Building a new kind of food company

wessanen

Integrated Annual Report 2018

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Report of the Executive Board

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Building a new kind of food company

"The world of food needs change. In December 2018, at the United Nations COP 24 summit in Katowice, a new report demanded that huge reductions in meat-eating are 'essential' to avoid dangerous climate change. Another found that avoiding meat and dairy products was the single biggest way to reduce an individual's environmental impact on the planet. In many ways, the global food system is broken, leaving billions of people either underfed or overweight and driving the planet towards climate catastrophe. That's why we are committed to building a new kind of food company, connected to nature in everything we do."

Christophe Barnouin
CEO

The market for healthy and sustainable food has been very dynamic in 2018 as more and more consumers are starting to change their food habits. Given that the rest of the food market in Europe offers little growth potential, it has attracted a number of new players to the organic market leading to intensified competition. While it has put some pressure on our own plans, we welcome the fact that other companies are pushing for positive change, too.

Moderate growth and improved profitability

Our own brands have delivered a moderate level of growth (2.1%), stronger in Q1 and Q4. Some of them have yet again achieved good results in their markets, for example Bjorg and Alter Eco in France, Clipper internationally, Allos in Germany, Ecocesta in Spain and Whole Earth in the UK.
Our focus continues to be on our six core categories. In line with our strategy, private label and distribution brands declined.

Profitability has increased by 60bps in 2018 resulting in an EBITE of 9.2% of revenue. Our share of organic products is 77.5%, 96% for vegetarian products and we buy 95% of renewable electricity. We have completed the B Corp certification of two more companies (Abafoods Italy and Germany) so that we are on track to become the first multinational food business to be certified. B Corp is all about using business as a force for positive change and apart from a powerful certification it provides us with valuable insight on how to further evolve our practices.

We have made progress on upgrading our operations resulting in improved customer service and forecast accuracy. We operate a practice of sustainable sourcing right through our supply chain. We managed to significantly reduce product quality issues (CPMU) and 87% of our products are now from GFSI certified suppliers.

During the summer, we were happy to welcome Abbot Kinney's to the Wessanen family. It's a fast growing pioneer in organic, plant based yoghurt alternatives that will strengthen our business in Dairy Alternatives, our number one category. Furthermore, we have made good progress on integrating previously acquired businesses and driving synergies.
2018 was a year that brought with it some new challenges and not all our plans worked out. But it also confirmed again that as a business we are operating in the most promising part of the food market and that we play a key role in driving positive change.

I would like to thank all employees across the Wessanen family for their passion and dedication and for responding to the challenges in 2018 in a resilient and effective way while staying true to our purpose.

Looking ahead

We believe that the organic market and the wider market for healthy and sustainable food will continue to outgrow the overall food market. More and more consumers are starting to understand that they should and must change their habits for their own benefit and for the sustainability of life on our planet. Wessanen will continue to be at the forefront of driving this change.

We will pursue our "connecting to nature" commitments, among which increasing the share of organic products to at least 90%, and becoming a business that is carbon-neutral and submits zero waste to landfill and incineration by 2025. There is a lot to do and the journey will sometimes be challenging but for us there is no other way!

Christophe Barnouin
CEO

Main Performance Dashboard

Revenue (in € millions)

2018	628.4
2017	624.4

+ 0.6%

Autonomous growth own brands (in %)

2018	2.1%
2017	7.7%

EBITE* (in € millions)

2018	57.7
2017	53.5

+ 7.9%

* Operating result before exceptional items.

Vegetarian products (in % of revenue)

2018	96%
2017	96%

Organic products (in % of revenue)

2018	77.5%
2017	77.5%

Net Debt (in € millions)

2018	48.0
2017	59.9

ROCE*

2018	15.9%
2017	15.8%

* Return on average capital employed.

B Corp (Certified business in % of revenue)

2018	70%
2017	57%

Physical waste to landfill and incineration (% of total physical waste)

2018	29%
2017*	–

* Not measured in 2017.

How we create value

We are creating long-term value by meeting existing, latent and future consumer needs for healthy and sustainable food products with our brands. We are leveraging our inputs in order to create positive outcomes for our business and stakeholders, the health of our consumers and the sustainability of our planet.

In 2018 we have contributed to our long-term agenda by autonomously growing our own brands (+2.1%) with focus on our core categories. The share that organic has of total revenue remained stable at 77.5%. We have invested into our operations to make them more efficient and effective and have created value by in-sourcing key products.

We have strengthened our position as a green business through continuing the process of B Corp certification. Apart from our French business, also our Italian Abafoods business and our German operations are now certified. We are a supporter of the UN Global Compact. Our longer term agenda is defined by the commitments made as part of our "connecting to nature" program.

We have a clear strategy and a transparent governance structure and perform systematic assessments of our risks and opportunities.

Input

1,320
employees

All of them passionate about healthier food for healthier people and a healthier planet.

€48.0
million net debt

Our exchange listing provides us access to capital markets, especially investors interested in sustainability-focused investments.

13
key raw materials

We are using natural resources and agricultural land, mostly from certified organic farmers. We are building sustainable supply chains.

8
factories

We produce more than half of our total volume in our factories across 5 European countries.

Throughput

Own brands

Our own brands are our most valuable assets and important to our long-term value creation. In 2018 they account for 84% of total revenue and have autonomously grown 2.1%.

Core categories

We focus on six core categories to develop expertise, create scale and drive international leverage.

100+
new products

Innovation is a key growth driver for our brands. We are constantly working to make our products healthier and more sustainable.

90+
countries

Beyond the six countries where we have our own companies we sell our brands globally. Our main channels are Grocery and Health Food trade.

Added value

Growing our brands **1** in core categories

2 Upgrade our operations

3 Building a green, attractive and efficient company

4 Making selective acquisitions

Strategic pillars

Mission

Vision

Purpose

A new kind of food company

1 Healthy food as intended by nature

2 As resource efficient as nature

3 Diverse and agile community

4 Cooperate with our ecosystem

Sustainability commitments

€628.4
million revenue

+ 2.1%
growth own brands

€57.7
million EBITE

€12.1
million net cash flow

› 2 million
healthy and sustainable products sold per day

Output

Impact

Healthy food as intended by nature

77.5%
organic products

96%
vegetarian products

87%
finished products suppliers certifies GFSI

As resource efficient as nature

95%
renewable electricity

33,557
tonnes CO_2e emitted (scope 1, 2 and transportation)

53
emissions ratio* (tonnes CO_2e/ total revenue in million euros)

0.89%
physical waste

29%
physical waste to landfill and incineration

* Emissions considered are scope 1, 2 and transportation.

Diverse and agile community

52%
women

35%
women in senior management positions

Cooperate with our ecosystem

5,549
fair trade sales (tonnes)

92%
finished product suppliers having signed code of conduct (% purchase turnover)

8%
Partnership signed (% of purchase turnover)

Our commitments

Healthy food as intended by nature

› 90%
of our sales will be organic products by 2025

› 95%
of our sales will be vegetarian products

As resource efficient as nature

Carbon-neutral
By 2025 we will be carbon-neutral and have reduced significantly our carbon emissions

Zero waste to landfill
By 2025 we will submit zero waste to landfill and incineration and will have reduced our physical waste

Diverse and agile community

Gender balance
By end 2022 we will have gender balance across our senior management

Increase internal mobility
By end 2022 we will have increased our internal mobility, meaning that at least 50% of jobs will be fulfilled by internal recruits

Cooperate with our ecosystem

Sustainable supply chains
By 2025 we will have built sustainable supply chains from farm to customers for 4 key organic raw materials (Tea, Oat, Almond, Cocoa)

Increase sales of fair trade
We will have increased the sales of fair trade certified products for southern countries raw materials

B CORP
Early 2020 Wessanen will be B Corp certified (group certification)

Building a new kind of food company

Purpose

The industrialisation of food has broken the link between food manufacture and the natural world and has led to huge environmental and social consequences. It has left people confused about what they eat, where it comes from and whether it's good for them.

At Wessanen, we think there is a way for people to regain confidence in the food they eat, and feel good about it again. To us, the answer lies in the laws of nature.

Nature is not only the best supplier but also a great teacher, and we should carefully listen to and learn from it.

We have decided to ask nature for everything we do. We believe it will help us not only in our commitment to organic food as the most natural way of producing food. It will also teach us how to organise and run our company in a better way. For example, nothing in nature gets wasted and we find that a very inspiring aspiration.

We are creating a new kind of food company. A company that is inspired by nature in everything we do.

Mission

Our mission quite simply expresses the contribution that we want to make. Or in other words, why our people come to work in the morning. We want *Healthier Food* for *Healthier People* and a *Healthier Planet.*

Vision

Our vision is to become a European Champion in healthy and sustainable food. Healthy and sustainable food is our domain and we want to positively influence the change of the overall food market in this direction.

The world is facing many challenges: climate change, poverty, obesity, diabetes, inequalities, waste and many more.

The 17 Sustainable Development Goals (SDGs) were defined by the United Nations in 2015 as the key topics for Sustainable Development, as part of the 2030 agenda.

They represent the global society challenges. Each SDG is defined with specific objectives and targets which can be adopted by any organisation.

Wessanen is fully committed to these SDGs with a focus on 2, 3, 5, 12 and 13.

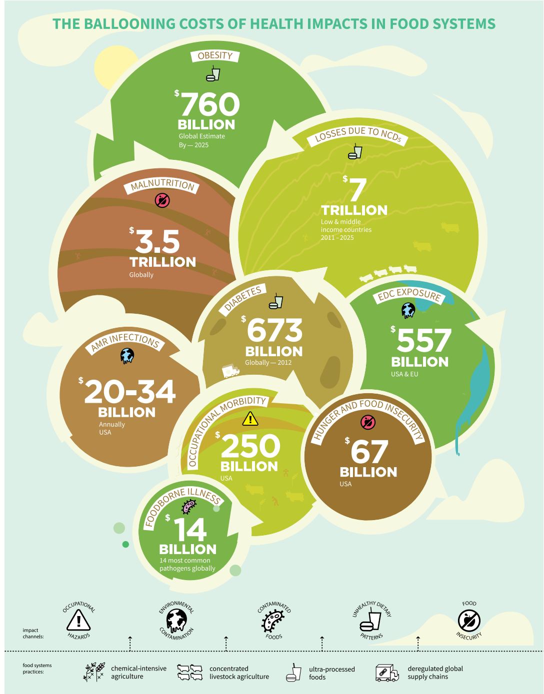
SDG	Objective	Wessanen contribution
Zero hunger	By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality	›90% of our sales will be organic products by 2025
Good health and well-being	By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being	Reduce sugar and salt in our products ›95% of our sales will be vegetarian products
Gender equality	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life	50% women in senior management positions by end 2022
Responsible production and consumption	By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses	Reduce our % waste and become a Zero waste company (divert all from landfill and incineration)
	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	
	By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment	Increase the part of organic products
Climate change	Integrate climate change measures into national policies, strategies and planning	›95% of our sales will be vegetarian products carbon-neutral by 2025

We are especially committed to SDG 12, which is about responsible consumption and production. Making healthier food choices becomes more urgent for people and planet everyday. As part of our mission and vision, Wessanen aims to make a substantial contribution to helping people improve their diet on a daily basis. Beyond driving our own business, this also includes raising awareness of the issues among employees, consumers, customers and other stakeholders through talks, presentations and scientific articles in various media. We need a food revolution and we want to play a leading role in driving it.

The cost of food system's impact on human health is huge. For example the cost of obesity has been estimated by IPES-Food (International Panel of Experts of Sustainable food systems) to be of $760 billion at global level.

Source: http://www.ipes-food.org/_img/upload/files/Health_ExecSummary(1).pdf

The picture illustrates the costs of health impacts estimated in different studies (global or local) performed in the last 10 years.



www.ipes-food.org/_img/upload/files/Health_ExecSummary(1).pdf

Our French company Bjorg Bonneterre et Compagnie has created a foundation (Fondation Bjorg Bonneterre et Citoyens) to promote and support the transition to more sustainable diets.

One of the key organisations supported so far is Solagro, a team of experts in agro-ecology and agri-environmental evaluation. The financial support intends to improve and communicate broadly their scenario Af'Terres 2050.

This research study models the transition in diets and agriculture at the 2050 horizon, combining simultaneously: the reduction of greenhouse gas emissions, the transition to healthier diets (less sugar, more plant based) sufficiency to feed all of the French population, the end of deforestation (no import of feed from tropical areas) and the creation of employment.

It can inspire public policies and also consumers to move to more sustainable diets and is fully in line with the model that Wessanen stands for.

Fondation Bjorg Bonneterre et Citoyens
SOUS L'ÉGIDE DE LA FONDATION DE FRANCE

This table presents the stakeholder groups with whom we cooperated in 2018 and the impact this cooperation had on our sustainability strategy. This selection is based on frequency of contact and its relevance.

	How we engage our stakeholders	Key topics discussed in 2018	Impact on strategy
Employees	Annual Great Place To Work (GPTW) survey Quarterly CEO meeting to share business results Regular town hall meetings with Executive Leadership Team	People Development Working conditions	Employee development plan Commitments on diversity and agility by end 2022: - 50% women in senior management positions - 50% of internal mobility Organic Day
Consumers	Consumer care daily contacts Survey on B Corp perception by French consumers	Nutrition Packaging	Further improve our nutritional policies Sustainable packaging
Customers	Participation in trade shows (e.g. Biofach, Biobeurs) Meetings with retailers and a partner on sustainable food model in France	Develop the organic market Traceability (origin)	Commitment to reach 90% organic in sales by 2025 Sustainable and transparent supply chain
Organic associations	Sponsor of IFOAM EU Participation in the plenary of IFOAM EU conference Members of national organic associations (Synabio, Bionext, Soil association, AOL, BOLW, Federbio)	Develop the organic market	Commitment to reach 90% organic in sales by 2025
Suppliers	Day-to-day contacts Technical visits and meetings Supplier Code of Conduct	Long-term partnership	Commitment to build sustainable supply chains on 4 key raw materials Partnership with finished product suppliers (3 signed)
Shareholders & investors	Annual shareholder meeting Integrated annual report, website Quarterly road shows Questionnaires	Climate change Food waste UN SDGs Water	Commitment to reduce further our emissions and be carbon-neutral by 2025 Commitment to Zero waste to landfill & incineration by 2025 Water topic disclosed
NGOs	Participation of our CEO in plenary of B Corp summit Participation in national fair trade organisations (UK, FR)	Climate change Food waste UN SDGs	B Corp certification further deployed (2 new countries in 2018) Group certified early 2020
Experts	Collaboration with experts (ethical, environment) on sustainable supply chain project Collaboration with experts on carbon footprint (UK, FR) Quarterly meetings with experts in the 'Fondation Bjorg Bonneterre et citoyens' (France)	Agro-ecological practices Ethical risks	Build sustainable supply chain on 4 key raw materials Commitment to reduce further our emissions and be carbon-neutral by 2025

Materiality matrix

Knowing well what matters to our stakeholders is essential and must be constantly enriched via an open dialogue with all stakeholders. We first defined our materiality matrix in 2016, via a method combining analysis of our stakeholders' feedback and surveys. The board has been involved in the process of identifiying and managing material topics.

In the course of 2018, we decided to make some adjustments to better reflect the qualitative feedbacks and challenges we received:

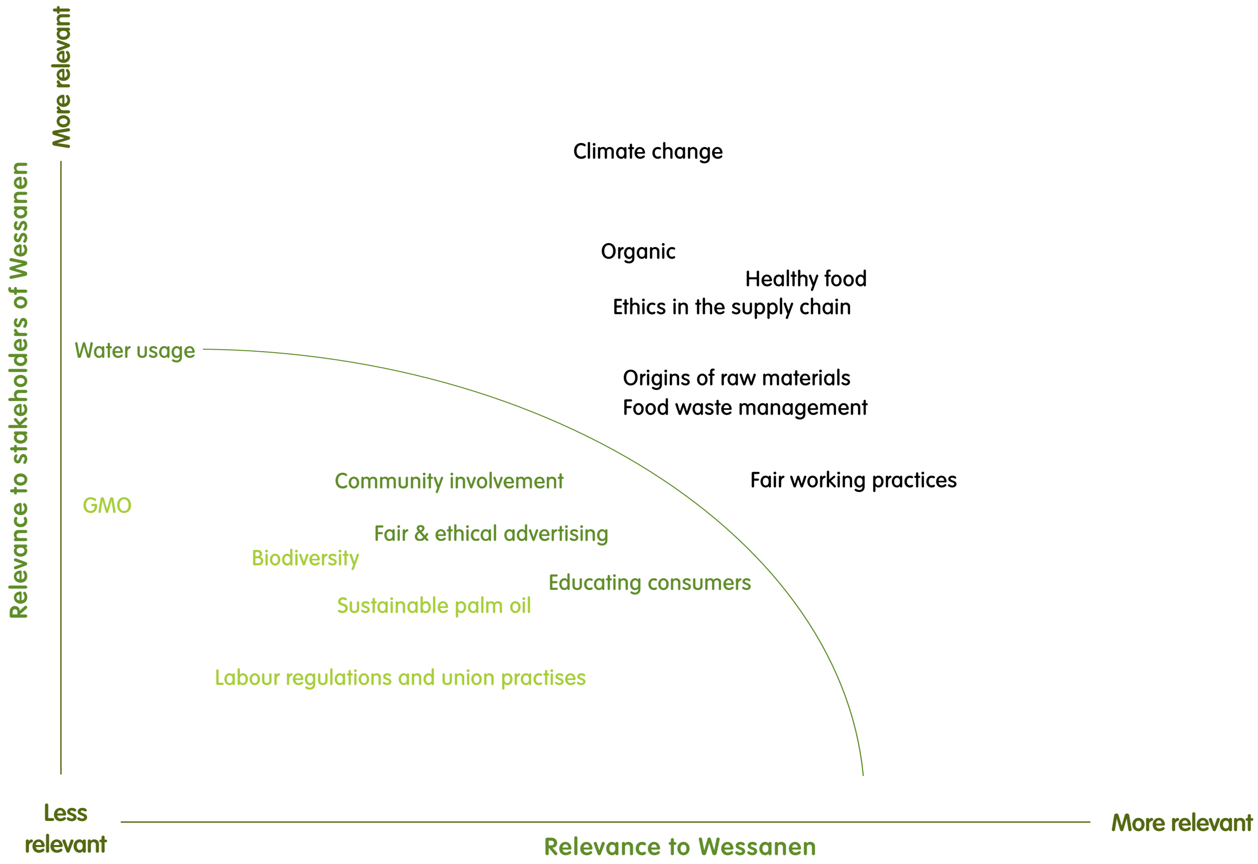
- some topics have been re-positioned to consider the feedback of stakeholders. We received many questions on water usage and moved it on the graph to reflect this concern. Though it is not a material topic, we disclose some information in this report.
- some topics have been clustered (Consumer health and safety and Vegetarian with Healthy food; Healthy lifestyle, Labour relations and Green entrepreneurial culture with Fair working practices; GMO with Organic; Fair Trade with Ethics in the supply chain; packaging with Climate change).
- the topic of 'regulatory compliance' has been removed as we consider it a basic requirement to operate.

Relevant topics are material and considered as our priorities. In the connectivity matrix (p.75) the link between material topics, strategy and the SDG's is presented. Each topic, why it is material, how we address it and measure progress on, will be further explained in the corresponding sections of the report.

Material topic

Material topics are marked with a "material topic" logo.

The updated materiality matrix is the following:



Certifications and initiatives

B Corp

In a world with so many challenges, we are convinced that companies should play a role by having a positive impact. But this impact must be measurable in an objective and trustable way.

Certified B Corporations are leaders of a global movement of people using business as a force for good. They meet the highest standards of overall social and environmental performance, transparency and accountability and aspire to use the power of business to solve social and environmental problems.

B Corps are for profit companies certified by the nonprofit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency.

ABAFOODS S.r.l. — Certified B Corporation

Allos Die Biomarken-Manufaktur — Certified B Corporation

Bjorg Bonneterre et Compagnie — Certified B Corporation

Le goût du voyage DESTINATION — Certified B Corporation

In 2017, our French entities have been certified and joined the B Corp movement. We decided that each company of the Wessanen family would progressively join with the common goal to reach a group certification by 2020.

In 2018, Abafoods and Allos have successfully passed the certification and joined the B Corp movement. Wessanen UK is also well engaged. This confirms that we are on track towards group certification.

We have regular dialogue with the B Lab team. Bjorg Bonneterre et Compagnie is engaged with other B Corps in France to raise the image of the certification. We participated to the B Corp summit which took place in Amsterdam in June during which our CEO, Christophe Barnouin, has participated in a panel. The topic was how B Corps are building a B economy to reach a more inclusive and sustainable future.

Global Compact

The United Nations Global compact is a voluntary initiative to implement sustainability principles within an organisation. Wessanen has signed the letter of commitments in December 2017 and submitted the first report in December 2018. Taking part in this initiative is fully in line with our project of bringing a positive contribution to the world around us and encouraging people to adopt more sustainable diets.

Wessanen's entities are engaged in local and global associations as below.

Membership associations

Country	Organic	Fair trade	Other food organisations	B Corp
Europe	IFOAM (sponsor)		European herbs and infusion Association (EHIA)	
France	Synabio	Commerce Equitable France	ANIA and Alliance 7 FCD	member
Netherlands	VBP Bionext		KNVKT (Dutch branch organisation for coffee and tea)	
Germany	AOL BNN FIBL			member
UK	Soil Association		- UK TIA (UK Tea and infusions association) - Food Drink Europe - GFIA (Gluten Free Industry association)	
Italy	Federbio			member

Strengths
Portfolio of leading organic brands holding No. 1 or 2 positions across key European markets.
Focus on core categories providing leverage in development, manufacturing and innovation across countries and brands.
Speed to market.
Strong Organic Expertise and fully engaged team caring passionately about healthy and sustainable food.
Track-record in successfully acquiring and integrating businesses.
High quality of products with certified organic manufacturing production facilities with IFS and BRC standards.

Weaknesses
Large product portfolio.
Limited position outside Europe.

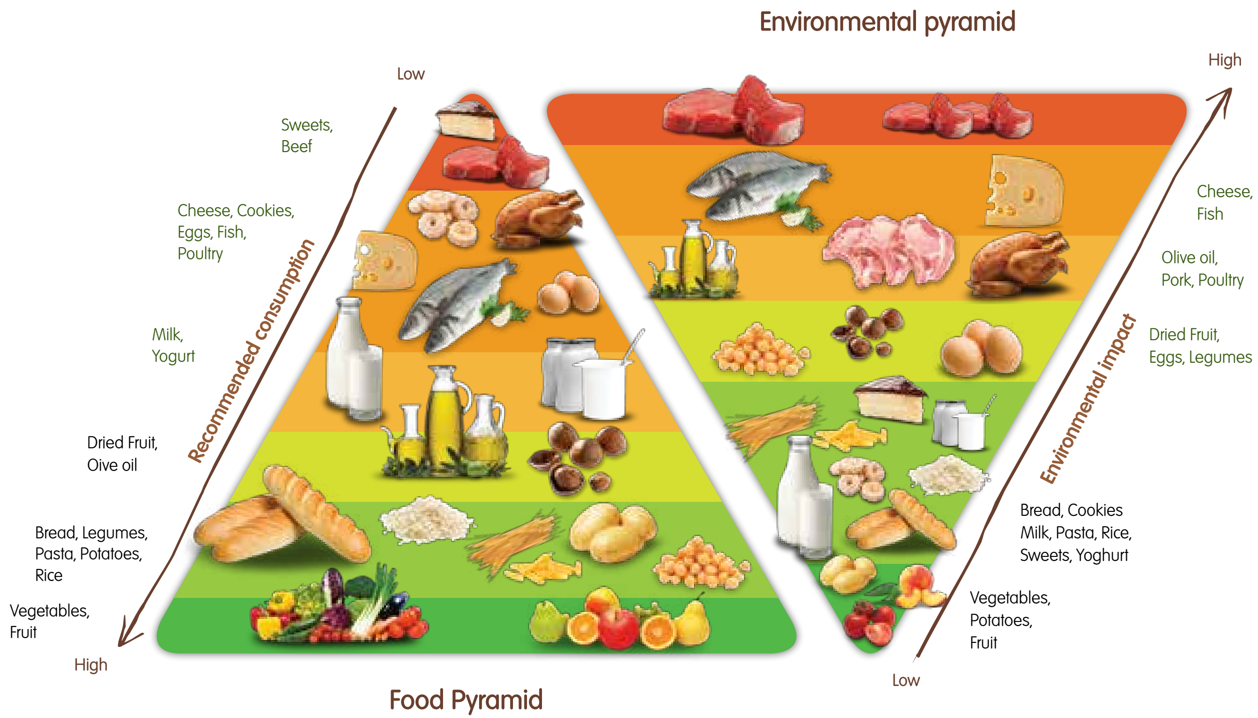
Opportunities
Continued strong growth of organic, vegetarian and healthier food.
Further leverage of cross brand and country synergies in production, research, and innovation.
Innovation leading to new products and categories and increasing revenues.
Increased governmental support for organic and healthier food.

Threats
Significant market entrance of big conventional food players.
Increased competition from private label, conventional food players and smaller brands.
Short supply of selected organic raw materials.
Disorderly Brexit affecting supply chain and trading conditions in the UK
Fraud, food safety and quality in the supply chain

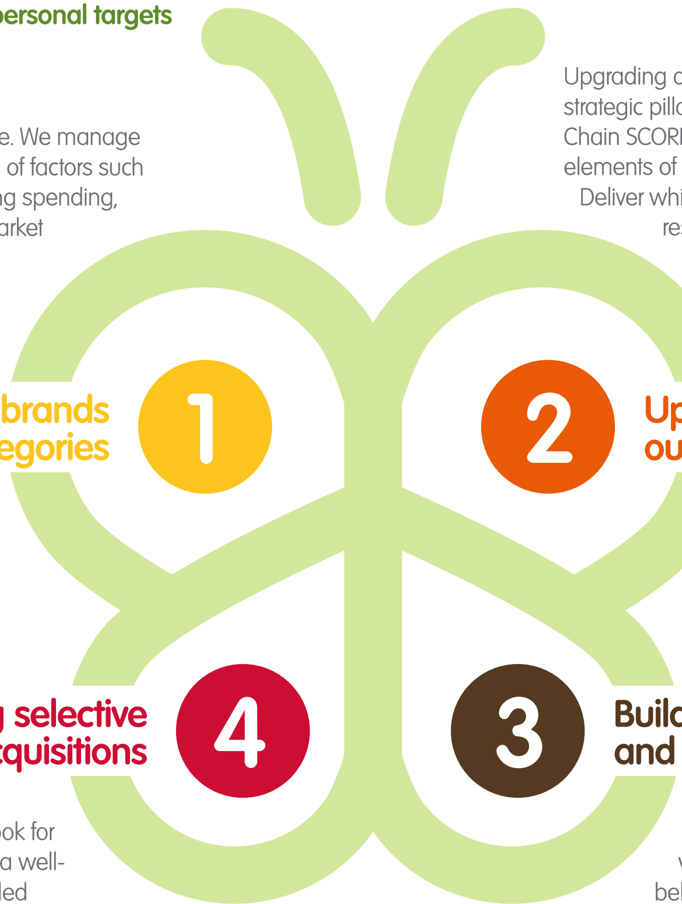
Our focus

At Wessanen, we focus on food that is good for people and for the planet. For us this means organic, vegetarian and natural food, fair trade and food that is nutritionally beneficial.

© Barilla Center for Food and Nutrition



Our strategy is based on four pillars which are fundamental to our success and the long-term value creation of Wessanen. For all four pillars, clear targets are in place for every financial year as well as for a three-year period, and these have been cascaded to the whole organisation. All employees across all roles and geographies have personal targets which are aligned with these strategic priorities.



1 Growing our brands in core categories

Brands are our key assets and we are building the leading sustainable food brands in Europe. Investing in the growth of our brands and in building stronger equity with our consumers is our first priority.
The quality and (organic) integrity of our products is key. Across all of our brands we focus on core categories in order to leverage international best practise, product quality and synergies. We aim for the number one or two position in any market in which we operate. We manage our brands in terms of factors such as growth, marketing spending, distribution level, market share and rate of innovation.

2 Upgrade our operations

Upgrading our operations is a key strategic pillar for Wessanen. Our Supply Chain SCORE model focuses on the 4 key elements of Plan, Source, Make and Deliver which helps us prioritise our resources and make the change in the areas that matter.

Becoming a more effective and efficient value chain is a continuous aspiration.

We continue to lead initiatives such as improving our Demand planning and S&OP process, driving more value from our existing and new sourcing initiatives, improving our operational efficiencies while driving waste out, and finally optimising our warehousing and distribution network to provide the best value and service to our customers.
We want to continue this journey with two key fundamentals in place: People Safety and improving Product Quality. Being an integral part of the business we will continue to play a key role when it comes to fuel for growth. We have to eliminate waste and unnecessary complexity in our operations to support the business to reach its growth ambitions.

3 Building a green, attractive and efficient company

It all starts with our people, who are the driving force behind our business and ambassadors for the world of food we believe in.
Being a green business is key to our performance but also to attracting the right talent, as our people want to make a difference in the world. Our sustainability strategy is the responsibility of the Executive Board, while our Organic Expertise Center (OEC) is in charge of 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. Our focus is on being an efficient company as we are aligning core processes and supporting them with the right tools.

4 Making selective acquisitions

We are looking to expand our family of brands and companies through acquisitions. This can add scale in core categories and markets and strengthen key capabilities. The attributes we look for include strategic fit, a well-differentiated branded market position and experienced management.

A food revolution is underway

Almost every day, we see topics relating to the health, sustainability and ethical aspects of food in the public domain. As consumers are better understanding the impact that food has on people and planet, many are asking themselves what and how they can change to have a positive impact. More and more new products carrying health, sustainability and ethical claims are arriving in supermarkets.

Meanwhile, we see a further increase in the negative consequences that a wrong diet can have. The NHS in the UK reported in November 2018 estimated annual cost for the treatment of Diabetes of over £10 billion, mostly caused by the dramatic increase of obesity and overweight in the population. Predications are for these numbers to continue to rise threatening health care cost to increase dramatically.

We therefore believe that healthier and more sustainable food will continue to strongly outgrow the rest of the food market. More and more consumers are asking for it naturally.
In addition, governments and policy makers are pushing for it to be more widely adopted by making consumers aware of the risks of, e.g., coronary artery diseases or diabetes and giving recommendations for achieving healthier and more sustainable diets. We have also seen a number of countries starting to impose sugar taxes on certain products.

