.3**
Foreign currency translation differences[1]	**–**	**–**	**–**	**7.4**	**–**	**–**	**–**	**7.4**
Remeasurements of post employment benefit obligations[1]	**–**	**–**	**–**	**–**	**–**	**–**	**(0.7)**	**(0.7)**
Effective portion of changes in fair value of cash flow hedges[1]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income and expense for the period	**–**	**–**	**–**	**7.4**	**–**	**–**	**44.6**	**52.0**
Contributions by and distributions to owners								
Shares delivered	**–**	**–**	**1.7**	**–**	**–**	**–**	**(1.7)**	**–**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(3.8)**	**(3.8)**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**0.6**	**0.6**
Transfer to other legal reserves	**–**	**–**	**–**	**–**	**–**	**(0.6)**	**0.6**	**–**
Total contributions by and distributions to owners	**–**	**–**	**1.7**	**–**	**–**	**(0.6)**	**(4.3)**	**(3.2)**
Balance at year end	**76.0**	**102.9**	**(0.1)**	**(14.8)**	**–**	**0.7**	**(10.5)**	**154.2**

1 Net of income tax.

Financial statements
Consolidated statement of cash flows

In € millions	notes	2014	2013 Restated[1]
Cash flows from operating activities			
Operating result		**20.6**	13.2
Adjustments for:			
Depreciation, amortisation and impairments		**6.4**	8.6
Provisions created		**5.2**	3.5
Equity-settled share-based payments		**0.6**	0.6
Loss on disposals		**0.1**	0.1
Cash generated from operations before changes in working capital and provisions		**32.9**	26.0
Changes in working capital	29	**3.9**	3.0
Payments from provisions		**(4.9)**	(7.3)
Changes in employee benefits		**–**	(1.2)
Cash generated from operations		**31.9**	20.5
Interest paid		**(1.4)**	(1.7)
Income tax paid		**(6.8)**	(4.5)
Operating cash flow from continuing operations		**23.7**	14.3
Operating cash flow from discontinued operations		**8.5**	4.6
Net cash from operating activities		**32.2**	18.9
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(3.5)**	(2.9)
Acquisition of intangible assets		**(1.3)**	(1.3)
Acquisition of subsidiaries, net of cash acquired	5	**–**	(3.9)
Investing cash flow from continuing operations		**(4.8)**	(8.1)
Investing cash flow from discontinued operations		**53.7**	(1.6)
Net cash from investing activities		**48.9**	(9.7)
Cash flows from financing activities			
Net proceeds from/(repayments of) interest-bearing loans and borrowings		**(65.5)**	2.6
Cash receipts derivatives		**0.6**	0.4
Dividends paid		**(3.8)**	(3.8)
Financing cash flow from continuing operations		**(68.7)**	(0.8)
Financing cash flow from discontinued operations		**–**	(2.6)
Net cash from financing activities		**(68.7)**	(3.4)
Net cash flow	29	**12.4**	5.8

[1] ABC qualified as discontinued operation as from 30 September 2014. Accordingly, the cash flows of ABC for the full year 2014 and 2013 have been reported as part of the cash flow from discontinued operations.

Financial statements
Notes to the consolidated financial statements

Notes to the consolidated financial statements are in € millions, except for per share data, ratios, percentages and where indicated otherwise

1. The Company and its operations

Koninklijke Wessanen N.V. ('Wessanen' or 'the Company') is a public limited company domiciled in the Netherlands. It is a leading company in the European market for healthy and sustainable food. Our focus is on organic, vegetarian and natural ingredients as these are healthier and more sustainable. Where appropriate, we also focus on fair trade and specific dietary solutions. Our aspiration is to become the leader in healthy and sustainable food in Europe. Operating mainly in the Benelux, France, Germany, Italy and the UK, we manage and develop well-known local brands such as Bjorg, Whole Earth, Zonnatura, Kallø, Alter Eco, Gayelord Hauser, Allos and Bonneterre and European brands such as Clipper and Tartex.

Next to our healthier and sustainable food businesses, that represent Wessanen's continuing operations, we have two non-core businesses as at 31 December 2014, that are part of Wessanen's discontinued operations: (1) US-based American Beverage Corporation ('ABC'), one of the leading producers of single-serve bottled fruit drinks (Little Hug) and ready-to-drink cocktail pouches and non-alcoholic cocktail mixers (Daily's)and (2) Distribution-France (Bio-Distrifrais-Chantenat), a French wholesaler of fresh products. The latter business was divested on 2 January 2015.

The consolidated financial statements of Wessanen for the year ended 31 December 2014, comprise Wessanen and its subsidiaries (together referred to as 'the Group'). Wessanen's subsidiaries as at 31 December 2014 are listed in Note 30. The address of the Company's registered office is Hoogoorddreef 5, Amsterdam Zuidoost, the Netherlands.

2. Basis of preparation

Statement of compliance

The consolidated financial statements for the year ended 31 December 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The financial statements were signed and authorised for issuance by the Supervisory Board and the Executive Board on 19 February 2015, and will be submitted for adoption to the Annual General Meeting of Shareholders on 16 April 2015.

With reference to the Company income statement of Wessanen, use has been made of the exemption pursuant to Section 402, Part 9 of Book 2 of the Dutch Civil Code.

Discontinued operations

In December 2013, the Supervisory and Executive Board decided to plan for the divestment of the 'IZICO' and 'Distribution' (including Natudis and Bio-Distrifrais-Chantenat) segment. As both segments represent separate major lines of businesses, both segments were classified as 'discontinued operations' in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' as per 31 December 2013.

In September 2014, the Supervisory and Executive Board decided to plan for the divestment of 'ABC'. As this operating segment also represents a separate major line of business, ABC was also classified as a 'discontinued operation' in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' as per 30 September 2014.

Accordingly:
- Results from operations and remeasurements of assets of IZICO, Natudis, Bio-Distrifrais-Chantenat and ABC in 2013 and 2014, and the result on divestment of IZICO and Natudis in 2014 are presented as a single amount in the income statement as 'profit/(loss) from discontinued operations, net of income tax';
- Assets and liabilities of ABC and Bio-Distrifrais-Chantenat as at 31 December 2014 (31 December 2013: IZICO, Natudis and Bio-Distrifrais-Chantenat) are presented separately in the statement of financial position as 'assets' respectively 'liabilities' held for sale;
- Cash flows from the discontinued operations, including proceeds on divestments, are presented separately;
- The Group's segment reporting has been restated for both 2014 and 2013, following the classification of ABC as held for sale as from 30 September 2014.

In addition, for reporting purposes, (a) inter-segment revenue from our Branded segment to Discontinued operations has been represented as third party revenue and (b) corporate expenses recharged to discontinued operations have been reallocated to continuing operations for both 2014 and 2013 as (a) the inter-segment revenue will not cease to be earned and (b) corporate expenses will not cease to be incurred upon divestment of either of these segments.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, unless otherwise indicated, including the following assets and liabilities that are stated at their fair value: derivative financial instruments, defined benefit plan assets, liabilities for cash-settled share-based payment arrangements and assets and liabilities classified as held for sale. The methods used to measure fair value are disclosed in Note 4.

Functional and presentation currency

The functional currency of Wessanen is the Euro. These consolidated financial statements are presented in millions of Euro.

Use of estimates and judgements

The preparation of Wessanen's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, of revenues and expenses and the disclosure of contingent assets and liabilities. Although these estimates and associated assumptions are based on management's best knowledge of current events and actions, actual results may ultimately differ materially from these estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions, that management considers most critical and that have a significant inherent risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed hereinafter.

Financial statements
Notes to the consolidated financial statements continued

2. Basis of preparation continued

Use of estimates and judgements continued

Impairment of non-current assets

Determining whether non-current assets are to be impaired requires an estimation of the recoverable amount of the asset (or cash-generating unit), which is the greater of fair value less cost to sell and value in use. The value in use calculation requires management to estimate the future cash flows expected to arise from the asset (or cash-generating unit) and an appropriate discount rate, in order to calculate the present value of the expected future economic benefits of an asset (or cash-generating unit). See Note 14 for specific information on the carrying amounts of goodwill and brands, the cash-generating units affected and the estimates and assumptions applied.

Assets classified as held for sale

Determining whether assets included within a disposal group that is classified as held for sale are to be impaired requires periodic remeasurement of the fair value less cost to sell.

Pensions

The calculation of the defined benefit obligations and, in relation to that, the net periodic benefit costs for the periods presented, requires management to estimate, amongst others, future benefit levels, discount rates, investment returns on plan assets and life expectancy. Due to the long-term nature of these plans such estimates are subject to considerable uncertainties and may require adjustments in future periods, impacting future liabilities and expenses. See Note 22 for specific information on the estimates and assumptions applied in respect of the calculation of the defined benefit obligations.

Income tax

Wessanen is subject to income tax in several jurisdictions. The ultimate tax effects of transactions may be uncertain for a considerable amount of time, requiring management to estimate the related current and deferred tax positions. Judgement is required in determining whether deferred tax assets are realisable. The Group has tax loss carry-forward positions whereby the realisation of deferred tax assets will be largely dependent upon the availability of future taxable income, as estimated from time to time by management and the availability of tax strategies. The Group recognises liabilities for uncertain tax positions when it is more likely than not that additional tax will be due.

Provisions

Restructuring, onerous contracts and other provisions are determined by management on the basis of estimated amounts of the future outflow of economic benefits and judgement of the probability that such outflow will take place.

New and revised IFRSs applied

A number of new standards, amendments to standards and interpretations is effective for annual periods that begin on or after 1 January 2014 and have been adopted in preparing these consolidated financial statements.

IFRS 10, 'Consolidated financial statements', replaces parts of IAS 27, 'Consolidated and separate financial statements' and SIC 12, 'Consolidation – special purpose entities'. Under IFRS 10, the term 'subsidiaries' refers to all entities (including structured entities) over which Wessanen has control. Control is defined as Wessanen having power over an entity; being exposed to, or having rights to, variable returns from its involvement with the entity; and having the ability to affect these returns through its power over the entity. Wessanen has applied IFRS 10 retrospectively in accordance with the transition provisions of IFRS. The adoption of IFRS 10 has had no impact on Wessanen's financial position or performance.

IFRS 11, 'Joint arrangements', replaces IAS 31, 'Interests in joint ventures', and SIC 13, 'Jointly controlled entities', and deals with how a joint arrangement, in which two or more parties have joint control over an entity, should be classified. The adoption of IFRS 11 does not affect Wessanen's financial position or performance, as Wessanen did not previously use proportionate consolidation, and there are no entities previously accounted for under the equity method that should be accounted for on a line-by-line basis (joint operations) under IFRS 11.

IFRS 12, 'Disclosures of interests in other entities' was issued in May 2011, and provides disclosure requirements on interests in subsidiaries, associates, joint ventures, and unconsolidated structured entities. In general, the annual disclosure requirements of IFRS 12 are more extensive, and have been included in Wessanen's 2014 financial statements.

IAS 27, 'Separate financial statements', was amended in May 2011 after IFRS 10 was published. The revised IAS 27 pertains only to the accounting for subsidiaries, associates and joint ventures in the separate financial statements of the parent company. The adoption of the amended IAS 27 has had no financial effect on the separate financial statements, as the control conclusion has not changed for any of Wessanen's investees.

The amendments to IAS 32, 'Financial instruments: presentation', clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. As Wessanen does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in Wessanen's consolidated financial statements.

Amendments to IAS 36, 'Impairment of assets', remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less cost to sell. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 'Fair value measurements'. The application of these amendments has had no material impact on the disclosures in the consolidated financial. The only CGU valued at fair value less cost to sell as at 31 December 2014 is Bio-Distrifrais-Chantenat (see Note 25).

IFRIC 21, 'Levies', addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. IFRIC 21 has been applied retrospectively. The application of this interpretation has had no material impact on the disclosures or on the amounts recognised in Wessanen's consolidated financial statements.

3. Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these consolidated financial statements, and have been applied consistently by all Group entities.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of Wessanen and all entities that are controlled by Wessanen ('subsidiaries'). Wessanen controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies (not being the functional currency) are translated to the functional currency using the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the exchange rates ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated into Euro at foreign exchange rates ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Euro at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated into Euro at annual average exchange rates. The resulting foreign exchange differences arising on translation are recognised directly in a separate component of equity, the translation reserve.

Net investment in foreign operations

Foreign exchange differences arising from the translation of the net investment in foreign operations, and of related hedges, are taken to the translation reserve. Such differences are recognised in the income statement upon disposal of the foreign operation or settlement of the net investment.

The principal exchange rates against the Euro used in the statement of financial position and income statement are:

	Statement of financial position		Income statement	
Currency per €	**31 December 2014**	31 December 2013	**2014**	2013
US$	**1.2141**	1.3791	**1.3211**	1.3308
£	**0.7789**	0.8337	**0.8031**	0.8501

Derivative financial instruments

Wessanen uses derivative financial instruments to hedge its exposure to foreign exchange, interest rate and commodity risks arising from operating, investing and financing activities. These instruments are initially recognised in the statement of financial position at fair value on a settlement date basis and are subsequently remeasured at their fair value. Gains and losses resulting from the fair value remeasurement are recognised directly in the income statement, unless the derivative qualifies and is effective as a hedging instrument in a designated hedging relationship. Derivatives that are designated as hedges are accounted for as either cash flow hedges or fair value hedges. In both 2014 and 2013 Wessanen did not enter into any fair value hedges.

Gains and losses on derivative financial instruments are (ultimately) recognised in the income statement under financial income and expenses, except for the effective portion of those derivative financial instruments that are designated as hedges and entered into to mitigate operational risks. This portion is recognised in operating result.

Hedging

Cash flow hedges

If a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised liability, a firm commitment or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. When the firm commitment or forecasted transaction results in the recognition of an asset or liability, the cumulative gain or loss is removed from other comprehensive income and included in the initial measurement of the asset or liability. Otherwise, the cumulative gain or loss is removed from other comprehensive income and recognised in the income statement at the same time as the hedged transaction. The ineffective part of any gain or loss is immediately recognised in the income statement.

When a hedging instrument or hedge relationship is terminated, but the hedged transaction still is expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in the income statement in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised immediately in the income statement.

Fair value hedges

Fair value changes of derivative instruments that qualify for fair value hedge accounting treatment are recognised for the hedged risk in the income statement in the periods in which they arise, together with any changes in fair value of the hedged asset or liability.

If a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised monetary asset or liability, the gain or loss on the hedging instrument is recognised in the income statement, except for those financial instruments that are designated as hedges.

Hedge of net investment in a foreign operation

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in other comprehensive income. The ineffective portion is recognised in the income statement.

Financial statements
Notes to the consolidated financial statements continued

3. Significant accounting policies continued

Segment reporting

An operating segment is a component of Wessanen that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components.

The operating segment's operating result (EBIT) is reviewed regularly by the Executive Board of Wessanen to make decisions about resources to be allocated to the segment and assess the performance, and for which discrete financial information is available. The 'Branded' operating segment is managed by the 'European Leadership Team (ELT)'. The members of the ELT are the Executive Board members, the directors Marketing & Quality and Operations and the operating company general managers.

Segment results that are reported to the Executive Board of Wessanen include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise part of the overhead expenses (corporate costs being shareholder and stewardship costs), financial income and expenses and income tax gains and losses. Corporate assets and liabilities and income tax assets and liabilities are excluded from segment assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Inter-segment sales are executed under normal commercial terms and conditions that would be available to unrelated third parties.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of the asset.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the income statement as an expense as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives. Land is not depreciated. Where an item of property, plant or equipment comprises major components having different useful lives, these are accounted for as separate items of property, plant and equipment. Depreciation methods, useful lives, as well as residual values are tested annually.

Assets not in use are recorded at the lower of their book value and recoverable amount.

The estimated useful lives of property, plant and equipment for the current and comparative period are as follows:

Buildings and offices	15 – 30 years
Machinery and equipment	5 – 20 years
Computers	3 – 5 years
Other	3 – 5 years

Assets not in use and assets classified as held for sale are not depreciated.

Intangible assets

Goodwill

All business combinations are accounted for by applying the acquisition method as at the acquisition date. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures.

In respect of acquisitions that have occurred since 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities and contingent liabilities at the date of acquisition (measured based on methods as described in Note 4). Negative goodwill arising on an acquisition is recognised directly in the income statement, classified as 'other income'. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that Wessanen incurs in connection with a business combination are expensed as incurred.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment.

Brands and customer relationships

Capitalised brands and customer relationships are measured at cost less accumulated amortisation and impairment losses. Brands and customer relationships acquired in business acquisitions are initially measured at fair value.

The useful lives of brand names have been determined on the basis of certain factors such as the economic environment, the expected use of the asset and related assets or groups of assets and legal or other provisions that might limit the useful life. Based on this assessment, the useful life is determined to be indefinite, since there is no foreseeable limit to the period of time over which the brand names are expected to contribute to the cash flows of the Group. Capitalised brands with an indefinite life are not amortised, but tested annually for impairment.

Customer relationships are amortised over their estimated useful lives of maximum 20 years.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technological knowledge and understanding, is recognised in the income statement as an expense when incurred.

Expenditure on development activities, of which research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the assets for its intended use. Other development expenditure is recognised in the income statement as an expense when incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by Wessanen, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses.

3. Significant accounting policies continued

Intangible assets continued

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets are amortised from the date these are available for use. Residual useful life is re-assessed annually.

Investments in equity and debt securities

Held-to-maturity assets are stated at amortised cost less impairment losses. Other investments held by Wessanen are classified as being available for sale and are stated at fair value, with any resultant gain or loss recognised directly in other comprehensive income, except for impairment losses and, in the case of monetary items, foreign exchange rate gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement. Dividends received are recognised upon declaration.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Inventory is valued net of vendor allowances if applicable.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses. Amortised cost is determined using the effective interest rate.

Cash and cash equivalents and bank overdrafts

Cash and cash equivalents comprise cash and bank balances and call deposits. Cash equivalents are only recognised when control over the possibility to convert to cash is transferred to or from Wessanen.

Bank overdrafts that are repayable on demand and form an integral part of Wessanen's cash management are included as a component of net cash and cash equivalents for the purpose of the statement of cash flows.

Net cash and cash equivalents represent cash and cash equivalents, net of bank overdrafts.

Bank accounts are netted if the Company has a legal enforceable right to offset and offsetting takes place on a regular basis.

Impairment of assets

The carrying amounts of Wessanen's assets, other than inventories, financial assets and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement.

Goodwill, brands and other intangible assets with indefinite useful lives are subject to annual impairment testing, irrespective of whether indications of impairment exist.

Calculation of recoverable amount

The recoverable amount is the greater of an asset's fair value less cost to sell and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment may no longer exist and when there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups (a group of assets to be disposed of in a single transaction and liabilities directly associated with those assets) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for sale in its immediate condition. Management must be committed to the sale, which should be expected within one year from the date of classification as held for sale.

Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are recognised at the lower of their carrying amount and fair value less cost to sell. Assets classified as held for sale, or included within a disposal group that is classified as held for sale, are not depreciated respectively amortised. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are included in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

Financial statements
Notes to the consolidated financial statements continued

3. Significant accounting policies continued

Non-current assets held for sale and discontinued operations continued

A discontinued operation is a component of Wessanen's business that represents a separate major line of business or geographical area of operations. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Results from operations qualifying as discontinued operations are presented separately as a single amount on the income statement. Results from operations qualifying as discontinued operations as of the balance sheet date for the latest period presented, that have previously been presented as results from continuing operations, are represented as results from discontinued operations (net of income tax) for all periods presented.

In case conditions for classification of non-current assets and disposal groups as held for sale are no longer met, classification as held for sale ceases. Accordingly, results of operations, previously presented in discontinued operations, are reclassified and included in results from continuing operations for all periods presented. Non-current assets that cease to be classified as held for sale are remeasured at the lower of their carrying amount before classification as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset or disposal group not been classified as held for sale, and its recoverable amount at the date of the subsequent decision to sell.

Equity

Issued and paid-up capital

Wessanen's issued capital comprises of €1.00 par value common shares and is stated at nominal value.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost (excluding attributable transaction costs) and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Capitalised transaction respectively financing costs are amortised on a straight-line basis over the term of the syndicated credit facility. In case interest-bearing borrowings are fully repaid, related capitalised financing costs are classified as part of Other investments, in case the facility is still in place.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Defined benefit plans

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be classified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

Wessanen presents the first two components of defined benefit costs in profit or loss in the line item personnel expenses and other financial income and expense respectively. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in Wessanen's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Long-term service benefits

Wessanen's net obligation in respect of long-term service benefits, other than pension plans, is the amount of the future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value while the fair value of any related assets is deducted. The discount rate is the yield at balance sheet date on high-quality corporate bonds that have maturity dates approximating the terms of Wessanen's obligations.

Share-based payment transactions

The restricted shares programme grants conditional rights to receive shares to eligible employees of Wessanen (equity-settled share-based payment transactions). The performance incentive rights programme grants conditional share appreciation rights, which are settled in cash, to eligible employees of Wessanen (cash-settled share-based payment transactions).

For equity-settled share-based payment transactions, the grant date fair value of share-based compensation plans is expensed, with a corresponding increase in equity, on a straight-line basis over the vesting periods of the grants. The cumulative expense recognised at each balance sheet date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of shares that will eventually vest. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition (e.g. total shareholder return), which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all non-market conditions (e.g. continued employment) are satisfied.

For cash-settled share-based payment transactions, the grant date fair value is recognised in the income statement over the vesting periods of the grants, with a corresponding increase in provisions. At each balance sheet date, and ultimately at settlement date, the fair value of the liability is remeasured with any changes in fair value recognised in the income statement.

3. Significant accounting policies continued

Provisions

A provision is recognised in the statement of financial position if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A restructuring provision is recognised when certain criteria are met. Such criteria include the existence of a detailed formal plan that identifies at least the business or part of the business concerned, the principal location(s) affected, the approximate number of employees whose employment contracts will be terminated, the estimated costs and the timing of when the plan will be implemented. Furthermore, the Company must have raised a valid expectation with those affected that it will carry out the restructuring, by starting to implement that plan or announcing its main features to those affected by it. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Trade and other payables

Trade and other payables are stated at amortised cost. Amortised cost is determined using the effective interest rate.

Revenue

Revenue represents the value of goods delivered to third parties, less any value-added tax or other sales tax. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Customer deductions, coupons, rebates, and sales returns and discounts are recorded as reductions to sales and are included in revenue in the consolidated income statement.

Fair value of the consideration received or receivable is allocated between (1) the goods and/or services purchased and delivered and (2) the award credits that will be redeemed in the future, if applicable. The consideration allocated to the award credits is presented as 'deferred revenue' in the statement of financial position. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, commitment and agency fees, amortisation of capitalised financing costs, interest receivable on funds invested, losses on unwinding the discount on provisions, interest expense related to defined benefit plans, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement.

Interest income is recognised in the income statement as it accrues, using the effective interest method.

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to current tax payable in respect of previous years. Provisions for uncertain tax positions are reported under the income tax payables.

Deferred tax is recognised using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets and liabilities are not recognised for temporary differences arising from the initial recognition of goodwill. Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets, including deferred tax assets for tax loss carry-forwards, are recognised to the extent that the Company has sufficient taxable temporary differences or it is probable that future taxable profits will be available against which deductible temporary differences can be utilised and deferred tax assets realised. The recoverable amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not discounted.

Additional income tax that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Deferred tax assets and liabilities are offset in the balance sheet when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax is levied by the same fiscal authority.

Statement of cash flows

Cash flows from operating activities

Cash flows from operating activities are calculated by the indirect method, by adjusting the consolidated operating result of Wessanen for expenses that are not cash flows (such as amortisation, depreciation and impairments), and for autonomous movements in consolidated working capital (respectively excluding the impact from acquisitions, divestments and foreign currency differences). Cash payments to employees and suppliers are all recognised as cash flows from operating activities. Operating cash flows also include the costs of financing of operating activities, income tax paid on all activities, and spending on restructuring and other provisions.

Cash flows from investing activities

Cash flows from investing activities are those arising from net capital expenditure and from the acquisition and sale of subsidiaries and businesses. Cash and cash equivalents available at the time of acquisition or sale are deducted from the related payments or proceeds.

Financial statements
Notes to the consolidated financial statements continued

3. Significant accounting policies continued

Statement of cash flows continued

Cash flows from financing activities

Cash flows from financing activities comprise the cash receipts and payments from dividend, debt instruments and derivatives. Cash flows from short-term financing are also included.

Cash receipts and payments from derivative financial instruments are classified in the same manner as the cash flows of the hedged items. Cash flows in foreign currencies are translated into Euro at foreign exchange rates ruling at the date of transaction.

New standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations is effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of Wessanen.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, earlier application is permitted. IFRS 9 could change the classification and measurement of financial assets. Wessanen does not plan to adopt this standard early and the extent of the impact has not yet been determined.

In May 2014, the IASB issued IFRS 15 'Revenue form contracts with customers'. According to the new standard, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognised when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. In addition, the new standard requires a set of quantitative and qualitative disclosures to enable users of the Company's consolidated financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 supersedes IAS 11 'Construction contracts' and IAS 18 'Revenue' as well as related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017; early application is permitted. Wessanen does not plan to adopt this standard early and the extent of the impact has not yet been determined.

4. Determination of fair value

A number of the Group's accounting policies and disclosures requires the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

Intangible assets

The fair value of brands acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the brand being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price or another reliable fair value estimate at the balance sheet date. The fair value of held-to-maturity investments is determined for disclosure purposes only. If not quoted, and another reliable fair value estimation is not available, those investments are stated at (deemed) cost.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

4. Determination of fair value continued

Share-based payment transactions

The fair value of restricted shares and performance incentive rights granted is recognised as personnel expense over the vesting period of the restricted shares and performance incentive rights with a corresponding increase in equity for equity-settled plans respectively provisions for cash-settled plans. For equity-settled plans, the fair value of restricted shares is measured at grant date and spread over the period during which the employees become unconditionally entitled to the restricted shares.
For cash-settled plans the fair value of the performance incentive rights is remeasured at each balance sheet date. The fair value of the restricted shares granted is measured using a Monte Carlo simulation model, taking into account the terms and conditions upon which the instruments were granted.

5. Acquisitions

In 2014 Wessanen made no acquisitions.

In 2013 Wessanen made the following acquisition:

Branded

End of May 2013, Wessanen acquired 100% of the shares of France Alter Eco S.A., a French-based organic and fair trade food company. France Alter Eco is part of the Branded-France segment. Its 2012 revenue amounted to €17. In the seven months to 31 December 2013 France Alter Eco S.A. contributed €9.3 to the consolidated revenue and €(2.5) to the consolidated operating profit for the period, including exceptional items of €(2.6) (consisting of restructuring costs for integrating the business into Wessanen's French business).

The acquisition had the following total effect on Wessanen's assets and liabilities:

	Acquired values	Fair value adjustments	Carrying amounts
Property, plant and equipment	0.3	–	0.3
Other investments	0.1	–	0.1
Deferred tax assets	0.1	–	0.1
Inventories	2.9	–	2.9
Trade and other receivables	4.1	–	4.1
Interest-bearing loans and borrowings	(1.1)	–	(1.1)
Accounts payable, income tax payable and other liabilities	(3.7)	–	(3.7)
Bank overdrafts	(0.3)	–	(0.3)
Net identifiable assets and liabilities	2.4	–	2.4
Goodwill on acquisition			1.2
Considerations paid			3.6
Cash and cash equivalents acquired			0.3
Net cash outflow			3.9

The total consideration of €3.9 (including acquired bank overdrafts of €0.3) was fully paid in cash. The total consideration of €3.9 is excluding net debt acquired of €1.1. Acquisition costs amounted to €0.3.

The goodwill recognised on the acquisition of France Alter Eco S.A. is mainly attributable to the expected synergies to be achieved from integrating these businesses into Wessanen's France business. As such, no other intangible assets have been identified. The goodwill is allocated to the cash-generating unit Branded-France and is not tax deductible.

If the acquisition had occurred on 1 January 2013, the acquired business would have contributed €17.4 to the consolidated revenue and €(2.6) to the consolidated operating profit.

6. Segment information

The accounting policies used for the segments are the same as the accounting policies applied in the consolidated financial statements as described in Note 3.

Segment	Significant operating companies
Branded	Distriborg France, R. Bonneterre, France Alter Eco[1], Wessanen Benelux, Kallø Foods, Bio Slym, Allos Hof-Manufaktur, Allos Schwarzwald, Allos
Non-allocated	Corporate entities
Discontinued operations	American Beverage Corporation[2], IZICO Nederland[3], IZICO Belgium[3], IZICO Bocholt[3], Natudis Nederland[3], Kroon[3], Hagor[3], Bio-Distrifrais-Chantenat[3]

1 Acquired as per 31 May 2013.
2 Classified as discontinued operation as from 30 September 2014.
3 Classified as discontinued operation as from 31 December 2013.

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6. Segment information continued

2013	Branded	Non-allocated[3]	Eliminations[4]	**Continuing operations**	American Beverage Corporation[5]	Distribution[6]	IZICO[6]	**Discontinued operations**	**Total Wessanen**
Income statement information									
Total revenue third parties	405.5	–	1.8	**407.3**	101.2	80.6	103.3	**285.1**	**692.4**
Inter-segment revenue to discontinued operations	1.8	–	(1.8)	**–**	–	–	–	**–**	**–**
Total segment revenue	407.3	–	–	**407.3**	101.2	80.6	103.3	**285.1**	**692.4**
Operating result (EBIT)	16.3	(3.1)	–	**13.2**	(1.4)	(0.9)	6.2	**3.9**	**17.1**
Net financing costs				**(1.8)**				**(0.4)**	**(2.2)**
Profit/(loss) before income tax				**11.4**				**3.5**	**14.9**
Statement of financial position									
Assets									
Assets related to operations	207.5	20.4	–		40.4				**268.3**
Deferred and current income tax	4.8	–	–		–				**4.8**
Assets related to continuing operations	212.3	20.4	–		40.4				**273.1**
Assets classified as held for sale	–	–	–		–	19.1	45.5		**64.6**
Total assets	212.3	20.4	–		40.4	19.1	45.5		**337.7**
Liabilities									
Liabilities related to operations	103.3	73.5	–		6.9				**183.7**
Deferred and current income tax	4.2	3.4	–		–				**7.6**
Liabilities related to continuing operations	107.5	76.9	–		6.9				**191.3**
Liabilities classified as held for sale	–	–	–		–	14.8	26.2		**41.0**
Total liabilities	107.5	76.9	–		6.9	14.8	26.2		**232.3**
Other information									
Investments in PP&E and IA[1]	2.7	1.5	–	**4.2**	0.9	0.2	2.5	**3.6**	**7.8**
Depreciation, amortisation	3.4	2.9	–	**6.3**	3.6	0.2	2.8	**6.6**	**12.9**
Impairments	2.3	–	–	**2.3**	1.6	–	(0.1)	**1.5**	**3.8**
Total other non-cash items[2]	3.7	0.5	–	**4.2**	0.5	0.2	1.2	**1.9**	**6.1**
Average capital employed	122.7	5.0	–	**127.7**					
Average number of employees	783	59	–	**842**	383	188	389	**960**	**1,802**

1 Investments in property, plant and equipment ('PP&E') and intangible assets ('IA').
2 Total of provisions recognised, result from disposals and equity-settled share-based payments as reflected in the consolidated statement of cash flows.
3 Non-allocated consists of corporate entities.
4 Inter-segment revenue from Branded to Discontinued operations is represented as third party revenue in accordance with IFRS 5: 'Non-current assets held for sale and discontinued operations' as the inter-segment revenue will not cease to be earned upon divestment of either of these segments.
5 American Beverage Corporation qualifying as discontinued operation as from 30 September 2014.
6 Distribution and IZICO qualifying as discontinued operations as from 31 December 2013.

6. Segment information continued

2014	Branded	Non-allocated[3]	Eliminations[4]	Continuing operations	American Beverage Corporation[5]	Distribution[6]	IZICO[6]	Discontinued operations	Total Wessanen
Income statement information									
Total revenue third parties	433.0	–	0.5	433.5	94.0	43.2	39.1	176.3	609.8
Inter-segment revenue to discontinued operations	0.5	–	(0.5)	–	–	–	–	–	–
Total segment revenue	433.5	–	–	433.5	94.0	43.2	39.1	176.3	609.8
Operating result (EBIT)	26.4	(5.8)	–	20.6	4.9	(1.7)	2.0	5.2	25.8
Net financing costs				(1.6)				(0.1)	(1.7)
Profit/(loss) before income tax				19.0				5.1	24.1
Statement of financial position									
Assets									
Assets related to operations	218.8	31.4	–	250.2					250.2
Deferred and current income tax	3.3	–	–	3.3					3.3
Assets related to continuing operations	222.1	31.4	–	253.5					253.5
Assets classified as held for sale	–	–	–	–	40.2	2.0	–	42.2	42.2
Total assets	222.1	31.4	–	253.5	40.2	2.0	–	42.2	295.7
Liabilities									
Liabilities related to operations	112.2	13.5	–	125.7					125.7
Deferred and current income tax	5.5	2.4	–	7.9					7.9
Liabilities related to continuing operations	117.7	15.9	–	133.6					133.6
Liabilities classified as held for sale	–	–	–	–	5.5	2.4	–	7.9	7.9
Total liabilities	117.7	15.9	–	133.6	5.5	2.4	–	7.9	141.5
Other information									
Investments in PP&E and IA[1]	2.9	1.9	–	4.8	0.6	–	3.5	4.1	8.9
Depreciation, amortisation	3.2	3.2	–	6.4	2.6	–	–	2.6	9.0
Impairments	–	–	–	–	–	–	–	–	–
Total other non-cash items[2]	0.9	5.0	–	5.9	0.1	–	0.1	0.2	6.1
Average capital employed	115.1	5.9	–	121.0					
Average number of employees	769	53	–	822	337	101	161	599	1,421

1 Investments in property, plant and equipment ('PP&E') and intangible assets ('IA').
2 Total of provisions recognised, result from disposals and equity-settled share-based payments as reflected in the consolidated statement of cash flows.
3 Non-allocated consists of corporate entities.
4 Inter-segment revenue from Branded to Discontinued operations is represented as third party revenue in accordance with IFRS 5: 'Non-current assets held for sale and discontinued operations' as the inter-segment revenue will not cease to be earned upon divestment of either of these segments.
5 American Beverage Corporation qualifying as discontinued operation as from 30 September 2014.
6 Distribution and IZICO qualifying as discontinued operations as from 31 December 2013.

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6. Segment information continued

Geographical information

	Revenue		Non-current assets[1]	
	2014	2013	31 December 2014	31 December 2013
The Netherlands (country of domicile)	43.9	45.5	9.6	11.3
France	250.1	231.3	24.5	24.6
United Kingdom	71.3	57.4	30.6	27.9
Germany	48.5	48.8	19.1	19.7
United States	–	–	–	25.5
Other countries	19.7	24.3	3.6	4.0
Total continuing operations	433.5	407.3	87.4	113.0
Total discontinued operations	176.3	285.1	26.9	19.5
Total Group	609.8	692.4	114.3	132.5

1 Property, plant and equipment and intangible assets.

Wessanen has a single reportable segment 'Branded', with the strategic focus to build the most desired brands in healthy and sustainable food. The strategic transformation (divestment non-core businesses, country portfolio rationalisation and cutting the tail programs) will be completed early 2015. Following on from this Wessanen will review and redefine its (management) reporting on product categories within its branded reportable segment. As part of this a review of product hierarchies and categories is underway. This project will be completed in the course of 2015, after which reporting of revenue by product category will be included in our reporting, as required by IFRS 8: 'Operating segments'. Based on the current product hierarchy, none of Wessanen's (core) product categories represent more than 10% of Wessanen's revenue from continuing operations in both 2014 and 2013, except for the categories dairy alternatives, sweets in between and hot drinks.

Wessanen has no customers that represent revenue of greater than 10% of Wessanen's total revenue from continuing operations.

7. Personnel expenses and remuneration key management

Personnel expenses

Personnel expenses can be specified as follows:

	2014	2013
Salaries and wages	42.2	41.1
Severance payments and termination benefits[1]	1.3	4.9
Social security	11.6	10.9
Defined contribution plans[2]	2.1	2.0
Defined benefit plans[2]	0.1	(1.6)
Share-based payment expenses[3]	2.7	0.8
Other personnel expenses	2.2	2.1
Total personnel expenses	62.2	60.2

1 Severance payments and termination benefits mainly comprise additions to restructuring provisions as described in Note 23.
2 See Note 22.
3 See Note 8.

The average number of full-time employees in 2014, for continuing operations, amounted to 822 (2013: 842). In the Netherlands, Wessanen employed on average 98 (2013: 103) full-time employees. Despite the decrease in the average number of full-time employees, salaries and wages increased by €1.1 to €42.2 in 2014, mainly due to higher short-term management incentives.

Remuneration of key management

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company determined that key management consist of the members of the Executive Board and the members of the Supervisory Board. The total remuneration of key management in 2014 amounts to €3,189 thousand (2013: €3,324 thousand). This includes additional tax provided for of €1,035 thousand relating to contract termination benefits provided to Mr Merckens, which became excessive in 2014 based on Dutch legislation as a result of share price appreciation and improved TSR-performance in 2014 (2013: costs related to termination benefits of €1,315 thousand). The total remuneration of the members of the Executive Board and Supervisory Board is specified in the tables below.

Executive Board remuneration expenses

Mr Barnouin was appointed by the Extraordinary General Meeting of Shareholders on 24 January 2014 as member of the Executive Board for a term of four years, effective 25 January 2014. He also became Chief Executive Officer as per 25 January 2014. Mr Merckens stepped down as Chief Executive Officer as per 24 January 2014.