Why we believe in organic food

The organic market has doubled over the last ten years and we see no end to continued strong growth in coming years.
Within an ever increasing plethora of labels and claims, organic food follows a clear and transparent international certification scheme. It provides orientation and trust for consumers.

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 bear the EU organic logo. The methods used to farm, grow and process organic ingredients and products must adhere to stringent criteria. These include no use of GMO ingredients or growth hormones and a restriction on the use of antibiotics, fertilisers, herbicides and pesticides. Only a few additives, processing aids and food colourings are allowed and there are strict rules concerning the welfare of animals.

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.

Across all countries, the main consumer motivation to choose organic products is based on four factors: they believe these are healthier than conventional products, are better for the environment, provide better welfare for farm animals, and the products are of a higher quality and taste better.

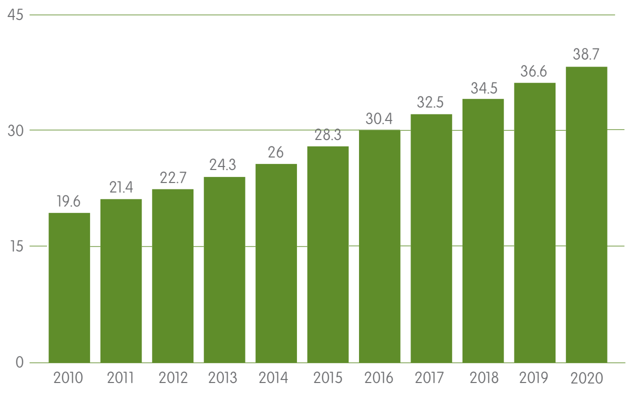
Organic food is more expensive than conventional food because it requires more man-hours and can lead to lower yields. However, we can consider the price of organic food to be a real price, as organic generates less external costs for society (such as water treatment for contamination by nitrates and pesticides, extra health care cost for farmers and consumers).

Dr Tom Macmillan of the Soil Association (UK) summarised our belief perfectly: 'Organic farming restores soil fertility, tackles climate change, improves public health, prioritises animal welfare, and reverses the decline in nature and wildlife.'
In a study published in October 2018 by the French Institute of Health and Medical Research INSERM in Paris, consumers regularly consuming organic food shows a slightly lower cancer risk compared to consumers that didn't.

The Organic market has seen steady growth of 5-7% p.a. over the past 20 years and we believe this will continue to be the case in future years. Overall, the share that Organic has of total food is still not higher than 4-5% in Europe, the highest being Denmark and Switzerland with more than 7% and on the low side Spain with only 1% of total food.

European Organic Market 2010-2020

Revenues (€ billion)



Source: Organic monitor and own estimates.

Why is the number of vegetarians, vegans and flexitarians growing

Significantly lower meat consumption has become one of the hottest debates in the world of food. 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 food sustainability around the world. There is a growing body of evidence that vegetarian and vegan diets positively contribute to human health and environmental sustainability.

The WHO has openly linked consumption of meat with an increased human cancer risk and the massive impact of the meat industry on climate change has become a strong focus point. Beyond that, more and more consumers understand the ethical questions surrounding modern, industrial animal husbandry.

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

Plant based proteins are becoming more widely available in various product categories.

We observe a strong rise of the number of vegetarians and vegans and believe that a lot more people will adopt a 'flexitarian' diet, avoiding meat multiple times per week.

Why fair trade is fair

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

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. 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.
Our brands Alter Eco and Clipper currently purchase through fair trade-certified schemes. In addition, Alter Eco has a clear preference for smallholders and cooperatives. We follow two standards: FL and ESR/FFL (Fair For Life). We used to report our fair trade sales as a % of product categories Hot Drinks and Chocolate. As of this year we will report volumes of fair trade products, as we believe this indicator is a better representative of our fair trade engagement. In 2018 we sold 5,549 tonnes of fair trade-certified products.

Our competitive landscape overall

We are one of a handful of dedicated players with a strong European presence and we compete with a range of very different companies in our markets.

Most organic producers are small to medium-sized, family-owned, and operate in just one country. Often, they cover several product categories. A number of conventional food companies have brought out organic variants, too.

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

Fair trade has been embraced by both conventional and organic producers with a focus on categories such as chocolate, tea and coffee.

We focus on six core categories across most of our brands. This gives us focus in product development and allows us to roll out successful mixes across countries and brands. We are leveraging our category expertise through European category teams. As intended, our core categories have grown ahead of our overall autonomous growth.

Breakfast Cereals

Healthier breakfast products such as organic muesli, granola and porridge are on trend. Own brands growth in the category was 12% driven mostly by Bjorg, Zonnatura and Ecocesta.

Bread and Biscuits Alternatives

The category was flat overall in 2018. Positive growth on Bjorg and Zonnatura, but decline on Kallø and El Granero.

Dairy Alternatives

Our biggest category and growing at 5% for own brands. Main driver is Bjorg. The extensions of Zonnatura, Allos and Ecocesta are growing strongly. The acquisition of Abbot Kinney's has given us a stronger position in the fast growing market of plant based yoghurt alternatives.

Hot Drinks

Overall category development was flat which masked strong growth on Clipper, Alter Eco and an extension into tea by Allos. Especially in HFS some of our brands were negatively affected by the channel development.

Sweet in Between

Own brands grew around 4% in the category. Strong growth on Bjorg, Alter Eco and Bonneterre while Zonnatura declined in this category.

Veggie Meals

Veggie Meals grew moderately in 2018 with main positive contribution from Allos veggie spreads and pestos, Bjorg meals and Alter Eco meal components.

Our own brands are our most valuable assets and important to our long-term value creation.

In 2018 they grew at 2.1% overall.

Alter Eco is a committed fair trade pioneer with a focus on coffee and chocolate in the French Grocery channel. Growth was strong in 2018.

Bjorg is the leader of the organic market in France and also present across French overseas territories and the Middle East. It achieved good growth in 2018.

Bonneterre, number 1 brand in the HFS channel in France, was flat in 2018 as a result of a slow down of the channel and internal restructuring of our Supply Chain set up.

Allos is exclusively available in the HFS channel in Germany and a number of international markets. The brand achieved moderate growth and extended its presence in the Dairy Alternatives, Veggie Meals and Tea categories.

Kallø , focused on Bread and Biscuit Alternatives in the UK, slightly declined in 2018 in a difficult market context.

Clipper, the No.1 fair trade and organic tea brand in Europe, has grown at strong double digit rates in international markets while being under pressure in the UK.

Whole Earth is the leading peanut butter brand in the UK Grocery trade. The brand also holds a presence across many international markets. Overall growth in 2018 was around 5%.

Zonnatura is the leading organic brand in the Netherlands. Despite achieving good growth in Breakfast Cereals and Dairy Alternatives. The brand overall declined mainly due to share loss in the Tea category.

Isola Bio achieved good growth in Dairy Alternatives in Italy and extended into Breakfast Cereals. In France and Brazil results were mixed so that the brand in total only delivered a low level of growth.

Organic food

Providing healthy food as intended by nature is at the heart of what we do daily. We focus on food that is designed to be healthier than the average food market. The key elements of differentiation are described in this chapter. This applies to all our products unless specified.

Material topic

Organic

Organic food is at the heart of our strategy: 77.5% of our revenue is organic, with a target of 90% by 2025. We focus on organic because it is healthier than conventional food, thanks to its production without synthetic inputs or artificial additives, and controls along the supply chain.

After many years of growth, the part of our revenue from organic was stable at 77.5% between 2017 and 2018. The acquisition of Abbot Kinney's, which is a whole organic business, will improve this indicator. We still aim to drive a continuous growth in the future.

We support the growth of the organic market in Europe through our organic brands, but we are also participating into organic networks. We are sponsoring IFOAM EU, the European umbrella organisation for organic food and farming. It fights for the adoption of ecologically, socially and economically sound systems based on the principles of organic agriculture – health, ecology, fairness and care. Our Sustainability Director participated in a panel on the new generation of Organic, at the Organic processing conference which took place in Zwolle in January 2018. Our operating companies are members of national organic organisations in each country we operate (Synabio, Bionext, Soild association, AöL, BOLW, Federbio). We are active members and collaborate with other organic businesses to develop the organic market.

After many years of discussion, the new organic regulation (2018/848) has been published on the 30th of May. It will enter into force on the 1st of January 2021.
The key impact for us will be the restrictions on the use of flavours. We are collaborating closely with our suppliers to bring our products into compliance.
Some elements will be specified in Delegated Acts and are still being discussed by the commission. IFOAM EU and the IGOP, involving representatives from the national organisations, are our contact to defend our positions.

Link with SDGs

Organic is much more to us than a product certification, it is a conviction and a commitment for future generations. By growing the organic market, we can support more land managed in a sustainable way, which contributes to the SDG 2 "Zero Hunger". Organic agriculture is resilient and helps maintain ecosystems.

It also contributes to the SDG 12 "Sustainable consumption and production", which aims at achieving a sound management of chemicals and significantly reduce their release to air, water and soil. Organic agriculture does not use chemical inputs, and by doing so supports this goal.

2 ZERO HUNGER

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Biodiversity fields of Allos:
In 2012 Allos initiated a biodiversity project, aiming to secure natural habitats for bees. What started as a small initiative is now a significant project. Next to own biodiversity fields close to own sites, Allos also supports municipalities, organisations and schools with sponsoring seeds.

In 2018 around 4.5 hectar flower fields have been planted and 100,000 bags of seeds have been given away in German organic shops

Material topic

Healthy food

Nutrition

Alongside organic, nutrition is very important to us. It is also a strong driver of the positioning of many of our brands. Our key brand Bjorg is clearly positioned as a healthier alternative, because products are organic but also because they have better nutritional profiles and are mainly plant-based.

Most of our products are formulated with unrefined cereals or sugar, to keep the intrinsic goodness of the plant. But we also look at the nutritional profile of our products.

Two years ago we benchmarked the products of our nutritional brands (Bjorg, Allos, Zonatura, Kallø, Evernat) with the market and identified 88 products that were not well positioned. We launched a renovation program aiming at improving the nutritional profiles of hese products. At the end of 2018, we have renovated 57 products, corresponding to 65% of achievement.

The R&D team of Bjorg Bonneterre et Compagnie managed to bring all Ready Meal products of Bjorg below market average on salt. 10 products have been renovated and the equivalent of 2.6 tonnes of salt have been removed based on a year of sales. Bjorg also launched a range of organic products for "aperitif" at a reduced salt level (minus 25% versus the market).

Some of our brands are more indulgent and we are currently testing different methods (% sugar, % salt, Nutriscore…) to measure the nutritional performance of our whole portfolio. We aim to have the method deployed end of 2019 and a KPI ready for reporting.

Link with SDGs

The SDG 3 about good health and well-being aims at reducing by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being between now and 2030.

A diet that is too high in sugar is fostering a variety of non-communicable diseases, including diabetes. The total cost of type 2 diabetes at the European level has been estimated to be of €29 billion a year and the IPES Food estimated it at $673 billion per year globally. Sugar consumed in excess can also increase the risk of obesity and tooth decay, as well as being suspected of contributing to hyperactivity in children.

At Wessanen, we decided to reduce constantly the amount of sugar in our products and, by doing so, to educate consumers to eat less-sweet products.

Vegetarian

Vegetarian products are in the DNA of many Wessanen brands. Bjorg and Allos have been pioneers in offering meat or dairy alternatives to consumers. All our brands, apart from Bonneterre, only propose products which can be consumed by vegetarian consumers, meaning they do not contain ingredients produced by animal slaughtering.
This is a fundamental element of our offer and we are proud to have more than 95% of our portfolio which can be consumed by vegetarian consumers. We follow this KPI and make sure that it remains above 95%.

Vegetarian diets have been proven to be healthier. Besides that, they are also essential to fight climate change and reduce emissions. The latest report of the EAT-Lancet commission, called 'Food Planet Health', makes clear dietary recommendations: "Transformation to healthy diets by 2050 will require substantial dietary shifts. Global consumption of fruits, vegetables, nuts and legumes will have to double, and consumption of foods such as red meat and sugar will have to be reduced by more than 50%. A diet rich in plant-based foods and with fewer animal source foods confers both improved health and environmental benefits".

https://eatforum.org/content/uploads/2019/01/EAT-Lancet_Commission_Summary_Report.pdf

Link with SDGs

Fostering vegetarian products support the SDG 3 (good health and well-being) and 13 (Climate change).

GFSI certification

On top of being organic, natural, nutritious and responsible, our products must, of course, be excellent in terms of food safety.

Some years ago we wrote our first Product quality booklet which defines our requirements in terms of product quality and safety. It is still our reference regarding the quality of what we sell, and we are regularly improving it.

One of the key elements is that our products are produced in GFSI certified factories:
- all our factories are GFSI certified except Destination, which is progressively implementing all the requirements.
- 87% of our purchase turnover is manufactured in GFSI certified plants. Suppliers which are not certified are subjected to an on-site audit before being selected. The scope of finished product suppliers has changed versus our 2017 report. We now include also the suppliers of recently acquired businesses (Biogran, Destination and Abafoods). This explains why the percentage has gone down.

In parallel, we continuously and rigorously manage the quality of our products via risk-based monitoring. In 2018, we revised the method for risk assessment of food fraud and food safety.

Link with SDGs

Safe foods is supporting the SDG 2 (Zero hunger) to ensure access by all people to safe, nutritious and sufficient food all year round.

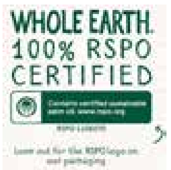
Sustainable palm oil

Palm oil consumption has dramatically increased in the last decades leading to large deforestation especially in Asia. Consumer awareness of the issue has grown steadily, driven by campaigning of NGO's.

Wessanen joined the RSPO roundtable in 2012 and adopted a strategy in two parts:
- replace palm oil where possible without degrading the product quality and if possible improving the nutritional profile. This has been achieved for all Bjorg products, with a significant reduction of saturated fatty acids.
- obtain RSPO certification for the rest and buy Green palm certificates only, when this is not possible.

We use sustainable palm oil in some products as we believe that when produced in a sustainable way, meaning with no deforestation, it is a good ingredient. Palm oil has excellent functional properties and it is the oil with the highest yield per hectare. It requires less hectares of land than any other fat for the same production.

In 2018 we used in our products 622 tonnes of palm oil of which 90% was certified RSPO and 10% were compensated by RSPO credits. 66% was organic, which is all sourced from Latin America, mainly Columbia, where there is no deforestation for palm oil. Besides that, the palm oil production has been a substitute to the production of coca leaves. In 2018 we also moved our RSPO certifications, previously managed locally, to a group certification. Wessanen was audited successfully in March according to the RSPO standard.



Link with SDGs

Using sustainable palm oil indirectly contributes to SDG 13 (Climate change) by avoiding deforestation, which has a significant impact on climate change.

Packaging

Packaging is an essential element of the product. It protects it and by doing so, avoids food waste, and it carries essential information to the consumer. Packaging however, is also the part that is always wasted. More and more consumers are challenging the packaged goods industry on the environmental impact of its packaging.

What is sustainable packaging? Sustainable packaging is made with renewable resources, produced with minimal impact on the environment, re-usable or fully recyclable to make new packaging materials.

The packaging industry is currently undergoing a revolution, changing the paradigm of packaging and plastic in particular, towards a circular economy. There are many challenges to overcome still such as ensuring that the recycled packaging is safe to use again to pack food, i.e. free from contaminants and impurities, or collaborating with municipalities and governments to improve the recycling systems and recycling behaviour of consumers.

What can be done at our level? While in some areas our influence is limited, we challenge ourselves and our suppliers to reduce unnecessary packaging volume & material via downsising and removing excessive material. We also discuss with our suppliers how to identify new and more sustainable alternatives.

Here are 3 examples of green packaging implemented in 2018:
- Downsizing breakfast cereal bags and switch to vegetal ink.
- Replacing the plastic caps of our Dairy Alternatives tetra-bricks, previously oil-based plastic (PE) by bio-based plastic (PE) from sugar cane.
- Making plastic-free teabags by removing the plastic sealing (PP).

We do not have a single KPI to measure the impact of packaging. We previously measured the weight of packaging versus the one of products but this appeared to be more influenced by the product categories than by our actions. We started measuring the CO_2 impact of our packaging this year (cf. section on Carbon footprint page 29) but we do not want to reduce the packaging impact to the greenhouse gas emissions, as there are other critical ones like the exhaustion of resources. We just implemented an internal policy which will help our R&D teams to make decisions related to packaging for our own brands and focus on renewable and recyclable materials. For example we will stop using metalized plastic films by 2025. Progress on compliance to this policy has not been measured yet as it was just published internally, but we will start measuring it for our biggest SKUs as of 2019.

Link with SDGs

Green packaging initiatives contribute to the SDG 12 (Ensure sustainable packaging and production patterns) which aims at substantially reducing waste generation through prevention, reduction, recycling and reuse by 2030.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Clipper introduces world's first plastic-free, non-GM, unbleached tea bag

Clipper Teas has developed the world's first plastic-free, non-GM and unbleached heat-sealed tea bag. In October 2018 all production has been moved to the new tea bag paper. It is made from natural plant based materials – a blend of abaca (a species of banana), plant cellulose fibres and PLA- a bio-polymer derived from non-GM plant material that helps hold the paper together – and what's great is that it does not contain any synthetic polypropylene material.

The new tea bag is the result of an extensive period of detailed trials and material sourcing.: Clipper Teas is committed to being GM-free and therefore took time to develop a solution that fully aligned with the principles of the brand and was guaranteed to be from non-GM sources.

1 Growing our brands in core categories

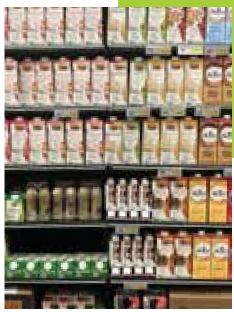
More than **10** brands in **91** countries

- At Wessanen we aim to be European Champion in organic food – but did you know that we also sell our brands in 91 countries around the world?

Wessanen brands worldwide

Clipper Tea in Canada
Clipper Tea has been listed at Walmart Canada, an American multinational retail corporation.

Isola Bio in Brazil
Did you know that Isola Bio is market leader in Dairy Alternatives in Brazil?

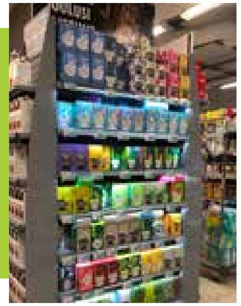


Tartex in Sweden

Did you know the Swedish love pate in tubes? Therefore our Tartex vegetarian pate is a favourite there.

Clipper Teas in Finland

Did you know that Clipper is market leader in organic tea in Finland?



Bjorg in Lebanon/UAE

Did you know that Bjorg is market leader in organic food in Lebanon/ United Arab Emirates?

David Care

International Markets Director

"I joined Wessanen 18 months ago taking on the exciting mission of developing the footprint of Wessanen brands around the globe. I lead a multicultural team who drive the challenging agenda of selling and promoting our brands in over 90 countries making Wessanen one of the only Organic players present in all 6 continents.

Over recent years the International team has built strong positions in the Nordics, Eastern Europe and Brazil. In addition, within the last 12 months we have created a strong platform for future growth in the US, Canada and the Middle East.

The International team has a unique opportunity to work across all the Wessanen operating companies, leveraging experiences and insights in the development of emerging markets.

I believe that International Markets will be integral to the growth strategy of Wessanen in coming years capitalising on our current positions (for example in the Nordics) and on macro trends around the world."

Priorities

We are managing operations on the full value chain, i.e. from raw materials to our final customer. This includes managing centrally our suppliers, our eight factories and our warehousing and transportation network.

In order to upgrade our operations our 3 main objectives are:

1 Support the Growth

Our first focus is to continue to improve customer service through the development and professionalisation of our sales and operational planning (S&OP). We have made good progress in 2018 and this remains a key priority for us in 2019 and beyond.

2 Protect margin

We are managing our productivity agenda based on operational excellence and lean principals, this helps us to have continuous improvements as a common place. In 2018, we have implemented productivity improvements in our factories, optimised our in-/outsourcing set up, have reviewed and updated supplier choices and better managed our raw material and commodity suppliers. In addition to this we have launched a Cost Improvement program to help us in identifying saving opportunities for 2019 and beyond.

3 Develop sustainable operations

We are working on reducing our environmental footprint and waste throughout the chain and further developing the expertise of our people. Our supply chain is 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.

Our sourcing

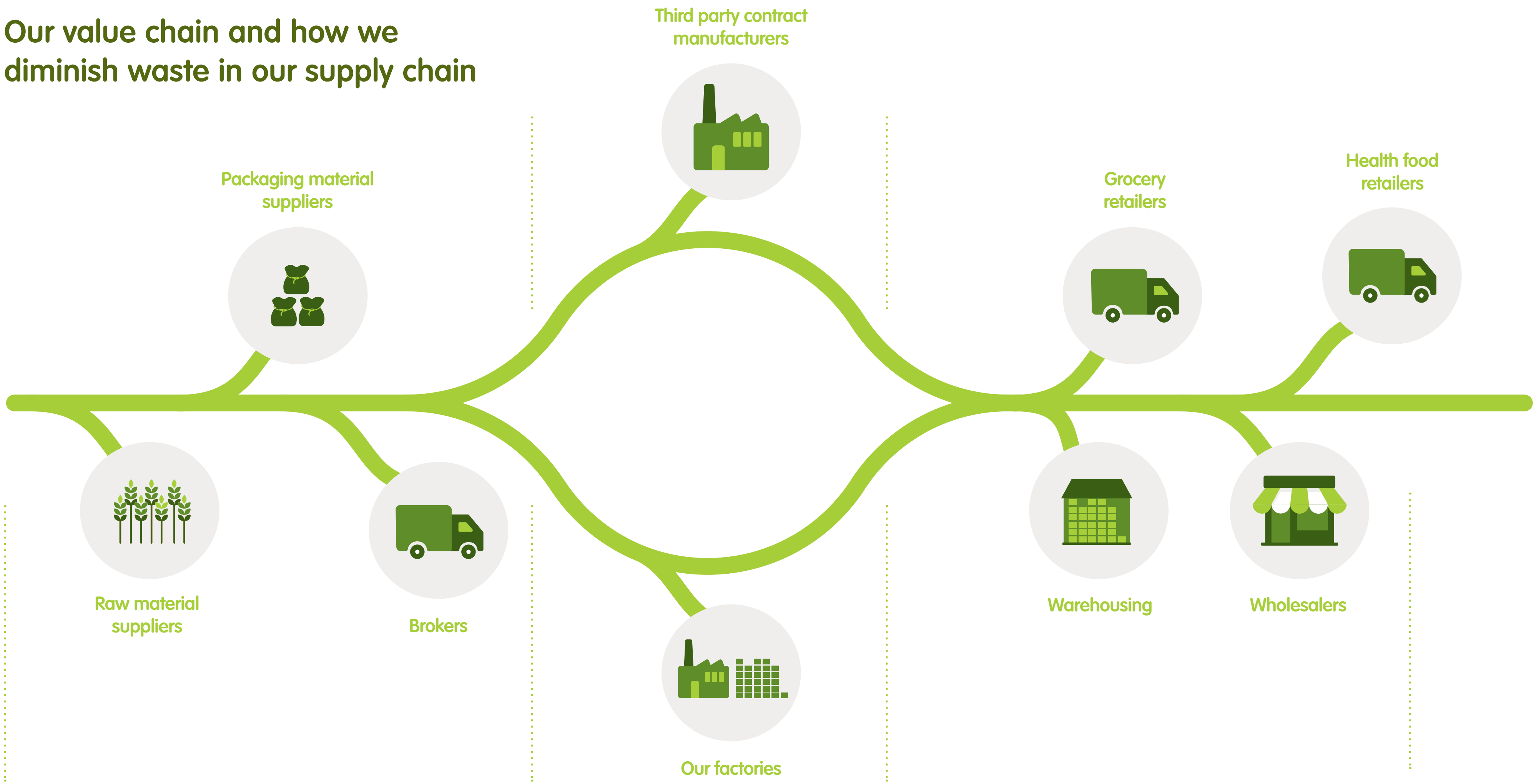
We operate a practice of sustainable sourcing right through our supply chain. As most of our products are organic, a seamless, well-controlled and fully certified supply chain is needed to safeguard the quality of the ingredients, processes and products. All parts are checked on a regular basis, both planned and unannounced. 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.

Our central sourcing team concentrates on managing the costs of goods sold and creating strategic partnerships with numerous suppliers. We have a single, centralised way of working.

Our manufacturing

We manage eight factories located in five countries, with focus on core categories and multiple country product lines. Our share of own production continues to increase over the years, which reflect the increase of internal competitiveness as we continue to invest in our own capabilities when it comes to technology and people.

Our value chain and how we diminish waste in our supply chain



Waste diminishing (for our factories only)

Damage during transport

Raw material out of date

During production (overweight, low quality, rework, switches)

Finished product (obsoletes)

Packaging (printed)

Damage during transport

Material topic

Climate change

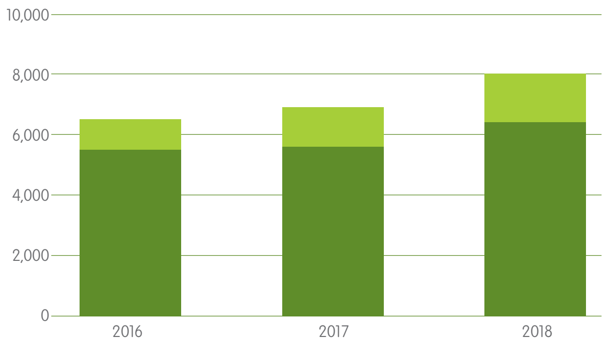
2018 has again been a very hot year, confirming that climate is changing fast. In the meantime, the IPCC 2018 (Intergovernmental Panel on Climate Change) has stressed the importance to contain the temperature increase below 1.5°C, considering that 2°C would affect dramatically many areas of the world.

We, as a responsible company, have to play our part in controlling and reducing emissions generated by our activities. Besides, carbon emissions and climate change have been raised as the most material topic by our stakeholders. End 2017, we have taken the commitment to reduce our emissions in line with science-based targets and to neutralise them by 2025. We have improved the robustness of scope 1 and 2 emissions and have them externally verified for the third year. Our scope 1 and 2 are measured on the whole business though our scope 3 is measured only on part of it, as explained in the corresponding paragraph. Our management approach is to reduce our absolute emissions for scope 1 and 2 and reduce our emissions.

Scope 1

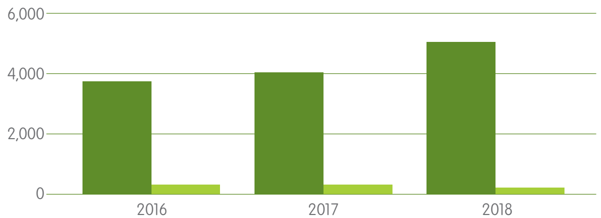
Our scope 1 emissions have grown in 2018 by 16%, at a higher speed than the business growth. The situation is not homogeneous across the business. Some factories have significantly reduced their gas consumption, like Allos and Beaminster. Allos has run energy saving projects in popping and roasting while Beaminster has moved to a new factory with a more efficient heating system. On the opposite, Destination has increased its consumption mainly because of process improvement to burn the smoke from the roasting. This is better for the environment by reducing fine particles emitted in the atmosphere but consumes more gas. However Destination has also made good progress by starting to purchase bio gas as of November.

The increase of scope 1 emissions is also caused by an increase of our car fleet. Our plan is to look carefully at gas and lease cars consumption to better contain scope 1 emissions in order to achieve our reduction targets before 2025.



Scope 2

Our overall electricity usage has increased in 2018 (move to a larger building in Amsterdam, construction of new building in France) which results in a higher scope 2 market based. However we continued our move towards 100% renewable electricity. As Destination has moved to 100% renewable and Biogran switched also part of its consumption (one site). We are now purchasing 95% of renewable electricity overall.



Emissions scope 2 market based (tones CO_2e)
Emissions scope 2 location based (tones CO_2)

Scope 3

As for any consumer goods company, scope 3 is the most important source of emissions but also the most complex one to measure. The main contributors are raw materials, energy consumption at 3rd parties, transportation and packaging. In 2018, we developed a method to measure the emissions related to transport (upstream and downstream) and to packaging (from production to elimination).

Transport

Transportation is out-sourced. We developed a tool to calculate the emissions related to our goods transport (upstream and downstream) by measuring it for each single transport. We applied the calculation to 2018 and also 2017, as this method was more accurate than the calculation of the previous years. The scope of the calculation includes all companies except Bioslym and Destination. We have gained in efficiency in 2018 as the total emissions are 25 455 tCO_2e versus 26 134 tCO_2e in 2017. The emissions are split between upstream (suppliers to us) which generate 13 244 tCO_2e and downstream (us to customers) which generate 12 211 tCO_2e.

Packaging

The emissions related to the packaging of all our factories have been estimated at 10 500 tonnes in 2018. This covers all packaging (primary, secondary and tertiary). This refers only to the in-sourced products. We have not measured yet the impact of packaging for out-sourced products.

Knowing the impact of our packaging mix to CO_2e emissions is important, however we will not base our packaging choice purely on this criteria. We prefer to look at packaging from a circular economy perspective and foster recyclable packaging.

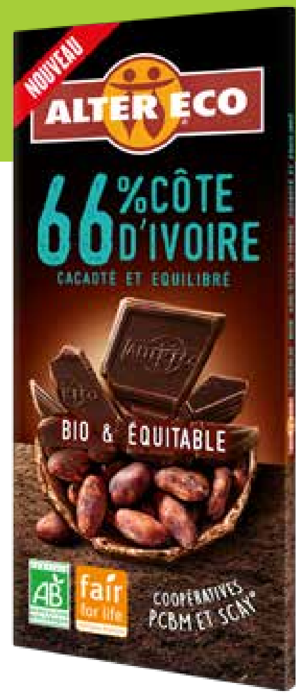
Raw materials
We started a first general approach of emissions related to the production of our main raw materials. It confirmed that this is by far the main contribution to our scope 3 (above 100 000 t CO_2e).

Total estimated emissions and compensation
The emissions measured accurately for Wessanen (scope 1, 2 and transportation) are 33,557 tonnes. If we include also packaging for our own factories and estimated emissions for key raw materials, we reach a total of 157 000 tonnes CO_2e. This level will be considered in setting the science based targets.

Link with SDGs
Reducing emissions will contribute to the SDG 13 (Climate change).