7. Personnel expenses and remuneration key management continued

Executive Board remuneration expenses continued

In € thousands	Salary	Short-term bonuses[1]	Direct remuneration: Other[2]	Direct remuneration: Total direct remuneration	Deferred remuneration: Share-based compensation[3]	Deferred remuneration: Pension costs	Total
2013							
Remuneration expenses excluding contract termination expenses							
P.H. Merckens[4]	513	77	62	652	163	124	939
R.J.J.B. Merckx	350	60	37	447	68	74	589
Sub-total	863	137	99	1,099	231	198	1,528
Contract termination expenses Mr P.H. Merckens[4]							
Expenses until end of February 2014	86	–	11	97	–	18	115
Expenses (six-month) notice period	255	–	106	361	–	53	414
Termination benefit expense end of notice period	513	–	–	513	–	–	513
Expense related to unvested awards under LTIPs	–	–	–	–	273	–	273
Sub-total	854	–	117	971	273	71	1,315
Other employer expenses[5]	–	–	186	186	–	–	186
Total	1,717	137	402	2,256	504	269	3,029
2014							
Remuneration expenses							
C.P.J. Barnouin[6]	**374**	**283**	**63**	**720**	**365**	**72**	**1,157**
R.J.J.B. Merckx	**350**	**198**	**49**	**597**	**109**	**74**	**780**
Sub-total	**724**	**481**	**112**	**1,317**	**474**	**146**	**1,937**
Other employer expenses[5]	**–**	**–**	**1,016**	**1,016**	**–**	**–**	**1,016**
Total	**724**	**481**	**1,128**	**2,333**	**474**	**146**	**2,953**

1 Short-term bonuses relate to the performance in the year reported and are to be paid in the subsequent year.
2 Other compensation mainly includes social security charges, insurances, car rental expenses, allowances for expenses and housing.
3 Share-based compensation represents the share-based compensation expense calculated under IFRS 2 related to the Executive Board. The fair value of the share-based compensation grants at the grant date is expensed on a straight-line basis over the vesting period of the grants.
4 P.H. Merckens stepped down as CEO of Wessanen. Contract termination costs recognised in 2013 include share-based compensation expenses of €273 thousand as Mr Merckens kept, on a discretionary basis, all restricted share rights granted under LTIP 2011, 2012 and 2013, of which related costs – that normally would materialise over the remaining vesting period – have been fully recognised in 2013 as the service condition is no longer part of the vesting criteria.
5 Other employer expenses in 2013 mainly includes a 'crisis levy' of €124 thousand (Mr Merckens: €80 thousand; Mr Merckx: €44 thousand) (2012:€168 thousand). The 'crisis levy' is based on the 'Budget Agreement 2013 Tax Measures Implementation Act', which came into effect on 18 July 2012. Other employer expenses in 2014 mainly include additional tax due related to the contract termination benefits provided to Mr Merckens, which benefits are probable to become excessive based on Dutch legislation as the fair value of the outstanding share rights granted increased significantly in 2014 as a result of an increase in Wessanen's share price and improved TSR-performance.
6 Mr Barnouin was appointed by the Extraordinary General Meeting of Shareholders on 24 January 2014 as member of the Executive Board for a term of four years, effective 25 January 2014. He also became Chief Executive Officer as per 25 January 2014. Upon appointment, 138,304 unconditional sign-on shares were granted and delivered to Mr Barnouin, based on the number of share rights and performance rights outstanding as part of the Long-Term Incentive Plan 2011 and 2013, which outstanding rights forfeited upon appointment. The related net share-based compensation expense in 2014 amounts to €323 thousand.

The remuneration for the members of the Executive Board comprises a base salary and related pension benefits and, subject to meeting performance criteria, short-term bonus and restricted shares. The main elements of the Remuneration Policy are included in the Annual Report.

The members of the Executive Board participate in the Wessanen Pension Plan. The Wessanen Pension Plan for corporate staff in the Netherlands comprises a basic scheme (with a maximum pension salary of €85 thousand) and a surplus scheme (above the amount of €85 thousand). As of January 2013, the basic scheme has been changed from a defined benefit system to a defined contribution system. The qualification of the surplus scheme is not changed and qualifies as a defined contribution system. The age of retirement has been changed from 65 years to 67 years.

Short-term bonuses to members of the Executive Board are granted according to performance criteria which in 2014 were based on earnings before interest, taxation and exceptional items ('EBITE'), annual revenue and net working capital (defined as the net balance of inventory, trade receivables, other receivables and prepayments, trade payables and non-trade payables and accrued expenses) and personal targets (for 30%, 30%, 10% and 30% respectively). The SARC resolved that as from 2013 short-term incentives related to financial targets will not be paid out if the minimum EBITE target is not achieved.

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7. Personnel expenses and remuneration key management continued

Executive Board remuneration expenses continued

As the minimum EBITE target for 2014 was met, both Mr Barnouin and Mr Merckx will be awarded a pay-out related to the financial targets of 96.5%. As personal targets of both Mr Barnouin and Mr Merckx were fully met, the pay-out related to personal agenda items will be 150% of the total target incentive, being 45%. Accordingly, the total short-term bonus pay-out percentage amounts to 141.5%.

Restricted shares were granted in 2014 under vesting conditions based on a three-year service period and performance hurdles for the total test period of three years, as described in Note 8. Based on this plan, Wessanen granted 88,836 share rights to members of the Executive Board in 2014. In addition, 138,304 sign-on shares were granted to Mr Barnouin upon appointment as Chief Executive Officer as per 25 January 2014. In deviation of best practice provision II.2.5. of the Dutch Corporate Governance Code, which provides that shares granted without financial consideration must be retained for at least five years or until at least the end of employment, if this period is shorter, members of the Executive Board are allowed to sell shares to pay wage withholding tax upon delivery of shares after vesting. Further reference is made to the Remuneration Report (page 56).

Supervisory Board remuneration expenses

	Fixed		Other compensation[1]		Total	
In € thousands	2014	2013	2014	2013	2014	2013
F. van Oers[2]	64	55	4	3	68	58
R.K. Kluiber[3]	55	45	3	3	58	48
I.M.C.M. Rietjens[4]	50	50	3	3	53	53
M.M. van Zuijlen[5]	50	48	3	3	53	51
F.H.J. Koffrie[6]	4	65	–	4	4	69
J.G.A.J. Hautvast[7]	–	14	–	2	–	16
Total	223	277	13	18	236	295

1 Other compensation includes expense allowances.
2 F. van Oers was appointed as Chairman of the Supervisory Board on 24 January 2014.
3 R.K. Kluiber was appointed as Chairman of the Audit Committee on 24 January 2014.
4 I.M.C.M. Rietjens was appointed as Chairman of the NSFC on 17 April 2012.
5 M.M. van Zuijlen was appointed as Chairman of the SARC on 17 April 2013.
6 F.H.J. Koffrie resigned from the Supervisory Board on 24 January 2014.
7 J.G.A.J. Hautvast resigned from the Supervisory Board on 17 April 2013.

Members of the Supervisory Board each received a fixed compensation of €45 thousand in both 2014 and 2013, excluding expenses. The Chairman of the Supervisory Board was awarded an additional fee of €20 thousand, the Chairman of the Audit Committee was awarded an additional fee of €10 thousand and the Chairman of the SARC and NFSC were each awarded an additional fee of €5 thousand. The proportionate amounts are included above, if applicable.

No loans, advances or related guarantees were provided to the present or former members of the Executive Board or the Supervisory Board.

8. Share-based payments

Main characteristics

Restricted share and performance incentive right plans are long-term incentives that aim to reward eligible employees for their contribution, loyalty and commitment to Wessanen. All Wessanen restricted shares granted to the Executive Board are equity-settled share-based payments. The performance incentive rights granted to other employees are cash-settled share-based payments.

Delivery of the restricted shares respectively payment of the remuneration in cash generally depends on the achievement of performance hurdles, in addition to a three-year service condition. If a participant ceases to be employed by the Group for any other reason than death, disability or retirement, during the test period, all granted restricted shares and performance incentive rights lapse automatically unless otherwise decided by the Supervisory Board or Executive Board. In general, the performance of Wessanen is measured on the basis of its Relative Total Shareholder Return (TSR) in relation to the TSR peer group companies. However, on an exception base, performance incentive rights were granted to eligible other employees with financial performance hurdles (instead of TSR) as part of the Long Term Incentive Plan 2011.

All costs of the plans are borne by the Group; any and all tax which arise are for the sole risk and account of the eligible employee.

Long Term Incentive Plan 2014: valuation model and input variables

Based on the Long Term Incentive Plan 2014, applicable as of June 2014, Wessanen granted 88,836 restricted shares to the Executive Board and 309,483 performance incentive rights to other employees.

The fair value of services received in return for restricted shares granted to the Executive Board and performance incentive rights granted to other employees are measured by reference to the fair value of Wessanen's shares. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation model. The model inputs for the valuation of the restricted shares granted to the members of the Executive Board and performance incentive rights granted to other employees can be specified as follows:

8. Share-based payments continued

Long Term Incentive Plan 2014: valuation model and input variables continued

	Executive Board		Other Employees	
	2014	2013	**2014**	2013
Share price at grant date (1 June)	**4.48**	2.84	**4.48**	2.84
Expected volatility	**31.0%**	31.0%	**31.0%**	31.0%
Term (in years)[1]	**5**	5	**3**	3
Expected dividend	**0.08**	0.08	**0.08**	0.08
Risk free interest rate	**0.5%**	0.6%	**0.5%**	0.6%
Fair value at measurement date	**4.50**	2.33	**5.00**	2.60

[1] In deviation of best practice provision II.2.5. of the Dutch Corporate Governance Code, which provides that shares granted without financial consideration must be retained for at least five years or until at least the end of employment, if this period is shorter, members of the Executive Board are allowed to sell shares to pay wage withholding tax upon delivery of shares after vesting. The test period is three years.

The expected volatility has been determined based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information. Restricted shares as well as performance incentive rights are, in principle, granted under service conditions and market conditions. Only market conditions are taken into account in the fair value measurement of the restricted shares respectively performance incentive rights at grant date of the services received.

Main conditions Long Term Incentive plans 2012–2014

The main conditions of the restricted share plans and the performance incentive right plans issued can be summarised as follows:

Restricted share plans	Number of instruments	Vesting conditions	Contractual life[1]
2012	138,030	Three years of service and Relative TSR over three years (restricted shares granted to Executive Board)	3 years
2013	172,018	Three years of service and Relative TSR over three years (restricted shares granted to Executive Board)	3 years
2014	88,836	Three years of service and Relative TSR over three years (restricted shares granted to Executive Board)	3 years

Performance incentive right plans	Number of instruments	Vesting conditions	Contractual life
2012	88,900	Three years of service and Relative TSR over three years (performance incentive rights granted to eligible Other employees)	3 years
2013	290,100	Three years of service and Relative TSR over three years (performance incentive rights granted to eligible Other employees)	3 years
2014	309,483	Three years of service and Relative TSR over three years (performance incentive rights granted to eligible Other employees)	3 years

[1] In deviation of best practice provision II.2.5. of the Dutch Corporate Governance Code, which provides that shares granted without financial consideration must be retained for at least five years or until at least the end of employment, if this period is shorter, members of the Executive Board are allowed to sell shares to pay wage withholding tax upon delivery of shares after vesting. The test period is three years.

The total shareholder return ('TSR') performance involves a comparison between the TSR of a peer group of leading multinational food companies over the same period.

The peer group in 2014 consists of the following companies: Bonduelle, Bongrain, Corbion, Ebro Foods, Fleury Michon, Lotus Bakeries, Nutreco, Premier Foods and Sligro.

Performance and share-based payment expenses

The Executive Board decided on a discretionary basis that 25% of the performance incentive rights granted to eligible other employees based on the Long Term Incentive Plan 2011 would vest as at 1 June 2014, for those employees still employed by the Group at that date. Accordingly, 67,389 performance incentive rights granted vested in June 2014.

As the TSR-performance hurdle for the Long Term Incentive Plan 2012 was met (TSR ranking: 2nd), all 2012 conditional restricted shares and performance incentive rights granted to the Executive Board and other employees under this plan vested at 125%.

Wessanen's TSR is ranking as number one (= vesting at 150%) as at 31 December 2014 in respect of both the Long Term Incentive Plan 2013 and 2014.

In 2014, total expenses arising from transactions accounted for as equity-settled and cash-settled share-based compensation transactions amounted to €0.6 and €2.1 respectively (2013: €0.6 and €0.2 respectively). As at 31 December 2014, other provisions include an amount of €2.2 (2013: €0.4) related to cash-settled share-based payments (see Note 23). Of this provision €0.4 has been classified as current representing the liability related to performance incentive rights vested (LTIP 2012) valued at Wessanen's share price at 31 December 2014.

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8. Share-based payments continued

Restricted shares

The movement in the number of outstanding restricted shares is as follows:

	31 December 2013	Granted	Delivered	Forfeited/ other changes	31 December 2014	To be delivered in[1]
Members of the Executive Board						
C.P.J. Barnouin						
2014[2]	–	138,304	(138,304)	–	**–**	
2014	–	47,379	–	–	**47,379**	June 2017
R.J.J.B. Merckx						
2012[3]	46,430	–	–	11,608	**58,038**	June 2015
2013	60,738	–	–	–	**60,738**	June 2016
2014	–	41,457	–	–	**41,457**	June 2017
Former members of the Executive Board						
P.H. Merckens						
2012[3]	91,600	–	–	22,900	**114,500**	June 2015
2013	111,280	–	–	–	**111,280**	June 2016
Total members of the Executive Board	310,048	227,140	(138,304)	34,508	**433,392**	
Other employees						
2011[4]	119,974	–	(98,313)	(21,661)	**–**	
Total	430,022	227,140	(236,617)	12,847	**433,392**	

[1] In deviation of best practice provision II.2.5. of the Dutch Corporate Governance Code, which provides that shares granted without financial consideration must be retained for at least five years or until at least the end of employment, if this period is shorter, members of the Executive Board are allowed to sell shares to pay wage withholding tax upon delivery of shares after vesting. The test period is three years.
[2] Upon appointment as Chief Executive Officer as per 25 January 2014, 138,304 unconditional sign-on shares were granted and delivered to Mr Barnouin based on the total number of share rights and performance incentive rights granted as part of the Long Term Incentive Plan 2011 and 2013. The share rights and performance incentive rights granted as part of the Long Term Incentive Plan 2011 and 2013 forfeited upon delivery of the sign-on shares granted.
[3] As the TSR-performance hurdle for the Long Term Incentive Plan 2012 was met (TSR ranking: 2nd), all 2012 conditional restricted shares granted to the Executive Board under this plan vested at 125%.
[4] No performance hurdles. The shares delivered are to be held in deposit as long as the employee is employed by the Group, however, are allowed to be partly sold to pay wage withholding tax upon delivery of the shares after vesting.

Performance incentive rights

The movement in the number of outstanding performance incentive rights is as follows:

	31 December 2013	Granted	Delivered	Forfeited/ other changes	31 December 2014	To be delivered in
Other (former) employees[1]						
2011[2]	89,050	–	(67,389)	(21,661)	**–**	
2012[3]	80,100	–	(2,500)	9,525	**87,125**	June 2015
2013	290,100	–	–	(55,000)	**235,100**	June 2016
2014	–	309,483	–	(19,248)	**290,235**	June 2017
Total	459,250	309,483	(69,889)	(86,384)	**612,460**	

[1] A performance incentive right is a conditional right as set by the Company to receive remuneration in cash, whereby each performance incentive right has a value that is equal to the closing price of a share at Euronext Amsterdam on the day prior to the date of vesting. A performance incentive right does not entitle the employee to any right related to the share of the Company including but not limited to dividend or the right to vote.
[2] Vesting conditions: three years of service and financial performance hurdles.
[3] As the TSR-performance hurdle for the Long Term Incentive Plan 2012 was met (TSR ranking: 2nd), all 2012 performance incentive rights granted to other employees under this plan vested at 125%. In addition, 7,900 performance incentive rights forfeited in 2014.

9. Net financing costs

	2014	2013
Interest income	**–**	–
Interest expenses	**(0.7)**	(1.3)
Net foreign exchange gain	**0.1**	0.1
Net change in fair value of derivatives	**–**	(0.1)
Interest expense defined benefit plans	**(0.2)**	(0.1)
Commitment and agency fee	**(0.3)**	(0.3)
Other[1]	**(0.5)**	(0.1)
Total other financial income and expenses	**(0.9)**	(0.5)
Net financing costs	**(1.6)**	(1.8)

[1] Other includes amortisation of capitalised finance costs of €0.3 (2013: €0.3).

9. Net financing costs continued

Interest expenses primarily originate from Wessanen's credit facilities, resulting in recognised interest expenses in 2014 of €0.7 (2013: €1.3). See Note 21 for more information on the interest-bearing loans and borrowings.

Foreign exchange results on financing transactions and on financial assets and liabilities are presented as part of total net foreign exchange gain/(loss). Wessanen mitigates its foreign currency exchange exposure by entering into various financial instruments. For more information on Wessanen's foreign currency exposure and financial risk management reference is made to Note 25.

10. Income tax

Income tax expense

The income tax expense for the year 2014 amounted to €7.6 (2013: €10.0) and can be specified into current and deferred tax components as follows:

	2014	2013
Current income tax expense		
Current income tax expense	**(5.5)**	(6.0)
Adjustment for prior years	**(1.0)**	(2.1)
Total current income tax expense	**(6.5)**	(8.1)
Deferred income tax gain/(expense)		
Change in income tax rate	**0.3**	0.4
Deferred taxation relating to temporary differences	**(1.6)**	0.4
Utilisation of income tax losses	**(0.5)**	(0.5)
Benefit from previously unrecognised income tax losses	**0.9**	0.3
Write-down of deferred tax assets	**(0.1)**	(0.7)
Under provided in prior years and other	**(0.1)**	(1.8)
Total deferred income tax expense	**(1.1)**	(1.9)
Total income tax expense	**(7.6)**	(10.0)

Effective income tax rate

The Group's operating activities are subject to income tax in various countries with statutory income tax rates between 21% and 38%.

The following table reconciles the domestic income tax rate (=25%) as a percentage of profit before income tax with the effective income tax rate as shown in the consolidated income statement.

Reconciliation of effective income tax rate

	2014	2013
Profit before income tax	**19.0**	11.4
Income tax using the domestic income tax rate	**(4.8)**	(2.8)
Effect of income tax rates in foreign jurisdictions	**(2.2)**	(1.7)
Change in income tax rate	**0.3**	0.4
Non-deductible expenses and tax exempt income	**(0.1)**	(0.1)
Recognition of unrecognised income tax losses	**0.9**	0.3
Unrecognised income tax losses for the year	**(0.5)**	(1.5)
Write-down of deferred tax assets	**(0.1)**	(0.7)
Under provided in prior years and other	**(1.1)**	(3.9)
Income tax expense in income statement	**(7.6)**	(10.0)
Effective income tax rate	**40.1%**	87.8%

The recognition of unrecognised income tax losses mainly relates to taxable profits realised in Italy and the United Kingdom. Unrecognised income tax losses in 2014 mainly relate to income tax losses incurred in the Netherlands.