Focus on Alter Eco in-setting
Alter Eco has developed a partnership with Nitidæ, a French organisation which designs, develops and leads projects that preserve the environment while contributing to the local economy.
Through this project Alter Eco aims to combine social and environmental benefits through its cocoa beans purchase to a cocoa cooperative. Above the organic market price, 2 kind of premiums are paid to the farmers: Fair trade (or social) premium, and an additional one if the cocoa plantation is an agro-forestry model, sequestrating a minimum of 10 tonnes of carbon per hectare. This premium is funded through the Alter Eco "insetting" fund, dedicated to compensate its carbon footprint contributing to re-forestation projects in its raw material supply chains.

This project is part of the larger REDD+ forest conservation project in the area of Mé (Ivory Coast).



Material topic

Food waste

Reducing waste is one of society's main challenges. Related to the growing concern of how to feed 9 billion people, there is growing awareness that this could be achievable by stopping the waste of one third of the food which is produced.

The material topic highlighted is food waste, but actually we are considering all physical waste from our Operations. Wessanen is producing different types of waste through its activity:

- at factory level, we waste raw materials, packaging, semi-finished and finished products. The reasons can be wrong forecast, product discontinued or changed or quality issues.
- at company level, we waste products which cannot be sold, due to expired shelf life or quality issues.
- at third party suppliers, we sometimes waste packaging when a product is stopped or renovated.

We exclude from our scope the waste produced at agricultural and at consumer level, and the waste which is not under our control at third party suppliers.

We are tracking these different sources of waste and monitor them per site and at Wessanen level. Our waste in factories is composed of:

- mainly paper and carton.
- wood.
- food material.
- mixed waste (packed products).
- and a small quantity of metal.

The ratio of waste has been reduced from 0,41% in 2015 to 0,35% in 2018 in all SAP business excluding Abafoods. This covers the following businesses: Bjorg, Bonneterre et Compagnie, Allos Hofmanufaktur, Wessanen UK and Wessanen Benelux. Due to the size of Abafoods and the type of industry, the volume of waste is significantly higher therefore it impacts considerably the ratio of all Wessanen leading to a ratio of 0.89%. Unfortunately this ratio has increased in 2018. Considering this context, we have revised our ambition to 0,70% in 2020. Waste KPIs are monitored closely by the Operations team.

All our businesses have partnerships with associations and discounters to donate or sell at a very low price food products before the end of shelf life and ensure that most products will not leave the food chain.

Waste can also become a resource. In parallel to reducing waste, we also want to become a Zero waste company, meaning all physical waste to be diverted from landfill and incineration.

In 2018 the operations team has started to monitor accurately how each waste is eliminated, with the aim of reducing the part going to landfill and incineration below 3% by 2025. The strategy for waste is: 1) Avoid; 2) Reduce; 3) Re-use; 4) Recycle; 5) Down cycle (as less and possible). Sending waste to incineration or landfill will be progressively stopped.

At Wessanen level, 29% goes to landfill and incineration meaning that 71% of our waste is recycled, composted or converted into biogas.

The Beaminster factory is almost a Zero waste factory as more than 98% of its waste is either recycled or converted into biogas.

Link with SDGs

Reducing and valorising waste contribute to the SDG 12 (sustainable production and consumption), which aims at substantially reducing waste generation through prevention, reduction, recycling and reuse.

Plogging activities

We also raise awareness of our employees on waste. During the European week for waste reduction in November 2018, many sites organized plogging activities. This concept, originally from Sweden, consists of combining sport (jogging) with environment (collecting waste).

Water management

Water usage was not considered as a material topic in our previous materiality assessment. However water stress is a growing concern and many stakeholders (investors, NGOs) asked us how we were addressing this concern. So we decided to report how we manage this topic.

The stress on water is on two sides: water consumption and water pollution.
Water pollution is caused by the use of chemicals in agriculture or by inadequate factory practices. Organic products do not generate water pollution at agriculture level. Our factories have good practices for water management, cleaning used water before discarding it.
The Abafoods factory in Badia Polesine has a positive impact, as it extracts water from a well and cleans it to make it drinking water to be used in our production. The waste water is cleaned and can be released into the river, in agreement with the municipality.
Water usage in food products is at agricultural and at transformation level.
Considering the water usage in our supply chain is complex given the large number of products, suppliers and ingredients. We start by focussing on water usage in our factories.

Of our 8 factories, only 3 have wet processes, meaning they consume significant volumes of water for production. These factories are Abafoods and Bioslym (Dairy Alternatives) and Allos Schwarzwald (Savoury Spreads and Jams).

According to the World Resources Institute (site Aqueduct-Water Risk atlas), these 3 factories are located in areas classified as Medium to High risks for water stress.

Our factories monitor the quality of the waste water and clean it.

In 2018, the water consumption of these 3 sites has been of 390 200 m^3, representing a reduction of 5% versus 2017. The usage of water per tonne produced was 3.73 m^3/tonne in 2018 versus 4.00 m^3/tonne in 2017.

Link with SDGs

Managing water in a sound way contributes to the SDG 12 (sustainable production and consumption) which aims at achieving the sustainable management and efficient use of natural resources.

We look at this topic from two angles: collaboration with our direct suppliers and building sustainable supply chains for some key raw materials.

Collaboration with our suppliers

Collaborating efficiently and in a fair way with our suppliers is essential to constantly improving the quality of our offer. We have developed strong relationships with many of our suppliers of finished goods over many years of cooperation, but we never formalized this collaboration.

In 2018, we developed a partnership contract and defined the commitments of both parties to work in a more collaborative, sustainable (long-term partnership, CSR initiatives) and transparent way.

Three partnership contracts representing 8% of our purchase turnover of finished goods have already been signed. For example, we came to this agreement with our key supplier of peanut butter. In this partnership, the supplier commits to reach the ISO14001 certification and become carbon-neutral, and to share information regarding the traceability of raw materials up to the field level. Wessanen commits to provide visibility on our innovation strategy.

We aim to deploy further this model of cooperation and have at least 10 partnership contract signed by end 2020, representing 20% of our purchase turnover. We will also extend this to raw material suppliers in the future.

> **"The renewal of our partnership with Wessanen, for a further five years, enables us to invest further in our business to provide capacity for the future growth for Wessanen's Whole Earth Brand. It will also enable us to work together more closely with Wessanen to improve the sustainability of our business and Whole Earth products by working towards farm to fork traceability on all ingredients used"**
>
> **Mark Duerr**
> Managing Director

Material topic

Origin of raw materials

The majority of our ingredients come from Europe although we also source ingredients such as tea, agave and coffee globally. Furthermore, sourcing from Western Europe is not always possible due to availability issues as the European organic market is growing faster than organic agricultural production. We source part of our raw materials ourselves, while another part is sourced and processed by our third party producers, based on our recipes and specifications. In 2018, we created a new position of raw material sourcing director, who is responsible for the procurement of raw materials for our factories and some of our suppliers. This role will strongly contribute to building more sustainable and transparent chains.

Our largest raw materials (in volume) are rice, oat, peanut, coffee, chocolate, soy, tea and almonds. The key origins for our own brands products are the following;

- rice used in our cereal cakes is sourced from Thailand and rice in our Dairy Alternatives is produced in Italy, partly in our La Goccia fields*.
- oat in Dairy Alternatives is sourced from Italy, also partly from La Goccia. Oat used in Breakfast Cereals is sourced from Western Europe, mainly Germany.
- peanuts in our peanut butter are sourced from China (organic) and Argentina (non-organic).
- coffee and tea are sourced from different origins, mainly disclosed on the packaging.
- the cocoa used in our chocolate is sourced from different origins disclosed on our packaging. The chocolate used in our biscuits is sourced from European chocolate producers.
- soy is sourced from Italy for our Dairy Alternatives.
- almond used in our Dairy Alternatives but also bars is all sourced from Europe, Italy or Spain.

We are conscious that our customers expect transparency on the origin of raw materials. Our consumer care executives always provide the information on country of origin upon request and are transparent regarding the origin of our raw materials.

To make this transparency more proactive, we aim at building sustainable supply chains for four of our key raw materials, cocoa, oat, almond and tea. In 2018 we have started the project by defining what are sustainable supply chains. In 2019 we will start the diagnosis for some chains. Alter Eco products which are already supplied through fully traced and sustainable chains, will be a source of inspiration.

* Abafoods owns an organic farm and co-manages some with a combined total area of around 700 hectares. It is called La Goccia.

Material topic

Ethics in the supply chain

For a company like us, sourcing some ingredients from different part of the world through sometimes complex supply chain, ethics is a material topic. We address this risk via different ways: Fair trade, code of conduct and in the future the use of Sedex.

It is important to ensure that we have a responsible supply chain management in place for our own brand products. Breaches of the ILO convention are sometimes raised in media. As a responsible company, we must ensure that the different actors of our supply chains can guarantee ethical practices.

The highest risks are for raw materials sourced from southern countries, such as tea, coffee and cocoa. This is why we are striving for growing the fair trade part of these products. In addition to fair trade certifications, Alter Eco and Clipper both regularly visit producers of our raw materials.

In 2018, we have revised our suppliers code of conduct to cover also labour agencies and to ask our suppliers to register in SEDEX.

We have carried out an ethical risk assessment on our key raw materials. Cocoa, tea, coffee and herbal teas (infusions) are the most risky raw materials from an ethical perspective. Cocoa and tea chains will be assessed in 2019, as part of our project to build a sustainable supply chain. We are not measuring the number of suppliers assessed for social impacts and the number of suppliers identified as having significant actual and potential negative social impacts. It is however our ambition to be able to do so in the coming years.

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, please see www.wessanen.com.

To date, suppliers representing 92% of our purchase turnover have accepted our code. We are still in the process of consulting suppliers.

In 2018 Wessanen UK published its Modern Slavery Statement for Financial Year 2018/19.

https://www.wessanenuk.com/modern-slavery-statement-financial-year-201819/

Fair trade

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

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.

At Wessanen, we certify our products, mainly tea, coffee and cocoa through two fair trade standards:

- Fair trade: mainly Clipper.
- Fair for life: Destination and Alter Eco.

In 2018 we sold 5,549 tonnes of fair trade certified products versus 7,448 tonnes in 2017, which represents a decrease of 25%. This reduction happened in Benelux due to sales decline and lack of availability of fair trade certified products. We had to replace some references previously fair trade certified by standard ones. We will pay attention to bring this back to growth in 2019. Our target is to constantly increase the volume of fair trade products.

Link with SDGs

Fair trade and ethical risk management can contribute to the SDG 8 (Decent work and economic growth) which aims at taking effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

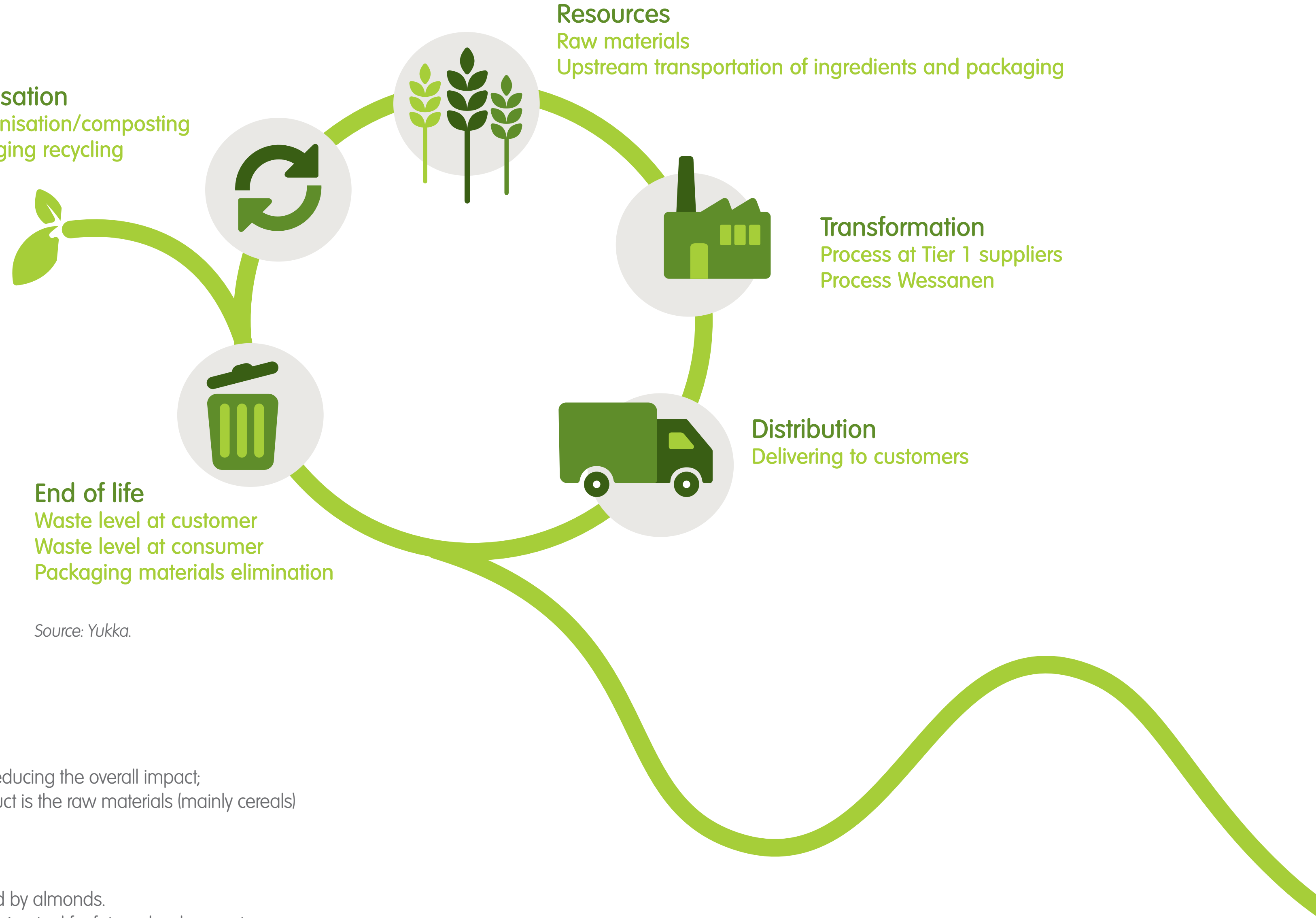
Knowing the environmental impact of products over their whole cycle, not only on carbon, is important to make sensible choices in product design.

Bjorg Bonneterre et Compagnie has run life cycle analysis on 3 Bjorg products to measure the impact on 3 indicators:

- climate change (kg CO_2e)
- water consumption (m^3 eq water)
- aquatic eutrophication (kg eq Nitrogen)

They made a focus on packaging, with an additional indicator:

- non-renewable resource exhaustion (Kg eq Sb)



Source: Yukka.

The key learnings of the study on muesli are:

- The valorisation of by-products into feed is reducing the overall impact;
- The main environmental impact of the product is the raw materials (mainly cereals) production;
- Transportation is the second contributor;
- Packaging has a very low impact (< 5%)
- The key impact on water depletion is caused by almonds.

These studies will be used to develop an eco-design tool for future development.

2
Upgrade
our operations

Upgrading our organic teas and infusions site at Beaminster

Beaminster factory facts & figures

- £10 million investment over over the last couple of years
- New warehouse, facilities, offices and blending solution
- Additional production lines
- Robotic palletisers
- 100 million additional tea bags
- Production speed: 350 tea bags per minute

Beaminster: Building a Centre of Tea Manufacturing Excellence

Over the last couple of years Wessanen has invested close to £10 million into the new Centre of Tea Excellence in Beaminster, the home to organic and fair trade tea brand Clipper.

This was to build a factory with blending facilities, production lines and a warehouse that meet the latest standards to ensure high quality while keeping up with the growing demand.

Part of the project was the in-sourcing of the Dutch tea brand Piramide, a specialist organic tea brand, well known in the health food channel in the Netherlands.

Therefore a new production line has been built which produces an additional 100 million tea bags at speeds of 350 tea bags per minute.

In order to produce the Piramide range at Beaminster, the factory team needed to source 54 new ingredients and taste over 100 litres of tea to match or improve the recipes. The range of 88 organic teas and infusions will be shipped out to the Netherlands once produced.

The significant in-sourcing project sees Wessanen investing heavily in its own manufacturing capabilities to support the future growth of the business. The extra capacity and capability that the new production line brings is part of overall expansion plans to develop the tea factory. Earlier Wessanen started a major redevelopment project to consolidate its factory operations to one site.

In recognition of the excellence of its manufacturing capabilities, Wessanen was awarded a top trophy in the food and drink manufacturing industry's Oscars – the Food Manufacture Excellence Awards – for its Clipper Teas factory for the second year running.

Daniel Parr

Head of Technical and R&D

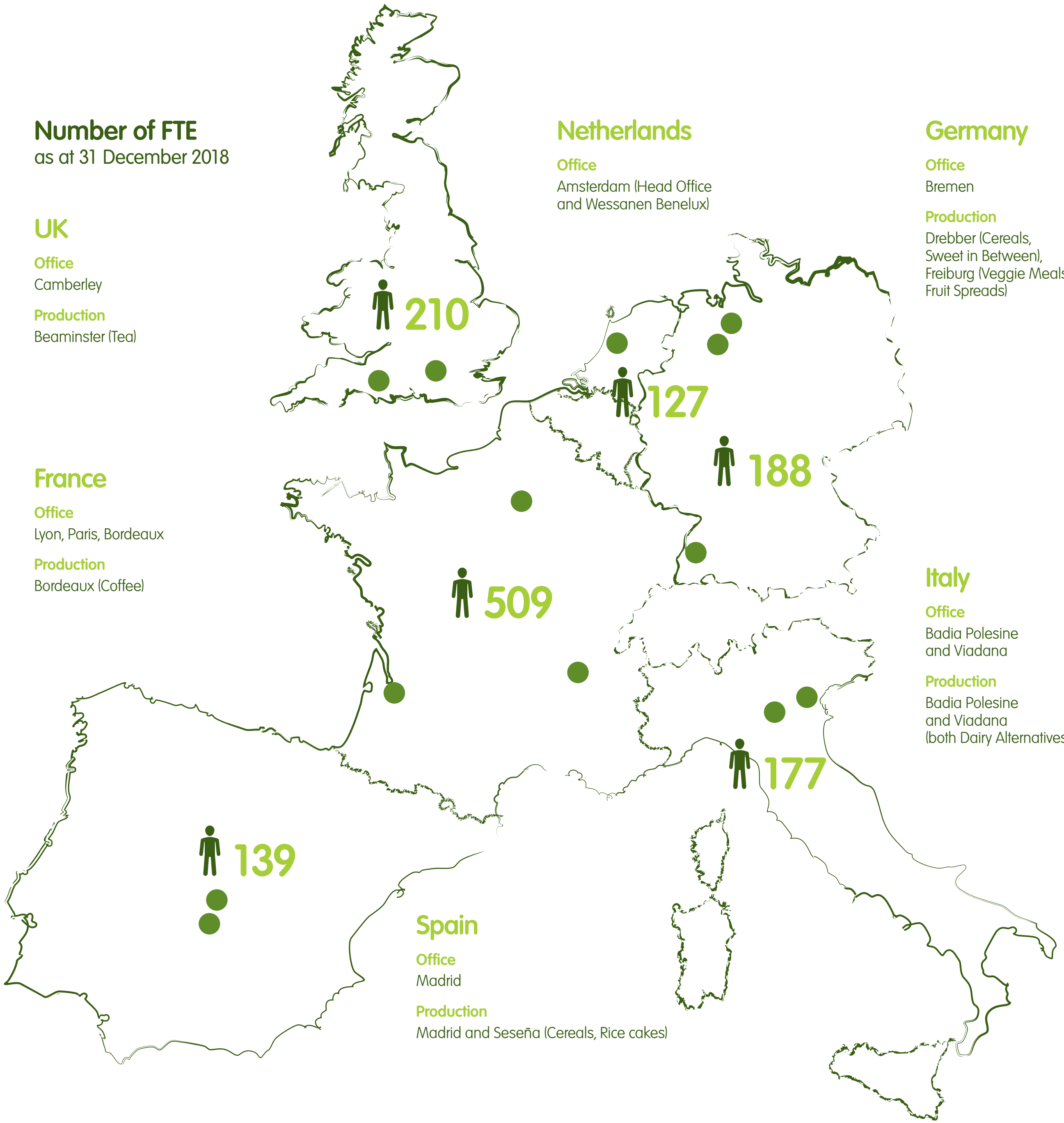
"We have an excellent and passionate team at Wessanen UK that has worked tirelessly together with our Piramide friends and colleagues to make this a success.

It has been a complex project to improve and integrate such a wide range of excellent quality Organic Teas and Infusions into the Beaminster site and we are very pleased with what we've achieved. We will have continuing work to do but seeing the new production line in action is a huge milestone in the project.

New jobs have been created at the factory as Wessanen continues to be committed to the area where Clipper's operations have been based since 1984."

Where we are based

Number of FTE
as at 31 December 2018



UK
Office
Camberley

Production
Beaminster (Tea)

France
Office
Lyon, Paris, Bordeaux

Production
Bordeaux (Coffee)

Netherlands
Office
Amsterdam (Head Office and Wessanen Benelux)

Germany
Office
Bremen

Production
Drebber (Cereals, Sweet in Between), Freiburg (Veggie Meals, Fruit Spreads)

Italy
Office
Badia Polesine and Viadana

Production
Badia Polesine and Viadana (both Dairy Alternatives)

Spain
Office
Madrid

Production
Madrid and Seseña (Cereals, Rice cakes)

We operate eight production facilities in five countries, where we produce mainly Tea, Dairy Alternatives, Breakfast Cereals, Sweet in Between products, Vegetarians Spreads, Coffee and Cereal Cakes.

Our production facilities are certified organic and manufacture their products in accordance with IFS and BRC standards. In line with the requirement for 'careful processing', our production is often somewhat smaller-scale and more 'personal' than at traditional food production facilities.

Over the past few years, the share of products that we manufacture ourselves has increased steadily. We are actively working on bringing volumes into our factories in order to further leverage our expertise and asset base.

While acquiring factories is not an objective in itself, covering a larger part of the value chain can increase our control and margin potential and is especially relevant in our six core categories.

Number of employees
1,389

FTE
1,350

(December 31, 2018)

Work with us to change our world

It all starts with our people – they are the ones who make us who we are and help us to change the world around us. While we work across a number of countries and sites, we all share the same belief: to make the world of food a little healthier and more sustainable every day.

Our head office and the Wessanen Benelux team are located in Amsterdam, the Netherlands. Our other country offices are based in Lyon, Paris and Bordeaux in France, Camberley in the UK, Bremen in Germany, Badia Palesine and Viadana in Italy and Madrid in Spain. We currently operate eight production facilities in five countries.

We consider ourselves to be a family of companies. We have a joint strategy and a set of key values and beliefs and we share the same objectives. We also want to make sure that our local businesses can retain their individual character and that the world of Wessanen is as colorful and diverse as the world around us.

We run our business through a mix of local and central decision-making. We strive to remain close to our local customers and customers yet drive efficiencies and consistency through centralized, European functions.

The Executive Board, selected country General Managers and Functional Heads (Marketing and Sustainability, Operations and Human Resources) together form the Executive Leadership Team (ELT). The ELT drives the agenda of the business with a focus on topics of cross-country, shared relevance, providing a platform for information sharing, initiatives and programs. The ELT meets monthly to discuss and align the strategy for the business, decide on resource allocation, discuss operating activities and financial results and prepare budgets and forecasts.

Our employees

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 disabilities and religion. The Executive Board, supported by the Supervisory Board, values the importance of a diversified workforce and has established clear working principles in regard to diversity when it comes to attraction and promotion of current and future employees. As a consequence we have made progress on diversity at our senior management positions, where we have moved from 30 to 35% females, but also can proudly confirm that at total company level we are completely gender balanced.

Given we serve such a diverse workforce it's also of the utmost importance to serve the needs of our employees in a way that builds a lasting and positive employee experience, the so called employee journey.

A few selected initiatives as part of this employee journey are worthwhile to mention.

Growing your potential

In line with previous years we have continued to apply a goal- and target setting model which will continue to be at the heart of our performance management approach. However in 2018 we have started to work on an employee centered approach in which we asked our own employees what they wanted to improve in our approach. Conclusions from the workshop were clear and have led to a number of recommendations including the transition to a performance development approach which is more forward looking and allows for more organic and instant feedback moments throughout the year.

Learning comes naturally

Another important milestone has been the launch of our company wide training portfolio named "Learning comes naturally". The year 2018 has been used to assess the skills needed by job group and very soon in 2019 we will launch the "Learning comes naturally" Academy allowing employees from around Europe to access the most relevant trainings on any device, anywhere and anytime. In our approach we're aiming for zero waste on skills, in line with our CSR strategy, which means we intent to share, teach and practice what we preach on existing knowledge. Hence also why in this initiative the employee takes a central place in our approach, design and execution of the trainings that we will offer.

Fruits of your labor

We maintain a uniform, competitive and performance-based remuneration policy for the management of all operating companies and head offices. Bonus systems for senior executives are set by the head office and are based on financial targets for the operating company, the segment, Wessanen's overall results and individual performance.
The operating companies have their own compensation and benefit structures, which comply with local requirements and customs. In many cases, these schemes exceed the legal requirements and include elements such as pension plans, company cars, parental leave and child care benefits.

Great place to work

We run regular employee surveys, which determine the level of engagement and commitment of our employees and the underlying factors. 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. This year we are particularly proud to confirm that 83% of our employees say that they are proud to tell others they work at Wessanen, 84% of our employees say that when you join Wessanen, you are made to feel welcome and when 94% of our employees say that people are treated fairly at Wessanen, regardless of disability, age, ethnicity, sex or sexual orientation.

Our corporate governance

Our policy aims to support compliance with applicable laws, integrity in financial management, a healthier and safer work environment and effective corporate governance. It also provides clarity on our strict rules on anti-bribery and human rights. It ensures that any employee can make a report without the risk of retaliation and that any information they provide is treated confidentially and is promptly investigated. For further information, please visit our corporate governance section on www.wessanen.com

3
Building a green, attractive and efficient company

La Ruche facts & figures

- 5,400 m² created as "Village square"
- 272 people (around 21% of all Wessanen employees) working there
- Completed in December 2018
- Internal grocery store with 700 products
- Two gyms with nine activities per week
- Sorting 100% waste
- Low energy building (20% lower than the regulations)
- Five sheep
- Nourishing garden

A natural building totally integrated with the surrounding nature.

A beehive for Bjorg, Bonneterre et Compagnie

In Lyon, home to Wessanen's French entity Bjorg, Bonneterre et Compagnie, a new office has been built in 2018: La Ruche (beehive). A name that makes sense, chosen internally, for a head office that embodies the values carried by the pioneering company and leader in the organic market. The hive, a building totally integrated with the surrounding nature, accommodates the team since December 2018.

La Ruche, a response to our sustainability challenges

Founded as "Distriborg" in 1970, Bjorg, Bonneterre et Compagnie has been a major player in the organic market for nearly 50 years. It seeks to be a socially and environmentally responsible company.

This is what the new office represents. The building is designed according to the High Environmental Quality Standard. This is a low consumption building (consumption level 20% lower than the regulations) and with reinforced exterior insulation (34% above regulation). La Ruche has a powerful ventilation system to limit the use of air conditioning. Emphasis was placed on controlling energy and water consumption, as well as sorting 100% of the waste of the site. All the materials used were selected according to their environmental impact: FSC wood, recycled carpets, made from fishing nets. Soft mobility solutions are put in place: buildings accessible by public transport, electrical terminals, bicycle and motorcycle shelters. Finally, the regeneration of biodiversity is reflected in pesticide-free green spaces, hives and eco grazing.

Health and well-being of employees

At Bjorg, Bonneterre et Compagnie, well-being at work is a constant concern. Logically, our head office must then be a virtuous model for the health and well-being of our employees: That is why the new office building takes the certification "WELL" standard into account.

This American-based certification has an innovative approach that puts people first and looks at their health and quality of life in offices. We spend an average of 90% of our time inside a building. The impact this has on health, well-being or even efficiency is major. Therefore, very different factors are taken into account: water (filtration at the source), natural light for 100% of offices and twilight sensor, thermal and acoustic comfort, physical activity and spirit of conviviality. With wicker facades, vegetable terraces, vegetable garden and many plants inside the building, it fully integrates nature.

With this new headquarters, we have a work tool in line with our commitments and connected to nature. La Ruche marks the evolution of our company by spreading our values and our ambitions to our employees and stakeholders.

Alexandra Zivy

Transformation Director Bjorg, Bonneterre et Compagnie

"The biggest challenge when planning our new head office? Definitely transcribing DNA of Bjorg, Bonneterre et Compagnie into an office building.

After close to 50 years in our old head office it was time for a place that is more like us, a place of experiences and learning, open to the world, allowing us to implement new ways of working and connecting us to nature.

To us it is important that our head office represents the values of our company. It was a real challenge to translate this philosophy into a building. As company focusing on organic and sustainable food, respecting and preserving the environment is essential to us. That is why nature plays a key role, which we wanted to integrate into the building.

Beyond this fundamental requirement, this place should allow us to understand what drives us. Its conception, its realization but also its operation must reflect our 4 key values: excellence, audacity, cooperation and benevolence. These values made it possible to design a building where we work and collaborate in a creative and innovative way."

Material topic

Fair working practices are a material topic for us. We aim at providing healthy and fulfilling working conditions. We have moved to a nice and convenient working environment in different locations. We seek for continuous feedback with the annual Great Place to Work surveys. We focus on two aspects of working practices which are essential to us: diversity and engagement and we measure them across all our organisation.

Diversity

Nature is a model of diversity and inspiring to us. We measure diversity through gender balance. We have noticed that although our gender balance is very good, it is lower at senior management level. We aim to reach a gender balance (50%) at the senior management level (executive board, corporate and staff directors, management teams). This ratio (% women in senior management positions) has progressed from 30% end 2017 to 35% at end 2018. The ratio is measured on the last day of the year. This indicator is expressed in headcounts, not FTE.

Community engagement

We encourage and support our employees to get involved in community actions. Some organisations have implemented the voluntary days, which offers to employees one day to spend on a good cause.
Our French company, Bjorg Bonneterre et Compagnie, gave the opportunity to all employees to work one day for a community. This initiative is called 'Tous Citoyens'. The intention is to give the opportunity to employees to discover community engagement. Some partnerships have been created with organisations supporting our battles, for example 'Generations Futures' (fighting against the use of pesticides in the environment), or 'Les potagers du Garon', helping reinsertion via farming. 44 employees of Bjorg Bonneterre et Compagnie did a community day in 2018. We also ran a half day community project during our annual 'We Connect' meeting. 120 participants worked hard to support the social neighbourhood project 'Scholle 34' in Potsdam, Germany. In small teams the group renovated facilities, set up an open air cinema and did the gardening.