Prior year adjustments in 2014 mainly include additions to and releases from the provision for uncertain tax positions of €(1.9) and €1.0 respectively, and are reported under income tax payables.

Income tax on other comprehensive income

	2014			2013		
	Amount before tax	**Tax**	**Amount net of tax**	Amount before tax	Tax	Amount net of tax
Remeasurements of post employment benefit obligations, net of income tax	**(0.8)**	**0.1**	**(0.7)**	0.3	–	0.3
Foreign currency translation differences, net of income tax	**7.4**	**–**	**7.4**	(2.3)	–	(2.3)
Effective portion of changes in fair value of cash flow hedges, net of income tax	**–**	**–**	**–**	(0.1)	–	(0.1)
Total other comprehensive income	**6.6**	**0.1**	**6.7**	(2.1)	–	(2.1)

11. Disposal groups and discontinued operations

At the end of 2013 the Supervisory Board approved a further sharpening of Wessanen's strategy to no longer consider the businesses of Distribution-Benelux (Natudis), Distribution-France (Bio-Distrifrais-Chantenat) and IZICO as strategic activities, and to concentrate instead solely on Wessanen's branded business, which offers more attractive future returns and plays to Wessanen's organisational strength. To focus in full on the branded business, the Supervisory Board approved the commencement of the divestment of the non-core segments IZICO and Distribution. As a result, both the Distribution segment and IZICO segment were classified as disposal groups held for sale and presented as discontinued operations as from 31 December 2013 in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. In September 2014, the Supervisory Board furthermore approved the commencement of the divestment of the non-core operating segment ABC. As a result, the ABC segment is classified as a disposal group held for sale and presented as a discontinued operation as from 30 September 2014 in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' as well. Wessanen aims to complete the divestment of ABC in the coming months.

The Distribution-Benelux business was divested on 24 April 2014. The IZICO segment was divested on 28 May 2014. Accordingly, Wessanen's discontinued operations as at 31 December 2014 include the Distribution-France business and ABC.

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11. Disposal groups and discontinued operations continued

Assets held for sale related to discontinued operations

The combined carrying amounts of the major classes of assets and liabilities classified as held for sale related to discontinued operations at year end are as follows:

	31 December 2014	31 December 2013
Non-current assets	27.1	20.0
Current assets	15.1	44.6
Assets related to discontinued operations	**42.2**	64.6
Non-current liabilities	0.1	9.5
Current liabilities	7.8	31.5
Liabilities related to discontinued operations	**7.9**	41.0
Net assets related to discontinued operations	**34.3**	23.6

Result from discontinued operations

The total result from discontinued operations can be specified into the operating result from discontinued operations, the result recognised on remeasurement of assets of discontinued operations and the result on divestment of discontinued operations, as follows:

	2014	2013
Revenue	176.3	285.1
Operating result[1]	5.2	3.9
Net financing costs	(0.1)	(0.4)
Profit before income tax	5.1	3.5
Income tax expense	(1.5)	(5.0)
Profit/(loss) after tax from discontinued operations	**3.6**	(1.5)
Pre-tax loss recognised on the remeasurement of assets of discontinued operations[2]	(1.2)	–
Income tax expense	–	–
After tax loss recognised on the remeasurement of assets of discontinued operations	**(1.2)**	–
Pre-tax gain on the divestment of discontinued operations	31.5	–
Income tax expense	–	–
After tax gain recognised on the divestment of discontinued operations	**31.5**	–
Result for the year from discontinued operations	**33.9**	(1.5)

[1] The 2014 operating result from discontinued operations, is net of €1.4 cost to sell incurred related to ABC and Distribution-France.
[2] The Distribution-France business has been divested on 2 January 2015. Based on valuation of the Distribution-France business at fair value less cost to sell, a remeasurement loss had to be recognised in December 2014 of €1.2.

Result on divestment of discontinued operations

The following table presents a reconciliation between net assets divested, proceeds on the divestments of discontinued operations and the result on the divestment:

	31 December 2014	31 December 2013
Non-current assets	23.2	–
Current assets	41.0	–
Non-current liabilities	(8.3)	–
Current liabilities	(29.8)	–
Net assets divested	**26.1**	–
Consideration received in cash, net of expenses	57.6	–
Proceeds to be received[1]	–	–
Total proceeds on the divestment	**57.6**	–
Net assets divested	(26.1)	–
Income tax expense	–	–
After tax gain recognised on the divestment of discontinued operations	**31.5**	–

[1] See Note 25.

Upon divestment of ABC, the accumulated exchange rate differences in equity (other comprehensive income) will recycle from equity to the income statement (as part of the result on divestment of discontinued operations). As at 31 December 2014, the related accumulated exchange rate differences in equity amount to €(1.3).

12. Earnings per share

Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders by the weighted average number of outstanding shares, which can be specified as follows:

	2014	2013
Profit attributable to equity holders of Wessanen		
Profit/(loss) after income tax	11.4	1.4
Profit/(loss) from discontinued operations, net of income tax	33.9	(1.5)
Profit/(loss) for the period attributable to equity holders of Wessanen	**45.3**	(0.1)

Number of ordinary shares (in thousands)	2014	2013
Issued ordinary shares	75,992	75,992
Own shares, held by the Company	(19)	(256)
Number of ordinary shares at year end	**75,973**	75,736

Weighted average number of ordinary shares	**75,901**	75,723
Earnings per share from continuing operations	0.15	0.02
Earnings per share from discontinued operations	0.45	(0.02)
Earnings per share	**0.60**	–

12. Earnings per share continued

Diluted earnings per share

In the calculation of diluted earnings per share, the applicable profit and the weighted average number of outstanding shares are adjusted for the potential impact of restricted shares delivered.

	2014	2013
Weighted average number of ordinary shares (diluted) (in thousands)		
Weighted average number of ordinary shares	**75,901**	75,723
Effect of restricted shares	**485**	292
Weighted average number of ordinary shares (diluted)	**76,386**	76,015
Diluted earnings per share from continuing operations	**0.15**	0.02
Diluted earnings per share from discontinued operations	**0.44**	(0.02)
Diluted earnings per share	**0.59**	–

13. Property, plant and equipment

	Land and buildings	Machinery and equipment	Other	Under construction and pre-payments	Total
2013					
Carrying value at beginning of year	28.8	36.9	7.2	4.5	77.4
Effect of movements in foreign exchange rates	(0.4)	(0.9)	–	–	(1.3)
Capital expenditure	0.9	1.6	0.8	1.8	5.1
Acquisitions through business combinations[1]	–	0.1	0.2	–	0.3
Completed construction	0.3	3.9	0.1	(4.3)	–
Disposal	(1.0)	(0.8)	(0.1)	–	(1.9)
Transfer to held for sale	(9.7)	(7.1)	(0.8)	(0.8)	(18.4)
Depreciation	(2.1)	(6.6)	(1.3)	–	(10.0)
Impairment	–	(3.7)	(0.1)	–	(3.8)
Carrying value at year end	16.8	23.4	6.0	1.2	47.4
Accumulated depreciation and impairment losses	16.8	50.9	14.9	–	82.6
Cost at year end	33.6	74.3	20.9	1.2	130.0
2014					
Carrying value at beginning of year	**16.8**	**23.4**	**6.0**	**1.2**	**47.4**
Effect of movements in foreign exchange rates	**0.8**	**1.7**	**0.1**	**0.1**	**2.7**
Capital expenditure	**0.4**	**2.4**	**0.6**	**0.5**	**3.9**
Acquisitions through business combinations[1]	**–**	**–**	**–**	**–**	**–**
Completed construction	**0.4**	**0.6**	**–**	**(1.0)**	**–**
Disposal	**–**	**–**	**–**	**–**	**–**
Transfer to held for sale	**(6.7)**	**(17.0)**	**(0.9)**	**(0.7)**	**(25.3)**
Depreciation	**(1.4)**	**(3.5)**	**(1.1)**	**–**	**(6.0)**
Impairment	**–**	**–**	**–**	**–**	**–**
Carrying value at year end	**10.3**	**7.6**	**4.7**	**0.1**	**22.7**
Accumulated depreciation and impairment losses	**13.0**	**20.8**	**14.5**	**–**	**48.3**
Cost at year end	**23.3**	**28.4**	**19.2**	**0.1**	**71.0**

[1] See Note 5.

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13. Property, plant and equipment continued

Impairments

In 2014 no impairments on property, plant and equipment have been recognised.

In 2013 impairments on property, plant and equipment have been recognised by our segments Branded and ABC in the amounts of €2.3 and €1.6 respectively. These impairment charges are partly offset by a reversal of impairments recognised at IZICO Holding (Discontinued operations as from 31 December 2013) in the amount of €0.1. The impairments recognised by Branded comprises an impairment of a water digester plant in Italy (€2.2) and an impairment of other PP&E at France Alter Eco (€0.1). The impairment recognised by ABC relate to machinery and equipment (€1.6). The reversal of impairments at IZICO Holding relates to the disposal of machinery and equipment following the closure of the production plant in Deurne.

The present value of estimated future cash flows has been calculated using a pretax discount rate of 11.4% (2013: 11.2%) in respect of our UK businesses and 11.3% (2013: 11.0%) in respect of our other European businesses.

Security

No restrictions on title exist and no property, plant and equipment is pledged as security for liabilities.

14. Intangible assets

	Goodwill	Brands	Customer relationships	Software	Development expenses and Other	Total
2013						
Carrying value at beginning of year	35.4	22.9	1.2	6.9	0.4	66.8
Effect of movements in foreign exchange rates	(0.3)	(0.2)	–	–	(0.1)	(0.6)
Capital expenditure and additions	–	–	–	1.9	0.4	2.3
Acquisitions through business combinations[1]	1.2	–	–	–	–	1.2
Disposal	–	–	–	(0.1)	(0.1)	(0.2)
Amortisation	–	–	(0.2)	(2.6)	(0.1)	(2.9)
Impairment	–	–	–	–	–	–
Transfer to held for sale	–	–	–	(1.0)	–	(1.0)
Carrying value at year end	36.3	22.7	1.0	5.1	0.5	65.6
Accumulated amortisation and impairment losses	91.0	9.4	8.0	10.6	2.3	121.3
Cost at year end	127.3	32.1	9.0	15.7	2.8	186.9
2014						
Carrying value at beginning of year	**36.3**	**22.7**	**1.0**	**5.1**	**0.5**	**65.6**
Effect of movements in foreign exchange rates	**0.8**	**0.7**	**0.1**	**–**	**–**	**1.6**
Capital expenditure and additions	**–**	**–**	**–**	**0.7**	**0.3**	**1.0**
Acquisitions through business combinations[1]	**–**	**–**	**–**	**–**	**–**	**–**
Disposal	**–**	**–**	**–**	**–**	**–**	**–**
Amortisation	**–**	**–**	**(0.2)**	**(2.6)**	**(0.1)**	**(2.9)**
Impairment	**–**	**–**	**–**	**–**	**–**	**–**
Transfer to held for sale	**–**	**–**	**–**	**(0.2)**	**(0.4)**	**(0.6)**
Carrying value at year end	**37.1**	**23.4**	**0.9**	**3.0**	**0.3**	**64.7**
Accumulated amortisation and impairment losses	**92.6**	**5.0**	**0.5**	**11.2**	**1.3**	**110.6**
Cost at year end	**129.7**	**28.4**	**1.4**	**14.2**	**1.6**	**175.3**

[1] See Note 5.

Impairment testing for cash-generating units containing goodwill and brands

Goodwill and brands with an indefinite life are tested for impairment annually, or more frequently if there are indications that a particular cash-generating unit might be impaired.

The following cash-generating units have significant carrying values of goodwill and brands:

	31 December 2014			31 December 2013		
Cash-generating unit	Goodwill	Brands	Total	Goodwill	Brands	Total
Branded – France	**11.5**	**9.1**	**20.6**	11.5	9.1	20.6
Branded – UK[1]	**11.7**	**11.0**	**22.7**	10.9	10.3	21.2
Branded – Germany	**9.3**	**3.3**	**12.6**	9.3	3.3	12.6
Branded – Benelux	**4.6**	**–**	**4.6**	4.6	–	4.6
Carrying value at year end	**37.1**	**23.4**	**60.5**	36.3	22.7	59.0

[1] The 2014 change in carrying values at Branded-UK relates entirely to foreign currency changes.

14. Intangible assets continued

Impairment testing for cash-generating units containing goodwill and brands continued

The recoverable amount of each cash-generating unit, used in the annual impairment tests performed in the fourth quarter, is based on its value in use. Key assumptions used in the impairment tests for the cash-generating units in the table on the opposite page were sales growth rates, gross profit (margin) and the rates used for discounting the projected cash flows. These cash flow projections were determined using management's internal forecasts that cover a period of 5 years, based on financial plans as approved by the Company's management, after which a terminal value was calculated. For terminal value calculation, growth rates were capped at an average inflation rate of 1.8% (2013: 2.0%).

The present value of estimated future cash flows has been calculated using a pre-tax discount rate of 11.4% (2013: 11.2%) in respect of our UK businesses and 11.3% (2013: 11.0%) in respect of our other European businesses. The pre-tax discount rate reflects the current market assessment of the time value of money and the specific risks of the cash-generating unit.

Based on the 2014 annual impairment test the recoverable amounts for all cash-generating units were estimated to be higher than the carrying amounts, and therefore no impairment losses were identified (2013: €0.0).

2014 annual impairment test

The results of the annual impairment tests of Branded-France, Branded-UK and Branded-Benelux have indicated that a reasonably possible change in key assumptions would not cause the value in use to fall to the level of the carrying value. Due to an improved performance in 2014 also the 2014 annual impairment test of Branded-Germany indicated that a reasonably possible change in key assumptions would not cause the value in use to fall to the level of the carrying value anymore.

The performance of Gayelord Hauser showed a sizeable decline in 2014 as a result of delistings at a retailer in the second half of 2013, which have not been regained so far, and fierce competition within the dietetic category. Specific action plans are in place to reposition the brand, increase distribution and to introduce more innovations for 2015. The 2014 impairment test resulted in sufficient positive headroom between the value in use and the carrying value. Accordingly, a reasonable change in key assumptions would not cause the value in use to fall to the level of the carrying value. However, the outcome is to a certain extent sensitive to the successful execution of the mentioned action plans. The carrying value of the brand Gayelord Hauser amounts to €9.1 (2013: €9.1).

2013 annual impairment test

The results of the annual impairment tests of Branded-France, Branded-UK and Branded-Benelux have indicated that a reasonably possible change in key assumptions would not cause the value in use to fall to the level of the carrying value.

Based on the annual impairment test, it was noted that for cash-generating unit Branded-Germany the headroom was limited. An increase of 162 basis points in the pre-tax discount rate, a 200 basis points decline in the compound sales growth rate, a 20 basis points decline in the gross profit margin or a 23% decrease in terminal value would cause its value in use to fall to the level of its carrying value. Goodwill and brands allocated to Branded-Germany at 31 December 2013 amounts to €9.3 and €3.3 respectively.

Security

No restrictions on title exist and no intangible assets are pledged as security for liabilities.

15. Other investments

Other investments include debt securities and long-term receivables of €0.1 (2013: €0.5). In addition, other investments as at 31 December 2014 include capitalised finance costs of €0.6 as the related long-term interest-bearing loans and borrowings were fully repaid in 2014 and the facility is still in place (as at 31 December 2013 capitalised finance costs of €0.9 were netted against the long-term interest-bearing loans and borrowings).

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16. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

The significant components of deferred tax assets and liabilities can be specified as follows:

	Balance 1 January 2013	Effect of movement in foreign exchange rates	Acquisitions through business combinations	Recognised in profit or loss	Recognised in other comprehensive income	Transfer to held for sale	Balance 31 December 2013
Provisions	1.7	–	–	0.4	–	(0.1)	2.0
Trade and other payables and accrued expenses	1.2	–	–	(1.0)	–	–	0.2
Tax of loss carry-forward	7.6	–	–	(4.8)	–	–	2.8
Other	0.5	–	0.1	0.2	–	–	0.8
Total deferred tax assets	11.0	–	0.1	(5.2)	–	(0.1)	5.8
Property, plant and equipment	(2.2)	–	–	0.8	–	1.3	(0.1)
Intangible assets	(3.1)	–	–	(0.8)	–	–	(3.9)
Total deferred tax liabilities	(5.3)	–	–	–	–	1.3	(4.0)
Net deferred tax assets	5.7	–	0.1	(5.2)	–	1.2	1.8

	Balance 1 January 2014	Effect of movement in foreign exchange rates	Acquisitions through business combinations	Recognised in profit or loss	Recognised in other comprehensive income	Transfer to held for sale	Balance 31 December 2014
Provisions	2.0	–	–	(0.7)	0.1	–	1.4
Trade and other payables and accrued expenses	0.2	–	–	0.8	–	–	1.0
Tax of loss carry-forward	2.8	–	–	(1.0)	–	–	1.8
Other	0.8	–	–	(0.8)	–	–	–
Total deferred tax assets	5.8	–	–	(1.7)	0.1	–	4.2
Property, plant and equipment	(0.1)	–	–	–	–	–	(0.1)
Intangible assets	(3.9)	(0.2)	–	0.6	–	–	(3.5)
Total deferred tax liabilities	(4.0)	(0.2)	–	0.6	–	–	(3.6)
Net deferred tax assets	1.8	(0.2)	–	(1.1)	0.1	–	0.6

	31 December 2014	31 December 2013
Net deferred tax assets/(liabilities) are presented as follows:		
Deferred tax assets presented under non-current assets	3.3	4.5
Deferred tax liabilities presented under non-current liabilities	(2.7)	(2.7)
Net deferred tax assets	0.6	1.8

16. Deferred tax assets and liabilities continued

Unrecognised/impaired deferred tax assets

The unrecognised/impaired deferred tax assets can be specified as follows per expiration date:

	31 December 2014
Expiration date 2015	2.2
Expiration date 2017	4.9
Expiration date 2019 and future years	114.4
Indefinite	4.2
Total unrecognised/impaired deferred tax assets	**125.7**

Up to and including 2014 Wessanen has unrecognised deferred tax assets related to temporary differences and tax losses carried forward for the amount of €125.7 in total (2013: €118.9), including both continuing and discontinued operations. The unrecognised deferred tax assets, which mainly relate to the Netherlands and the United States, increased compared to last year (despite partial utilisation of unrecognised tax carry forward losses in 2014), mainly due to the strengthening of the US dollar versus the Euro. In so far Wessanen would fully withdraw its business from the United States after divestment of ABC, effectively, the total amount of the unrecognised deferred tax assets will be reduced with €78.8.

17. Inventories

	31 December 2014	31 December 2013
Finished products	40.5	40.2
Semi-finished products	0.4	0.4
Raw materials and supplies	8.7	10.8
Prepayments on inventories	0.3	0.5
Total inventories	**49.9**	51.9

Inventories are shown net of impairment losses in the amount of €2.3 (2013: €3.3). The net write-down in the amount of €(0.5) (2013: net reversal of €0.5) is included in the cost of raw materials and supplies.

18. Trade and other receivables and prepayments

Trade receivables are shown net of impairment losses in the amount of €2.7 (2013: €3.9) arising from identified doubtful receivables from customers.

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables and prepayments are disclosed in Note 25.

19. Net cash and cash equivalents

	31 December 2014	31 December 2013
Cash and cash equivalents	29.8	23.3
Bank overdrafts	(2.5)	(9.4)
Net cash and cash equivalents	**27.3**	13.9

Cash and cash equivalents are at Wessanen's free disposal as at 31 December 2014.

In 2014 we introduced ABN AMRO Bank as our main cash management provider and created a cross border European zero balancing cash pool. Through the cash pool, all balances are concentrated on a daily basis to the bank account of Wessanen Finance B.V. This resulted in a cash and cash equivalents balance at Wessanen Finance B.V. as per 31 December 2014 of €17.8.

As at 31 December 2014 there are no bank balances that have been offset.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 25.

20. Equity attributable to equity holders of Wessanen

Issued and paid-up share capital

The authorised share capital of the Company as at 31 December 2014 consists of 300 million ordinary shares (2013: 300 million shares) with a nominal value of €1.00, of which 76.0 million shares were issued and paid-up (2013: 76.0 million shares).

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at the shareholders' meetings of Wessanen.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares, held by Wessanen. As at 31 December 2014 Wessanen held 19 thousand shares (2013: 256 thousand).

The movements in the reserve for own shares can be summarised as follows:

	2014		2013	
	Number of shares x 1,000	Amount	Number of shares x 1,000	Amount
Balance at beginning of the year	256	(1.8)	310	(2.2)
Shares delivered	(237)	1.7	(54)	0.4
Balance at year end	**19**	**(0.1)**	256	(1.8)

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of intercompany loans of permanent nature.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (foreign currency forward contracts) related to hedged transactions that have not yet occurred.

Other legal reserves

In accordance with the Dutch Civil Code, a legal reserve is established of €0.7 as at 31 December 2014 (2013: €1.3) related to the capitalisation of (software) development expenses (see Note 14).

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20. Equity attributable to equity holders of Wessanen continued

Dividends

The Executive Board, with the approval of the Supervisory Board, proposes that a dividend of 10 eurocent per share will be paid in 2015 with respect to 2014. This dividend is subject to approval by the General Meeting of Shareholders and has not been included as a liability in the consolidated statement of financial position as per 31 December 2014. The payment of this dividend will not have income tax consequences for the Company.

	2014	2013
Dividends declared and paid in the year	(3.8)	(3.8)

21. Interest-bearing loans and borrowings

Interest-bearing loans and borrowings can be specified as follows:

	31 December 2014			31 December 2013		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
Syndicated loans	–	–	–	–	64.1	64.1
Other long-term loans	–	–	–	0.5	–	0.5
Total	–	–	–	0.5	64.1	64.6

The current portion of the interest-bearing loans and borrowings as at 31 December 2013, which was repaid in 2014, is included in current liabilities as at 31 December 2013.

Syndicated loans

Syndicated loans consist of €0.0 floating rate borrowings as at 31 December 2014 (2013: €64.1, net of capitalised finance costs of €0.9). The Group has a committed €100 secured revolving credit facility in place. In June 2014, we have extended the €100 revolving credit facility by one year, changing the maturity of the facility to July 2017. The pricing grid of the facility has been reduced to 85–195 basis points over the relevant floating rate (EURIBOR or LIBOR) based on the leverage ratio (Net debt to EBITDAE of total Wessanen).

The facility, which was agreed during 2013, has a second extension option in spring 2015 to extend the maturity by another year as well as the option to increase the facility amount up to a maximum aggregate amount of €25 ('accordion facility').

Under its financial covenants, Wessanen has to ensure that total net debt does not exceed 3.0 times consolidated EBITDAE. At 31 December 2014 our net debt level amounted to 0.0 times consolidated EBITDAE (2013: €1.6) as we had a cash surplus of €27.3, mainly due to the cash proceeds from the divestments of IZICO and Distribution-Benelux in the amount of €57.6 (net of expenses).

The facility has various other general and financial covenants that are customary for its type, amount and tenor. For example, Wessanen is not permitted to declare or pay a dividend exceeding 45% of its net results, excluding any non-recurring items, and there are certain restrictions in place in case of acquisitions. A violation of any of these covenants constitutes an event of default under our credit facility, which would, unless waived by our lenders, provide our lenders with the right to request for immediate repayment of the outstanding loan without the requirement of notice or any other formality.

The payment obligations under the new facility are secured by a pledge of trade receivables and moveable assets.

The Group has the ability to draw loans from the syndicated credit facility with maturities ranging between 1 week and 1 year. When a loan expires, this is, ceteris paribus, refinanced with a new loan drawn from the facility.

The average interest rate on drawings for 2014 was 1.6% (2013: 1.6%).

Other long-term loans

Last year, other long-term loans consisted of non-convertible bonds which were part of the acquisition of France Alter Eco S.A. The remaining balance as per 31 December 2013 of €0.5 was repaid in July 2014. The interest on the non-convertible bonds was 4.0%.

22. Employee benefits

Defined benefit plans

Wessanen and its subsidiaries make contributions to defined benefit plans in the Netherlands and France, that provide pension benefits for employees upon retirement. Wessanen pays benefits directly to employees upon retirement in Germany. These are final-pay and average-pay plans, based on the employees' years of service and compensation near retirement. The schemes in the Netherlands and France are administered by industry pension funds and life insurance companies. The schemes in Germany are administered by Wessanen.

	31 December 2013	Transfer from held for sale	Plan amendments	Other movements	31 December 2014
Present value of obligations	4.7	4.5	(0.3)	1.4	10.3
Fair value of plan assets	(0.6)	(3.6)	0.2	(0.5)	(4.5)
Net liability for defined benefit obligations	4.1	0.9	(0.1)	0.9	5.8
Other employee benefits	0.4	–	–	0.2	0.6
Total liability employee benefits	4.5	0.9	(0.1)	1.1	6.4

Wessanen's net pension liability as at 31 December 2014 amounts to €6.4 and relates mainly to one of the, in total six, defined benefit plans in Germany (in the amount of €3.9) and a pension scheme for former employees of one of the Dutch companies that is divested in 2014 (in the amount of €1.3). The net pension liability of the latter pension scheme was transferred back from held for sale to the employee benefit liabilities of continuing operations per April 2014 (in the amount of €0.9) as the scheme was excluded from the divestment.

22. Employee benefits continued

Defined benefit plans continued

The plan is administered by an insurance company and is funded. The plan is a final pay plan and is closed for new participants. The plan has no active participants and the expected duration of the plan is 14.7 years. The referred German plan is administered by Wessanen and is unfunded. Wessanen pays benefits directly to employees upon retirement. It concerns a final pay plan and is closed for new participants. The expected duration of the plan is 17.4 years.

The weighted average duration of the total net pension liability of Wessanen is 15.5 years.

In 2014 the surplus scheme of Wessanen Benelux is amended after which the scheme qualified as a defined contribution plan. Accordingly, a settlement gain of €0.1 has been recognised in 2014.

In 2013 the main defined benefit obligations of Wessanen related to a pension scheme for corporate staff in the Netherlands. The pension scheme comprised a basic (defined benefit) scheme (with a maximum pension salary of €85 thousand) and a surplus (defined contribution) scheme (above the amount of €85 thousand). The present value of the related defined benefit obligation amounted to €(65.9) as per 31 December 2012. As of January 2013, the pension scheme was amended after which both basic scheme and surplus scheme qualify as a defined contribution plan. This plan amendment explained the main part of the decrease of Wessanen's present value of defined benefit obligations in 2013. Accordingly, a settlement gain of €1.7 was recognised in 2013 (net of settlement losses in the amount of €(0.9), consisting of a settlement with an insurance company and with Stichting de Sjouwer in the amounts of €(0.4) and €(0.5) respectively). The age of retirement was changed from 65 years to 67 years.

The net obligation for defined benefit plans is calculated separately for each plan by calculating the present value of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value while the fair value of any plan asset is deducted. The discount rate used is the yield on high-quality corporate bonds of a currency and maturity consistent with the currency and maturity of the post employment defined benefit obligations.

The calculations are performed by qualified actuaries using the projected unit credit method.

Multi-employer plans

One of the Dutch companies is engaged in a multi-employer plan with 'Stichting Bedrijfspensioenfonds voor de Groothandel in Levensmiddelen' ('GIL'). This multi-employer plan is a defined benefit plan, though accounted for as if it was a defined contribution plan because it is not possible to identify Wessanen's share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes. This is due to the fact that the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities. Surpluses or deficits for the mentioned plans are determined on the basis of the pension law "Pensioenwet" and the regulatory framework "Financieel Toetsingskader". In 2012 the GIL showed a deficit compared to the minimum required coverage. A recovery plan was made comprising of adjustments in contributions and restriction of indexations. As per 31 March 2014 execution of the recovery plan ended as the GIL met the minimum required coverage for three consecutive quarters. Information concerning the financial position of the GIL is publicly available on the website of the industry pension fund.

Wessanen's level of participation in the plan compared with other participating entities is relatively low with 47 active members (total plan: approximately 10,000 members), 16 deferred members (total plan: approximately 31,000 members) and no retired members (total plan: approximately 8,000 members).

The expected contributions for this multi-employer plan in 2015 amounts to €0.2.

Defined contribution plans

Wessanen and its subsidiaries make contributions to defined contribution plans in the Netherlands and the UK. The main contributions relate to the above mentioned plans of the corporate staff in the Netherlands. The expected contributions for these plans in 2015 amounts to €1.2. The age of retirement for these plans was changed in 2013 from 65 years to 67 years.

The components of the employee benefits for the years ending 31 December 2014 and 2013 respectively are shown in the following tables.

Defined Benefit plans

	31 December 2014	31 December 2013
Present value of obligations	**10.3**	4.7
Fair value of plan assets	**(4.5)**	(0.6)
Net liability for defined benefit obligations	**5.8**	4.1
Other employee benefits	**0.6**	0.4
Total liability employee benefits	**6.4**	4.5

Movement in the liability for defined benefit obligations

	2014	2013
Liability for defined benefit obligations at beginning of year	**4.7**	97.9
Benefits paid	**(0.3)**	(0.7)
Employee contributions	**–**	0.2
Current service costs	**0.2**	0.9
Interest costs	**0.3**	1.1
Curtailments and settlements	**(0.3)**	(66.3)
Remeasurement (gains)/losses	**1.2**	(1.2)
Transfer (to)/from held for sale	**4.5**	(27.2)
Liability for defined benefit obligations at year end	**10.3**	4.7

Movement in plan assets

	2014	2013
Fair value of plan assets at beginning of year	**0.6**	83.3
Employer contributions	**0.2**	1.5
Employee contributions	**–**	0.2
Benefits paid	**(0.3)**	(0.6)
Interest income	**0.1**	0.7
Remeasurement gains/(losses)	**0.5**	(0.9)
Settlements	**(0.2)**	(64.2)
Transfer (to)/from held for sale	**3.6**	(19.4)
Fair value of plan assets at year end	**4.5**	0.6

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22. Employee benefits continued

Plan assets

The pension plan asset allocation can differ per plan, and can be specified as follows (on a weighted averaged basis):

	31 December 2014	31 December 2013
Equity securities	**0.0%**	0.0%
Bonds	**10.3%**	77.9%
Other quoted securities	**89.7%**	22.1%
Total	**100.0%**	100.0%

All plan assets have a quoted market price in an active market.

Expense recognised in the income statement

	2014	2013
Current service costs	**0.2**	0.2
Past service costs, curtailments and settlements	**(0.1)**	(1.8)
Net interest costs	**0.2**	0.1
Total expense	**0.3**	(1.5)

The expense is recognised in the following line items in the income statement:

	2014	2013
Personnel expenses	**0.1**	(1.6)
Net financing costs	**0.2**	0.1
Total expense	**0.3**	(1.5)

Remeasurement effects of total Wessanen recognised in other comprehensive income in respect of defined plans are as follows:

	2014	2013
Actuarial (gain)/loss due to experience adjustments	**(0.3)**	(0.7)
Actuarial (gain)/loss due to changes in demographic assumptions	**–**	–
Actuarial (gain)/loss due to changes in financial assumptions	**1.5**	(0.5)
Return on plan assets (excluding amounts included in net interest expense)	**(0.5)**	0.9
Adjustments for restrictions on the defined benefit asset	**–**	–
Total remeasurement effects recognised in other comprehensive income, before income tax	**0.7**	(0.3)

	2014	2013
Actual return on plan assets	**0.6**	–

The expected contributions for defined benefit plans in 2015 amount to €0.0.

Actuarial assumptions

Principal actuarial assumptions at the balance sheet date:

	2014 Euro-zone	2013 Euro-zone
Discount rate at year end	**2.0–2.5%**	3.3–3.8%
Future general salary increases	**1.8–2.8%**	2.0–3.0%
Price inflation	**1.8%**	2.0%
Future pension increases	**0.0–1.8%**	0.0–2.0%

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, future general salary increases and future pension increases. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- A reduction in the discount rate by 25 basis points would result in an increase in the liability for defined benefit obligations of €0.3 as per 31 December 2014 (2013: €0.2)
- An increase in the future general salary increases by 100 basis points would result in an increase in the liability for defined benefit obligations of €0.3 as per 31 December 2014 (2013: €0.1)
- An increase in the future pension increases by 100 basis points would result in an increase in the liability for defined benefit obligations of €1.5 as per 31 December 2013 (2013: €0.5).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Assumptions regarding further mortality are based on published statistics and mortality tables.

Present value of the defined benefit obligation, fair value of plan assets and deficit as at 31 December:

	2014	2013	2012	2011	2010
Defined benefit obligation	**10.3**	4.7	97.9	80.7	78.8
Fair value of plan assets	**(4.5)**	(0.6)	(83.3)	(72.0)	(66.8)
Deficit in the plan	**5.8**	4.1	14.6	8.7	12.0

Experience adjustments arising on plan liabilities and plan assets as at 31 December:

	2014	2013	2012	2011	2010
Plan liabilities	**0.3**	0.3	1.8	0.6	0.2
Plan assets	**0.5**	–	9.5	3.6	3.9

Experience adjustments are defined as all gains/(losses) due to changes other than changes in the discount rate.

23. Provisions

Movements in provisions can be specified as follows:

2013	Restructuring	Onerous contracts	Other Provisions	Total
Non-current	–	0.4	1.3	1.7
Current	11.6	1.1	4.1	16.8
Balance at beginning of year	11.6	1.5	5.4	18.5
Additions charged against result	5.5	0.5	1.9	7.9
Used during the year	(12.8)	(0.8)	(2.6)	(16.2)
Released to result	(0.5)	(0.2)	(0.6)	(1.3)
Transfer to held for sale	(0.1)	(0.6)	(0.9)	(1.6)
Balance at year end	3.7	0.4	3.2	7.3
Non-current	–	–	1.2	1.2
Current	3.7	0.4	2.0	6.1
Balance at year end	3.7	0.4	3.2	7.3

2014	**Restructuring**	**Onerous contracts**	**Other Provisions**	**Total**
Non-current	**–**	**–**	**1.2**	**1.2**
Current	**3.7**	**0.4**	**2.0**	**6.1**
Balance at beginning of year	**3.7**	**0.4**	**3.2**	**7.3**
Effects of movements in foreign exchange rates	**–**	**–**	**0.1**	**0.1**
Additions charged against result	**2.4**	**–**	**3.9**	**6.3**
Used during the year	**(2.9)**	**(0.3)**	**(1.7)**	**(4.9)**
Released to result	**(0.7)**	**(0.1)**	**(0.5)**	**(1.3)**
Balance at year end	**2.5**	**–**	**5.0**	**7.5**
Non-current	**–**	**–**	**3.3**	**3.3**
Current	**2.5**	**–**	**1.7**	**4.2**
Balance at year end	**2.5**	**–**	**5.0**	**7.5**

Restructuring

In 2013, additions to the restructuring provision of €5.5, mainly related to additional provisions recognised as part of the 'Wessanen 2015' programme, including restructurings at Benelux Branded (€1.0: downsizing and cut the tail) and IZICO (€0.7), the integration of the acquired Alter Eco business in France (€2.0), and restructurings at ABC (€0.4: headcount reduction). These restructurings were largely completed in 2014, as a result of which the restructuring provisions recognised in 2013 were almost fully utilised in 2014. Only part of the provisions recognised (€0.7) has been released against the income statement in 2014 as a result of favourable settlements versus estimates made.

Additions to the restructuring provision in 2014 of €2.4, mainly relate to additional costs in respect of the integration of the 2013 acquired Alter Eco business in France (€0.4) and additional provisions for severance payments at the corporate head office (€1.2, partly related to discontinued operations) and other locations.

The additions to the restructuring provision include severance payments and termination benefits, and required management judgment in estimating the expected cash outflows based on detailed plans. For all restructuring provisions a detailed formal plan exists and the implementation of the plan has started or the plan has been announced before the balance sheet date. The Company expects the provision will be utilised mostly within the next year.

Onerous contracts

This concerns mainly provisions for contracts which became onerous contracts (rental agreements, lease contracts and agency contracts) due to restructurings. In 2014, payments of €0.3 were made against the provision related to the cancellation of an agency contract, after which the remaining balance of €0.1 was released.

Other provisions

Other provisions as at 31 December 2014 of €5.0 mainly comprise (1) provisions for liabilities arising from cash-settled share-based payment transactions of €2.2 (2013: €0.4), (2) a provision for additional tax due of €1.0 (2013: €0.0) relating to contract termination benefits provided to Mr P.H. Merckens, which, based on Dutch legislation, are probable to become excessive upon vesting and subsequent delivery of share rights granted, and (3) contract risks of €0.7 (2013: €0.7). The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Additions in 2014 of €3.9 mainly include share-based payment expenses of €2.2 and additional tax due of €1.0. The release from other provisions in 2014 of €0.5 is mainly the result of favourable settlements and revised estimates relating to various individual cases.

Releases of prior year provisions are accounted for in operating result. The Company expects the provisions at year-end to be utilised mostly within the next year, timing of cash outflows related to the non-current part of the other provisions is uncertain, however are likely to materialise mainly in 2016 and 2017.

24. Trade and non-trade payables and accrued expenses

	31 December 2014	31 December 2013
Total trade payables – third party	**61.7**	51.9
Customer incentives	**21.5**	17.7
Personnel expenses	**9.4**	8.0
Pensions	**4.5**	5.8
Social securities and other tax	**5.0**	5.1
Interest payables	**–**	0.2
Derivatives	**0.2**	0.2
Other liabilities	**7.0**	9.0
Total non-trade payables and accrued expenses	**47.6**	46.0
Total trade and non-trade payables and accrued expenses	**109.3**	97.9

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 25.

25. Financial instruments and risk management

This Note presents information about Wessanen's exposure to liquidity risk, market risk (currency risk, interest rate risk and commodity risk) and credit risk, Wessanen's objectives, policies and processes for measuring and managing risk, and Wessanen's management of capital, as well as quantitative disclosures (before income tax) in addition to those included throughout these consolidated financial statements.