Organic Day 2018: Learning about biomimicry
In September we had our 7th organic day across Wessanen on the topic of: "Biomimicry: how nature can inspire us". Biomimicry experts gave workshops in each site to explain through inspiring examples how we can learn from nature, in product design, functions but also organisation. Quiz and workshops were organized so that everyone could also practice biomimicry methods. According to the survey done post the event, 90% of the participants liked the event a lot.

Acquisitions

In addition to growing and strengthening our existing business, we have a strategy to make selective acquisitions. Over the past years we have acquired and integrated a number of businesses into the Wessanen family.

Our focus is on brands and companies that are complementary to our strategy and will help us to accelerate value creation.

In the case of Clipper, for example, we added the brand to our portfolio in all countries and drove its international expansion so that now more than 50% of the business are outside of the UK. We have also built a state of the art tea center of expertise and production facility in Beaminster, UK that supports our entire tea category strategy.

On the other hand side, the acquisition of Biogran in Spain gave us access to one of the fastest growing organic markets in Europe. All our brands are now handled by Biogran which has strongly increased our distribution and operations in the market.

Our latest acquisition, Abbot Kinney's is a pioneer in the fast growing market of pant based yoghurt alternatives. From its strong base in the Dutch HFS channel the brand has started to build good positions across many countries. With our distribution capabilities we will have the brand reach the next level in terms of international success, leveraging its capabilities to the benefit of our entire brand portfolio.

CLIPPER® NATURAL, FAIR & DELICIOUS™

ALTER ECO

PIRAMIDE pure biologische oorsprong

LE GOÛT DU VOYAGE DESTINATION

isola BIO

el Granero integral®

4
Making
selective
acquisitions

Tasty vegetable alternatives to yogurt and ice cream

Abbot Kinney's facts & figures

- Based in Amsterdam
- A range of 6 yogurts and 6 ice creams
- Team of 12 colleagues

Abbot Kinney's: Good food tastes better

At Abbot Kinney's, we use the best ingredients we can find to make plant based, organic products that taste delicious. Whether it's our coconut milk from Sri Lanka, our Sicilian almonds or our Alfonso mangos from India, only the tastiest, healthiest and most nutritious ingredients make the cut.

Simple

We believe in the power of simplicity. If you have the best almonds and coconuts, and you have a great recipe, there's not much else you need. We don't use any strange production processes or weird additives that confuse your body to make our products cheaper or make us more profitable. We try to make recipes that are nutritious and delicious out of a few of the very best ingredients we can find. Just like you would at home.

Our reason for being

Our relationship with food has gotten too complex. We want to move people in 'rethinking the way they eat'.

We believe that people are motivated to do the right thing. In other words we believe knowledge can and will change our food habits. Together with farmers, food authorities and influencers we will publicly light up the conversation on good food. And try to spark curiosity for a conscious lifestyle.

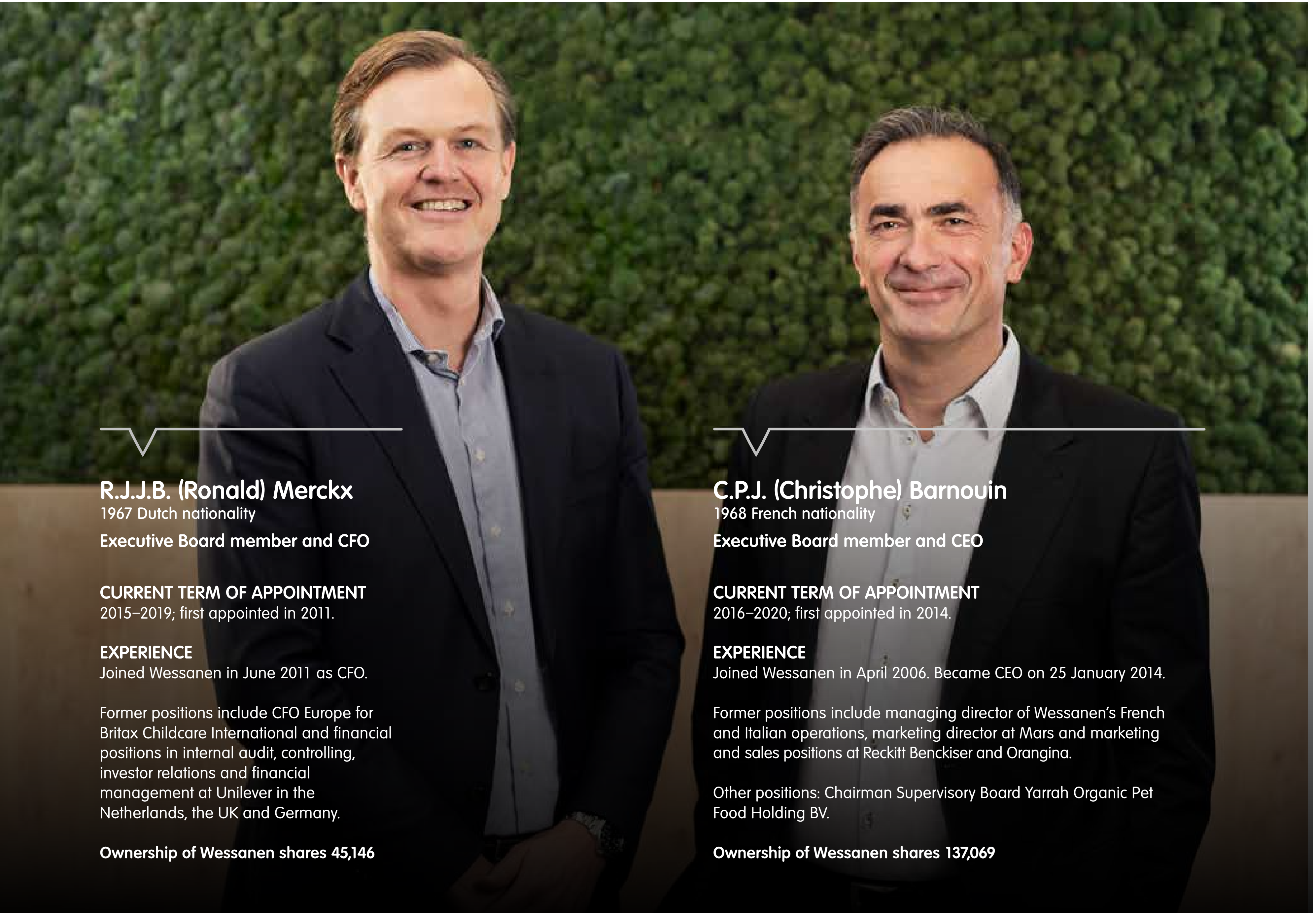
Our product role is to proof that plant-based organic dairy is not a concession on taste but that it is mind blowing delicious.

Gijs van Maasakkers and Jimme Slippens
Founders of Abbot Kinney's

Creating the leading brand on plant based dairy in Europe

"We believe in the power of simplicity. If you have the best almonds and coconuts, and you have a great recipe, there's not much else you need.

The past years we have worked hard to establish a brand that believes in an organic and plant based future of food; important beliefs that we also found at Wessanen. With a mission to make plant based dairy alternatives mainstream, we are certain that joining the Wessanen family will make Abbot Kinney's the leading brand on plant based dairy alternatives innovation in Europe."



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

1967 Dutch nationality

Executive Board member and CFO

CURRENT TERM OF APPOINTMENT
2015–2019; first appointed in 2011.

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.

Ownership of Wessanen shares 45,146

C.P.J. (Christophe) Barnouin

1968 French nationality

Executive Board member and CEO

CURRENT TERM OF APPOINTMENT
2016–2020; first appointed in 2014.

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.

Other positions: Chairman Supervisory Board Yarrah Organic Pet Food Holding BV.

Ownership of Wessanen shares 137,069

77.5%

% of revenue from organic certified products

In € millions, unless stated otherwise	2018	2017[1]	% change
Income statement			
Revenue	628.4	624.4	0.6%
Operating result before exceptional items (EBITE)	57.7	53.5	7.9%
Operating result (EBIT)	51.1	48.7	4.9%
Profit for the period	36.0	36.0	
Cash flow			
Generated from operations	67.8	56.8	19.4%
From operating activities	54.4	42.1	29.2%
From investing activities	(20.8)	(11.6)	79.3%
From financing activities	(21.5)	(26.2)	(17.9)%
Net cash flow	12.1	4.3	181.4%
Statement of financial position			
Average capital employed	320.6	309.0	3.8%
Shareholders' equity	257.1	227.7	12.9%
Net debt	48.0	59.9	(19.9)%
Ratios			
EBITE as a % of revenue	9.2%	8.6%	
EBIT as a % of revenue	8.1%	7.8%	
Return on average capital employed (ROCE)[2]	15.9%	15.8%	
Return on shareholders' equity[3]	19.9%	21.4%	
Leverage ratio (net debt/EBITDAIE)	0.7	1.0	
Debt as a % of total equity	18.7%	26.3%	
Capital expenditure as a % of revenue	2.1%	2.0%	
Employees (in FTE)			
Average number	1,320	1,296	1.9%
Number at year end	1,350	1,273	6.0%
Women (% total)	52%	52%	
Women in senior management positions (% of senior management positions) (headcount)	35%	30%	

1 Revenue is restated by €(1.4) for IFRS 15.

2 EBIT as % of average capital employed.

3 EBIT as % of shareholders' equity.

	2018	2017	2016
BRANDS AND CATEGORIES			
Organic products (% of revenue)	77.5%	77.5% [a]	74%
Vegetarian products (% of revenue)	96%	96%	96%
Finished products suppliers having GFSI approved Quality System (% of purchase turnover)	87%[b]	93%	82%
OPERATIONS			
Renewable electricity purchased (% of total electricity purchased)	95%	90%	95%
Scope 1 emissions from own operations and lease cars (tonnes CO_2e[c])	7,946	6,842	6,649
Scope 2 emissions (tonnes CO_2e, gross)	5,032	4,044	3,711
Scope 2 emissions (tonnes CO_2e, net)	156	232	229
Emissions goods transportation (tonnes CO_2e)	25,455	26,134 [f]	nm
Emissions scope 1, 2 and part 3 (transportation) ratio (tonnes CO_2e/revenue € millions)	53	53 [f]	57
Physical waste (% of sold volumes)[d]	0.89%	0.65%	0.48%[e]
Physical waste to landfill and incineration (% of total physical waste)	29%	nm	nm
Partnership signed (% of purchase turnover)	8%	nm	nm
Fair trade sales (tonnes)	5,549	7,448	nm
Finished products suppliers having signed Code of Conduct (% of purchase turnover)[b]	92%	92%	85%

a We decided to add one decimal, as minimal changes in measurement affected the rounding of organic KPi.

b The scope of data 2018 has been extended to recently aquired businesses (Biogran, Destination, Abafoods).

c Direct emissions from operations include our natural gas consumption, as well as the consumption of leased cars. All other possible scope 1 sources as included in the GHG protocol are excluded because they are not relevant for us or non-material accounting for ‹0.5% of total scope 1 and 2 emissions.

d Only SAP businesses (excludes Bioslym, Biogran and Destination).

e Abafoods physical waste not included in 2016.

f Emissions transportation 2017 recalculated with new method and ratio 2017 corrected

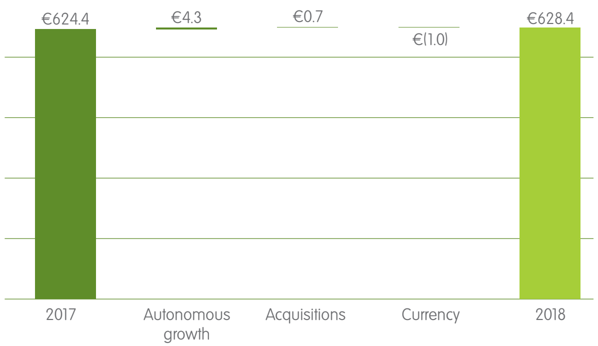
In 2018, Wessanen realised revenue of €628.4 million and an operating result of €51.1 million. Net profit amounted to €36.0 million, resulting in earnings per share of €0.47. A dividend of €0.14 per share will be proposed to the AGM.

Revenue

In 2018, revenue amounted to €628.4 million, an increase of 0.6% compared to last year's (restated) revenue of €624.4 million. Autonomous growth of our own brands was 2.1%.

Total autonomous revenue growth amounted to €4.3 million, or 0.7%, as a result of the decline in private label and distribution brands. The acquisition of Abbot Kinney's in the Netherlands added €0.7 million, or 0.1%. A weakening of the British pound exchange rate impacted revenue adversely with €(1.0) million or (0.2)%.

Revenue development in € millions



Financial overview per segment

In € millions	Branded	Non-allocated	Total
2018			
Revenue	628.4	–	628.4
Operating result before exceptional items (EBITE)	60.2	(2.5)	57.7
EBITE margin as a % of revenue	9.6%	–	9.2%
Operating result (EBIT)	53.6	(2.5)	51.1
Average capital employed	315.0	5.6	320.6
Return on average capital employed (ROCE)	17.0%	–	15.9%
2017			
Revenue	624.4	–	624.4
Operating result before exceptional items (EBITE)	56.8	(3.3)	53.5
EBITE margin as a % of revenue	9.1%	–	8.6%
Operating result (EBIT)	52.0	(3.3)	48.7
Average capital employed	304.9	4.1	309.0
Return on average capital employed (ROCE)	17.1%	–	15.8%

Operating costs

Gross contribution margin increased from 41.4% in 2017 to 41.8% in 2018.

Personnel expenses decreased by €0.8 million to €(95.7) million (2017: €(96.5) million), despite an increase in the average number of full-time employees and salary and wage increases. The decrease can mainly be explained by lower share-based payment expenses (€2.1 million) and lower severance and termination benefit expenses (€2.1 million).

Severance payments and termination benefits in 2017 of €3.0 million mainly related to the relocation of the distribution centre of Bonneterre et Compagnie (France).

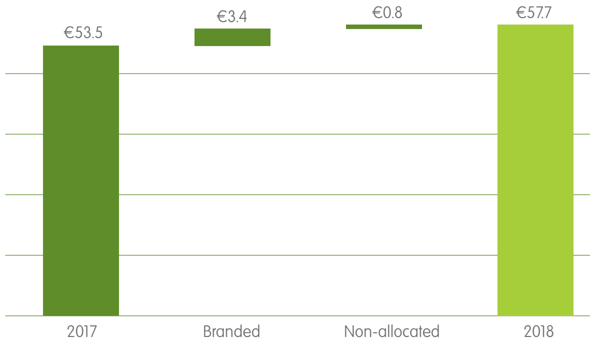
Depreciation, amortisation and impairments increased by €(5.1) million to €(15.0) million in 2018, including impairment losses recognised of €(5.6) million related to our French dietetic brand Gayelord Hauser following a strong decline in sales (€(5.2) million) and Amaranth in Germany (€(0.4) million).

Other operating expenses, decreased by €2.6 million, or 2.5%, to €(100.8) million, mainly due to lower advertising and promotion expenses and lower advisory fees.

Operating result and EBITE

Wessanen's operating result increased to €51.1 million (2017: €48.7 million). Excluding non-recurring items, EBITE increased by 7.9% to €57.7 million from €53.5 million last year, representing a 9.2% margin (2017: 8.6%).

EBITE development in € millions



Operating result Branded

The operating result of Branded increased to €53.6 million (2017: €52.0 million). Excluding non-recurring items, EBITE amounted to €60.2 million versus €56.8 million last year. Non-recurring items totaled €(6.6) million in 2018, mainly including impairment expenses incurred of €(5.6) million in respect of brands and severance and termination benefit expenses (2017: €(4.8) million, mainly including restructuring- and impairment expenses incurred (of €(2.7) million and €(1.1) million respectively) in respect of the announced relocation of the distribution centre of Bonneterre et Compagnie (France) and restructuring related costs in Germany (€(0.6) million).

Non-allocated costs

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

In 2018, these non-allocated costs amounted to €(2.5) million, compared to €(3.3) million in 2017. Non-allocated costs have not been impacted by non-recurring items in both 2017 and 2018.

Net financing costs

Net financing costs were €(1.1) million (2017: €(1.9) million). Interest expenses amounted to €(0.5) million (2017: €(0.9) million). Other financial income and expenses decreased to €(0.6) million (2017: €(1.0) million), mainly as a result of a lower net foreign exchange loss of €0.0 million (2017: €(0.4) million).

Income tax expenses and paid

Income tax expense increased by €(3.2) million to €(14.0) million (2017: €(10.8) million), partly as a result of the increase in profit before income tax. The effective tax rate of 28% in 2018 (2017: 23%) deviates from the weighted average statutory income tax rate of 32%, mainly as a result of (1) the recognition and partial utilisation of unrecognised income tax losses in the Netherlands and Germany of €1.3 million and (b) prior year adjustments of €0.8 million.

Income tax paid in 2018 decreased to €(12.6) million (2017: €(13.5) million), partly due to overstated prepayments in 2017 and an income tax refund received in 2018 of €0.4 million related to income tax on dividends paid in France.

Corporate tax policy

At Wessanen, we believe that paying taxes is ordinary behaviour and part of our corporate social responsibility. Our corporate tax policy has been aligned with our companies' strategy, vision and mission and 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, (exceptional) solidarity surcharges, real estate tax, excise duties and any other taxes that Wessanen pays annually; in multiple jurisdictions;
- Wessanen is tax compliant and pays the tax that is due and owed;
- 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 have entities located in tax haven jurisdictions solely for tax optimisation purposes;
- Wessanen has a limited tax risk appetite. With the strategic focus to build the most desired brands in healthy and sustainable food, Wessanen is aware of its brand and corporate reputational importance. Wessanen also believes that a high tax risk appetite may jeopardise this objective. Wessanen's overall strategy (and especially our sustainability values) have been reflected in our tax strategy. Hence, our tax policies are also aligned with our corporate values and strategy;
- The tax department periodically discusses the tax practices, positions and strategy with the CFO (subject to approval). Periodical meetings are also scheduled by the tax department (joined by the CFO) with local management to discuss tax developments, our tax policy and any local uncertain tax positions in detail;
- The executive board of Wessanen signs off on a "statement of internal control" which includes the tax position (and strategy);
- Wessanen has a procedure in place that requires either the consultation or approval from Wessanen's Vice President Tax on certain material transactions or business restructurings in any of our jurisdictions to, amongst others, ascertain compliance with our tax policy and strategy;
- Wessanen's tax policy is subject to discussion with our stakeholders, including investors, NGO's and local tax authorities. Currently, the latter stakeholder dialogue further strengthens Wessanen in enhancing our low risk appetite tax policy;
- The effective tax rate of Wessanen or any of its affiliated companies is not a KPI of the tax department. Our tax department is measured against compliance targets and adherence to local tax regulations, such as compliance to local transfer pricing documentation requirements and

establishing a legal framework in line with commercial business operations;
- Wessanen is transparent towards tax authorities and participates in a cooperative compliance program (horizontal monitoring ruling with the Dutch tax authorities);
- Wessanen has identified key tax controls that are part of the Company's Internal Control Framework ('ICF'). The effectiveness of the tax controls are also subject to review by our Internal Audit department;
- Annually, our tax advisors issue a 'tax letter' to our auditors and tax department in which the main fiscal position of said jurisdiction is summarised, providing additional independent tax assurance;
- Wessanen monitors and tests its tax control framework on a regular basis. Errors detected will be corrected within the fiscal year;
- Wessanen has used tax technologies (ERP connected software) as an effective tool to monitor its tax position and believes that such technologies will increasingly become more important;
- Tax systems are often complex and the application of tax law to the facts of a particular case may be unclear. For material transactions, independent external tax advice is generally sought and, if appropriate, approval from tax authorities can be obtained in relation to the application of specific tax legislation;
- Each year, the Vice President Tax informs the Audit Committee regarding tax developments, any uncertain tax positions, tax risk management and tax strategies;
- Wessanen is not impacted by current fiscal legislation to file tax on a country by country basis to local tax authorities in any of our jurisdictions in which we are active (due to the size of our operations);
- All our legal entities are solely domiciled in EU countries, which at the fiscal year end 2018 are: France, Germany, Italy, the Netherlands, Spain and the UK.

Our entities are subject to the following corporate income tax rates for 2018: the Netherlands 25%, France 34%, Germany 31%, Italy 28%, Spain 25% and the UK 19%.

Net profit

Net profit amounts to €36.0 million (2017: €36.0 million). The increase in operating result (€2.4 million) and lower net financing costs (€0.8 million) in 2018 compared to 2017 were fully offset by an increase in income tax expenses (€(3.2) million).

Earnings per share

Earnings per share in 2018 of €0.47 is at the same level as in 2017. The average number of shares outstanding amounted to 76.3 million (2017: 75.8 million).

Dividend policy and 2018 dividend proposal

The dividend policy of the Company aims at creating value in the long-term. The objective of the dividend policy is to maintain a healthy financial structure and to retain sufficient earnings in order to execute Wessanen's four pillar strategy. Wessanen aims at paying out a dividend that is stable or growing over time. Before deciding to pay out dividend, Wessanen will assess whether more value could be created by (i) investing profit in the execution of Wessanen's strategy (such as investments in R&D, capital expenditures or acquisitions), (ii) improving Wessanen's financial position (debt repayment), or (iii) improving the position of its shareholders (share repurchasing). Accordingly, it may be decided not to pay dividend or to pay a lower dividend in any year in the future. No interim dividends will be paid.

In line with the dividend policy, it is proposed to the Annual General Meeting of Shareholders to pay a dividend of 14 eurocent per share. The dividend will be paid wholly in cash.

Capex and depreciation/amortisation

The acquisition of property, plant and equipment amounted to €(11.7) million (2017: €(10.0) million), which represents 1.9% of revenue (2017: 1.6%) and 170% of depreciation (2017: 156%). The acquisition of intangible assets amounted to €(1.6) million (2017: €(2.3) million).

Depreciation was €(6.9) million (2017: €(6.4) million) and amortisation was €(2.5) million (2017: €(2.6) million). Impairments were recognised in the amount of €(5.6) million, mainly including an impairment loss recognised of €(5.2) million related to the Gayelord-Hauser brand (2017: €(0.9) million, mainly including an impairment loss recognised of €(1.1) million related to the building and machinery and equipment at Bonneterre et Compagnie (France) following the announced relocation of the distribution centre).

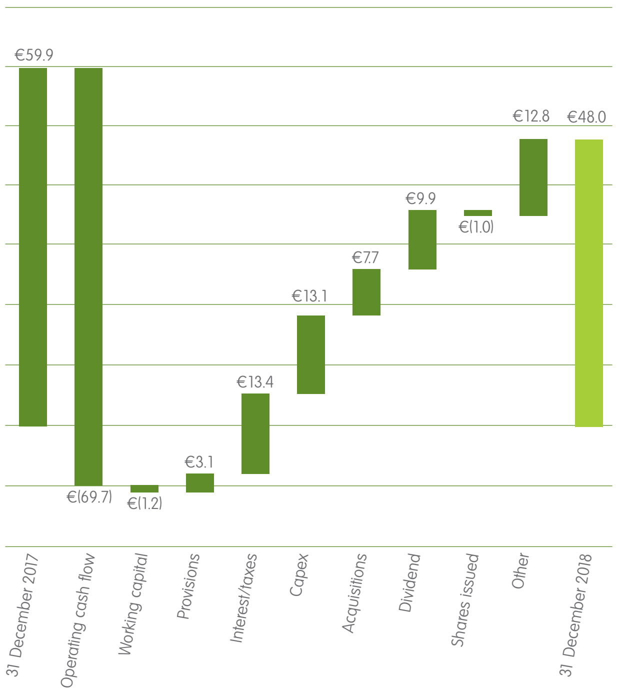
Acquisition of subsidiaries

The cash outflow regarding the acquisition of subsidiaries (net of cash acquired) amounts to €(7.7) million and relates to the acquisition of Abbot Kinney's in the Netherlands (2017: €0.0). In addition to this cash outflow, a contingent consideration payable (respectively earn-out) has been recorded of €5.1 million as at 31 December 2018.

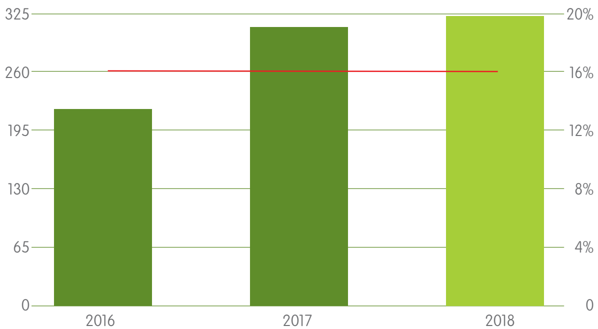
Working capital

At year-end 2018, working capital amounted to €44 million, being 7.0% of revenue (2017: €44 million, representing 7.0% of revenue). The cash inflow following changes in working capital amounted to €1.2 million in 2018 (2017: inflow of €1.2 million). Cash inflows from lower inventories and trade receivables, were partly offset by decreased trade payables.

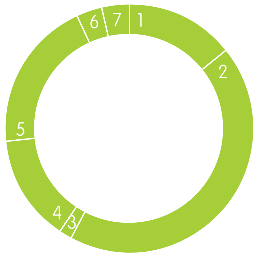
Net debt development in € millions



Average capital employed in € millions **and ROCE** in %

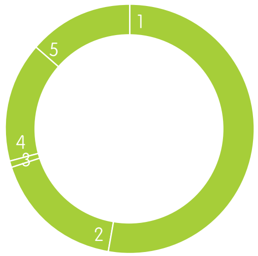


Total assets at year end 2018 in € millions



1 Property, plant and equipment	€69.5
2 Intangible assets	€212.3
3 Other non-current assets	€7.3
4 Inventories	€68.4
5 Trade receivables	€95.1
6 Other current assets	€16.0
7 Cash and cash equivalents	€17.3

Total equity and liabilities at year end 2018 in € millions



1 Total equity	€257.1
2 Non-current liabilities	€84.2
3 Bank overdrafts, interest-bearing loans and borrowings	€3.9
4 Trade payables	€74.6
5 Other current liabilities	€66.1

Cash flow from operating activities

Cash generated from operations increased by €11.0 million to €67.8 million (2017: €56.8 million), mainly as a result of higher cash generated from operations before changes in working capital and provisions (€2.0 million) and lower payments from provisions (€9.0 million).

Interest paid amounted to €(0.8) million (2017: €(1.2) million). Income tax paid decreased to €(12.6) million (2017: €(13.5) million)

Accordingly, the operating cash flow amounted to €54.4 million (2017: €42.1 million).

Equity

Total equity increased by €29.4 million to €257.1 million as at 31 December 2018, mainly due to the net profit for the year of €36.0 million and equity-settled share based payment expenses incurred (€2.4 million), partly offset by dividends paid (€(9.9) million).

Average capital employed

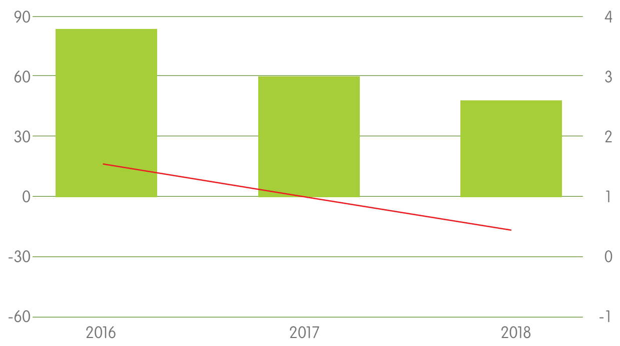
To create economic value, we aim to achieve a return (= Operating result) on average capital employed (= Return on Capital Employed ('ROCE')) in excess of our pre-tax weighted average cost of capital over the medium term. Average capital employed increased by €12 million, from €309 million last year to €321 million in 2018, mainly following the acquisition of Abbot Kinney's. Average capital employed yielded a 16% return (2017: 16%).

Net debt, debt funding and liquidity

Net debt development

The net debt position decreased by €11.9 million from €59.9 million at year end 2017 to €48.0 million at year end 2018, mainly due to net cash from operating activities of €54.4 million, partly offset by the acquisition of Abbot Kinney's (€(12.8) million, including earn-out liability of €5.1 million as per 31 December 2018), property, plant and equipment (€(11.7) million) and intangible assets (€(1.6) million), dividends paid (€(9.9) million), and additional finance leases entered into (€(6.4) million).

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



Revolving credit facility

The Group has a committed €125 million revolving credit facility in place, provided by ABN AMRO and ING. In April 2017, the initial termination date of the credit facility was extended for an additional period of two years, that is to 23 July 2022. The pricing grid over the relevant floating rate (EURIBOR or LIBOR) is based on the leverage ratio (Net debt to EBITDAIE of total Wessanen). The maximum aggregate amount which can be drawn under the 'accordion facility' (optional increase of the credit facility) is €25 million.

Under its financial covenants, Wessanen has to ensure that total net debt does not exceed 3.0 times consolidated EBITDAIE. A spike up to 3.5 times consolidated EBITDAIE is allowed under specific conditions for a maximum duration of two (consecutive) quarters.

At 31 December 2018 our net debt of €48.0 million amounted to 0.7 times consolidated EBITDAIE (2017: 1.0 times consolidated EBITDAIE). 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 Group has the ability to draw loans from the syndicated credit facility with maturities ranging between 1 day and 9 months. When a loan expires, this is, ceteris paribus, refinanced with a new loan drawn from the facility. The average interest rate on drawings for 2018 was 0.6% (2017: 0.7%).

Other loans and facilities

Other loans and liabilities as per year end 2018 mainly consist of loan financing, finance lease liabilities (including a lease of an office building in France) and reverse factoring at Abafoods.

Contingent consideration

The contingent consideration as per year end 2018 consists of an earn-out liability in respect of the acquisition of Abbot Kinney's of €5.1 million.

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 centered 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 EBITDAIE, 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.

Principal risks and opportunities

The Executive Board has the overall responsibility for achieving our strategy, objectives, goals and results as well as for establishing and maintaining adequate internal risk management and control systems and procedures consistent with our business. 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

In our business process framework we have defined how we manage our business from setting our high level vision, mission and strategy, down to day-to-day operations. The related processes we have implemented help us understanding, managing, monitoring and improving our activities. As part of this framework we have identified controls in the Internal Control Framework (ICF) which is designed to actively mitigate various risks at all levels and in all areas of our organisation. As such risk management is not seen as a separate element of doing business; it's an integral part of our business model. Moreover, the way we deal with it is considered to be a key driver to the long-term success of Wessanen.