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25. Financial instruments and risk management continued

The Executive Board has overall responsibility for the establishment and oversight of Wessanen's Risk Management and Internal Control system. The system is designed to enable the Executive Board to achieve its strategic objectives within a managed risk profile. The Executive Board is responsible for setting risk management policies and strategies. Senior management and operating companies conduct a risk assessment to create action plans and comply with internal control procedures. As a Committee of the Supervisory Board, the Audit Committee monitors risk management and control activities and provides the Supervisory Board with a clear overview of the entire risk management and internal control process. Any significant changes and improvements to the Risk Management and Internal Control system are discussed with the Audit Committee and the Supervisory Board.

Liquidity risk

Liquidity risk is the risk that Wessanen will not be able to meet its financial obligations as they fall due. A material and sustained shortfall in Wessanen's cash flow could undermine overall investor confidence and could restrict the Group's ability to raise funds. Operational cash flow provides the funds to service the Group's financing obligations. The Group's objective to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial obligations when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Wessanen manages its liquidity by monitoring and forecasting cash flows of its operating companies, debt servicing requirements, dividends to shareholders and other obligations. The Group's syndicated credit facility allows to draw in maturities ranging between a week and a year, while its other credit facilities also allow to draw for shorter periods. When a loan expires, this is ordinarily refinanced with a new loan drawn from the facility. In addition to the syndicated loan facility, Wessanen has an uncommitted credit facility of $0.5 with one bank, which relates entirely to discontinued operations.

The table below summarises the maturity profile of Wessanen's financial liabilities of continuing operations, including estimated interest payments at 31 December 2014 and at 31 December 2013 based on undiscounted contractual cash flows.

				Undiscounted contractual cash flows					
2013	Note		Carrying amount	Total cash flows	6 months or less	6–12 months	1–2 years	2–5 years	More than 5 years
Non-derivative financial liabilities									
Syndicated loans	21	floating	(64.1)	(68.0)	(0.6)	(0.6)	(1.2)	(65.6)	–
Other long-term loans	21	floating	(0.5)	(0.5)	–	(0.5)	–	–	–
Trade and other payables[1]	24	non-interest bearing	(97.7)	(97.7)	(97.7)	–	–	–	–
Bank overdrafts	19	floating	(9.4)	(9.4)	(9.4)	–	–	–	–
Subtotal			(171.7)	(175.6)	(107.7)	(1.1)	(1.2)	(65.6)	–
Derivative financial instruments									
Other forward contracts used for hedging			(0.2)	(0.2)	(0.2)	–	–	–	–
Subtotal			(0.2)	(0.2)	(0.2)	–	–	–	–
Total			(171.9)	(175.8)	(107.9)	(1.1)	(1.2)	(65.6)	–

[1] Excluding derivatives.

				Undiscounted contractual cash flows					
2014	Note		**Carrying amount**	**Total cash flows**	**6 months or less**	**6–12 months**	**1–2 years**	**2–5 years**	**More than 5 years**
Non-derivative financial liabilities									
Syndicated loans	21	**floating**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other long-term loans	21	**floating**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Trade and other payables[1]	24	**non-interest bearing**	**(109.1)**	**(109.1)**	**(109.1)**	**–**	**–**	**–**	**–**
Bank overdrafts	19	**floating**	**(2.5)**	**(2.5)**	**(2.5)**	**–**	**–**	**–**	**–**
Subtotal			**(111.6)**	**(111.6)**	**(111.6)**	**–**	**–**	**–**	**–**
Derivative financial instruments									
Other forward contracts used for hedging			**(0.2)**	**(0.2)**	**(0.2)**	**–**	**–**	**–**	**–**
Subtotal			**(0.2)**	**(0.2)**	**(0.2)**	**–**	**–**	**–**	**–**
Total			**(111.8)**	**(111.8)**	**(111.8)**	**–**	**–**	**–**	**–**

[1] Excluding derivatives.

25. Financial instruments and risk management continued

Currency risk

Wessanen conducts business in foreign currencies but publishes its financial statements, and measures its performance, in Euros. These foreign currencies mainly include the US dollar and the Pound sterling. Because of the Group's international presence, it is subject to risks from changes in foreign currency values that could affect earnings and capital.

The Group has a foreign exchange policy in order to mitigate the impact of foreign currencies to functional currencies and is based on the following principles:

- Transactions arising from operational and financing activities, in currencies other than the functional currency, are hedged in order to mitigate income statement volatility. All operating companies conduct their hedging transactions internally through the centralised corporate treasury department. Wessanen provides operational funding to its operating companies in their functional currency.
- Translation results on capital invested in foreign subsidiaries are recorded as a movement in the translation reserve in equity. Capital invested in, and net income from foreign subsidiaries are not hedged to the Euro.

Further, hedging foreign exchange risk is achieved through the use of forward foreign exchange contracts and forward foreign exchange swaps. Hedge accounting is applied for transactions that exceed certain thresholds. In 2014, currency translation effects were €7.4 (2013: €(2.3)).

The Group's balance sheet exposure to foreign currency risk was as follows based on notional amounts:

	31 December 2014				31 December 2013			
	€	**US$**	**£**	**Other[1]**	€	US$	£	Other[1]
Trade receivables	**0.1**	**0.2**	**–**	**–**	0.5	0.2	–	–
Cash and bank overdrafts	**–**	**1.5**	**2.1**	**–**	1.3	4.1	–	0.1
Trade payables	**(3.0)**	**(0.4)**	**–**	**(0.1)**	(2.2)	(0.5)	(0.1)	(0.1)
Financial assets/(liabilities), excluding investments in subsidiaries	**–**	**(5.5)**	**(5.5)**	**–**	–	–	4.8	–
Derivatives[2]	**8.5**	**–**	**–**	**0.3**	7.8	1.1	–	0.2
Net exposure	**5.6**	**(4.2)**	**(3.4)**	**0.2**	7.4	4.9	4.7	0.2

[1] In €.
[2] Represents forward foreign exchange contracts related to future purchase commitments, as well as foreign exchange swaps. The opposite currency of such contracts and swaps is mainly €, US$ or £.

At year end 2014 the Group designated £17 (2013: £17) of intercompany loan financing as part of its net investment in its UK operations. Foreign currency results on this intercompany financing are recorded in the translation reserve in equity of €1.4 positive (net of income tax) in 2014 and €3.4 negative (net of income tax) in 2013.

Currency sensitivity analysis

A 10% strengthening of the Euro against the US dollar and Pound Sterling currencies in 2014 would have had hypothetical impact on equity and net result by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

10% strengthening of the Euro	**US$ 2014**	**£ 2014**	US$ 2013	£ 2013
Equity[1]	**(3.8)**	**(3.5)**	(3.1)	(3.8)
Net result	**(0.4)**	**(0.5)**	0.5	(0.2)

[1] Including impact on net result.

Interest rate risk

Wessanen's debt funding is primarily achieved through its syndicated credit facility. Loan draw-downs bear interest at short term rates. These may fluctuate and cause income statement volatility. The Group aims to contain income statement volatility and, at the same time, minimise its financing costs. We manage our interest rate risk through closely monitoring short-term and long-term interest rates and where necessary modifying the interest rate exposure of debt and cash positions through the use of interest rate derivatives.

Interest rate sensitivity analysis

A change of 100 basis points (bp) in variable interest rates in 2014 would have had a hypothetical impact on equity and profit by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Equity[1]	
2013	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	(0.7)	0.7	(0.7)	0.7
Interest rate swap	–	–	–	–
Net impact	(0.7)	0.7	(0.7)	0.7
2014				
Variable rate instruments	**(0.3)**	**0.3**	**(0.3)**	**0.3**
Interest rate swap	**–**	**–**	**–**	**–**
Net impact	**(0.3)**	**0.3**	**(0.3)**	**0.3**

[1] Including impact on net result.

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25. Financial instruments and risk management continued

Commodity risk

Wessanen requires a wide range of agricultural and other commodities for its products. Fluctuations in commodity prices may lead to volatility in net income. In addition, increases in commodity prices may lead to a reduction in margin and net income when corresponding or selling prices cannot be raised. The Group uses a large variety of commodities and is not exposed to a significant concentration in one single category. In general, Wessanen aims to mitigate volatility in commodity prices by frequently entering into term price agreements with suppliers, providing sufficient time to increase the selling prices of our products.

Credit risk

Credit risk is the risk of financial loss to Wessanen if a customer or any other counterparty to a transaction fails to meet its contractual obligations. As the exposure to credit risk is influenced mainly by the individual characteristics of each customer, the spread in Wessanen's customer base reduces the impact of the credit risk. Moreover, a customer's creditworthiness is analysed frequently using benchmarks and external rating information. As a preventive control Wessanen manages credit risk by applying credit limits for its customers.
The creditworthiness of a financial institution is assessed by their credit rating, which should be at least A (Standard & Poor's).

Wessanen establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk for trade receivables by type of customer can be specified as follows:

	31 December 2014	31 December 2013
Supermarkets	**47.5**	42.0
Health food stores	**18.8**	14.1
Other customers	**3.9**	9.3
Total	**70.2**	65.4

The aging of trade receivables at balance sheet date can be specified as follows:

	31 December 2014			31 December 2013		
	Gross	Impairments	Net	Gross	Impairments	Net
Not past due	**67.1**	**–**	**67.1**	55.5	–	55.5
Past due 0-30 days	**2.9**	**(0.3)**	**2.6**	6.0	(0.5)	5.5
Past due 31-180 days	**1.1**	**(0.6)**	**0.5**	5.3	(1.5)	3.8
Past due 181-360 days	**0.6**	**(0.6)**	**–**	1.4	(0.9)	0.5
More than 360 days	**1.2**	**(1.2)**	**–**	1.1	(1.0)	0.1
Total	**72.9**	**(2.7)**	**70.2**	69.3	(3.9)	65.4

The movement in the allowance for impairments in respect of trade receivables during the year was as follows:

	2014	2013
Balance at beginning of year	**3.9**	3.0
Effects of movements in foreign exchange	**0.2**	–
Acquisition through business combinations	**–**	0.2
Addition charged/(released) against result	**(0.3)**	2.1
Write offs	**(1.0)**	(0.1)
Transfer to held for sale	**(0.1)**	(1.3)
Balance at year end	**2.7**	3.9

The allowances relating to trade receivables are used to record impairment losses until the Group is satisfied that no recovery of the amount owing is possible. At that point the amounts are considered irrecoverable and are written off against the financial asset directly.

25. Financial instruments and risk management continued

Capital management

Wessanen's financing strategy is built around the following objectives:

- Ongoing access to debt and equity markets
- Sufficient flexibility to fund add-on acquisitions
- Optimal weighted average cost of capital
- Mitigating financial risks

The capital structure of the Company balances these objectives in order to meet the Company's strategic objectives and day-to-day needs. Our targeted net debt level is aimed to be below 2.5 times consolidated EBITDAE of total Wessanen, but our actual net debt levels can be higher or lower depending on acquisitions and divestments, access to capital markets and the timing of cash flows. At 31 December 2014 our net debt level amounted to (0.7) times consolidated EBITDAE (2013: 1.6) as we had a cash surplus of €27.3, mainly due to the cash proceeds from the divestments of IZICO and Distribution-Benelux in the amount of €57.6 (net of expenses).

As a consequence of the cash surplus at 31 December 2014 also the gearing ratio (net debt/shareholders' equity) amounted to negative 17.7% (2013: positive 48.1%).

Recurring fair value measurements versus carrying amounts

Fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	31 December 2014		31 December 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value				
Foreign exchange swap contacts used for hedging	–	–	–	–
Total	–	–	–	–
Assets carried at amortised cost				
Loans and receivables:				
Long-term receivables	0.7	0.7	0.5	0.5
Trade receivables	70.2	70.2	65.4	65.4
Other receivables and prepayments[1]	12.2	12.2	14.2	14.2
Cash and cash equivalents	29.8	29.8	23.3	23.3
Total	112.9	112.9	103.4	103.4
Liabilities carried at fair value				
Forward exchange contracts used for hedging	0.2	0.2	0.2	0.2
Total	0.2	0.2	0.2	0.2
Liabilities carried at amortised cost				
Syndicated loans	–	–	64.1	64.1
Other long-term loans	–	–	0.5	0.5
Trade payables	61.7	61.7	51.9	51.9
Non-trade payables and accrued expenses[1]	47.4	47.4	45.8	45.8
Bank overdrafts	2.5	2.5	9.4	9.4
Total	111.6	111.6	171.7	171.7

[1] Excluding derivatives, which are shown separately.

Fair value of financial assets and liabilities

The carrying amounts of cash and cash equivalents, trade receivables, other receivables and prepayments, trade payables and bank overdrafts approximate their fair values because of the short-term nature of these instruments. The carrying amounts of the amounts owed to credit institutions approximate their fair values, as the amounts are floating interest-bearing. The fair value of financial instruments has been determined by Wessanen using available market information and appropriate valuation methods (level 2 only). Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The fair value of the derivatives as at 31 December 2014 (as specified in the table under 'currency risk' on page 91) amounts to €(0.2) (2013: €(0.2)). These derivatives have been entered into with financial institutions. An assessment has been made of a potential debit valuation adjustment, however, has not been recorded as the adjustment is deemed to be not material.

Level 2 inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Financial statements
Notes to the consolidated financial statements continued

25. Financial instruments and risk management continued

Non-recurring fair value measurements versus carrying amounts

As at 31 December 2014 the asset held for sale Distribution-France is measured at fair value less costs to sell as the asset's fair value less costs to sell is lower than its carrying amount. This resulted in a remeasurement loss of €1.2 (see Note 11). The fair value less costs to sell amounts to €0.0.

Wessanen can receive an additional amount of up to €3.5 in respect of the divestment of IZICO as part of an earn-out related to the 2014 EBITDA. Based on initial information provided by IZICO on the 2014 financial performance, the fair value of the financial asset as at 31 December 2014 is assessed at nil.

The fair value of the asset held for sale Distribution-France and the earn-out receivable related to the divestment of IZICO has been determined by Wessanen using inputs that are not based on observable market data (unobservable inputs) (level 3).

26. Commitments and contingencies

Operating lease commitments

Non-cancellable operating leases are payable as follows:

Continuing operations	**31 December 2014**	31 December 2013
Less than 1 year	**2.0**	2.0
Between 1 and 5 years	**5.4**	3.3
More than 5 years	**3.7**	3.7
Total non-cancellable operating lease commitments	**11.1**	9.0

Discontinued operations	**31 December 2014**	31 December 2013
Less than 1 year	**3.8**	7.2
Between 1 and 5 years	**3.8**	7.3
More than 5 years	**1.1**	1.1
Total non-cancellable operating lease commitments	**8.7**	15.6

Wessanen leases a number of office, warehouse and factory facilities, cars and computer hardware under operating leases. The leases typically run between 3 and 15 years, with an option to renew after that date. Lease payments are adjusted annually to reflect market rentals. None of the leases include contingent rentals. Wessanen does, in principle, not act as a lessor.

During the year ended 31 December 2014, €1.2 (2013: €2.6) was recognised as an expense in the income statement of continuing operations and €8.0 in the income statement of discontinued operations in respect of operating leases (2013: €9.5).

Capital commitments

Commitments to purchase property, plant and equipment as at 31 December 2014 amounted to €0.4 (2013: €0.5) of which €0.0 relates to discontinued operations (2013: €0.2). Commitments to purchase intangible assets as at 31 December 2014 amounted to €0.3 (2013: €0.0) which entirely relates to continuing operations.

26. Commitments and contingencies continued

Purchase commitments

Wessanen has purchase commitments with vendors in the ordinary course of business at market-related terms.

Guarantees

Wessanen has various letters of credit and guarantees outstanding to third parties amounting to US$20.0 as at 31 December 2014 (2013: US$26.2). Letters of credit amounting to US$4.6 (2013: US$6.4) are provided in favour of workers compensation insurers and are reduced as the workers compensation claims, on the discontinued operation ABC and the divested operation Tree of Life, Inc., are settled and closed. Wessanen has also provided guarantees amounting to US$15.4 (2013: US$19.8) relating to lease obligations of Tree of Life, Inc. which are reduced when the underlying lease contracts expire during a maximum period of up to eight years. Kehe Food Distributors Inc. has indemnified Wessanen for calls of third parties under such guarantees and, to the extent these claims are related to Tree of Life, Inc., letters of credit.

For guarantees provided, a provision has been made for continuing operations in the amount of €0.7 as at 31 December 2014 (2013: €0.7) and discontinued operations in the amount of €0.2 (2013: €0.2). Reference is made to Note 23.

Bank guarantees have been issued for continuing operations in the amount of €0.1 (2013: €0.3) and for discontinued operations in the amount of €0.0 (2013: €0.2).

Contingent assets and liabilities

Wessanen is subject to certain other loss contingencies arising from claims by various parties. Management believes that any reasonable possible loss related to such claims and possible litigation is properly provided for when recognition criteria are met. These estimates and associated assumptions are based on management's best knowledge of current events and actions.

As at 31 December 2014 there are no material contingencies to disclose (as at 31 December 2013 also none).

27. Related parties

Wessanen has a related party relationship with its subsidiaries (see Note 30) and key management. Transactions with key management are described in Notes 7 and 8.

In 2014 no transactions were made with related parties, other than described above.

28. Principal auditor's remuneration

Principal auditor's remuneration for audit and other services incurred can be specified as follows:

	2014			2013		
	Deloitte Accountants B.V.	Other Deloitte Network	Total	Deloitte Accountants B.V.	Other Deloitte Network	Total
Audit of annual accounts	**0.2**	**0.2**	**0.4**	0.3	0.3	0.6
Other assurance services[1]	**–**	**0.4**	**0.4**	–	0.4	0.4
Tax advisory services	**–**	**–**	**–**	–	–	–
Other non-audit services	**–**	**–**	**–**	–	–	–
Total principal auditor's remuneration	**0.2**	**0.6**	**0.8**	0.3	0.7	1.0

[1] In both 2014 and 2013, mainly relating to services provided to ABC.

29. Cash flow

The following table presents a specification of changes in working capital of continuing operations:

	2014	2013
Inventories	**(5.8)**	(0.4)
Trade receivables	**(3.1)**	(0.4)
Other receivables and prepayments	**0.3**	(1.5)
Trade payables	**10.9**	4.2
Non-trade payables and accrued expenses	**1.6**	1.1
Total changes in working capital	**3.9**	3.0

The following table presents a reconciliation of the change in cash and cash equivalents (net of bank overdrafts) as presented in the balance sheet to the net cash flow from operating, investing and financing activities in the period:

	2014	2013
Net cash and cash equivalents at beginning of year[1]	**13.9**	8.3
Net cash from operating, investing and financing activities	**12.4**	5.8
Effect of exchange rate differences on cash and cash equivalents[1]	**1.0**	(0.2)
Net cash and cash equivalents at year end[1]	**27.3**	13.9

[1] Net of bank overdrafts.