Based on Wessanen's vision and mission, the Executive Board determines the strategy of the Company and aligns it with, among others the Supervisory Board and the Executive Leadership Team (ELT). Annual plans and budgets including KPIs are set for all operating companies. Consequently, Quarterly and Monthly Business Reviews (QBRs and MBRs) between the Executive Board and the management teams of our operating companies are held. In these meetings, both the financial and non-financial performance is discussed and where necessary improvement plans are agreed upon and progress is actively monitored. As an integral part of QBRs, forecasts and related risks and opportunities of these plans are specifically addressed.

Additionally, our policies and procedures including controls should ensure that on a daily basis our key processes, such as purchasing, sales, IT, tax and financial reporting operate as intended.

Process owners and control testers of these processes in our operating companies and at head office actively assess the effectiveness of their internal controls by performing ongoing reviews which are recorded and documented in a designated tool. This assessment also includes entity-wide controls and general IT controls. Any improvement points are to be addressed by an action plan. Both the assessments and the potential action plans for identified issues are reviewed by Internal Audit. Internal Audit reports to the Executive Board and Audit Committee about the progress of the tests, the outcome and the action plans on a quarterly basis.

The quality departments within Wessanen address specific food related risks throughout the entire supply chain. The team reports any issues to the Organic Expertise Centre to ensure issues are analysed and proper actions are taken to resolve the issues and prevent them from happening again.

We also have a whistle blower policy that allows all our employees as well as external stakeholders to express issues or abuses in the supply chain of Wessanen. It is publicly available on our website www.wessanen.com.

At least annually the Executive Board assesses risks and opportunities based on input from senior management. These risks relate to strategy, operations, finance, and compliance, and includes a review of fraud risk too. Potential risks are identified at various levels in our organisation; from executive level to our factories. Identified risks are periodically assessed on vulnerability and potential impact and where deemed necessary action plans are defined and follow-up is monitored.

Risk response and appetite

Response to risks identified is categorised along four types: Terminate, Treat, Transfer and Tolerate. They also reflect the risk appetite, i.e. the willingness to take risks.

The lowest risk appetite often results in a response to Terminate the risk. However, when doing business we take risks but take them carefully, in other words we mitigate or reduce risks (Treat). Sometimes we choose to Transfer risks partly to other parties. For instance, the financial risks related to a fire in our factory are insured. Finally, there is an option to accept risks (Tolerate) As we deem the risk and impact low or we cannot influence as certain risk.

Below we show our risk appetite per category.

Category	Generic risk response and appetite	
Strategy – longer term objectives As part of our multi-year strategy, we are developing new and growing existing products, and we are extending our customer-base, channels and markets in line with our strategic objectives.	**Treat**	We take risks when doing business but we take them carefully. Our planning and control processes and procedures support our decisions. They should also give us the right information on financial and non-financial Key Performance Indicators (KPIs), defined in order to take timely action in case the outcome of our decision is not in line with our plans. As one of our strategic pillars specifically focuses on building a green, attractive and efficient company we ensure that our activities are aligned with our sustainability goals.
Operational activities – shorter term objectives Ensuring our operations are effective and efficient is an ongoing activity. By making it one of our strategic pillars, we highlight its importance for the long-term success of our organisation.	**Treat**	We take risks when doing business but we take them carefully. Our planning and control processes and procedures including specific performance indicators support our decisions.
Financial position This category relates to risks and uncertainties with respect to our financial position (e.g. foreign exchange risk, currency risk, interest rate risk and uncertainties in acquiring financing).	**Treat / Terminate**	In order to be able to achieve our goals we take decisions that may affect our financial position. However, we have strict policies and procedures including KPIs, part of which are also formally determined by the covenants agreed with the banks.
Financial reporting This category relates to accurate and transparent reporting, complying with IFRS, as well as following internal policies and procedures to ensure consistent and accurate reporting in order to support decision making processes and to create the right level of transparency to our stakeholders.	**Terminate**	We do not allow issues here, we simply want to and have to comply with the rules. Hence, our risk appetite is nil.
Rules and regulations This category relates to complying with (inter)national laws and regulations, both general and business specific rules, such as those related to food quality and safety. It is the basis of good governance, but it also has a high strategic relevance.	**Terminate**	We do not allow issues here, we simply want to and have to comply with the rules. Hence, our risk appetite is nil.

Top risks

As a result of risk management sessions and ongoing assessments of our risks (through ICF testing and QBRs) we have identified the three top risks. In our definition these risks score relatively higher on vulnerability and potential impact than other risks identified. Although risks may have a negative connotation, adequately dealing with them could enable us in reaching our strategic objectives. Hence, they can be seen as opportunities as well. The risk topics have not changed recently, but the dynamics have slightly. This is a result of both internal (e.g. improvement projects) and external circumstances (e.g. changing competitive landscape). We also refer to the Sustainability chapter where we discuss in more detail how we manage environmental, social, human rights and anti-corruption challenges and how that relates to our overall strategy.

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Food safety, food quality and integrity in the food chain

Controlling risks related to food safety and quality are of utmost importance to our Company. Customers and consumers need to fully trust the quality and safety of our products. This relates not just to the safety of our consumers but also to fraud, for example with ingredients. Although we can control our own risks, we may be affected by issues that occur outside of our control. In case our operations remain flawless and consumers see us as a good and trustworthy alternative, the risk becomes an opportunity to differentiate from our competitors. If issues or scandals happen within the arena we operate in (organic products) it could also damage our reputation. We have strict policies and procedures ensuring we prevent issues from happening, and detect risks as quickly as possible. In 2018 we have worked hard to further improve the control over and the standardisation of our food chain. Additionally, we are further increasing the transparency of our raw material sourcing.

Innovation to create revenue growth

Wessanen operates in a competitive market, which implies that innovation is a key driver for long-term success. Specifically in 2018, we have seen that competition from conventional food companies, new entrants as well as private label in the markets we operate in has intensified. Innovations which we are able to bring to the market successfully and quickly should secure or even improve the good position of our brands, without compromising our impeccable standards. With our Innovation Boards and European Category Teams we coordinate and evaluate innovation projects in order to improve on an ongoing basis.

Effective and efficient supply chain

An effective and efficient supply chain is the third important element of doing business successfully. In this respect our main suppliers have a strategic position: they cooperate with us in the innovation process and they should deliver goods without any issues. As a consequence, we ensure there is an intense relationship with them and monitor the quality of their services continuously. We secure our position by clear contractual agreements with the suppliers and we tender where deemed necessary. On the other hand, our own factories work on projects to become more efficient, reducing waste in a broad sense, while keeping the quality of our products at a very high level. We may also decide to insource the production in order to avoid becoming too dependently on a specific supplier. As an example, we are implementing a dual sourcing strategy to reduce dependency on our suppliers or own factories respectively.

We also have the challenge to run our other processes as efficiently as possible. Smooth and lean supply chain helps us serving our customers in the best way possible. We continuously run projects to improve them and IT plays a major role in these initiatives. Also this year we have worked hard on centrally driven improvement projects, such an improved S&OP process. More specifically we can also mention the new state of the art tea centre of expertise and production facility in Beaminster, UK that supports our entire tea category strategy. More information on Operations on page 27.

A comprehensive list of key risks and opportunities has been included on pages 59-68.

Wessanen's risk profile and main developments in 2018

1. Process improvements through Project 'Blooming'

Late 2017 we kicked off Project Blooming which is a programme to identify opportunities to harmonise, digitalise and improve efficiency and effectiveness of our processes, such as in our supply chain and new product development. Through business process mapping we gained detailed insight in the 11 key processes which cover all key processes within Wessanen. In the first half of 2018 we completed the assessments of the current set-up and next we started to define and implement improvement projects, several of which had already started.

2. Supply chain effectiveness and efficiency gains

Specifically within Operations and Supply Chain processes we have completed and continued to work on several projects to improve efficiency and effectiveness of our business. An example is improving our customer service levels. This has a positive side effect on our risk profile as well, as it leads to improved transparency and control over these processes.

3. IT infrastructure and system related improvements

This year we have implemented several IT infrastructure and system related improvements, such as a key upgrade of our ERP system SAP and generic infrastructure enhancements leading to less vulnerabilities in terms of system failures and cyber security risks. Additionally, we have done audits on IT risks and rolled out a company-wide mandatory IT security training programme which all people that work at Wessanen have to complete.

Management Letter 2018: main conclusions and status

As part of their financial statement audit, our External Auditor shared their observations and recommendations on Wessanen's systems of internal control. More specifically, their test procedures focused on relevant controls that address the significant risks of any material error or omission in Wessanen's financial reporting in the following business processes and control areas:

Components of Internal Control (COSO based)	– Control Environment – Wessanen's Risk Assessment Process – Control activities – The information system relevant to financial reporting and communication – Monitoring controls
Process Controls at component level and corporate functions	– Transactional and monitoring controls within: Sales, Purchasing and Financial reporting – Corporate functions (financial accounting and control)
IT Control Environment	– Follow-up on previously reported findings – Mitigating controls to address segregation of duty conflicts – Design and implementation testing of new applications (such as Invoice approval and Master data workflow tools)

The following observations are the main management letter issues reported by our External Auditor in 2018. These items were also identified in the Wessanen control self-assessments.

The auditor concluded that:

– Wessanen's internal control framework is considered fit for purpose and Wessanen has full visibility over the areas with scope for improvement.
– With respect to process controls at the level of Wessanen's operating units and corporate functions the auditor observed a similar picture as reported in previous year. In case of ineffective controls the auditor was able to identify and test satisfactorily, in most cases, compensating controls or design alternative procedures to address the associated risks.
– Data analytics give insight in the magnitude of manual journal entries wherefore the control environment needs to be strengthened.

Improvement plan for 2019

As part of our programme to continuously improve our internal control framework we have initiated the following projects:

1. Continuation of Project Blooming and related initiatives that entail standardising and improving our processes where possible, in order to create more effective and efficient operations;
2. Finalise the project to resolve the remaining SoD issues ('Get Clean') and embed a 'Stay Clean' process that ensures no new conflicts will emerge; and
3. Completion of the project to improve master data management by means of a work flow system (WinShuttle).

Key risks and opportunities

The following key risks and opportunities have been identified. This list does not contain all the risks and opportunities we face, but they are considered to be the most relevant ones. The list is based on an assessment by the Executive Board with input from key management. We have categorised them by Strategic & Market, Operational, and Legal & Compliance risks. We also refer to the Notes to the consolidated financial statements. In Note 24 Financial instruments and risk management we explain how we manage liquidity risk, currency risk, interest rate risk, commodity risk and credit risk.

In each category we present in the following overview below:
- a risk description.
- whether the risk relates to fraud risks.
- the potential impact for Wessanen.
- what our vulnerability is.
- what actions we take to mitigate the risks.
- to what strategic objective(s) the risks relate.
- what change there is to the risk profile.
- what our risk appetite is.
- what key developments related to the risks there have been in 2018.
- what outlook we have for the risks going forward.

increase ↑ no change — reduction ↓

Risks & opportunities Potential impact & vulnerability	Actions	Strategic objective including change in risk profile	Risk appetite	Key developments 2018 and outlook
1. Strategic and market risks & opportunities				
Sustainability of our strategy Our strategy is all about health and sustainability. These are long-term goals by definition. We believe we operate in very interesting niche markets by offering great products and brands. Yet there is a risk that we may not be able to execute our strategic agenda as planned or we may be (too) late in our response to large changes in consumer preferences or competitive landscape. **Potential impact:** High Loss of revenue and profitability of the Company in the long-term. **Vulnerability:** Medium We have seen that the competitive landscape has changed which has made us a bit more vulnerable. We are convinced that our strategy still works but continue to fine tune our strategy as well.	— Periodically the Executive Board assesses the long-term strategy which is aligned with the Supervisory Board. From time to time we seek input from external consultancy firms. — We do ongoing reviews of the progress of the strategic plans with the business leaders of our Company. These assessments not only focus on the commercial targets but also includes the progress we make on our non-financial goals. — We do market research and investigate market developments in order to identify opportunities for (new) brands, categories and/or products.	1 3 4 ↑	Treat	— Overall growth in the organic market has continued to be strong specifically in Grocery and more consumers are interested in vegetarian and vegan products than ever before. Our focus is growth of our main brands in core categories. We have not been as successful as planned in 2018, although our core categories have grown ahead of our overall autonomous growth. This will not lead to a radical change of our strategy. However, we are reviewing where we can strengthen our strategy and related plans. **Outlook:** We see that the global outlook for our markets is still good. More and more consumers want healthier and more sustainable food. The organic market has doubled every ten years and we believe the same will happen in the years to come. We believe that we have an important role to play in this market.

Risks & opportunities Potential impact & vulnerability	Actions	Strategic objective including change in risk profile	Risk appetite	Key developments 2018 and outlook
Increased competition from new entrants and private label Operating in interesting markets may attract new entrants to the market, such as conventional food companies, private label, as well as small local brands. **Potential impact:** Medium 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, availability of organic raw materials and potentially affect our revenue and sales margins. **Vulnerability:** Medium Some of our competitors are much bigger than we are. We have also seen some small local players entering our markets. Both sides have their strong points. However, we focus on our own strengths which have proven to work.	— Being in a branded business, we focus on our own brands by creating products that our consumers believe in and love. — Marketing spend on our main brands, core categories and products. — We offer products for a fair but competitive price without compromising the integrity of our strategy. — We perform external scans to identify latest developments which are also input to innovations.	1 3 ↑	Treat and Tolerate	— We continued to invest in marketing to build our main brands and strengthen or protect their positions in our markets. — We focus on six core categories across most of our brands. This gives us focus in product development and allows us to roll out successful mixes across countries and brands. We are leveraging our category expertise through European category teams. **Outlook:** We expect that competition will continue to grow, but we are well prepared by continuing to offer great brands, (new) products and find new markets to operate in.
Innovation to create revenue growth In order to realise long-term growth through innovation power we rely to a large extent on our internal competencies and capacity. However, we are also dependent on our key suppliers and our position with them. **Potential Impact:** High Not being able to introduce successful innovations could lead to a soften revenue growth or decline. **Vulnerability:** Medium Although we have our own R&D departments and factories we are dependent on the relationships with our main suppliers. Switching suppliers or insourcing may not always be easy or could be expensive.	— Well planned product innovation, renovation and activation under key brands, in core categories to keep and to grow our unique position in the market. — Building strong relationships with our key suppliers in order to jointly come to new innovations. — Strengthening the link between R&D and market facing ECTs. — 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.	1 2 —	Treat	— We have started to speed up our innovation process and are taking steps to have more European roll outs of new products. With our focus on six core categories we create us focus in our Innovation process. We are leveraging our category expertise through European category teams. **Outlook:** We should further benefit from the improvements we are making in our innovation process, specifically on European level and within our core categories.

Risks & opportunities Potential impact & vulnerability	Actions	Strategic objective including change in risk profile	Risk appetite	Key developments 2018 and outlook
Growth and value creation through acquisitions Besides autonomous growth, we also aim to expand and strengthen our position through acquisitions. There is a risk that completed acquisitions will fail to match expectations. **Potential Impact:** Medium Poor integration into Wessanen may lead to not achieving the objectives set at the time of buying the business. **Vulnerability:** Low The success of our strategy is also dependent on the successful acquisitions. However, we maintain a disciplined and strict approach to evaluating opportunities.	— The acquisition agenda is strictly aligned with our strategy. We will not proceed with a potential acquisition if we believe that we cannot create additional value or if there is no good match of the company with our organisation. — For both the acquisition and the subsequent integration process we form project teams with internal experts and where necessary external support. This should result in proper due diligence and in the end a successful integration into Wessanen.	4	Treat	— Although we work from a standard integration work programme, every acquisition requires a tailor-made approach with the correct intensity. — With the acquisition of Abbot Kinney's in the second half of 2018 we have started the integration of the business, while protecting the unique characteristics of the organisation. **Outlook:** We continue the ongoing integration projects. In case new companies are added to the family the integration programmes will be executed.
Key customers / distributors Too much dependency on key markets, products, segments and customers could make our business vulnerable. In this respect our negotiation power towards key customers remains relevant for our profitability. **Potential Impact:** Medium Like in any commercial business, contracting or losing large customers could have a material impact on our revenue and profitability. **Vulnerability:** Medium Due to the relatively large customer base in the various markets we operate in, we are not dependent on just a few customers overall. However, major changes in certain markets could affect our revenue and profitability on the longer term if we do not respond adequately.	— Creating and maintaining a large customer base. — Establishing customer intimacy, understanding the needs of our customers and markets. — Monitoring and managing customer service levels through KPIs. — Motivated and competent sales force that functions well within our commercial and procedural boundaries (such as zero tolerance related to corruption and bribery). — Expanding our family of brands and companies as and when the right opportunity presents itself.	1 4 ↑	Treat	— We had some disappointing results across most of our markets, but also saw some business recovering. There has been a stronger decline of our business in the HFS channel compared to Grocery. We have analysed these changing circumstances and put both short and longer term action plans in place. Overall we believe there is no big change in the risk profile, to an extent as a result of not being too dependent on one specific customer. **Outlook:** We foresee no major changes compared to 2018 and we continue to execute our strategy and action plans to secure and extend our business.

Risks & opportunities Potential impact & vulnerability	Actions	Strategic objective including change in risk profile	Risk appetite	Key developments 2018 and outlook
2. Operational risks & opportunities				
Strategic position of suppliers Wessanen has out-sourced many of its activities related to production and logistics. We do this when we believe these suppliers can do it better and cheaper than us. **Potential Impact:** Medium With too much dependency we may not be able to switch to another party if needed. This could negatively affect our position and reputation with our customers and consumers and have a material adverse effect on our financial position. **Vulnerability:** High Despite the fact that we have a clear picture of the dependence on our suppliers and the strong relationship we have with them, major changes could negatively affect certain segments of our business. Contingency plans are in place but a sudden need to switch to another key supplier or insourcing into our factories is a complex and time-consuming exercise.	— Close relationship with our suppliers / service providers who are subject to quality audits. Specific controls have been implemented to detect risks, such as bribery and other fraud risks. We have a zero tolerance approach in this respect. — 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. — Selectively increase our make versus buy ratio. — Contingency plans and multi sourcing to reduce risks related to supplier dependency.	2	Treat and Transfer	— Ongoing risk and opportunity analyses of our key suppliers, including agreed upon improvement plans. Additionally, we are running projects in co-operation with our key suppliers to reduce the complexity in our product portfolio. **Outlook:** We continue to invest in the relationship with our key suppliers and at the same time reduce dependency by selectively insourcing production.

Risks & opportunities Potential impact & vulnerability	Actions	Strategic objective including change in risk profile	Risk appetite	Key developments 2018 and outlook
Dependency on and scarcity of raw materials With the increase in organic consumption faster than the development of organically managed land, there is more pressure on organic raw material availability. Additionally, (organic) agricultural raw material yields will likely go down due to climate change and water scarcity. **Potential impact:** Medium The impact would be detrimental for the business, if we cannot have access to sufficient quantities of raw material to produce our products; or the quality of the raw material is negatively impacted or an increase of the fraud risk. **Vulnerability:** Low We are more and more dependent on organic raw materials given it is at the heart of our strategy. However, our diverse portfolio and large panel of supplier reduces our dependency to specific raw materials.	— Strong supply chains and sales forecast to anticipate our needs. — Partnering with suppliers and broaden our span of raw material suppliers. — Build sustainable supply chains for key raw materials (such as for cocoa). — We have a dedicated R&P Director responsible for addressing these types of risks as well.	1 2 —	Treat	— We are strengthening our forecast process. — We have partnership contracts with raw material suppliers to create longer term stability. **Outlook:** Centralised Wessanen R&P strategy with a three to five year plan, aligned with our overall Company and Sourcing strategy. We are building further sustainable supply chains for key raw materials (cocoa, tea, oat, almonds).

Risks & opportunities Potential impact & vulnerability	Actions	Strategic objective including change in risk profile	Risk appetite	Key developments 2018 and outlook
Food safety and integrity issues in our business Operating in the food industry implies running (fraud) 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. **Potential Impact:** High Next to potential health issues for our consumers, food safety problems could harm the reputation of our brands and Company with our consumers and customers. Eventually this may have a material impact on our financial position. Operating in the food industry implies running food safety and integrity risks related to production failure, product quality issues and product withdrawals or recalls. **Vulnerability:** Medium Our internal quality standards are very high which is inherent to the business we are in. This also applies to our suppliers and customers. However we have a large portfolio of products which makes it complicated to manage from a quality point of view. Additionally, the vast majority of our products are ambient which have a lower food safety risk profile.	— Following strict food and product safety procedures and testing the effectiveness of the controls. — 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. — Having most of our production sites certified according to a GFSI (Global Food Safety Initiative) certification.	2 3 —	Terminate, Treat and Transfer	— There have been two product recalls with limited safety risks for our consumers. Occasionally, we withdraw, recall or do not put on the markets products which do not pass our quality tests. We analyse root causes and improve our process accordingly. — We strengthened our systems for food safety and food fraud risks assessment, using external quality and food fraud risks databases. **Outlook:** Due to the ever increasing importance of this risk theme, we are constantly trying to improve our processes executed by our quality departments, working in cooperation with our suppliers

Risks & opportunities Potential impact & vulnerability	Actions	Strategic objective including change in risk profile	Risk appetite	Key developments 2018 and outlook
Nutritional and health challenges We are strongly positioned on healthy foods, with a significant range of biscuits. Our range is made of organic and whole ingredients, however biscuits can be a significant contributor of sugar intake. **Potential impact:** Medium Criticism regarding the content of sugar in our portfolio, regardless of other aspects (whole ingredients, organic). **Vulnerability:** Low The vulnerability is low because we are proactively addressing this concern with a renovation program to improve the nutritional profiles.	— We benchmarked our products with the markets in 2016 and highlighted those with sugar content above the average. — We defined a renovation plan and are executing it. — We measure the average sugar content of the category for internal monitoring. — We acquired the brand Mrs Crimble's in 2016, with strong health credentials (gluten free) but mainly made of sweet biscuits. We are currently working on sugar step reductions for key products.	1 ↓	Treat	— Renovation of many products to reduce sugar, of which more than half of the plan is done. — Launch of reduced sugar variants on Mrs Crimble's. **Outlook:** We will follow up the renovation plan.
Ethical risks in the supply chain Ethical risks in supply chains are a key concern for all companies. As we have a diverse portfolio and some complex supply chains, we must have measures in place to secure from these risks. **Potential Impact:** High Ethical issues on raw materials entering our supply chain would have a very negative impact on the brand's and company image. **Vulnerability:** Medium Some of our raw materials are sourced from southern countries and for 3rd party products purchased by our suppliers. Almost all Wessanen suppliers have signed the suppliers' code of conduct but the supply chains have not been audited yet. lThe risk is quite secured for fair trade certified products. However, the Organic certification does not bring guarantees on this risk.	— All suppliers have to sign our strict suppliers' code of conduct. — We visit and review our suppliers on a regular basis, where deemed necessary also with a focus on risks of forced labour and child labour. — Registration in Sedex and ask our suppliers to register as well. — See also our paragraph about fair and ethical sourcing.	2 3 —	Terminate and Treat	— The suppliers' code of conduct has been updated. — Commodities with the highest (ethical) risk have been identified and where needed additional mitigating procedures for our suppliers have been put in place. — Updated the statement on Modern Slavery Act for UK authorities. **Outlook:** Implementing a KPI (% suppliers in Sedex) to monitor our suppliers on ethical risks. Staff who are either in leading positions and/or engaged with suppliers are trained to understand modern slavery and the steps they need to take when managing suppliers and visiting the supply chain to reduce the risk of forced labour and child labour. Suppliers (based on purchase turnover) need to provide information on forced labour and child labour via Sedex. Suppliers in high risk supply chains, which have been assessed from an ethical perspective and the number of key raw material suppliers are engaged in the development of sustainable supply chains.

Risks & opportunities Potential impact & vulnerability	Actions	Strategic objective including change in risk profile	Risk appetite	Key developments 2018 and outlook
People and talent management Without our people there is no business. Highly motivated and competent staff make the difference. **Potential impact:** Medium 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. **Vulnerability:** Low The number of key staff is deemed relatively low and we are able to attract good people. To an extent we believe that this is a result of our overall purpose and strategy.	— 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. — Staff wide and local initiatives to establish the company-wide 'Building a green, attractive and efficient company'. — Offer training to our staff and perform engagement surveys.	3	Treat	— Our performance and reward process is in place and functions as intended. — We refer to the People matter paragraph for specific initiatives we have launched in 2018. **Outlook:** We believe we are a very attractive employer on different levels and thus able to hire competent and great people. We continue to engage our people by executing our programme Wessanen Employee Experience Journey.
Effective and efficient supply chain We manage our operations on the full value chain i.e. from raw materials to our final customer. This includes centrally managing our suppliers, our factories and our warehousing and transportation network. Our factories should create interesting economies of scale. As part of our overall strategic mission we try to manage our business with a minimal environmental impact, e.g. by limiting CO_2 emissions and prevent waste in the broadset sense of the word. **Potential impact:** Medium Having excessive fixed costs if factory production is not competitive and similar products are sourced in the market, may lead to under-utilisation. **Vulnerability:** Medium We are upgrading our operations, specifically our sales and operations planning process. This is a complicated challenge but a key driver for success and control in this area.	— Strong supply chain teams in our factories and with our third party suppliers focusing our efficiency of our logistical processes, while not compromising any quality standards and limiting or reducing environmental impact. — We manage our performance among others on customer service levels, forecast accuracy, scrapping costs, the number of consumer complaints, physical waste, renewable electricity and CO_2 emissions.	2	Treat	We work hard on standardising planning processes and efficient sales and operational planning across Europe. At the same time we are increasing the efficiency of warehousing and transportation, improving factory productivity through projects and insourcing. We ensure this is fully aligned with our central sourcing strategy. We are further aiming at minimising waste and creating transparency in our supply chain. **Outlook:** We expect to see positive results from projects to improve our supply chain in the upcoming period. Specifically we should benefit from the European roll-out out of an improved S&OP process.

Risks & opportunities Potential impact & vulnerability	Actions	Strategic objective including change in risk profile	Risk appetite	Key developments 2018 and outlook
Business interruptions – IT continuity management / cyber security Major disruptions to our ICT systems may have a serious impact on both primary and supporting business processes. **Potential impact:** Medium Our service levels with our customers may be at risk, potentially leading to lost sales, penalties and eventually risk of losing customers. There is also a risk of theft of confidential data, such as intellectual property. **Vulnerability:** Medium Companies are more and more dependent on IT, and so are we. We have state-of-the-art IT infrastructure but a major issue could affect our normal business. With security controls and back-up plans we should be able to resume our normal processes quickly.	— We operate one Wessanen-wide ERP system (SAP) together with an integrated ICT infrastructure, both of which we are continuously improving in order to enhance the stability and security. Key to this is ensuring we timely upgrade our systems to protect them from cyber-attacks. — Follow and test the effectiveness of security policies and Business Continuity Planning for the ICT infrastructure.	2 ↓	Terminate, Treat and Transfer	All staff at Wessanen have to complete the IT security awareness training, including a specific training for GDPR. Internal IT audits showed that we continue to make progress in our IT control environment, even though we can still improve and we are actively addressing issue identified. **Outlook:** As cyber risks evolve quickly we continue monitoring this area intensively and put additional controls in place where necessary. We also continue to train our staff on IT related risks.

Risks & opportunities Potential impact & vulnerability	Actions	Strategic objective including change in risk profile	Risk appetite	Key developments 2018 and outlook
3. Legal and compliance risks & opportunities				
Government – laws and regulations New government measures or other regulations could affect our business and financial position, and can be a threat to activities within a relatively short time frame. However, it could also create opportunities. For instance, certain regulations should be a positive stimulus for food quality and healthier products. **Potential impact:** Medium New government measures could have a major impact (both negative and positive) on our business and financial position. **Vulnerability:** Medium We can actually benefit from laws and regulations as we believe it basically protects our business. The growing cost of compliance may be seen as a small financial risk but does not change our approach to fully respect the laws and regulations.	— Monitoring European and local governmental developments in laws and regulations by our specialists on e.g. food quality and packaging, financial reporting, legal and tax. — Testing compliance with regulations by doing internal and external audits.	2 3 ↑	Terminate, Treat and Transfer	— Although the outcome and impact of Brexit remains very uncertain, we have implemented various action plan to be able to deal with the negative effects of a no deal or an unfavourable Brexit deal. — We have implemented the requirements of GDPR in 2018 and are monitoring compliance through an annual audit plan. **Outlook:** Specifically, the effects of Brexit remain an area of concern. We need to monitor the progress of the negotiations and potential impact the agreement may have. By having plans in place for several scenarios we hope to mitigate the risks as much as possible.

Sensitivity analysis of key risks and dependencies

We have a wide spread portfolio in terms of suppliers, customers, products, brands and categories. However major external factors potentially could have a big impact on Wessanen as a whole. We have estimated the maximum impact of these types of issues to happen and monitor developments in the areas.

For a sensitivity analysis of Financial risks we also refer to Note 21 (for Pensions) and Note 24 to the consolidated financial statements.

Risk topic	Sensitivity
Dependency on third party suppliers. Major issues due to bankruptcy from the supplier or any other sudden stop of supply. The risk likelihood is deemed very low and the risk is mostly covered with back-up plans.	None of our suppliers is responsible for more than 10% of our total purchase turnover. Within categories this dependency can be much higher though.
Dependency on raw materials. A bad harvest or extreme increase in demand could result in major cost increases which we may not be able to (fully) transfer into prices. Additionally, it could result in out of stock issues, affecting our revenue.	None of the raw materials in our products is responsible for more than 10% of the total purchase turnover of raw materials. However, unavailability of certain strategic raw materials, although less big in volume, could have a bigger impact on supply and revenue.
Dependency on key customers. Although losing all our revenue with our biggest customer would have a major impact, we deem the likelihood of this to happen to the full extent very low.	Overall there is no single customer who is responsible for more than 10% of our revenue. Within our operating companies this dependency can be higher though, but less than one third of their revenue.
Dependency on key categories. A major external event, e.g. related to food quality or safety, could happen resulting in a stop of demand in one of our key categories. Due to, for instance, the strict food controls we have we deem this very unlikely to happen.	None of our key categories covers more than 30% of our total revenue.
Dependency on key brands. A major issue affecting one of our key brands could severely harm the overall reputation of the brand. This could consequently result in a large decrease in the demand for that brand, although unlikely.	None of our brands covers more than 35% of our total revenue.

Corporate governance structure Wessanen

Wessanen is a public limited liability company, incorporated under Dutch Law. Wessanen is listed at the Euronext Amsterdam stock exchange.

Wessanen has a two-tier board structure consisting of the Executive Board and an independent Supervisory Board, which are both accountable to the General Meeting of Shareholders for the performance of their duties. In this two-tier corporate structure the Supervisory Board is a separate body that is independent of the Executive Board.

Wessanen's corporate governance structure is based on the articles of association, the Dutch Civil Code, the Corporate Governance Code and the applicable securities laws. Substantial changes to Wessanen's corporate governance structure will be submitted to the General Meeting of Shareholders for discussion.

The Executive Board

The responsibility for the day-to-day management and general affairs of Wessanen is vested collectively with the Executive Board. Accountabilities include, but are not limited to, determining and deploying Wessanen's strategy and policies, achieving its objectives and results, risk management, control, financing and developing a sound personnel policy.
The Executive Board is responsible for the continuity of the company and its affiliated enterprise. It focuses on long-term value creation for the company and its affiliated enterprise, and takes into account the stakeholder interests that are relevant in this context. The Supervisory Board monitors the Executive Board in this. The Executive Board also participates in the dialogue with stakeholders, of which the main points can be found on page 12.

The Executive Board is accountable for the performance of its assignment to the Supervisory Board and to the General Meeting of Shareholders. In discharging its duty, the Executive Board focuses on the interests of Wessanen, taking into consideration the interests of its shareholders and other capital providers, employees, customers and suppliers. The members of the Executive Board are appointed by the General Meeting of Shareholders. The full procedure of appointment and dismissal of members of the Executive Board is set out in articles 15 and 16 of Wessanen's Articles of Association.

Members of the Executive Board are appointed for a term of four years. The composition of the Executive Board, its performance as well as the performance of individual members of the Executive Board are reviewed annually by the Supervisory Board. The remuneration of the members of the Executive Board is proposed by the Supervisory Board based on the advice of the Selection, Appointment and Remuneration Committee (SARC) and presented by the Supervisory Board to the General Meeting of Shareholders for adoption.

The Supervisory Board

The Supervisory Board should supervise the manner in which the management board implements the long-term value creation strategy. The Supervisory Board should regularly discuss the strategy, the implementation of the strategy and the principal risks associated with it. In doing so, the Supervisory Board is guided by the interests of Wessanen and the relevant interests of its stakeholders. Major decisions and the Group's strategy are discussed with and require the approval from the Supervisory Board. The Supervisory Board should supervise the policies carried out by the Executive Board and the general affairs of the Company and its affiliated enterprise. In so doing, the Supervisory Board should also focus on the effectiveness of the Company's internal risk management and control systems and the integrity and quality of the financial reporting.

The members of the Supervisory Board are appointed by the General Meeting of Shareholders for a term of four years and may, further to the Dutch Corporate Governance Code dated 8 December 2016, in principle serve a maximum of two terms of four years. The full procedure of appointment and dismissal of members of the Supervisory Board is set out in article 23 of Wessanen's Articles of Association. The General Meeting of Shareholders determines the remuneration of the Supervisory Board members.

Committees of the Supervisory Board

The Supervisory Board, while retaining overall responsibility, has delegated certain tasks to the Audit Committee, the SARC and the Nutrition, Food Safety and Sustainability Committee (NFSC). The main purpose of these Committees is to prepare the foundations that support the decision-making processes of the Supervisory Board.

The Audit Committee assists the Supervisory Board in fulfilling its supervising responsibilities in relation to inter alia Wessanen's accounting and financial reporting practice, policies and procedures, the operation of internal risk management and control systems and the performance and evaluation of the Internal Audit department and the External Auditor.

The SARC is responsible for, amongst other things, establishing policies for the remuneration of the members of the Executive Board and Wessanen's top management, making proposals for the remuneration of individual Executive Board Members and assessing the composition and performance of the Executive Board and Supervisory Board and advising on selection criteria and appointment procedures.

The NFSC supervises, mentors and advises the Executive Board in fulfilling its responsibility to ensure that Wessanen's nutritional policies are relevant to its business and are scientifically supported and that Wessanen operates in a sustainable way.

The Supervisory Board's profile, size and composition, which are reviewed at least once a year, reflect the expertise required to supervise Wessanen's activities.

Conflict of interest

In compliance with the Code, the By-Laws of the Supervisory Board and Executive Board have 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 2018.

The General Meeting of Shareholders

At least once a year a General Meeting of Shareholders will be held. The agenda of the Annual General Meeting of Shareholders shall at least contain the report of the Executive Board, the adoption of the financial statements, including the appropriation of the results, the proposal to distribute dividends and the proposal to discharge the members of the Executive Board and Supervisory Board. Shareholders, who, alone or jointly, represent at least 1% of Wessanen's issued capital or a block of shares, alone or jointly, at least worth 50 million euro (€50,000,000) shall have the right to request the Executive Board or the Supervisory Board that items be placed on the agenda of the General Meeting of Shareholders.

The General Meetings of Shareholders shall be convened by public notice given by the Supervisory Board or the Executive Board, which can be found on Wessanen's website https://wessanen.com/investor-relations/shareholders/agm-agenda-and-minutes/. The notice convening the meeting shall be given no later than the 42nd day prior to the date of the meeting and shall specify the subjects to be discussed.

Resolutions of General Meeting of Shareholders; Appointment of Executive Board and Supervisory Board Resolutions of the General Meeting of Shareholders shall be passed on the basis of an absolute majority of votes cast, unless a greater majority is required by law or by the Articles of Association.
The appointment of members of the Executive Board and of the Supervisory Board shall be made following a non-binding nomination by the Supervisory Board. A resolution of the General Meeting of Shareholders to approve an appointment in accordance with a nomination by the Supervisory Board requires an absolute majority of the votes cast. In the event of a candidate nominated by the Supervisory Board not being appointed by the General Meeting of Shareholders, the Supervisory Board will nominate a new candidate.
Shareholders who have the right to place an item on the agenda of the General Meeting of Shareholders are also entitled to nominate a candidate. A resolution of the General Meeting to appoint a member of the Executive Board or of the Supervisory Board other than in accordance with a nomination by the Supervisory Board requires an absolute majority of the votes cast representing more than one-third of the issued capital. At a General Meeting of Shareholders, votes can only be cast for candidates named in the agenda or explanatory notes of the meeting. Similarly, a resolution of the General Meeting of Shareholders to suspend or remove a Board member that is not in accordance with a proposal of the Supervisory Board requires an absolute majority of the votes cast representing more than one-third of the issued capital.

Dividends

The proposed dividend for a financial year must be approved by the General Meeting of Shareholders, and the dividend is paid after this meeting. 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. Dividend payments shall be made not later than 14 days after adoption of the dividend.

The Executive Board, with the approval of the Supervisory Board, determines which part of the profit is to be appropriated to the reserves. The remaining profit may be distributed as a dividend to the holders of the shares. The General Meeting of Shareholders may, at the proposal of the Executive Board that has been approved by the Supervisory Board, resolve that payment of dividend be wholly or partly in shares. If a loss is sustained in any year, no dividend shall be distributed for that year and for subsequent years until the loss has been defrayed out of the profit. The General Meeting may, however, resolve on a motion of the Executive Board that has been approved by the Supervisory Board, to defray any such loss out of the distributable part of the shareholders' equity or to charge the dividend to the distributable part of the shareholders' equity.

Issue of shares; Pre-emptive rights

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 authorised to resolve the issuance of shares for the purpose of employee, senior management and Executive Board long term stock option and share Incentive plans, with a maximum of 1% of the issued share capital per annum as per 12 April 2018. The General Meeting of Shareholders granted this authorisation until 12 October 2019 by resolution dated 12 April 2018.

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.

Repurchase of 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 12 October 2019 by resolution dated 12 April 2018.

Capital reduction

Upon the proposal of the Executive Board and subject to the approval of the Supervisory Board, the General Meeting of Shareholders may resolve to reduce Wessanen's issued share capital by cancellation of shares or by reducing the nominal value of the shares through amendment of the Articles of Association, subject to certain statutory provisions and the provisions of the Articles of Association.

Appointment of External Auditors

The General Meeting of Shareholders appoints the External Auditor. The Audit Committee recommends to the Supervisory Board the External Auditor to be proposed for reappointment by the General Meeting of Shareholders. On 12 April 2018, the General Meeting of Shareholders appointed Deloitte Accountants B.V. as external auditors for Wessanen for the financial year 2019.

Amendment of 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.

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 two exceptions:

- In deviation of best practice 3.1.2. which states that if shares are being awarded, they should be retained for at least five years, 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 was approved at Wessanen's Annual General Shareholders Meeting in April 2015, members of the Executive Board may, in deviation of the best practice at all times sell shares provided that the share ownership guidelines are met.
- In deviation of best practice 3.2.3 which stipulates that the maximum remuneration in case of dismissal of a member of the Executive Board shall not exceed one year's salary, the severance pay of an Executive Board member may consist 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, if the dismissal is a result of a change of control over Wessanen.

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 29 Augustus 2017, 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 2018 Integrated Annual Report and Financial Statements and as such cannot be amended.

Information required pursuant to article 10 of the Takeover Directive Decree

Capital structure (article 1, paragraph 1a)
As of 31 December 2018, 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'). On 31 December 2018, the issued share capital was divided into 76,544,628 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 2018 the following entities had reported a direct or indirect substantial holding of shares in the issued capital of Wessanen:

Share ownership:
- Harborside GP Limited 20-25%
- Oppenheimer Funds Inc. 3-5%
- Standard Life Aberdeen Plc 3-5%
- La Banque Postale Asset Management 3-5%
- Invesco Limited 3-5%
- Groupama 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. 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 authorised to resolve the issuance of shares for the purpose of employee, senior management and Executive Board long-term stock option and share incentive plans, with a maximum of 1% of the issued share capital per annum as per 12 April 2018. The General Meeting of Shareholders granted this authorisation until 12 October 2019 by resolution dated 12 April 2018.

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 12 October 2019 by resolution dated 12 April 2018.

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

In the event of a change of control Wessanen's Revolving credit 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 (financially or otherwise).

Diversity Policy

Currently, Wessanen's Executive Board consists of two members and its Supervisory Board of four members. Within the Boards, diversity in work background, education, nationality, age and gender are essential for Wessanen to succeed in its mission. Wessanen needs Board members to have diverse work backgrounds and education, including at least experience and expertise in international FMCG business in managerial positions, finance & accounting, organic & speciality foods and food safety. Given the international presence of the Company, it is desirable that the members of the Executive Board and Supervisory Board have different nationalities. The Supervisory Board is of the opinion that the current composition of the Executive Board and the Supervisory Board is diverse and balanced with regard to work background, education and nationality. For future appointments, the Supervisory Board will pay attention to age as one of the aspects of diversity.
The statutory requirement that at least 30% of the seats of the Executive Board and Supervisory board should be taken by men and at least 30% by women, is currently not met. It is the aim of the Supervisory Board and Executive board to have a representation of 50% male and 50% female members in the Supervisory Board, the Executive Board and Wessanen's other executive positions by 2022. In the selection of new candidates, the Supervisory Board commits to maintain diversity in work background, education, nationality, age and gender within the Boards. In addition, the Supervisory Board aims to balance experience and connection with Wessanen and its culture. To this end, the Supervisory Board will follow female talent within the Company closely. With regard to vacancies, the Supervisory Board will compose a profile based on the required experience and education and will actively search for female candidates.

CSR governance

The Executive Vice President of Marketing, who is also a member of the Executive Leadership Team, is responsible for sustainability within the company. The Director of Quality, Sustainability and R&D reports to him and centrally coordinates the Corporate Social Responsibility.
The NFC (Nutrition Food safety and Sustainability Committee) is advising Wessanen regarding CSR strategy and policies and the ELT implements the CSR strategy and policies.

Connectivity matrix

In the connectivity matrix below, we connect the different elements of our strategic pillars with the different topics (with their indicators and targets) and with material topics and risks.

Strategic pilar	Material topic	SDG	KPI	Target	Result 2018	Risks
Grow brands in categories	Organic	2, 12	Organic products (% of revenue)	90% by 2025	77.5%	Sustainability of our strategy
	Vegetarian	3, 12	Vegetarian products (% of revenue)	›95%	96%	Sustainability of our strategy Innovation to create growth
	Healthy food	2	Finished products suppliers having GFSI approved Quality System (% of purchase turnover)	›95% by 2020	87%	Food safety issues in our business
Upgrade operations	Climate change	13	Renewable electricity purchased (% of total electricity purchased)	100% by 2020	95%	Effectiveness and efficency of our supply chain
	Climate change	13	Scope 1 emissions from own operations and lease cars and scope 2 (net) (tonnes CO_2e)	6200 by 2025	8102	Effectiveness and efficency of our supply chain
	Climate change	13	Emissions scope 3 (transport)(tonnes CO_2e)	no target on absolute value	25,455	Effectiveness and efficency of our supply chain
	Climate change	13	Total emissions ratio	Reduce by 20% by 2025		Effectiveness and efficency of our supply chain
	Food waste	12	Physical waste ratio (% sold volumes)	0,70% by 2020	0.89%	Effectiveness and efficency of our supply chain
	Food waste		Physical waste to landfill and incineration (% of total physical waste)	0% by 2025	29%	Effectiveness and efficency of our supply chain
	Origin of raw material	12	Partnership signed (% of purchase turnover)	20% by end 2020	8%	Strategic position of suppliers Dependancy on raw materials
	Ethics in the supply chain		Finished products suppliers having signed Code of Conduct (% of purchase turnover)	100% by 2020	92%	Ethical risks in the supply chain
	Ethics in the supply chain		Fair trade sales (tonnes)	Increase	5549	Ethical risks in the supply chain
Attractive company	Fair working practices	5	Women in senior management positions (% of senior management positions)	50% by end 2022	35%	People and talent management
Build a new kind of food company			% revenue of B Corp certified companies	Group certification in 2020	70%	Sustainability of our strategy

This report has been prepared in accordance with the GRI Standards: Core option (102-54).
Compared to the previous version, we have evolved this report towards a more integrated one, combining the financial and CSR elements.

Reporting process for sustainability information

Sustainability data is collected in January of each year.
Some data have been collected in each location, others have been collected centrally. Once collected, the data was consolidated and submitted to trend analyses.
Where necessary, data was verified with the relevant data provider. The data for this report was quantified. Where no data was available, it was estimated. No uncertainties or inherent limitations to the data were identified as a result of the measurement, estimation or calculation of data.
Our sustainability KPIs are presented in the dashboard (page 48). Significant changes in definitions and measurement methods versus previous reporting periods are explained at the bottom of this table.

We have mandated a third party to provide limited assurance on eight KPIs, namely: organic, vegetarian, suppliers having GFSI approved quality system, renewable electricity, carbon emissions scope 1 and 2, fair trade volumes, suppliers having signed the code of conduct and women in senior management positions.

We aim to provide our stakeholders with reliable data. As part of this process, our goal is to expand the external audit on our report in the coming years.

The reporting period refers to 1. January 2018 - 31. December 2018. The previous report was published on 22. February 2017. Our reporting cycle is annually.
We welcome feedback from the readers and other interested stakeholders, emails can be send to corporate communication@wessanen.com

Reporting scope

The scope of our CSR performance includes all entities for which Wessanen holds management responsibility, except Abbot Kinney's which has been acquired during the year. This also means that subcontractors are not included, unless stated otherwise.
The aim is to inform our stakeholders about our financial and non-financial developments, covering the calendar year 2018. In this report we present our progress on the material topics. The material topics, boundaries and scope were determined in conjunction with our stakeholders. The process for defining the material topics and report content, as well as the list of material topics, is described in the materiality determination.
Find more information (including the GRI reference table) on www.wessanen.com in our "What we care for" section.

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 carbon emissions and climate change. For the year 2018 (referring to 2017 reporting) we were ranked at level B (Management).

Tax transparency

We were evaluated by VBDO (Vereniging van Beleggers voor Duurzame Ontwikkeling) according to our transparency regarding taxes, in the so-called Tax Transparency benchmark. This consists in a comparative study of 76 Dutch listed companies. We were ranked at the 5th position with a score of 21, versus 21 in 2017. We got complimented for including third party tax assurance in our reporting.

Assurance statement

The SGS Nederland BV's assurance opinion on selected sustainability KPI's is disclosed at the end of this report in "Other information" on page 154.

Statements by the Executive Board

Statement of Internal Control

In accordance with the best practise provision 1.4.3. of the Dutch Corporate Governance Code Wessanen's Executive Board makes the following statement:

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.

We have assessed whether the risk assessment executed showed any material failings in the effectiveness of the Company's internal risk management and control systems. Though such systems are designed to manage and control risks, they can provide reasonable, but not absolute, assurance against material misstatements. Based on this assessment, to the best of our knowledge and belief, no material failings of the effectiveness of the Company's internal risk management and control systems occurred and the internal risk and control systems provides reasonable assurance that the 2018 financial statements do not contain any errors of material importance.

In accordance with the Dutch Corporate Governance Code, we hereby state that to the best of our knowledge and belief, it is justified to adopt the going concern basis in preparing the Integrated Annual Report and we have the reasonable expectation that the Company will be able to continue in operation and meet its liabilities for at least twelve months.

Compliance statement

In accordance with Section 5:25c, paragraph 2 of the Dutch Act on Financial Supervision, we confirm that to the best of our knowledge:

- The 2018 financial statements included in this Integrated 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 report of the Executive Board included in this Integrated 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 2018 and of the development and performance of the business for the financial year then ended; and
- The report of the Executive Board includes a description of the principal risks and uncertainties that the Company faces.

Amsterdam, 11 February 2019

Executive Board

Christophe Barnouin (CEO)
Ronald Merckx (CFO)

Statement by Wessanen

Non-financial information statement

The Chapters About us, Sustainability and Financial Review, Risk & Governance, including the parts of the annual management report incorporated by reference, together comprise the consolidated "non-financial information statement" as specified in the Non-Financial Information Decree and in section 2:391(1) of the Dutch Civil Code.

From left to right:
Patrick Mispolet, Frank van Oers,
Ivonne Rietjens, Rudy Kluiber

F. (Frank) van Oers
1959 Dutch nationality

Supervisory Board Chairman
Member of the Audit Committee
Member of the SARC

Current term of appointment
2017–2021; first appointed in 2009.

Ownership of Wessanen shares
6,000

Experience
Managing Partner Vorwerk & Co. KG. Former CEO of Sara Lee International Beverage & Bakery Division. Former Executive Vice-President of Sara Lee Corporation.

I.M.C.M. (Ivonne) Rietjens
1958 Dutch nationality

Supervisory Board member
Chairman of the NFSC

Current term of appointment
2019–2020; 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 Expert Panel of the Flavor and Extract Manufacturers Association (FEMA) (USA), the European Scientific Committee on Occupational Limit Values (SCOEL), the Dutch Health Council, the Scientific Advisory Board of the National Institute of Public Health & Hygiene (RIVM), and the Board of Trustees of the ILSI (International Life Sciences Institute).

P.E.M. (Patrick) Mispolet
1958 French nationality

Supervisory Board member
Member of the NFSC

Current term of appointment
2016–2020; first appointment in 2016.

Ownership of Wessanen shares
None.

Experience
Private investor in consumer focused businesses. Former CEO of Orangina Schweppes for France and Belgium.

R.K. (Rudy) Kluiber
1959 American nationality

Supervisory Board member
Chairman of the Audit Committee
Chairman of the SARC

Current term of appointment
2016–2019; first appointment in 2012.

Ownership of Wessanen shares
None.

Experience
Co-founder and managing director of Shepherd, Kaplan, Krochuk LLC. Former Senior Vice-President and portfolio manager at State Street Research & Management Company.

Meetings and activities of the Supervisory Board

During 2018, the Supervisory Board held 6 regular meetings and 7 conference calls on specific projects with the Executive Board. In closed sessions after the scheduled meetings the Supervisory Board discussed Wessanen's performance in the absence of the members of the Executive Board.

In addition to the abovementioned meetings and calls, the Chairman of the Supervisory Board and the CEO were regularly in touch on developments and the Chairman of the Audit Committee was updated by the CFO on a quarterly basis. Representatives of the Supervisory Board met with Wessanen's HQ Works Council.

Topics discussed by the Supervisory Board included amongst other things the annual and interim results, Wessanen's strategy, potential acquisitions, the impact of Brexit, Wessanen's 2019 budget and operational projects.

The Supervisory Board reviewed the interim and annual results. In Q2 and Q3 2018, Wessanen's own brands grew less than expected, caused by increased competition in the French grocery and HFS channel and UK business being impacted by delistings of products. This led to an adjustment of the outlook of revenue growth generated by Wessanen's own brands, whereas the outlook for Wessanen's profitability as a percentage of revenue remained unchanged. The actions taken by the Executive Board leading to a return to revenue growth in Q4 2018 were reviewed and challenged by the Supervisory Board.

Further to aforementioned adjustments of the revenue growth outlook, the Supervisory Board discussed with the Executive Board the execution of the 3-year rolling strategic plan and how long-term value will be created in the changed market environment. In 2019, the Supervisory Board and Executive Board will have further in-depth discussions on the further sharpening of the strategic plan and its execution will be closely monitored by the Supervisory Board.

'Acquiring selectively' is one of Wessanen's strategic pillars. M&A was therefore a recurring topic on the Supervisory Board's agenda and the Supervisory Board reviewed a number of potential acquisitions. The Supervisory Board supports the Executive Board's prudent approach to acquire only in case of a clear strategic fit, appropriate size and contribution to Wessanen's long-term value creation. The Supervisory Board, therefore, gladly approved the acquisition of Abbot Kinney's, the leader in organic almond and coconut based yoghurt alternatives and ice-cream, which will strengthen Wessanen's Dairy Alternatives category which until then mainly consisted of ambient drinks.

Further to uncertainty around the United Kingdom's exit from the European Union, the Supervisory Board was informed on the measures taken by the Company to be able to continue its business in the UK and Europe in and after March 2019.

At the AGM of April 2019, Mr Ronald Merckx's term as Executive Board member and CFO of Wessanen will expire. After having served Wessanen for eight years, Mr Merckx decided to leave Wessanen to become CFO of Centrient Pharmaceuticals. The Supervisory Board and CEO Christophe Barnouin regret his decision, but would like to thank Mr Merckx for his dedication and his valuable contribution to transforming Wessanen into a new kind of food company focussed on healthy and sustainable food. A search for a successor of Mr Merckx has commenced and further announcements will be made in due course.

Composition of committees

Member

Member and chairman

	Audit Committee	SARC	NFSC	Supervisory Board	Audit Committee	SARC	NFSC
F. van Oers	Member	Member	–	13/13	6/6	5/5	
R.K. Kluiber	Member and chairman	Member and chairman	–	13/13	6/6	5/5	
I.M.C.M. Rietjens	–	–	Member and chairman	13/13			3/3
P.E.M. Mispolet	–	–	Member	13/13			3/3

Audit Committee

In 2018, the Audit Committee held four regular meetings and two additional meetings on the selection of an external auditor for the financial year 2020. All regular meetings were attended by Messrs Barnouin and Merckx, the VP Corporate Accounting & Control, the Head of Internal Audit and the External Auditor. After every meeting, the Audit Committee spoke with the External Auditor in the absence of Messrs Barnouin and Merckx and the corporate staff.

Topics that were discussed included the 2018 financial statements, the semi-annual and quarterly results, the External Auditor's findings (including the management letter), internal controls, litigation, tax positions, and whistle blower reports. In every regular meeting the Audit Committee was informed about the effectiveness of Wessanen's Framework of Internal Control. The Audit Committee concluded that the Executive Board is overall in control and that no material deficiencies exist. Those few controls that were ineffective, provided a low risk and were strongly mitigated by other controls. With regard to IT, the number of Segregation of Duty conflicts decreased compared to 2017 and an awareness project was launched to maintain the low number of conflicts.

The Audit Committee paid attention to the valuation of goodwill and brands, as these assets are not amortised but (at least annually) tested for impairment. Based on the assumptions and assessments made by the Executive Board and verified by the External Auditor no goodwill and brand impairments were required, with the exception of an impairment of the dietetic brand Gayelord Hauser, as a result of the French dietetic market declining faster than expected, and an impairment of a small brand in Germany.

The Audit Committee was regularly updated on legislative developments and the possible implications for Wessanen. Particular attention was paid to the implementation of IFRS 16, further to which operating lease commitments will need to be reported on the balance sheet.

External auditor

In April 2018, Deloitte was appointed as Wessanen's External Auditor for the financial year 2019, after which Deloitte will have served as Wessanen's external auditor for ten years. During 2018, the Audit Committee, in conjunction with the Company, organised a procedure for the selection of a new auditor, based on transparent and non-discriminatory selection criteria. Based on the outcome of the selection procedure, the Audit Committee submitted a duly justified recommendation to the Supervisory Board for two audit firms, PWC and KPMG and a duly justified preference for PWC. Based on the Audit Committee's recommendation, the Supervisory Board resolved to nominate PWC for appointment by the AGM as Wessanen's external auditor for the financial year 2020.

Selection, Appointment and Remuneration Committee (SARC)

The Selection, Appointment and Remuneration Committee held four regular meetings in 2018 and one meeting by conference call, which were all attended by Mr Barnouin and the HR Director.

The Executive Board's remuneration for 2017 was reviewed by the SARC. For the Short Term Incentive Plan, the SARC verified the achievement of the 2017 financial and personal targets. The SARC also assessed the items that were proposed by the Executive Board to be treated as exceptional items. Furthermore, the Executive Board's 2018 personal targets and the 2018 financial targets were assessed and adopted by the SARC.

For the 2018 Long Term Incentive Plan, the SARC established the ROIC performance hurdle and approved the grant of long-term incentive rights to Mr Barnouin and Mr Merckx. Furthermore, the SARC set the performance conditions for the 2018 Share Matching Plan. On the 2015 Long Term Incentive Plan, the SARC established that both the TSR performance hurdle and the ROIC were achieved. On the 2015 Share Matching Plan, the SARC established that the EBITE performance hurdle was achieved.

Finally, the SARC established that on 31 December 2017, both Executive Board members met the requirements of the Share Ownership Guidelines.

In addition to remuneration, the SARC discussed a detailed management development review and succession planning, approved the diversity policy for both Supervisory and Executive Board and reviewed the pay ratio.

Nutrition, Food safety and Sustainability Committee (NFSC)

The Nutrition, Food safety and Sustainability Committee supports and advises the Executive Board in matters related to nutrition, food safety and sustainability. In 2018, the NFSC held three meetings.

The NFSC discussed various topics, including the execution of Wessanen's purpose 'Connect with nature', the execution of Wessanen's nutritional policies on the reduction of sugar and salt in its products, quality risk assessment, sustainable packaging and waste reduction, carbon reduction and neutralisation and the auditing of Wessanen's sustainability KPI's.

Remuneration report

The Remuneration report can be found on pages 83-85.

Supervisory Board and Executive Board evaluation

The Supervisory Board annually evaluates its functioning and that of its individual members, the Audit Committee, SARC and NFSC, outside the presence of the Executive Board. During the evaluation, the Supervisory Board members interaction and the collaboration with the Executive Board were assessed. Moreover, the Supervisory Board reviewed the desired profile of the Supervisory Board and its composition, and expertise.

During the evaluation the Supervisory Board also discussed the functioning of the Executive Board as a whole and that of its individual members, outside the presence of the Executive Board.

The Supervisory and Executive Board agreed to follow-up on conclusions drawn during the evaluation which will be monitored during the year.

The Supervisory Board will engage a third party to assess its functioning every three years; the next occasion being in 2019.

Composition of the Supervisory Board

After the AGM of 11 April 2019, the second term of Mr Kluiber will expire, after which he will have served 7 years. Mr Kluiber is available for reappointment, also taking into account the limitations of position prescribed by Section 2:142a of the Dutch Civil Code. After careful consideration and taking into account the Supervisory Board profile and composition, the Supervisory Board resolved to nominate Mr. Kluiber for reappointment by the Annual General Meeting of Shareholders which will be held on 11 April 2019. As the 2016 Corporate Governance Code provides for a maximum appointment term of 8 years (with few exceptions), Mr Kluiber will be nominated for a one-year term.

Competence matrix	Van Oers	Kluiber	Rietjens	Mispolet
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	●	●		●

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 the board member 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 2018.

Amsterdam, 11 February 2019

Supervisory Board

Summary Remuneration Policy

The objective of Wessanen's Remuneration Policy is to attract, motivate and retain experienced executives with an international outlook and focuses on long-term value creation for the company.

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 Wessanen's stakeholders and to reward the Executive Board appropriately for their ability to achieve stretch targets for short-term and long-term performance. The variable compensation is linked to measurable predetermined targets, which are predominantly long-term in character and are closely aligned with Wessanen's strategy. The Long Term Incentive Plan (LTIP) and the Share Matching Plan (SMP) and their performance conditions motivate the Executive Board members to focus on long-term sustainable value creation for the company and its affiliated enterprise.

Share Ownership Guideline

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. The current members of the Executive Board have four years after the adoption of the Remuneration Policy in 2015 to comply with the aforementioned share ownership requirement.

The best practice that shares granted must be retained for at least five years, will not be applied. 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, members of the Executive Board may at all times sell shares provided that the share ownership guidelines are met. Furthermore, members of the Executive Board may sell shares if to pay wage withholding taxes in connection with the delivery of shares related to such grant of shares.

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 (Short Term Incentive Plan: "STIP");
- A long-term incentive, ranging from 0%-50% of the base salary at grant date depending on the achievement of performance hurdles (Long Term Incentive Plan: "LTIP");
- Share matching, ranging from 0 – 150% of the mandatory and/or voluntary investment in Wessanen shares; vesting will depend on the achievement of performance conditions (Share Matching Plan: "SMP");
- Pension contributions;
- Benefits in kind such as a contribution to health and medical insurance premium, a company car, a contribution to telephone costs and a fixed expense allowance for business purposes and housing.

Base Salary

On joining the Executive Board, members receive a base salary that is comparable with the median of the labour-market peer group. Adjustment of the base salary is at the discretion of the Supervisory Board, which takes into account external and internal developments. The annual review date for the base salary is 1 April.

Short Term Incentive Plan (STIP)

The Wessanen STIP rewards the Executive Board for sound operational performance in Wessanen's competitive environment. The financial targets operating result before exceptional items ('EBITE'), annual sales growth and primary working capital days account for 70% of the STI. Personal targets account for the remaining 30% of the STI.

The STIP targets, including the personal objectives, are clear and measurable and set each year in advance at a challenging level, taking into account general trends in the relevant markets. Both financial and personal targets aim at contributing to long-term value creation. The targets are predominantly long-term in character and are closely aligned with Wessanen's strategy. At least one of the personal targets is related to sustainability.

Members of the Executive Board have to invest at least 25% (as long as they have not yet met the number of shares as required by the share ownership guideline), and might voluntarily choose to invest up to 100%, of the (after tax) STIP pay out in Wessanen shares per year.