Financial statements
Notes to the consolidated financial statements continued

30. List of subsidiaries

The following are Wessanen's significant subsidiaries and holding companies:

Company name	Principal activity	Country of incorporation	Ownership interest (%) 31 December 2014	Ownership interest (%) 31 December 2013
Continuing operations				
Subsidiaries				
Distriborg France S.A.S.	Marketing and Sales	France	**100.0**	100.0
Distriborg Groupe S.A.	Marketing and Sales	France	**100.0**	100.0
France Alter Eco S.A.[1]	Marketing and Sales	France	**100.0**	100.0
R. Bonneterre S.A.S.	Marketing and Sales	France	**100.0**	100.0
Allos GmbH	Production	Germany	**100.0**	100.0
CoSa Naturprodukte GmbH	Marketing and Sales	Germany	**100.0**	100.0
Allos Schwarzwald GmbH[2]	Production	Germany	**100.0**	100.0
Allos Hof-Manufaktur GmbH[3]	Marketing and Sales	Germany	**100.0**	100.0
Bio Slym S.r.L.	Production	Italy	**100.0**	100.0
Wessanen Benelux B.V.	Marketing and Sales	the Netherlands	**100.0**	100.0
Kallø Foods Ltd	Production/Marketing and Sales	United Kingdom	**100.0**	100.0
Holding companies				
Wessanen France Holding S.A.S.	Holding	France	**100.0**	100.0
Wessanen Deutschland GmbH	Holding	Germany	**100.0**	100.0
Wessanen Italia S.r.L.	Holding	Italy	**100.0**	100.0
Wessanen Finance B.V.	Holding	the Netherlands	**100.0**	100.0
Wessanen Nederland Holding B.V.	Holding	the Netherlands	**100.0**	100.0
Wessanen Great Britain Holdings Ltd	Holding	United Kingdom	**100.0**	100.0
Wessanen Holdings, Inc	Holding	United States	**100.0**	100.0
Wessanen U.S.A., Inc	Holding	United States	**100.0**	100.0
Discontinued operations				
Subsidiaries				
Hagor N.V.[4]	Marketing and Sales	Belgium	**–**	100.0
IZICO Belgium N.V.[5]	Marketing and Sales	Belgium	**–**	100.0
IZICO Bocholt N.V.[5]	Production	Belgium	**–**	100.0
Bio-Distrifrais-Chantenat S.A.S.	Marketing and Sales	France	**100.0**	100.0
IZICO Deurne B.V.[5]	Production	the Netherlands	**–**	100.0
IZICO Holding B.V.[5]	Holding	the Netherlands	**–**	100.0
IZICO Katwijk B.V.[5]	Production	the Netherlands	**–**	100.0
IZICO Nederland B.V.[5]	Marketing and Sales	the Netherlands	**–**	100.0
Kroon B.V.[4]	Marketing and Sales	the Netherlands	**–**	100.0
Natudis Nederland B.V.[4]	Marketing and Sales	the Netherlands	**–**	100.0
American Beverage Corporation	Production/Marketing and Sales	United States	**100.0**	100.0

1 Acquired as per 31 May 2013.
2 Former Tartex + Dr. Ritter GmbH.
3 Former Wessanen Fachandels GmbH.
4 Divested per 24 April 2014.
5 Divested per 28 May 2014.

At 31 December 2014 and 31 December 2013 all subsidiaries of Wessanen are wholly owned and there are no significant restrictions on the Company's or its subsidiaries ability to access or use the assets and settle the liabilities of the Group.

Financial statements
Income statement and balance sheet of the Company

Income statement of the Company

In € millions	Notes	2014	2013
Income from subsidiaries, net of income tax	2	**58.4**	10.5
Other income and expenses, net of income tax		**(13.1)**	(10.6)
Profit/(loss) for the period		**45.3**	(0.1)

Balance sheet of the Company
(before appropriation of current year's result)

In € millions	Notes	31 December 2014	31 December 2013
Assets			
Financial assets	2	**472.4**	407.3
Current assets	3	**–**	0.1
Total assets		**472.4**	407.4
Shareholders' equity			
Share capital		**76.0**	76.0
Share premium		**102.9**	102.9
Reserve for own shares		**(0.1)**	(1.8)
Legal reserves		**(14.1)**	(20.9)
Retained earnings		**(55.8)**	(50.7)
Profit/(loss) for the period		**45.3**	(0.1)
Total shareholders' equity	4	**154.2**	105.4
Non-current liabilities	5	**0.7**	–
Current liabilities	6	**317.5**	302.0
Total shareholders' equity and liabilities		**472.4**	407.4

Financial statements
Notes to the financial statements of the Company

1. Principles of valuation and income determination

General

The Company financial statements are part of the 2014 financial statements of Wessanen.

In accordance with Section 379 and 414, Part 9, of Book 2 of the Dutch Civil Code, a list of consolidated group companies will be deposited at the Trade Register of the Amsterdam Chamber of Commerce, together with the financial statements.

Principles for the measurement of assets and liabilities and the determination of the result

For establishing the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company financial statements, Wessanen makes use of the option provided in Section 362, Part 9, of Book 2 of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the Company financial statements of Wessanen are the same as those applied for the consolidated financial statements (see Note 3 of the consolidated financial statements). The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

2. Financial assets

	31 December 2014	31 December 2013
Balance at beginning of year	**407.3**	398.9
Remeasurement of post employment benefit obligations[1]	**(0.7)**	0.3
Effect of movements in foreign exchange[1]	**7.4**	(2.3)
Cash flow hedges[1]	**–**	(0.1)
Income from subsidiaries[1]	**58.4**	10.5
Balance at year end	**472.4**	407.3

[1] Net of income tax.

Financial assets include investments in subsidiaries.

3. Current assets

	31 December 2014	31 December 2013
Cash and cash equivalents	**–**	0.1
Total current assets	**–**	0.1

4. Shareholders' equity

For a specification of shareholders' equity, see the consolidated statement of changes in equity (page 61) and Note 20 to the consolidated financial statements. Legal reserves (translation reserve, hedging reserve and other legal reserves) are not available for distribution to the Company's equity holders. If the translation reserve, hedging reserve or other legal reserves have a negative balance, distribution to the Company's equity holders is restricted to the extent of the negative balance.

As at 31 December 2014, the freely distributable reserves amount to €77.5 (2013: €28.1), before distribution of dividends.

5. Non-current liabilities

The non-current liabilities, in the amount of €0.7, relate entirely to a provision for tax (see Note 23 to the consolidated financial statements).

6. Current liabilities

	31 December 2014	31 December 2013
Bank overdrafts	**–**	0.1
Payables to subsidiaries	**316.4**	300.3
Other provisions	**0.4**	1.1
Trade and other payables	**0.7**	0.5
Total current liabilities	**317.5**	302.0

Current liabilities are liabilities that mature within one year.

7. Commitments and contingencies

The Company has assumed liability for debts of participating interests, up to a total of €0.0 (2013: €64). The related guaranteed debts are included in the consolidated statement of financial position for an amount of €0.0 (2013: €64).

The Company is part of the fiscal unity with its Dutch subsidiaries. Based on this, the Company is liable for the tax liability of the fiscal unity in the Netherlands as a whole.

The Company has also assumed liability for the Dutch Group companies of which the financial statements have been included in the consolidated financial statements, as provided for in Section 403, sub 1, Part 9, of Book 2 of the Dutch Civil Code. This implies that these Group companies are not required to prepare their financial statements in every respect in accordance with Part 9, of Book 2 of the Dutch Civil Code or to publish these.

8. Remuneration Executive Board and Supervisory Board

For the remuneration of the Executive Board and Supervisory Board reference is made to Note 7 to the consolidated financial statements.

9. Principal auditor's remuneration

For the principal auditor's remuneration reference is made to Note 28 of the consolidated financial statements.

Amsterdam, 19 February 2015

Supervisory Board
F. van Oers, Chairman
R.K. Kluiber
I.M.C.M. Rietjens
M.M. van Zuijlen

Executive Board
C.P.J. Barnouin, CEO
R.J.J.B. Merckx, CFO

Other information
Appropriation of result 2014, dividend proposal and subsequent events

Appropriation of result 2014
The profit for the year 2014 attributable to the equity holders of Wessanen amounted to €45.3 against a loss of €0.1 in 2013. The profit has been added to retained earnings, respectively the distributable part of shareholders' equity.

Dividend proposal
The dividend policy of Wessanen aims to pay out a dividend between 35–45% of its net result, excluding major non-recurring effects. As the 2014 net result of Wessanen, adjusted for non-recurring items, represents a profit, a dividend of 10 eurocent per share will be proposed during the Annual General Meeting of Shareholders to be held on 16 April 2015.

Subsequent events
Subsequent to 31 December 2014 the following material events occurred that require disclosure:

Disposals after balance sheet date
On 2 January 2015 Wessanen completed the sale of its French wholesale activities Bio-Distrifrais-Chantenat (classified as discontinued operation as from 31 December 2013). Bio-Distrifrais-Chantenat is a French wholesaler of fruit and vegetables, which employs 44 people and had net revenue of €16 million in 2014.

Acquisitions after balance sheet date
On 8 January 2015 Wessanen has closed the acquisition of Italian Abafoods for a purchase consideration of €52 million, on a cash and debt free basis. Wessanen acquired 100% of the shares of Abafoods S.r.L. Abafoods is a European expert in organic vegetal drinks and a leading brand in Italy, generating net revenue of around €39 million in 2014. It produces a range of cereal drinks using rice, coconut, almond, oat, spelt and soy. Abafoods has strong R&D capabilities delivering new concepts and innovative packaging. Its Isola Bio brand is the leading brand in vegetal drinks in Italian health food stores and is also exported successfully to a wide range of export countries.

For Wessanen, the acquisition of Abafoods is a major step in the execution of its strategy. Its unique expertise in dairy alternatives will strengthen our R&D and production capabilities to fuel the growth of our brands in Europe, as well as Isola Bio, in this core category. It also gives Wessanen critical mass in Italy – a large and growing organic market in Europe – with a leading brand position thanks to Isola Bio.

Abafoods will be reported as part of the Branded segment. The disclosures required under IFRS 3.59 (b) in conjunction with IFRS 3.B.66 and IFRS 3.B.64 (e to q) regarding assets acquired and liabilities assumed cannot yet be made, as the acquisition date is too close to the date on which the publication of the financial statements 2014 was approved. The acquisition costs incurred and expensed in 2014 amount to €0.9 and are included in other operating costs.

Other information
Independent auditor's report

To: the Shareholders and Supervisory Board
of Koninklijke Wessanen N.V.

Report on the Audit of the Financial Statements 2014

Our Opinion

We have audited the accompanying financial statements 2014 of Koninklijke Wessanen N.V. ('the Company') based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements as set out on pages 58–98.

In our opinion:
- The consolidated financial statements give a true and fair view of the financial position of Koninklijke Wessanen N.V. as at 31 December 2014, its financial results and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU') and with Part 9 of Book 2 of the Netherlands Civil Code.
- The company financial statements give a true and fair view of the financial position of Koninklijke Wessanen N.V. as at 31 December 2014 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements comprise:
1. The consolidated statement of financial position as at 31 December 2014;
2. the following statements for 2014: consolidated income statement, consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:
1. the company balance sheet as at 31 December 2014;
2. the company income statement for the year then ended; and
3. the notes, comprising a summary of the accounting policies and other explanatory information.

Basis for Our Opinion

We conducted our audit in accordance with Dutch Law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of Koninklijke Wessanen N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants' bij assurance-opdrachten ('ViO') and other relevant independence regulations in the Netherlands. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants ('VGBA')'.

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

Materiality

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

Based on our professional judgment, we determined materiality for the financial statements as a whole at €2.0 million. The materiality is determined by applying a percentage of 10% of estimated normalised operating result ('EBITE') for continuing operations of €20 million. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons. We agreed with the Supervisory Board that misstatements in excess of €100 thousand identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the Group Audit

Koninklijke Wessanen N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

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

The group audit mainly focused on significant group entities and components in France, Germany, United Kingdom and United States. Components in the Netherlands, Italy and the holding companies have been subject to specified audit or analytical review procedures. We performed the audit procedures ourselves with the exception of components in France, Germany and United Kingdom for which we used the audit work of local Deloitte auditors.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed. The matters were addressed in the context of our audit on the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Sensitivities in the impairment analysis for intangible assets with an indefinite economic life

Management tests annually the amount of intangible assets with an indefinite economic life. This impairment test is based on management's assumptions that are sensitive to expected future market or economic conditions. We challenged management's estimate of the recoverable amount of the allocated goodwill and brands. This valuation is based on the net present value of projected future cash flows per cash generating unit. In this area we consulted with our corporate finance experts to assess whether the assumptions applied are consistent with historical trends in financial performance, market developments, and specific business plans.

The disclosures on intangible assets are included in Note 14 which specifically explains that small changes in the key assumptions used, could give rise to an adverse change in recoverable amounts falling below the carrying value and hence result in an impairment.

Accounting for trade promotions and customer rebates

The recognition of trade promotions and customer rebates depends on the performance criteria under each commercial contract. This area is relevant to our audit as the estimates of recognised allowances at year-end involve judgment and impact reported revenues.

We evaluated internal control activities of management to monitor the accuracy and completeness of trade promotions and customer rebates. Our audit covered also the preparation of management's estimates to accrue for various trade promotions and customer rebate programs. Recorded accruals per year-end were subject to substantive and analytical procedures, validating historical patterns and reported margins and analysis of issued credit notes after year-end. Further we determined that trade promotions and rebates are appropriately presented in the consolidated statement of income.

Results from discontinued operations and measurement of disposal groups

The Company reports in 2014 a pre-tax gain of €31.5 million on the divestment of the Distribution and IZICO segments in the Netherlands and Belgium. The components American Beverage Corporation ('ABC') and Bio-Distrifrais-Chantenat are presented as a disposal group per year-end and report their results as part of discontinued operations. This area is relevant to our audit since it impacts the presentation in the consolidated income statement, the statement of financial position and the statement of cash flows including restatements of prior year results and cash flows for comparison purposes

The measurement of ABC and Bio-Distrifrais-Chantenat are based on management's estimates and follow recent (indicative) market offers. The valuation of Bio-Distrifrais-Chantenat per year-end includes a downward remeasurement of €1.2 million included in results from discontinued operations.

We have audited the accounting and disclosure for these divestments on the basis of underlying share purchase agreements, bank statements and performed cut-off testing on material balance sheet and income statement items. The held-for-sale classification of ABC is verified by examining minuted approvals from the Company's Supervisory Board. Furthermore we concluded that the criteria of the assets being available for immediate sale in its present condition and that a transaction is highly probable are met.

The disclosures on the results from discontinued operations and disposal groups are included in the summary of significant accounting policies and in Note 11.

Exposures from uncertain tax positions

The Company is active in various jurisdictions in Europe and the United States, all with differing tax regimes and is therefore exposed to challenges from multiple tax authorities. Furthermore contingencies due to representations and warranties provided upon divestments of subsidiaries could result in potential tax related risks or claims. Accounting for (deferred) tax positions incorporates management's estimates on valuation differences in assets and liabilities as well as its consideration to offset cumulative tax losses with expected future fiscal profits.

Our audit procedures focused on the appropriateness of management's assumptions and estimates related to uncertainties from tax exposures and risks. We challenged those assumptions considering expert opinions obtained by management from their external tax advisors. The disclosures on the Company's uncertain tax positions are included in the summary of significant accounting policies and the effective income tax rate reconciliation in Note 10.

Effectiveness of the Company's general IT and automated controls

The general IT and automated controls are part of the Company's Framework of Internal Control ('FIC') and support main business processes at its components and at holding level. Where appropriate for our audit procedures we involve IT audit specialists to test the effectiveness of the design and implementation of these controls to address the Company's control objectives and financial reporting risks. Our auditor's report does not provide any assurance on the FIC itself as we perform these tests in the context of our audit of the financial statements.

We observed that the effectiveness of the Company's general IT and automated controls is impacted by a number of factors such as restructuring programs, IT system migrations and upgrades and the transfer of roles and responsibilities to corporate functions. Currently, there is an increased risk related to segregation of duty conflicts and high privilege users within the Company's SAP applications potentially impacting the integrity over master data management and risk that unauthorised transactions remain undetected.

For the areas mentioned above we involved our IT audit experts and used data-mining tooling to address the risks relevant for our audit. A summary of our observations and recommendations on this matter, including management's remediation planning, is disclosed on pages 44 and 45 of the annual report.

Other information
Independent auditor's report continued

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS-EU and Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report of the Executive Board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

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

Our audit included e.g.:

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

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on Other Legal and Regulatory Requirements

Report of the Executive Board and the other information

Pursuant to the legal requirement under section 2:393 sub 5 at e and f of Part 9 of Book 2 of the Netherlands Civil Code, concerning our obligation to report on the Report of the Executive Board and other data, we declare that:

- We have no deficiencies to report as a result of our examination whether the Report of the Executive Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under section 2:392 sub 1 at b-h has been annexed.
- We report that the Report of the Executive Board, to the extent we can assess, is consistent with the financial statements as required by section 2:391 sub 4 of the Netherlands Civil Code

Engagement

We were appointed by the Annual General Meeting as auditor of Koninklijke Wessanen N.V. on 25 April 2014 for the audit for the year 2014 and have operated as statutory auditor since the financial year 2010.

Amsterdam, 19 February 2015

Deloitte Accountants B.V.

P.J.M. Peerlings

Other information
Financial summary 2010–2014

2014 and 2013 restated figures and ratios are derived from the 2014 consolidated financial statements. The 2010–2012 figures and ratios are derived from the consolidated financial statements as reported in the respective years. As a result of changes in the reporting and legal structure in 2013, we are unable to restate the prior years.