Operating result before exceptional items (EBITE), annual sales growth and primary working capital days reflect the elements of Wessanen's financial performance. These elements respectively account for 30%, 30% and 10% of the STI.

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)

The Long Term Incentive Plan (LTIP) and its performance conditions motivate Executive Board members and other participating employees to focus on long-term sustainable value creation for the company. This plan aims to attract, motivate and retain the Executive Board and other participating employees and to align their interest with the long-term interest of the company.

Under the LTIP, the Executive Board members are rewarded with performance shares based on a three-year horizon with a review date at the end of the third year. The actual number of performance shares granted to Executive Board members is determined by the Supervisory Board. The target value at grant date is set at a maximum of 50% of the base salary.

Performance targets 2018

Short term incentive performance	C.P.J. Barnouin	R.J.J.B. Merckx
At target: % of base salary	50%	40%
Maximum: % of base salary	100%	80%

Performance target realisation % per component			
Performance targets and relative weighting	Relative weighting	C.P.J. Barnouin	R.J.J.B. Merckx
Personal agenda	30%	45.0%	45.0%
Wessanen (Consolidated)			
Sales growth	30%	0%	0%
EBITE	30%	30.0%	30.0%
Primary working capital days	10%	20.2%	20.2%
Total		95.2%	95.2%
Realised pay-out % of base salary		47.6%	38.1%

The performance hurdles of the LTIP are two equally weighted specific performance targets that are measured at the review date at the end of the third year: (i) Relative Total Shareholder Return ("TSR") and (ii) Return on Invested Capital ("ROIC").

TSR

50% of the actual number of performance shares that may vest for each member of the Executive Board ("vested performance shares"') depends on the TSR performance over a three-year period compared to the TSR performance of a selected peer group and ranges between 0% to 150% of the initial number of performance shares granted.

ROIC

50% of the actual number of the performance shares that may vest depends on the ROIC performance. The ROIC is the second financial performance condition for the LTIP, in order to put more emphasis on Wessanen's value creation as such. At the review date at the end of the third year the performance of Wessanen is measured on the basis of performance versus the targeted ROIC and ranges between 0% to 150% of the initial number of performance shares granted.

The awarded performance shares must be retained by Executive Board members for a period of at least five years (including the three-year vesting period, or at least until termination of employment if this period is shorter) as long as they have not yet met the number of shares as required by the share ownership guideline.

During the three-year vesting period, the costs of these shares (determined according to IFRS) will be recognised in the profit and loss statement as personnel costs.
Performance shares that depend on the TSR performance will not or only partially vest if the TSR performance is below the median of the peer group. Performance shares that depend on the ROIC performance will not vest if the ROIC performance is less than a minimum target. For the 2016-2018 period, Wessanen ranked seventh in respect of TSR performance (vesting at 0%) and first in respect of ROIC performance (vesting at 150%). Accordingly, the performance shares vested at 75%.

Share matching

In order to stimulate share ownership, the members of the Executive Board may participate in a Share Matching plan. Members of the Executive Board have to invest at least 25% (as long as they have not yet met the number of shares as required by the share ownership guideline), and might voluntarily choose to invest up to 100%, of the (after tax) STIP pay out in Wessanen shares. 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. For the 2016-2018 period, Wessanen ranked first in respect of EBITE margin performance. Accordingly, the matching shares vested at 150%.

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

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 can 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).

Pay Ratio

To attract, motivate and retain employees with the right competences, Wessanen has a balanced remuneration strategy which takes into account both the weight, complexity and responsibilities of a role whilst in return rewards good performance that generates long-term value creation. For this reason Wessanen has long-term incentive plans for all executive positions. This remuneration strategy is consistently applied and executed. In addition, the remuneration strategy is regularly benchmarked in order to ensure fair and market competitive practices.

In compliance with the Corporate Governance Code applicable as of 1 January 2017, an additional internal benchmark was conducted on the pay ratios between Executive Board members and other employees within the Company when formulating the remuneration policy for the Executive Board. These pay ratios, which are specific to the company's industry, geographical footprint and organisational model, will be disclosed annually in the Remuneration Report.
In 2018, the pay ratio for the CEO is 17.4 (2017 restated: 17.5) and 13.4 for the CFO (2017 restated: 13.7). These ratios are obtained by dividing the 2018 total remuneration for the CEO and CFO by the 2018 average total remuneration of all other employees worldwide as the common denominator. The denominator is derived from Note 8 to the consolidated financial statements on page 105 by dividing the 2018 total personnel expenses (after subtracting the Executive Board's remuneration), by the reported average number of full-time employees (minus two), leading to an amount of €70.9 thousand (2017 restated: €72.8 thousand). The reported average number of full-time employees for 2017 has been restated following alignment on FTE reporting in 2018. The total remuneration for the CEO and CFO is disclosed in Note 8 to the consolidated financial statements on page 106.

The decrease of the pay ratio in 2018 versus 2017, is mainly caused by the decrease of the total remuneration expense of the CEO and CFO (mainly lower STIP and LTIP related expenses).

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 will vest. With regard to performance shares awarded under the share matching plan, vesting of the matching shares will however be time pro-rated.

Remuneration of the Executive Board 2018

In 2018 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 2018

In 2018, 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 2018 can be found in Note 8 to the consolidated financial statements.

Financial statements

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Financial statements of the Company

Notes to the financial statements of the Company

In € millions, unless stated otherwise	Notes	2018	2017[1]
Revenue	7	**628.4**	**624.4**
Raw materials and supplies		(365.8)	(365.9)
Personnel expenses	8, 9	(95.7)	(96.5)
Depreciation, amortisation and impairments	13, 14	(15.0)	(9.9)
Other operating expenses		(100.8)	(103.4)
Operating expenses		**(577.3)**	**(575.7)**
Operating result		**51.1**	**48.7**
Interest expenses		(0.5)	(0.9)
Other financial income and expenses		(0.6)	(1.0)
Net financing costs	10	**(1.1)**	**(1.9)**
Profit before income tax		**50.0**	**46.8**
Income tax expense	11	**(14.0)**	**(10.8)**
Profit for the period		**36.0**	**36.0**
Attributable to equity holders of Wessanen		**36.0**	**36.0**
Earnings per share attributable to equity holders of Wessanen (in €)	12		
Basic		0.47	0.47
Diluted		0.47	0.47
Average number of shares (in thousands)	12		
Basic		76,343	75,790
Diluted		76,710	76,738
Average GBP exchange rate (GBP per Euro)		0.8860	0.8757

1 2017: 'Revenue' and 'Other operating expenses' have been restated for a reclassification of 'coupon expenses incurred and paid to consumers' following the adoption of IFRS 15 'Revenue from contracts with customers'. As a consequence, 'Revenue' has been reduced by the amount of €1.4 for 2017.

In € millions	Notes	2018	2017
Profit for the period		**36.0**	**36.0**
Other comprehensive income/(loss)			
Remeasurements of post employment benefit obligations, net of income tax	11, 21	0.1	–
Other comprehensive income/(loss) that will not be reclassified to profit or loss		**0.1**	**–**
Foreign currency translation differences, net of income tax	11, 24	(0.3)	(1.3)
Effective portion of changes in fair value of cash flow hedges, net of income tax	11, 24	0.1	–
Other comprehensive income/(loss) that may be reclassified to profit or loss		**(0.2)**	**(1.3)**
Total other comprehensive income/(loss)		**(0.1)**	**(1.3)**
Total comprehensive income		**35.9**	**34.7**
Attributable to equity holders of Wessanen		**35.9**	**34.7**

In € millions, unless stated otherwise	Notes	31 December 2018	31 December 2017
Assets			
Property, plant and equipment	13	69.5	58.4
Intangible assets	14	212.3	206.6
Other investments		0.3	0.2
Deferred tax assets	15	7.0	7.0
Total non-current assets		**289.1**	**272.2**
Inventories	16	68.4	76.5
Income tax receivables		1.0	0.8
Trade receivables	17	95.1	98.8
Other receivables and prepayments	17	15.0	14.9
Cash and cash equivalents	18	17.3	13.8
Total current assets		**196.8**	**204.8**
Total assets		**485.9**	**477.0**

In € millions, unless stated otherwise	Notes	31 December 2018	31 December 2017
Equity			
Share capital		76.5	76.1
Share premium		103.4	102.8
Reserves		(17.7)	(17.5)
Retained earnings		94.9	66.3
Total equity	19	**257.1**	**227.7**
Liabilities			
Interest-bearing loans and borrowings	20	61.4	61.1
Employee benefits	21	7.9	7.9
Provisions	22	1.0	2.3
Deferred tax liabilities	15	13.9	13.1
Total non-current liabilities		**84.2**	**84.4**
Bank overdrafts	18	0.1	8.8
Interest-bearing loans and borrowings	20	3.8	3.8
Provisions	22	3.6	4.6
Income tax payables		2.3	1.4
Trade payables	23	74.6	84.8
Non-trade payables and accrued expenses	23	60.2	61.5
Total current liabilities		**144.6**	**164.9**
Total liabilities		**228.8**	**249.3**
Total equity and liabilities		**485.9**	**477.0**
End of period GBP exchange rate (GBP per Euro)		0.8945	0.8872

In € millions	Notes	Issued and paid-up share capital	Share premium	Reserves: Treasury shares	Reserves: Translation reserve	Reserves: Hedging reserve	Retained earnings	Total equity
2017								
Balance of beginning of year		76.0	102.9	(3.9)	(16.2)	–	32.4	191.2
Comprehensive income and expense for the period								
Profit/(loss) for the period		–	–	–	–	–	36.0	36.0
Foreign currency translation differences[1]	11, 24	–	–	–	(1.3)	–	–	(1.3)
Remeasurements of post employment benefit obligations[1]	11, 21	–	–	–	–	–	–	–
Effective portion of changes in fair value of cash flow hedges[1]	11, 24	–	–	–	–	–	–	–
Total comprehensive income and expense for the period		**–**	**–**	**–**	**(1.3)**	**–**	**36.0**	**34.7**
Contributions by and distributions to owners								
Shares issued	19	0.1	(0.1)	–	–	–	–	–
Shares delivered	19	–	–	0.5	–	–	(0.5)	–
Dividends	19	–	–	–	–	–	(9.1)	(9.1)
Sale of own shares	19	–	–	3.4	–	–	2.5	5.9
Share-based payments	9	–	–	–	–	–	5.0	5.0
Total contributions by and distributions to owners		**0.1**	**(0.1)**	**3.9**	**–**	**–**	**(2.1)**	**1.8**
Balance at year end		**76.1**	**102.8**	**–**	**(17.5)**	**–**	**66.3**	**227.7**
2018								
Balance of beginning of year		76.1	102.8	–	(17.5)	–	66.3	227.7
Comprehensive income and expense for the period								
Profit/(loss) for the period		–	–	–	–	–	36.0	36.0
Foreign currency translation differences[1]	11, 24	–	–	–	(0.3)	–	–	(0.3)
Remeasurements of post employment benefit obligations[1]	11, 21	–	–	–	–	–	0.1	0.1
Effective portion of changes in fair value of cash flow hedges[1]	11, 24	–	–	–	–	0.1	–	0.1
Total comprehensive income and expense for the period		**–**	**–**	**–**	**(0.3)**	**0.1**	**36.1**	**35.9**
Contributions by and distributions to owners								
Shares issued	19	0.4	0.6	–	–	–	–	1.0
Shares delivered	19	–	–	–	–	–	–	–
Dividends	19	–	–	–	–	–	(9.9)	(9.9)
Sale of own shares	19	–	–	–	–	–	–	–
Share-based payments	9	–	–	–	–	–	2.4	2.4
Total contributions by and distributions to owners		**0.4**	**0.6**	**–**	**–**	**–**	**(7.5)**	**(6.5)**
Balance at year end		**76.5**	**103.4**	**–**	**(17.8)**	**0.1**	**94.9**	**257.1**

1 Net of income tax.

In € millions	Notes	2018	2017
Cash flows from operating activities			
Operating result		**51.1**	**48.7**
Adjustments for:			
Depreciation, amortisation and impairments	13, 14	15.0	9.9
Provisions created	21, 22	0.8	4.1
Equity-settled share-based payments	9	2.4	5.0
Loss on disposals		0.4	–
Cash generated from operations before changes in working capital and provisions		**69.7**	**67.7**
Changes in working capital	28	1.2	1.2
Payments from provisions	22	(2.8)	(11.8)
Changes in employee benefits	21	(0.3)	(0.3)
Cash generated from operations		**67.8**	**56.8**
Interest paid		(0.8)	(1.2)
Income tax paid		(12.6)	(13.5)
Net cash from operating activities		**54.4**	**42.1**
Cash flows from investing activities			
Acquisition of property, plant and equipment	13	(11.7)	(10.0)
Proceeds from sale of property, plant and equipment		0.3	0.3
Acquisition of intangible assets	14	(1.6)	(2.3)
Repayments from other investments		(0.1)	0.4
Acquisition of subsidiaries, net of cash acquired	5	(7.7)	–
Net cash flow from investing activities		**(20.8)**	**(11.6)**
Cash flows from financing activities			
Repayments of interest-bearing loans and borrowings	20	(11.3)	(23.6)
Net payments of finance lease liabilities	20	(0.3)	(0.7)
Cash receipts/(payments) of derivatives		(1.0)	1.3
Sale of own shares	19	–	5.9
Share capital increase	19	1.0	–
Dividends paid	19	(9.9)	(9.1)
Net cash from financing activities		**(21.5)**	**(26.2)**
Net cash flow	28	**12.1**	**4.3**

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, fair trade and natural ingredients as these are healthier and more sustainable. Operating mainly in the Benelux, France, Germany, Italy, Spain and the UK, we manage and develop well-known local brands such as Bjorg, el Granero, Whole Earth, Zonnatura, Kallø, Alter Eco, Gayelord Hauser, Allos and Bonneterre and European brands such as Clipper, Isola Bio, Tartex, Destination and Mrs. Crimble's.

The consolidated financial statements of Wessanen for the year ended 31 December 2018, comprise Wessanen and its subsidiaries (together referred to as 'the Group'). Wessanen's subsidiaries as at 31 December 2018 are listed in Note 29. 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 2018 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 11 February 2019, and will be submitted for adoption to the Annual General Meeting of Shareholders on 11 April 2019.

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: assets and liabilities acquired in a business acquisition, (derivative) financial instruments and defined benefit plan assets. 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.

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.

Useful lives of non-current assets

The useful lives of non-current assets (excluding goodwill) are required to be reviewed at least at each financial year-end. As the dietetic market continued to lose consumer relevance in France, the estimated useful life of the Gayelord Hauser brand was changed from indefinite to finite at year-end 2018. The remaining book value will be amortised on a straight-line basis over ten years (resulting in an annual amortisation charge of €0.4 as from 2019).

Customer incentives

Judgements and estimates are required regarding the timing and the amount of outflow of resources in respect of customer incentives, including trade promotions and customer rebates. Estimated customer incentives are calculated and recorded at the time related sales are made based on contractual arrangements, and subsequently monitored carefully, as settlement only takes place periodically.

Provisions and contingencies

The recognition of provisions requires estimates and judgement regarding the timing and the amount of outflow of resources.

The main estimates are as follows:
— Restructuring: the provisions are based on formal and approved plans using the best information available at the time. The amounts that are ultimately incurred may change as the plans are executed.
— Claims and legal disputes: management, supported by internal and external legal counsel, where appropriate, determines whether it is more likely than not that an outflow of resources will be required to settle an obligation. If this is the case, the best estimate of the outflow of resources is recognised.

See Notes 22 and 25 for specific information on provisions and contingencies.

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 21 for specific information on the estimates and assumptions applied in respect of the calculation of the defined benefit obligations.

Financial risk management and financial instruments
Judgements and estimates are required regarding the contingent consideration payable in respect of the acquisition of Abbot Kinney's (see Notes 5 and 24).

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 planning. The Group recognises liabilities for uncertain tax positions when it is more likely than not that additional tax will be due. See Notes 11 and 15 for specific information on income tax and deferred tax assets and liabilities.

Acquisition of subsidiaries
Wessanen has a process in place to identify all assets and liabilities acquired, including intangible assets.
The judgements made in identifying all acquired assets, determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact the results of operations. Estimated fair values are based on information available around the acquisition date and on expectations and assumptions of anticipated discounted cash flows that have been assessed as reasonable by Wessanen.

New and revised IFRSs applied
The following new IFRS standards are effective for annual periods that begin on or after 1 January 2018 and have been adopted in preparing these condensed consolidated financial statements.

IFRS 9: 'Financial Instruments'
IFRS 9 includes revised guidance on classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. Wessanen has chosen to apply IFRS 9 using the modified retrospective approach, meaning that the 2017 comparative financial information is not restated.

Adoption of the new standard had no impact on the Groups accounting (classification, recognition and measurement) for financial assets and liabilities and hedge relationships. In addition, the implementation of the new impairment model (which requires recognition of impairment provisions based on expected credit losses rather than only incurred credit losses), on the Company's allowance for impairments on trade receivables (the Company's main financial asset) had no impact.
The expected loss rates for trade receivables are based on the payment profiles of sales over a period of 12 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables. No further adjustment of the loss rates were needed (see Note 24).

IFRS 15: 'Revenue from contracts with customers'
IFRS 15 establishes a single comprehensive model to use in accounting for revenue from 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 at a single point in time when control over the products sold is transferred, respectively when products are delivered and accepted by the customer.

Wessanen has chosen to apply IFRS 15 using the full retrospective approach, which resulted in a reclassification of 'coupon expenses incurred and paid to customers' in the income statement from 'other operating expenses' to a 'reduction of revenue' as from 1 January 2018; the 2017 comparatives have been restated accordingly.
Balance sheet positions have not been impacted by the implementation of this new standard, therefore no third statement of financial position as per the beginning of the preceding period has been presented.

IFRS 15 also includes guidance on the disaggregation of revenue from contracts with customers and 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. See Note 7 for specific information on revenue.

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 average is calculated based on 12 month-end closing 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:

Currency per €	Statement of financial position		Income statement	
	31 December 2018	31 December 2017	2018	2017
£	0.8945	0.8872	0.8860	0.8757

Derivative financial instruments

Wessanen uses derivative financial instruments to hedge its exposure to foreign exchange 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 2018 and 2017 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.

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.

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 'Executive Leadership Team (ELT)'. The members of the ELT are the Executive Board members, selected country General Managers and Functional Heads (Marketing & Sustainability, Operations and Human Resources).

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.

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 re-assessed 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
IT equipment	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.

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). 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 lists

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

The useful lives of brands 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 in principle determined to be indefinite, since there is no foreseeable limit to the period of time over which the brands 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. Facts and circumstances could require reassessment of this position, and result in assignment of a finite useful life. Brands with a finite life are subject to straight-line amortisation calculated over the estimated useful lives.

Customer lists 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 is capitalised if the appropriate criteria are met. 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.

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the weighted average 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 with original maturities of three months or less. 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 and brands with indefinite useful lives are (in addition) 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.

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 loans and borrowings

Interest-bearing loans and 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.

Contingent considerations are recognised at fair value; changes in fair value are recognised in the income statement as part of 'net financing costs'.

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 performance shares and matching shares programme grants conditional rights to receive shares to members of the Executive Board and other designated senior executives of Wessanen (equity-settled share-based payment transactions). As from 2017, the performance shares programme also grants conditional rights to receive shares to other eligible employees of Wessanen. In the fourth quarter of 2017, the terms and conditions of the running performance incentive right plans 2015 and 2016 were modified that changed the classification of these plans from cash-settled to equity-settled.

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.

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.

Trade and other payables

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

Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. Revenue excludes any value-added tax or other sales tax. Revenue is recognised in the income statement at a single point in time when control over the products sold is transferred to the customer respectively when products are delivered and accepted. 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.

When applicable, the Group allocates a portion of the consideration received to award credits. The amount allocated to the award credits is deferred, and is recognised as revenue when award credits are redeemed or the likelihood of the customer redeeming the award credits becomes remote. The deferred revenue is included in 'Non-trade payables and accrued expenses'.

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, utilisation and agency fees, amortisation of capitalised financing costs, losses on unwinding the discount on provisions, interest expense related to defined benefit plans, foreign exchange gains and losses, gains and losses on hedging instruments and changes in fair value of contingent considerations that are recognised in the income statement.

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 (over a five-year horizon) 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.

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, provisions created and equity-settled share-based payment expenses), 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 costs of financing 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 (net of bank overdrafts) available at the time of acquisition or sale are deducted from the related payments or proceeds.

Cash flows related to the acquisition of property, plant and equipment and intangible assets can differ from 'additions' to property, plant and equipment and intangible assets in Note 13 and 14 respectively, due to timing of actual payments made.

Cash flows from financing activities

Cash flows from financing activities comprise the cash receipts and payments from shares issued, dividends, 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 2018, and have not been applied in preparing these consolidated financial statements. IFRS 16 'Leases' was issued by the IASB in January 2016 and is effective for annual periods beginning on or after 1 January 2019; early application is permitted.

IFRS 16 'Leases', eliminates the current dual accounting model for lessees under IAS 17, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

Wessanen decided not to make use of the early adoption option, but to adopt IFRS 16 'Leases' as from 1 January 2019 and to apply the modified retrospective approach, meaning that the 2018 comparatives in the 2019 financial statements will not be restated.

Wessanen will apply the short-term and low value lease exemptions as from 1 January 2019. At transition, Wessanen makes use of the option not to include leases with a short remaining contract period, and will measure the right-of-use asset based on the lease liability recognised.

Based on the contract database as at 31 December 2018, the estimated impact of IFRS 16 is an increase in total assets and total liabilities of €21.6, including the recognition of right-of-use-assets of €21.6, lease liabilities of €21.3 and a dismantling provision of €0.3. The related operating lease expenses are estimated to decrease by €4.4 in 2019 and replaced by depreciation expenses on the right-of-use assets of €4.3 and interest expenses on the lease liabilities of €0.5. Accordingly, the net impact on operating result (EBIT) is estimated to be €0.1 positive, and on profit after income taxes €0.3 negative. Cash flows from operating activities are estimated to increase and cash flows from financing activities are estimated to decrease by approximately €5. As the estimated impact is based on the contract database as at 31 December 2018, actual results will differ as a result of new lease contracts entered into in 2019, as well as reassessments and modifications of existing contracts.

The adoption of IFRS 16 will not affect the Group's ability to satisfy the bank covenants, as described in Note 20.

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 prices for similar items when available, and replacement cost when appropriate.

Intangible assets

The fair value of brands acquired in a business combination is based on the 'relief from royalty' method, whereby estimated royalty payments that have been avoided as a result of the brand being owned are discounted, or determined using the multi-period excess earnings method. The fair value of customer lists acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.
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.

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.

Share-based payment transactions

The fair value of performance shares is recognised as personnel expense over the vesting period of the performance shares with a corresponding increase in equity. The fair value of performance shares is measured at grant date and spread over the period during which the employees become unconditionally entitled to the performance shares.
The fair value of the performance shares granted is:
(a) for the portion of the grant (= 50%) subject to the Total Shareholder Return ('TSR') performance condition measured using a Monte Carlo simulation model, taking into account the terms and conditions upon which the instruments were granted.
(b) for the portion of the grant (= 50%) subject to the Return on Invested Capital ('ROIC') performance condition measured based on the Wessanen share price at grant date.

5. Acquisitions

In 2018 Wessanen made the following acquisition:

Branded

On 10 September 2018, Wessanen acquired Abbot Kinney's through the acquisition of 100% of the shares of 'AK Food' and its 100% subsidiaries 'Abbot Kinney's' and 'Plantly'. Abbot Kinney's is a young and very dynamic innovation leader in organic almond and coconut based yoghurt alternatives and ice-cream. Founded in 2014, Abbot Kinney's already built a leading position in its category in Health Food Stores in the Netherlands and has started to build a strong presence in key markets across Europe.

Abbot Kinney's has been acquired on 10 September 2018, but it has been included in the Group's consolidation as from 1 September 2018 onwards. As the transaction volumes between these two dates were limited the impact on the Group's consolidation is considered not material.
In the year to 31 December 2018 Abbot Kinney's contributed €1.2 to the consolidated revenue and €0.0 to the consolidated operating profit for the period. If the acquisition had occurred on 1 January 2018, the acquired business would have contributed €3.1 to the consolidated revenue and €0.3 to the consolidated operating profit.
Acquisition costs amounted to €37 thousand.

The acquisition had the following total effect on Wessanen's assets and liabilities:

In € millions	Carrying amounts
Property, plant and equipment	0.1
Inventories	0.3
Trade and other receivables, and prepayments	0.5
Cash and cash equivalents	0.2
Interest-bearing loans and borrowings	(0.3)
Income tax payables	(0.1)
Trade and non-trade payables, and accrued expenses	(0.4)
Net identifiable assets and liabilities	**0.3**
Goodwill on acquisition	12.5
Total consideration transferred	**12.8**
Contingent consideration	4.9
Consideration paid	**7.9**
Net cash and cash equivalents acquired	(0.2)
Net cash outflow	**7.7**

The consideration transferred amounts to €12.8, including a cash consideration of €7.9 (including cash and cash equivalents acquired) and a contingent consideration of €4.9.

Wessanen agreed to pay the selling shareholders an earn-out in 2021 based on revenue and operating profit targets set for the full year 2020. Depending on actual target realisation, the earn-out can vary between €0.0 and €7.0 (maximum). Wessanen has included €4.9 as contingent consideration, which represents the fair value of the earn-out at the date of acquisition (at a discount rate of 9%). At 31 December 2018, the contingent consideration had increased by €0.2 to €5.1.

The goodwill initially recognised on the acquisition amounts to €12.5, as the allocation of the purchase consideration is still in process. The Abbot Kinney's brand is the main (intangible) asset identified, of which the useful life is determined to be indefinite. Accordingly, the amounts recorded for the transaction are still provisional and subject to adjustments during the measurement period if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Goodwill arose on the acquisition of Abbot Kinney's, as the total consideration transferred effectively included amounts in relation to the benefit of revenue growth by the addition of the segments of plant based yoghurt alternatives and ice-cream to Wessanen's Dairy Alternatives category, which until now for the larger part consisted of ambient drinks. None of the goodwill recognised is expected to be deductible for tax purposes.

Abbot Kinney's is initially considered to be a separate cash-generating unit, however, is expected to be integrated with the cash-generating unit Wessanen Benelux in the near future.

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	Bjorg et Compagnie, Bonneterre et Compagnie, Destination, Wessanen Benelux, Kallø Foods, Bio Slym, Abafoods, Allos Hof-Manufaktur, Allos Schwarzwald, Allos, Biogran, Abbot Kinney's.
Non-Allocated	Corporate entities

2017

In € millions	Branded	Non allocated [3]	Total Wessanen
Income statement information			
Revenue	624.4	–	**624.4**
Operating result (EBIT)	52.0	(3.3)	**48.7**
Net financing costs			**(1.9)**
Profit/(loss) before income tax			**46.8**
Statement of financial position			
Assets			
Assets related to operations	460.8	8.4	**469.2**
Deferred and current income tax	2.8	5.0	**7.8**
Total assets	**463.6**	**13.4**	**477.0**
Liabilities			
Liabilities related to operations	164.7	70.1	**234.8**
Deferred and current income tax	14.5	–	**14.5**
Total liabilities	**179.2**	**70.1**	**249.3**
Other information			
Investments in PP&E and IA [1]	9.9	2.4	**12.3**
Depreciation, amortisation	7.0	2.0	**9.0**
Impairments	0.9	–	**0.9**
Total other non-cash items [2]	3.6	5.5	**9.1**
Average capital employed	304.9	4.1	**309.0**
Average number of employees [4]	1,233	63	**1,296**

1 Investments in property, plant and equipment ('PP&E') and intangible assets ('IA').
2 Total of provisions recognised, results from disposals, and equity-settled share-based payment expenses as reflected in the consolidated statement of cash flows.
3 Non-allocated consists of corporate entities.
4 2017 restated for aligment on fte definitions.

2018

In € millions	Branded	Non allocated [3]	Total Wessanen
Income statement information			
Revenue	628.4	–	**628.4**
Operating result (EBIT)	53.6	(2.5)	**51.1**
Net financing costs			**(1.1)**
Profit/(loss) before income tax			**50.0**
Statement of financial position			
Assets			
Assets related to operations	464.6	13.3	**477.9**
Deferred and current income tax	3.0	5.0	**8.0**
Total assets	**467.6**	**18.3**	**485.9**
Liabilities			
Liabilities related to operations	158.4	54.2	**212.6**
Deferred and current income tax	16.2	–	**16.2**
Total liabilities	**174.6**	**54.2**	**228.8**
Other information			
Investments in PP&E and IA [1]	10.6	2.7	**13.3**
Depreciation, amortisation	7.7	1.7	**9.4**
Impairments	5.6	–	**5.6**
Total other non-cash items [2]	1.0	2.6	**3.6**
Average capital employed	315.0	5.6	**320.6**
Average number of employees	1,251	69	**1,320**

1 Investments in property, plant and equipment ('PP&E') and intangible assets ('IA').

2 Total of provisions recognised, results from disposals, and equity-settled share-based payment expenses as reflected in the consolidated statement of cash flows.

3 Non-allocated consists of corporate entities.

Geographical information

In € millions	Revenue		Average number of FTEs [1]		Non-current assets [2]	
	2018	2017	2018	2017	31 December 2018	31 December 2017
The Netherlands (country of domicile)	43.7	46.0	122	114	31.9	17.6
France	370.0	356.3	518	517	56.2	53.5
United Kingdom	78.4	80.0	180	162	54.0	51.1
Germany	45.4	46.3	186	205	18.3	19.1
Italy	19.8	21.0	176	166	52.7	54.7
Spain	36.8	37.6	138	132	68.7	69.0
Other countries	34.3	37.2	–	–	–	–
Total Group	**628.4**	**624.4**	**1,320**	**1,296**	**281.8**	**265.0**

1 2017 restated for alignment on fte definitions.

2 Property, plant and equipment and intangible assets.

Revenue by product category

For revenue by product category, see Note 7.

7. Revenue

The effect of initially applying IFRS 15 on the Group's revenue from contracts with customers is described in Note 2.

Revenue streams, performance obligations and revenue recognition policies

The Group generates revenue from the sale of healthy and sustainable food.

Revenue is recognised at a single point in time when control over the products sold is transferred, respectively when products are delivered and accepted. It is the Group's policy to allow customers to return products for replacement or refund.

Disaggregation of revenue from contracts with customers

In the tables below, revenue from contracts with customers is disaggregated by primary geographical markets, product categories and type of customers.