Condensed consolidated income statement

In € millions	2014	2013 restated	2012 reported	2011 reported	2010 reported
Continuing operations					
Revenue	**433.5**	407.3	710.8	706.0	712.2
EBITE	**23.6**	19.5	17.5	23.7	19.8
Operating profit/(loss)	**20.6**	13.2	(45.8)	(19.0)	5.3
Net financing costs	**(1.6)**	(1.8)	(3.8)	(3.5)	(8.3)
Profit/(loss) before income tax	**19.0**	11.4	(49.6)	(22.5)	(3.0)
Income tax expense	**(7.6)**	(10.0)	(3.9)	1.5	(0.2)
Profit/(loss) from continuing companies	**11.4**	1.4	(53.5)	(21.0)	(3.2)
Profit/(loss) from discontinued operations, net of income tax	**33.9**	(1.5)	–	–	(1.8)
Non-controlling interests	**–**	–	0.3	3.9	(1.1)
Profit/(loss) for the period, attributable to equity holders	**45.3**	(0.1)	(53.2)	(17.1)	(6.1)

Condensed consolidated statement of financial position

In € millions	2014	2013 restated	2012 reported	2011 reported	2010 reported
Non-current assets	**91.4**	118.0	154.5	186.8	217.2
Current assets	**204.3**	219.7	183.4	181.2	175.1
Current liabilities	**(122.4)**	(143.8)	(125.4)	(130.3)	(137.2)
Invested capital	**173.3**	193.9	212.5	237.7	255.1
Financed by:					
Total equity	**154.2**	105.4	101.6	166.1	183.8
Provisions	**7.5**	7.3	18.5	5.8	9.7
Employee benefits	**6.4**	4.5	24.1	24.0	22.7
Deferred tax liabilities	**2.7**	2.7	3.7	1.4	1.3
Interest-bearing loans and borrowings	**–**	64.1	63.2	37.5	35.9
Bank overdrafts	**2.5**	9.9	1.4	2.9	1.7

Condensed consolidated statement of cash flows

In € millions	2014	2013 restated	2012 reported	2011 reported	2010 reported
Operating result	**20.6**	13.2	(45.8)	(19.0)	5.3
Depreciation and amortisation	**6.4**	6.3	14.0	13.7	13.7
Impairments	**–**	2.3	46.8	39.6	9.0
Provisions created	**5.2**	3.5	16.6	1.9	6.7
Other non-cash and non-operating items	**0.7**	0.7	0.4	3.7	0.5
Changes in working capital	**3.9**	3.0	(7.6)	(18.8)	3.2
Payments from provisions	**(4.9)**	(7.3)	(3.2)	(4.1)	(4.4)
Changes in employee benefits	**–**	(1.2)	(2.4)	(2.1)	(2.0)
Cash generated from operations	**31.9**	20.5	18.8	14.9	32.2
Interest paid	**(1.4)**	(1.7)	(1.9)	(1.8)	(4.6)
Income tax paid	**(6.8)**	(4.5)	(2.3)	(4.3)	6.7
Operating cash flow from continuing operations	**23.7**	14.3	14.6	8.8	34.3
Operating cash flow from discontinued operations	**8.5**	4.6	–	–	(21.7)
Net cash from operating activities	**32.2**	18.9	14.6	8.8	12.6
Net cash from investing activities	**48.9**	(9.7)	(23.6)	(10.8)	120.3
Net cash from financing activities	**(68.7)**	(3.4)	12.0	(0.3)	(168.1)
Net cash flow	**12.4**	5.8	3.0	(2.3)	(35.2)

Ratios

	2014	2013 restated	2012 reported	2011 reported	2010 reported
EBITE as % of revenue	**5.4%**	4.8%	2.5%	3.4%	2.8%
Operating profit as % of revenue	**4.8%**	3.2%	(6.4)%	(2.7)%	0.7%
Net profit as % of revenue	**10.4%**	0.0%	(7.5)%	(2.4)%	(0.7)%
Return on average capital employed (ROCE)	**17.0%**	10.3%	(19.1)%	(7.6)%	2.0%
Total equity as % of invested capital	**89.0%**	54.4%	47.8%	69.9%	72.1%
Net debt as % of total equity	**(17.7)%**	48.1%	54.0%	19.4%	15.7%
Leverage ratio	**(0.7)**	1.6	1.7	0.8	0.9
Capital expenditure as % of revenue	**1.1%**	1.0%	0.8%	1.4%	1.6%

[1] Continuing operations only.

Other information
Financial summary 2010–2014 continued

Revenue in € millions

€433.5m

2012[1]	€391.5
2013[1]	€407.3
2014[1]	**€433.5**

[1] Continuing operations only.

Net profit/(loss) in € millions

€45m

2012	€(53)
2013	€(0.1)
2014	**€45**

Total assets in € millions

€296m

2012	€338
2013	€338
2014	**€296**

Invested capital in € millions

€173m

2012	€213
2013	€194
2014	**€173**

Total equity in € millions

€154m

2012	€102
2013	€105
2014	**€154**

Net debt/(cash) in € millions

€(27)m

2012	€55
2013	€51
2014	**€(27)**

Net cash flow in € millions

€12m

2012	€3
2013	€6
2014	**€12**

Other information
Sustainability summary 2012–2014

KPIs – Healthier Food

Indicator	Unit of measurement	2014	2013	2012
Organic products[1]	% of sales volume	**68%**	69%	67%
Vegetarian products	% of branded segment, by sales volume	**96%**	94%	n.d.
Products respecting nutritional policies[2]	% of branded segment, by sales volume	**83%**	n.d.	n.d.
% of positive results on non-GMO content	% of all tests	**100%**	n.d.	n.d.
% of own factories certified GFSI	% of all factories	**100%**	n.d.	n.d.
Suppliers of end products certified GFSI	% purchased turnover	**55%**	n.d.	n.d.

KPIs – Healthier People

Indicator	Unit of measurement	2014	2013	2012
Fair trade products[2]	% of sold hot drinks and chocolate	**48%**	n.d.	n.d.
Employees working on sites with health@work programme	% of total workforce	**92%**	n.d.	n.d.
Employee training hours	Hours per FTE	**11.4**	11.2	16.5
% of women in management positions	% of total	**14.5%**	13.1%	9.8%
% of women	% of total workforce	**53.3%**	52.9%	47.1%
Lost time injury frequency ratio	Injury per 100 FTE's	**1.3**	3.6	3.2

KPIs – Healthier Planet

Indicator	Unit of measurement	2014	2013	2012
% of renewable electricity consumption	% of total	**78%**	75%	53%
CO_2 emissions own operations	Ton CO_2 scope 1 & 2	**2,988**	2,423	6,838
CO_2 emissions outsourced transport[3]	Ton CO_2	**7,871**	1,599	4,112
% of waste recycled	% of total	**84%**	81%	50%
Packaging versus product weight	Consumer unit packaging vs net weight	**0.18**	n.d.	n.d.
Products donated to food bank	€ in million	**0.224**	n.d.	n.d.
% of operations with ISO 14001 certification	% of employees	**78%**	75%	81%
Sustainable Palm Oil Identity Preserved, segregated or Mass balance	% of finished products with CSPO palm oil	**79%**	61%	n.d.
Sustainable Palm Oil including Book and Claim	% of finished products with CSPO palm oil	**100%**	100%	n.d.
Suppliers having signed our suppliers' Code of Conduct	% purchased turnover	**47%**	n.d.	n.d.

1 2013 included sales of our branded products only; 2014 included all sales.
2 We have updated our methodology for measuring our performance in 2014.
3 Distriborg was included as of 2014, Bonneterre not included in all years.

External verification

Our 2014 sustainability data has not been verified by an external party. As of 2015, we will have our sustainability data externally verified.

External benchmarks and ratings

Global Reporting Initiative (GRI)

Wessanen reports according to the Global Reporting Initiative guidelines (GRI-G4) in accordance with the core application level.

In 2013, we reported according to GRI-G3, application level B.

More information at www.wessanen.com/en/what-we-care-for/data-performance

Carbon Disclosure Project (CDP)

We annually participate in the Carbon Disclosure Project (www.cdproject.net), which is intended to inform investors, legislators and other stakeholders on global CO_2 emissions and climate change.

In 2014, we scored 83 out of 100 points, performance band C. (2013: 70 points, performance band D).

The disclosure score (0–100) measures the level of transparency being achieved through responding. The performance band (A, A-, B, C, D or E) measures how effectively climate risk is being addressed.

Dutch Transparency Benchmark

The Transparency Benchmark of the Dutch Ministry of Economic Affairs, Agriculture and Innovation (EL&I) offers insight into the way over 400 largest Dutch companies report on their CSR activities. It charts transparency in sustainability reporting and also measures trends in the quality and quantity of CSR reporting.

The survey is conducted annually. Wessanen attained a 39th position in 2014 (42nd in 2013) with a score of 161 points (out of a total of 200).

Other information
Shareholder information

At Wessanen, we are engaged in active dialogue with our shareholders and other stakeholders. Our actions are focused on ensuring clear, timely and simultaneous provision of information to all shareholders.

Investment proposition

Wessanen is a leading company in the European market for healthy and sustainable food. Our focus is on organic, vegetarian, fair trade and natural ingredients as these are healthier and more sustainable..

Our aspiration is to build a European leader in healthy and sustainable food. Operating mainly in the Benelux, France, Germany, Italy and the UK, we manage and develop well-known local brands such as Allos, Alter Eco, Bjorg, Bonneterre, Clipper, Gayelord Hauser, Isola Bio, Kallø, Tartex, Whole Earth and Zonnatura.

"In 2015, we celebrate our 250th anniversary"

Disclosure

All results announcements and press releases are published, in principle, before market opening of Euronext Amsterdam. All results announcements are accompanied by a conference call and/or meeting for the professional investment community. A simultaneous audio webcast will be freely accessible for all of those interested via our corporate website. All presentations made to groups of investors are published at the same time on this website.

Our Disclosure Policy is available on our website.

Prevention of misuse of insider information

Wessanen considers the prevention of misuse of insider information essential in the relationship with all stakeholders. The Company has in place an Insider Trading Policy applicable to management. The Company Code prohibits insider trading.

Investor relations

At Wessanen, we are engaged in an active dialogue with our (potential) shareholders. During the year both members of the Executive Board and the VP Investor Relations & Corporate Communications had regular contact with investors and analysts. The Company attended broker conferences and hosted roadshows during the year to meet institutional investors in Europe and the United States. In 2015 the Company will continue to attend investor conferences and host roadshows as an integral part of its investor relations policy.

Capital structure and distribution of shares

The capital structure consists of one class of stocks, i.e. voting shares with a nominal value of €1.00 per share. All shares outstanding have equal rights and can be traded freely without any restriction. Since these are mainly in bearer form, our analysis of the ownership of Wessanen shares by type of investor and by country of origin is based on data provided by depository banks per January 2015.

Share ownership institutional vs. private estimate %

	2014	2013
Private	16%	20%
Institutional	84%	80%

Major shareholders

In accordance with the Act on the Disclosure of Influence over Listed Companies (1991) the Company believes it had the following major shareholders as at 19 February 2015:

Delta Partners, LLC	25–30%
Invesco Limited	3–5%

Coverage by brokers and banks

During 2014, seven brokers covered Wessanen, all based in the Benelux. Research has been published on an irregular basis, although it has been mainly around the publication of quarterly reporting or a news event. In addition, Wessanen has been included in sector and country reports or when addressing specific themes, such as raw material/input cost movements.

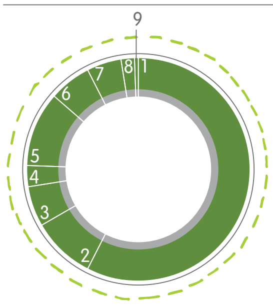
Development of the share price in €

Year	High	Low	Year end	Average daily volume traded
2014	**5.54**	**2.84**	**5.25**	**220,700**
2013	3.19	2.07	2.84	163,300
2012	2.97	1.94	2.20	256,800
2011	3.90	2.50	2.83	384,400
2010	4.24	2.43	2.96	414,900

Market capitalisation in € millions

Year	High	Low	Year end	Net debt/ (cash) year end	Enterprise value year end
2014	**421**	**216**	**399**	**(27)**	**372**
2013	242	157	216	51	267
2012	225	147	167	55	222
2011	296	190	215	32	247
2010	319	183	221	29	250

Volume traded per exchange 2014 in %

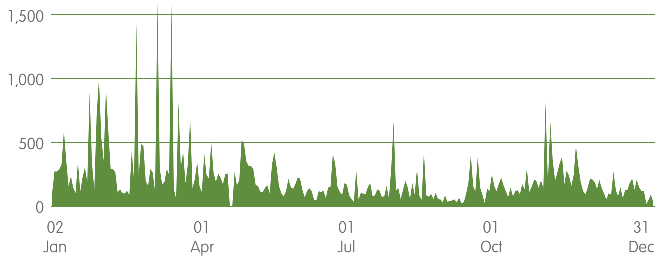


1 Euronext	58
2 BATS Chi-X	9
3 Turquoise	6
4 Equiduct	3
5 BATS over-the-counter	11
6 Euronext over-the-counter	6
7 Boat xoff	5
8 Dark venues	2
9 Systemeatc internallisers	0.5

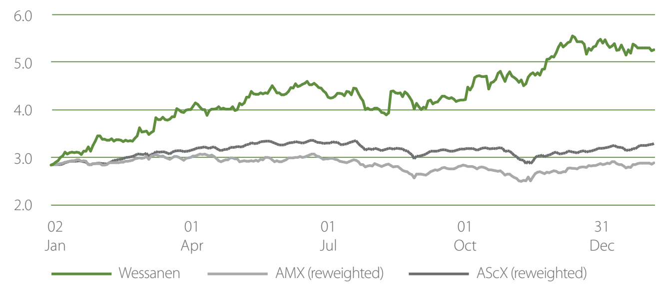
Source: Fidessa Group PLC

2014 trading volume (at Euronext) in thousands

220,600



Wessanen share price vs. AMX and AScX (reweighted) 2014 in €



Wessanen share price 2012 – 2014 in €

Peer group (TSR)

At Wessanen, we use performance shares granted under a Long-Term Incentive Plan which have a three-year horizon with a review date at the end of this period. Wessanen's performance is measured on the basis of its total shareholder return (TSR) in relation to its TSR peers and comprises the aggregate of share price appreciation and dividends over the three-year period.

The measure reflects performance relative to a relevant group of companies (the peer group). The actual reward is determined by the vesting schedule. As a result, performance under the median is not rewarded.

TSR 2012–2014 performance in %

92%

Lotus bakeries	127
Wessanen	92
Nutreco	86
Fleury Michon	77
Sligro	66
Bonduelle (30/6)	47
Corbion	25
Bongrain	13
Ebro Puleva	8
Premier Foods	-16

In 2014, the Wessanen peer group consisted of: Bonduelle, Bongrain, Corbion, Ebro Foods, Fleury Michon, Lotus Bakeries, Nutreco, Premier Foods and Sligro. It best reflects sector-specific competitors and the relevant market and in which the Company competes for shareholder preference. The peer group is reviewed by the Supervisory Board each year.

To reflect our changed profile we have updated our peer group, which will take effect as of 2015. We have removed Bongrain and Fleury Michon given their (too) limited free float, Nutreco as its take-over and subsequent delisting is imminent and Sligro as it does not classify within the same GICS sub-industry.

We have included Cranswick (UK), La Doria (Italy), Frosta (Germany) and Raisio (Finland), which are all European headquartered companies that qualify within the same GICS sub-industry (3577) (consumer goods-food products).

2014 performance Benelux companies/TSR peers/Dutch indices in %

ABInbev	20.0
Bonduelle (TSR)	3.6
Bongrain (TSR)	-8.8
Corbion (TSR)	-12.1
Ebro Foods (TSR)	-19.5
Fleury Michon (TSR)	-9.8
Heineken	18.8
Lotus bakeries (TSR)	29.2
Nutreco (TSR)	23.0
Premier Foods (TSR)	-60.9
Sligro (TSR)	10.7
Unilever	10.3
Wessanen	85.0
AEX	6%
AMX	1%
AScX	16%

Other information
Shareholder information continued

Key figures (as reported in respective years)

In € millions	2014	2013	2012
Revenue	**433.5**[1]	508.5	710.8
EBITE	**23.6**[1]	13.3	17.5
Operating result	**20.6**[1]	11.9	(45.8)
Profit/(loss) for the period	**45.3**	(0.1)	(53.5)
Cash generated from operations	**31.9**	27.9	18.8
Average capital employed	**121.0**	170.8	239.5
Invested capital	**173.3**	193.9	212.5
Total equity	**154.2**	105.4	101.6
Net debt/(cash)	**(27.3)**	50.7	54.9

[1] Continuing operations only.

Key ratios (as reported in respective years)

	2014	2013	2012
Leverage ratio	**(0.7)**	1.6	1.7
Return on average capital employed	**17.0%**[1]	7.0%	(19.1)%
Total equity as % of invested capital	**89.3%**	54.4%	47.8%
Dividend yield	**1.9%**	1.8%	2.6%
Dividend pay-out ratio	**40%**	42%	40%
Enterprise value to sales	**0.86**	0.53	0.31

[1] Continuing operations only.

Per share data (as reported in respective years)

In €	2014	2013	2012
Revenue	**5.71**[1]	6.72	9.39
EBITE	**0.31**[1]	0.18	0.23
Operating result	**0.27**[1]	0.16	(0.61)
Net profit	**0.60**	0.00	(0.71)
Dividend	**0.10**	0.05	0.05
Invested capital	**2.28**	2.56	2.81
Total equity	**2.03**	1.39	1.34
Net debt/(cash)	**(0.36)**	0.67	0.73

[1] Continuing operations only.

Cash flow per share (as reported in respective years)

In €	2014	2013	2012
Cash generated from operations	**0.42**	0.37	0.25
Net cash from operating activities	**0.42**	0.25	0.19
Net cash from investing activities	**0.64**	(0.13)	(0.31)
Net cash from financing activities	**(0.90)**	(0.04)	0.16
Net cash flow	**0.16**	0.08	0.04

Dividend policy

As a policy, Wessanen aims to pay out a dividend of between 35–45% of its net result, excluding major non-recurring effects. No interim dividends will be paid.

The proposed dividend for a financial year must be approved by the AGM, which is usually held in April of the following financial year.

Dividend proposals shall be made by the Executive Board with approval from the Supervisory Board and should be in line with the dividend policy.

Dividend payments are only allowed to the extent that the shareholders' equity is in excess of the sum of the paid-up capital and any reserves required under Dutch law.

2014 dividend proposal

As the 2014 net result of Wessanen, adjusted for non-recurring items, represents a profit, a dividend of €0.10 per share will be proposed to the Annual General Meeting of Shareholders. This represents a pay out of 37.4% of the net result excluding major non-recurring effects.

Dividend timetable

2015	
19 March	Record date
16 April	Annual General Meeting of Shareholders
20 April	Ex-dividend date
21 April	Dividend record date
23 April	Payment date

Key dates 2015 and 2016

2015	
20 February	Q4/full year results
27 February	Publication Annual Report (online)
16 April	Annual General Meeting of Shareholders
24 April	Q1 trading update
24 July	Q2 and semi-annual report
22 October	Q3 trading update
2016	
19 February	Q4/full year results

For analysts, investors (institutional and private), SRI specialists and media.

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RECYCLED
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FSC
www.fsc.org
FSC® C109580

gedrukt 100% CO_2 neutraal

100% ecological ink

Cautionary statement regarding forward-looking statements
This Annual Report may contain forward-looking statements. These are defined as statements not being historical facts. Forward-looking statements include (but are not limited to) statements expressing or implying Wessanen's beliefs, expectations, intentions, forecasts, estimates or predictions (and the underlying assumptions). Forward-looking statements necessarily involve uncertainties and risks. The actual results or situations may therefore differ materially from those expressed or implied in any forward-looking statements. Those differences may be caused by various factors, including but not limited to, macro-economic developments, regulator and legal changes, market developments, competitive behaviour, currency developments, the ability to retain key employees, and unexpected changes in the operational environment. Additional factors that could cause actual results or situations to differ materially include, but are not limited to, those disclosed under 'risk factors'. Any forward-looking statements in this Annual Report are based on information available to the management on 19 February 2015. Wessanen assumes no obligations to publicly update or revise any forward-looking statements in this Annual Report whether as a result of new information, future events or otherwise, other than as required by law or regulation.

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