Revenue by geographical market

In € millions	2018	2017
The Netherlands (country of domicile)	43.7	46.0
France	370.0	356.3
United Kingdom	78.4	80.0
Germany	45.4	46.3
Italy	19.8	21.0
Spain	36.8	37.6
Other countries	34.3	37.2
Total Group	**628.4**	**624.4**

Revenue by product category

In € millions	2018	2017
Core categories	484.0	472.2
Other categories	144.4	152.2
Total Group	**628.4**	**624.4**

Wessanen defined the following six core product categories: Dairy Alternatives, Sweet in Between, Bread and Biscuits Alternatives, Veggie Meals, Breakfast Cereals and Hot Drinks. Core categories have been defined to give focus in product development and to allow to leverage successful mixes across countries and brands. In both 2018 and 2017 the following (core) product categories represent more than 10% of Wessanen's total revenue: Dairy Alternatives, Sweet in Between, Hot Drinks and Veggie Meals.

Revenue by type of customers

In € millions	2018	2017
Supermarkets	405.7	392.2
Health food stores	175.1	181.6
Other customers	47.6	50.6
Total Group	**628.4**	**624.4**

Wessanen has no customers that represent revenue of greater than 10% of Wessanen's total revenue.

Contract balances

The following table provides information on receivables, revenue related accruals and contract liabilities from contracts with customers.

In € millions	2018	2017
Trade receivables	95.1	98.8
Customer incentives, which are included in 'Non-trade payables and accrued expenses'	(32.2)	(30.8)
Deferred revenue, which is included in 'Non-trade payables and accrued expenses'	(0.2)	(0.4)

Trade receivables are shown net of impairment losses in the amount of €1.7 (2017: €1.7) 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 is disclosed in Note 24.

8. Personnel expenses and remuneration key management

Personnel expenses

In € millions	2018	2017
Salaries and wages	58.1	55.6
Severance payments and termination benefits[1]	0.9	3.0
Social security	13.3	12.7
Defined contribution plans[2]	3.7	3.5
Defined benefit plans[2]	0.3	0.4
Share-based payment expenses[3]	2.4	4.5
Other personnel expenses	17.0	16.8
Total personnel expenses	**95.7**	**96.5**

1 In 2017, severance payments and termination benefits mainly comprised additions to restructuring provisions as described in Note 22.
2 See Note 21.
3 See Note 9.

The average number of full-time employees in 2018 amounted to 1,320 (2017: 1,296). In the Netherlands, Wessanen employed on average 122 (2017: 114) full-time employees.

Severance payments and termination benefits in 2018 of €0.9 relate to multiple locations. Severance payments and termination benefits in 2017 of €3.0 mainly related to the announced relocation of the distribution centre of Bonneterre et Compagnie (France).

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 2018 amounts to €2,427 thousand (2017: €2,513 thousand). The total remuneration of the members of the Executive Board and Supervisory Board is specified in the tables below.

Executive Board remuneration expenses

In € thousands			Direct remuneration		Deferred remuneration		Total
2017	Salary	Short term bonuses[1]	Other[2]	Total direct remuneration	Share-based compensation[3]	Pension costs	Total remuneration
Remuneration expenses							
C.P.J. Barnouin	419	251	92	**762**	455	54	**1,271**
R.J.J.B. Merckx	367	175	56	**598**	306	95	**999**
Total	**786**	**426**	**148**	**1,360**	**761**	**149**	**2,270**
2018							
Remuneration expenses							
C.P.J. Barnouin	438	211	100	**749**	429	60	**1,238**
R.J.J.B. Merckx	376	144	53	**573**	273	105	**951**
Total	**814**	**355**	**153**	**1,322**	**702**	**165**	**2,189**

1 Short term bonuses relate to the performance in the year reported and are to be paid in the subsequent year. Each member of the Executive Board may choose to invest part of the short term bonus in shares; these shares will be matched in accordance with the Share Matching plan.

2 Other compensation mainly includes social security charges, contributions to health and medical insurances, company car expenses, fixed expense allowances for business purposes and housing.

3 Share-based compensation represents the share-based compensation expense calculated under IFRS 2 related to share rights granted 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. The share-based payment expenses relating to Mr Barnouin of €429 thousand (2017: €455 thousand) can be specified into expenses relating to performance share rights granted of €226 thousand (2017: €252 thousand), matching shares granted of €100 thousand (2017: €100 thousand) and extraordinary (one-off) share rights granted of €103 thousand (2017: €103 thousand). The share-based payment expenses relating to Mr Merckx in 2018 of €273 thousand (2017: €306 thousand) can be specified into expenses relating to performance share rights granted of €158 thousand (2017: €182 thousand) and matching shares granted of €115 thousand (2017: €124 thousand).

The remuneration for the members of the Executive Board comprises a base salary and related pension benefits, and, subject to meeting performance criteria, a short term bonus and a long-term equity based component. The short term bonus can be paid out in cash or as an investment in matching shares. The main elements of the Remuneration Policy are described in the Remuneration Report (pages 83-85).

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). Both schemes qualify as a defined contribution system.

Short term bonuses to members of the Executive Board are granted according to performance criteria which in 2018 were based on earnings before interest, taxation and exceptional items ('EBITE'), revenue, primary working capital days and personal targets (for 30%, 30%, 10% and 30% respectively).

As the minimum EBITE target for 2018 was met, both Mr Barnouin and Mr Merckx will be awarded a pay-out related to the financial targets of 50.2%. 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%. In total the 2018 target realisation amounts to 95.2% (2017: 118.8%). Accordingly, the short term bonus pay-out to Mr Barnouin and Mr Merckx amounted to 47.6% (based on the incentive reward at target of 50% of base salary) and 38.1% (based on the incentive reward at target of 40% of base salary) respectively.

Share rights were granted in 2018 under vesting conditions based on a three-year service period and performance hurdles for the total test period of three years. Based on this plan, Wessanen granted share rights to members of the Executive Board in 2018. Further reference is made to Note 9: Share-based payments and the Remuneration Report (pages 83-85).

In the Annual General Meeting on 14 April 2016, Mr Barnouin was granted a one-off award of 42.917 share rights. This share grant will vest on 1 April 2020 in case (i) Mr Barnouin is still, on that date, member of the Executive Board in the position of Chief Executive Officer and (ii) Mr Barnouin has not given notice to terminate the relationship with Wessanen on or before 1 April 2020.

Supervisory Board remuneration expenses

In € thousands	Fixed		Other compensation[1]		Total	
	2018	2017	2018	2017	2018	2017
R.K. Kluiber[2]	60	60	3	3	**63**	**63**
P.E.M. Mispolet[3]	50	55	3	3	**53**	**58**
F. van Oers[4]	65	65	4	4	**69**	**69**
I.M.C.M. Rietjens[5]	50	50	3	3	**53**	**53**
Total	**225**	**230**	**13**	**13**	**238**	**243**

1 Other compensation includes expense allowances.
2 R.K. Kluiber was appointed as Chairman of the Audit Committee on 24 January 2014, and as Chairman of the SARC on 27 November 2015.
3 P.E.M. Mispolet was appointed as member of the Supervisory Board on 14 April 2016. In 2017, Mr Mispolet received fixed compensation of €5 thousand relating to 2016.
4 F. Van Oers was appointed as Chaiman of the Supervisory Board on 24 January 2014.
5 I.M.C.M. Rietjens was appointed as Chairman of the NFSC on 17 April 2012.

Members of the Supervisory Board each received a fixed compensation of €45 thousand in both 2018 and 2017, 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 in both 2018 and 2017 as well.

No loans, advances or related guarantees were provided to the present or former members of the Executive Board or the Supervisory Board.

9. Share-based payments

Main characteristics

The purpose of the share-based compensation plans is to reward eligible employees for their contribution, loyalty and commitment to Wessanen and to align the interests of eligible employees with those of shareholders by providing incentives to improve the Company's performance on a long-term basis, thereby increasing shareholder value.

In 2017, it was decided by the Selection, Appointment and Remuneration Committee (SARC) to modify the running (extraordinary) performance incentive rights plans for the years 2015 and 2016 from cash-settled to equity-settled share-based compensation plans effectively as from 1 October 2017. Accordingly, the Company has the following running plans as from that date:

- Performance share plan: rights to receive shares in the future based on performance and service conditions (equity-settled share-based payments).
- Share matching plan: rights to receive matching shares in the future based on performance and service conditions (equity-settled share-based payments).
- Extraordinary performance share plan: rights to receive shares in the future based on service conditions only (equity-settled share-based payments).

In 2015, the share matching plan was introduced following the implementation of share ownership guidelines for executives. In order to increase the alignment of the members of the Executive Board and designated other senior executives with the interest of shareholders, members of the Executive Board and other senior executives are required to build up share ownership of Wessanen, equal to the value of 100% respectively 50% of their annual gross base salary, within four years. Based on the share matching plan, members of the Executive Board and other senior executives can invest part of their short term incentives in Wessanen shares, which under certain conditions, may have such shares matched by the Company.

Delivery of shares generally depends on the achievement of performance hurdles (for a three-year test period ending at 31 December in the third year), in addition to a three year service condition (as from grant date). If a participant ceases to be employed by the Group for any other reason than death, disability or retirement, before the vesting date, all shares granted lapse automatically unless otherwise decided by the Supervisory Board or Executive Board.

The two equally weighted performance conditions for the Long Term Incentive Plan 2016, 2017 and 2018 are (a) relative Total Shareholder Return (TSR) (= 50%) and (b) the Return on Invested Capital (ROIC) (= 50%). The performance condition for the Share Matching plans 2016, 2017 and 2018 is a (non-market) financial performance condition, defined as an EBITE (= Operating result before exceptional items) percentage of revenue realised in the third year.

At target performance, 100% of the awarded rights vests. At threshold performance, 50% of the awarded rights vests. At maximum performance, 150% of the awarded rights vests.

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.

Fair value of performance shares and matching shares

Performance shares are, in principle, granted under service conditions and (non-)market conditions. Only market conditions are taken into account in the fair value measurement of the share rights at grant date. The fair value of services received in return for performance shares granted to the Executive Board and Other employees are partly (for 50%) 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 share rights granted to the members of the Executive Board and Other employees can be specified as follows:

	2018[5]	2017[4]	2017[3]	2017[2]
Date of grant respectively modification	1 May 2018	1 October 2017	1 October 2017	1 May 2017
Share price at grant respectively modification date	16.80	15.90	15.90	13.70
Expected volatility	28.0%	25.0%	21.0%	30.0%
Term (in years)[1]	3.0	1.6	0.7	3.0
Expected dividend	0.14 - 0.16	0.13 - 0.14	0.13	0.13 - 0.15
Risk free interest rate	0.04%	-0.17%	-0.24%	-0.04%
Fair value at measurement date	12.82	16.97	21.40	9.44

1 Best practice provision II.2.5, which provides that shares granted without financial consideration must be retained for at least 5 years or until at least the end of the employment, will not be applied. 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, members of the Executive Board may, at all times sell shares provided that the share ownership guidelines are met. Furthermore, members of the Executive Board may sell shares if to pay wage withholding taxes in connection with the delivery of shares related to such grant of shares.

2 Performance share plan 2017.

3 Performance incentive right plan 2015 modified from cash-settled to equity-settled as per 1 October 2017.

4 Performance incentive right plan 2016 modified from cash-settled to equity-settled as per 1 October 2017.

5 Performance share plan 2018.

The expected volatility has been determined based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

The fair value of matching shares is based on the share price at the date of the share investment.

Main conditions Long Term Incentive and Share Matching plans

Based on the Long Term Incentive and Share Matching plans 2018, Wessanen granted 91,024 share rights and 4,512 matching share rights to the Executive Board and Other employees.

The main conditions of the performance share plans and matching share plans issued can be summarised as follows:

Performance share plans	Number of instruments	Vesting conditions	Contractual life[1]
2015 [2]	237,907	Three years of service, Relative TSR over three years (50%) and ROIC (50%) (share rights granted to Executive Board and Other employees)	3 years
2016 [3]	181,165	Three years of service, Relative TSR over three years (50%) and ROIC (50%) (share rights granted to Executive Board and Other employees)	3 years
2017	103,715	Three years of service, Relative TSR over three years (50%) and ROIC (50%) (share rights granted to Executive Board and Other employees)	3 years
2018	91,024	Three years of service, Relative TSR over three years (50%) and ROIC (50%) (share rights granted to Executive Board and Other employees)	3 years

Share matching plans	Number of instruments	Vesting conditions	Contractual life[1]
2015	48,002	Three years of service, financial performance target defined as an EBITE percentage of revenue realised in the third year (share rights granted to Executive Board and other senior executives)	3 years
2016	61,205	Three years of service, financial performance target defined as an EBITE percentage of revenue realised in the third year (share rights granted to Executive Board and other senior executives)	3 years
2017	19,066	Three years of service, financial performance target defined as an EBITE percentage of revenue realised in the third year (share rights granted to Executive Board and other senior executives)	3 years
2018	4,512	Three years of service, financial performance target defined as an EBITE percentage of revenue realised in the third year (share rights granted to Executive Board and other senior executives)	3 years

1 Best practice provision II.2.5, which provides that shares granted without financial consideration must be retained for at least 5 years or until at least the end of the employment, will not be applied. 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, members of the Executive Board may, at all times sell shares provided that the share ownership guidelines are met. Furthermore, members of the Executive Board may sell shares if to pay wage withholding taxes in connection with the delivery of shares related to such grant of shares.

2 Including 111,168 rights granted based on the Performance incentive right plan 2015, which plan was modified from cash-settled to equity-settled as per 1 October 2017.

3 Including 90,417 rights granted based on the Performance incentive right plan 2016, which plan was modified from cash-settled to equity-settled as per 1 October 2017.

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 Wessanen peer group for the 2016, 2017 and 2018 plans consists of the following companies: Cranswick, La Doria, Frosta, Raisio, Bonduelle, Corbion, Ebro Foods, Lotus Bakeries and Premier Foods.

Performance shares and matching shares

The movement in the number of outstanding performance and matching shares is as follows:

	31 December 2017	Granted	Delivered	Forfeited	Performance adjustment [2]	31 December 2018	To be delivered in [1]
Members of the Executive Board							
C.P.J. Barnouin							
2015	50,870	–	(50,870)	–	–	**–**	
2016[2]	26,126	–	–	–	(6,531)	**19,595**	May 2019
2016[5]	42,917	–	–	–	–	**42,917**	April 2020
2016 – Share Matching[3]	18,265	–	–	–	9,133	**27,398**	April 2019
2017	15,316	–	–	–	–	**15,316**	May 2020
2018	–	12,056	–	–	–	**12,056**	May 2021
R.J.J.B. Merckx							
2015	35,609	–	(35,609)	–	–	**–**	
2015 – Share Matching	14,330	–	(14,330)	–	–	**–**	
2016[2]	18,288	–	–	–	(4,572)	**13,716**	May 2019
2016 – Share Matching[3]	9,150	–	–	–	4,575	**13,725**	April 2019
2017	10,721	–	–	–	–	**10,721**	May 2020
2017 – Share Matching	7,654	–	–	–	–	**7,654**	April 2020
2018	–	8,440	–	–	–	**8,440**	May 2021
Total members of the Executive Board	**249,246**	**20,496**	**(100,809)**	**–**	**2,605**	**171,538**	
Other (former) employees							
2015	231,971	–	(222,962)	(9,009)	–	**–**	
2015[4]	36,285	–	(36,285)	–	–	**–**	
2015 - Share Matching	40,663	–	(36,111)	(4,552)	–	**–**	
2016[2]	121,690	–	(5,522)	(9,595)	(28,776)	**77,797**	May 2019
2016[4]	21,150	–	–	(4,500)	–	**16,650**	April 2019
2016 - Share Matching[3]	26,261	–	(9,173)	(1,109)	12,577	**28,556**	April 2019
2017	77,678	–	(1,919)	(8,801)	(1,305)	**65,653**	May 2020
2017[4]	6,000	–	–	(6,000)	–	**–**	
2017 - Share Matching	11,412	–	(3,567)	(1,189)	1,189	**7,845**	April 2020
2018	–	70,528	(638)	(3,676)	(600)	**65,614**	May 2021
2018 - Share Matching	–	4,512	–	–	–	**4,512**	April 2021
Total other (former) employees	**573,110**	**75,040**	**(316,177)**	**(48,431)**	**(16,915)**	**266,627**	
Total	**822,356**	**95,536**	**(416,986)**	**(48,431)**	**(14,310)**	**438,165**	

1 Best practice provision II.2.5, which provides that shares granted without financial consideration must be retained for at least 5 years or until at least the end of the employment, will not be applied. 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, members of the Executive Board may, at all times sell shares provided that the share ownership guidelines are met. Furthermore, members of the Executive Board may sell shares if to pay wage withholding taxes in connection with the delivery of shares related to such grant of shares.

2 As the TSR- and ROIC performance hurdles for the Long Term Incentive Plan 2016 were partly met (TSR ranking at 31 December: 7th; ROIC ranking at 31 December: 1st), the conditional share rights granted to the members of the Executive Board and other (former) employees under this plan will vest at 75.0%. In the table, this has been reflected as a 'performance adjustment'. In addition, the performance adjustments include the impact of an early settlement in 2018 of share rights granted.

3 As the EBITE as percentage of revenue hurdle of the Share Matching Plan 2016 was met to the maximum (ranking: 1st), the matching share rights granted to the members of the Executive Board and other (former) employees under this plan will vest at 150%. In the table, this has been reflected as a 'performance adjustment'.

4 Only service condition, no performance hurdles.

5 One-off award of 42.917 share rights. The share grant will vest on 1 April 2020 in case (i) Mr Barnouin is still, on that date, member of the Executive Board in the position of Chief Executive Officer and (ii) Mr Barnouin has not given notice to terminate the relationship with Wessanen on or before 1 April 2020.

Actual performance and share-based payment expenses

As the TSR-performance hurdle for the Long Term Incentive Plan 2015 was met (TSR ranking at 31 December 2017: 1st), the performance share rights granted to the Executive Board and Other employees under this plan vested at 150%. As only the ROIC-performance hurdle for the Long Term Incentive Plan 2016 was met as at 31 December 2018 (TSR ranking: 7th; ROIC ranking: 1st), the performance shares granted to the Executive Board and Other employees under this plan vested at 75%. In addition, as the EBITE performance hurdle for the Share Matching plan 2016 was met at the maximum, this plan vested at 150%.

As at 31 December 2018, Wessanen's TSR is ranking at number 10 (= vesting at 0%) in respect of both the Long Term Incentive Plan 2017 and 2018.

In 2018, total expenses arising from transactions accounted for as equity-settled and cash-settled share-based compensation transactions amounted to €2.4 and €0.0 respectively (2017: €5.0 and €(0.5) respectively). Social security costs relating to share-based compensation amounted to €0.3 in 2018 (2017: €1.0). As at 31 December 2018, other provisions include a provision for social security costs relating to share-based compensation in the amount of €0.4 (2017: €1.0). Of this provision €0.3 has been classified as current representing the social security costs liability related to the performance and matching shares vested (Long Term Incentive Plan and Share Matching Plan 2016).

10. Net financing costs

In € millions	2018	2017
Interest expenses	**(0.5)**	**(0.9)**
Net foreign exchange loss	–	(0.4)
Interest expense defined benefit plans	(0.1)	(0.1)
Commitment and agency fee	(0.2)	(0.2)
Change in fair value of contingent consideration	(0.2)	–
Other[1]	(0.1)	(0.3)
Total other financial income and expenses	**(0.6)**	**(1.0)**
Net financing costs	**(1.1)**	**(1.9)**

1 Other includes amortisation of capitalised finance costs of €0.1 (2017: €0.1).

Interest expenses in 2018 of €0.5 (2017: €0.9) originate from Wessanen's credit facilities, finance leases and other long-term loans and borrowings. See Note 20 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 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 24.

Change in fair value of contingent consideration includes an unwind discount of €0.2 related to the earn-out liability regarding the acquisition of Abbot Kinney's (see Note 5).

11. Income tax expense

Income tax expense

The income tax expense for the year 2018 amounted to €14.0 (2017: €10.8) and can be specified into current and deferred tax components as follows:

In € millions	2018	2017
Current income tax gain/(expense)		
Current income tax expense	(13.9)	(13.0)
Adjustment for prior years	0.6	0.8
Total current income tax expense	**(13.3)**	**(12.2)**
Deferred income tax gain/(expense)		
Change in income tax rate	–	1.0
Deferred taxation relating to temporary differences	(0.5)	0.8
Utilisation of income tax losses	(1.8)	(1.8)
Benefit from previously unrecognised income tax losses	1.3	2.0
Under provided in prior years and other	0.3	(0.6)
Total deferred income tax gain/(expense)	**(0.7)**	**1.4**
Total income tax expense	**(14.0)**	**(10.8)**

Effective income tax rate

The Group's operating activities are subject to income tax in various countries with statutory income tax rates between 19% and 34%.

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

In € millions	2018	2017
Profit before income tax	**50.0**	**46.8**
Income tax using the domestic income tax rate	(12.5)	(11.7)
Effect of income tax rates in foreign jurisdictions	(3.4)	(2.4)
Change in income tax rate	–	1.0
Non-deductible expenses, tax exempt income and other permanent differences	(0.2)	1.0
Recognition of unrecognised income tax losses	1.3	2.0
Unrecognised income tax losses for the year	–	(0.9)
Over/(under) provided in prior years and other	0.8	0.2
Income tax expense in income statement	**(14.0)**	**(10.8)**
Effective income tax rate	**28.0%**	**23.1%**

The income tax gain in 2017 relating to the change in income tax rate of €1.0 is mainly the result of the reassessment of the deferred tax position as at 31 December 2017 based on the lower enacted future income tax rates in France. The enacted tax rate in France will decrease from 34% to 26% as from 1 January 2022. As the impact of the lower enacted future income tax rates in the Netherlands on the deferred tax asset related to tax losses carried forward as at 31 December 2018 of €(0.7) is fully offset by the recognition of unrecognised income tax losses of €0.7, these movements have been netted in the effective income tax rate reconciliation above.

Non-deductible expenses, tax exempt income and other permanent differences include a tax credit received in Italy of €0.3 (2017: €1.2). Non-deductible expenses include the tax impact of non-deductible equity-settled share based payment expenses of €(0.4) (2017: €(0.5)).

The recognition of unrecognised income tax losses in 2018 relates to (estimated future) taxable profits (to be) realised in the Netherlands and Germany (2017: France and the Netherlands).

Unrecognised income tax losses in 2017 fully relate to income tax losses incurred in Germany, mainly as a result of the execution of restructuring plans announced late 2016.

Prior year adjustments in 2018 mainly include differences between initial and final tax assessments and the impact of timing differences materialising in a diffent year (at a different income tax rate) as assumed. In 2018, there were no additions to/ releases from the provision for uncertain tax positions (2017: €(0.1)).

Income tax on other comprehensive income

In € millions	2018			2017		
	Amount before tax	Tax	Amount net of tax	Amount before tax	Tax	Amount net of tax
Remeasurements of post employment benefit obligations	0.1	–	0.1	–	–	–
Foreign currency translation differences	(0.3)	–	(0.3)	(1.3)	–	(1.3)
Effective portion of changes in fair value of cash flow hedges	0.1	–	0.1	–	–	–
Total other comprehensive income	**(0.1)**	**–**	**(0.1)**	**(1.3)**	**–**	**(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:

In € millions	2018	2017
Profit attributable to equity holders of Wessanen		
Profit after income tax	36.0	36.0
Profit for the period attributable to equity holders of Wessanen	**36.0**	**36.0**

In thousands	2018	2017
Number of ordinary shares		
Issued ordinary shares	76,545	76,067
Own shares, held by the Company	–	–
Number of ordinary shares at year end	**76,545**	**76,067**

In thousands, unless stated otherwise	2018	2017
Weighted average number of ordinary shares	**76,343**	**75,790**
Earnings per share in €	**0.47**	**0.47**

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 delivery of share rights granted.

In thousands, unless stated otherwise	2018	2017
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares	76,343	75,790
Effect of delivery of share rights granted	367	948
Weighted average number of ordinary shares (diluted)	**76,710**	**76,738**
Diluted earnings per share in €	**0.47**	**0.47**

13. Property, plant and equipment

In € millions	Land and buildings	Machinery and equipment	Other	Under construction and pre-payments	Total
2017					
Carrying value at beginning of year	24.6	19.9	3.6	3.1	51.2
Effect of movements in foreign exchange rates	(0.1)	(0.2)	–	–	(0.3)
Additions	0.1	5.1	0.5	4.2	9.9
Finance leases	–	–	–	5.0	5.0
Acquisitions through business combinations	–	–	–	–	–
Completed construction	0.1	2.5	0.1	(2.7)	–
Reclassifications	–	–	–	–	–
Disposals	–	–	(0.1)	–	(0.1)
Depreciation	(1.4)	(4.1)	(0.9)	–	(6.4)
Impairments	(1.0)	(0.1)	–	0.2	(0.9)
Carrying value at year end	**22.3**	**23.1**	**3.2**	**9.8**	**58.4**
Accumulated depreciation and impairment losses	20.5	38.8	10.3	–	69.6
Cost at year end	**42.8**	**61.9**	**13.5**	**9.8**	**128.0**

In € millions	Land and buildings	Machinery and equipment	Other	Under construction and pre-payments	Total
2018					
Carrying value at beginning of year	22.3	23.1	3.2	9.8	58.4
Effect of movements in foreign exchange rates	–	(0.1)	–	(0.1)	(0.2)
Additions	2.3	5.6	0.3	4.0	12.2
Finance leases	–	–	–	6.4	6.4
Acquisitions through business combinations[1]	–	–	0.1	–	0.1
Completed construction	13.7	2.5	0.8	(17.0)	–
Reclassifications	–	0.3	–	–	0.3
Disposals	(0.3)	(0.3)	(0.1)	(0.1)	(0.8)
Depreciation	(1.5)	(4.3)	(1.1)	–	(6.9)
Impairments	0.2	0.1	–	(0.3)	–
Carrying value at year end	**36.7**	**26.9**	**3.2**	**2.7**	**69.5**
Accumulated depreciation and impairment losses	21.4	34.6	8.1	0.3	64.4
Cost at year end	**58.1**	**61.5**	**11.3**	**3.0**	**133.9**

1 See Note 5.

Impairments

In 2018 impairments on property, plant and equipment have been recognised in the amount of €0.0, comprising an impairment of a machine under construction in the amount of €0.3 entirely offset by partial reversals of impairments related to the distribution centre of Bonneterre et Compagnie (Rungis, France) in the amount of €0.2 and machinery and equipment in the amount of €0.1. In 2017 impairments were recognised in the amount of €0.9, comprising an impairment of a building in the amount of €1.0 and machinery and equipment in the amount of €0.1 following the decision to relocate the distribution centre of Bonneterre et Compagnie (Rungis, France). In addition, a reversal of impairment was been recognised in the amount of €0.2 concerning a building construction project in France.

The present value of estimated future cash flows has been calculated using a pre-tax discount rate of 9.6% (2017: 9.7%) in respect of our UK business and within the range between 9.3% and 13.3% (2017: range between 9.0% and 12.3%) in respect of our other European businesses.

Finance leases

Property, plant and equipment include a carrying value of €12.5 (2017: €7.2) in respect of assets held under finance leases, mainly related to the new office in France of €11.4 (2017: €5.0), other land and buildings of €0.4 (2017: €0.5) and machinery and equipment of €0.7 (2017: €1.6).

Security

No restrictions on title exist and no property, plant and equipment are pledged as security for liabilities.

14. Intangible assets

In € millions	Goodwill	Brands	Customer lists	Software	Development expenses and Other	Total
2017						
Carrying value at beginning of year	144.5	49.8	4.8	0.8	3.4	203.3
Effect of movements in foreign exchange rates	(0.8)	(0.7)	–	–	–	(1.5)
Additions	–	–	–	–	2.1	2.1
Acquisitions through business combinations	(16.8)	18.2	3.9	–	–	5.3
Reclassifications	–	–	–	–	–	–
Amortisation	–	–	(1.0)	(0.3)	(1.3)	(2.6)
Impairments	–	–	–	–	–	–
Carrying value at year end	**126.9**	**67.3**	**7.7**	**0.5**	**4.2**	**206.6**
Accumulated amortisation and impairment losses	90.7	8.0	2.4	12.7	1.1	114.9
Cost at year end	**217.6**	**75.3**	**10.1**	**13.2**	**5.3**	**321.5**
2018						
Carrying value at beginning of year	126.9	67.3	7.7	0.5	4.2	206.6
Effect of movements in foreign exchange rates	(0.1)	(0.1)	–	–	–	(0.2)
Additions	–	–	–	0.1	1.7	1.8
Acquisitions through business combinations [1]	12.5	–	–	–	–	12.5
Reclassifications	–	–	–	–	(0.3)	(0.3)
Amortisation	–	–	(1.1)	(0.3)	(1.1)	(2.5)
Impairments	–	(5.6)	–	–	–	(5.6)
Carrying value at year end	**139.3**	**61.6**	**6.6**	**0.3**	**4.5**	**212.3**
Accumulated amortisation and impairment losses	90.6	13.5	3.5	12.9	2.2	122.7
Cost at year end	**229.9**	**75.1**	**10.1**	**13.2**	**6.7**	**335.0**

1 See Note 5.

Acquisition through business combinations

In 2018, intangible assets from acquisitions through business combinations of €12.5 consists of the goodwill capitalised related to the acquisition of Abbot Kinney's.

In 2017, the allocation of the purchase consideration paid in respect of the Biogran acquisition in December 2016 was completed. Accordingly, part of the goodwill amount recognised of €62.8 has been allocated in 2017 to other identifiable intangible assets, being brands and customer lists in the amount of €18.2 and €3.9 respectively and the related deferred tax liabilities in the amount of €(5.5).

Impairments

In 2018 impairments on brands have been recognised in the amount of €5.6, comprising of impairments on the brands Gayelord Hauser (€5.2, part of cash-generating unit Branded - France) and Amaranth (€0.4, part of cash-generating unit Branded - Germany). As Gayelord Hauser sales strongly declined in the first half of 2018 compared to target as the Dietetic market continued to lose consumer relevance, an impairment test was performed in respect of the Gayelord Hauser brand based on data input from the strategic plan 2019-2021. Based on the impairment test, it has been concluded, to recognise an impairment loss of €5.2, resulting in a remaining book value of the brand of €4.0.

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:

In € millions	31 December 2018			31 December 2017		
	Goodwill	Brands	Total	Goodwill	Brands	Total
Branded – Italy	18.5	8.6	27.1	18.5	8.6	27.1
Branded – France	21.3	13.0	34.3	21.3	18.2	39.5
Branded – UK [1]	20.8	17.2	38.0	20.9	17.3	38.2
Branded – Germany	9.3	2.9	12.2	9.3	3.3	12.6
Branded – Benelux	10.7	1.7	12.4	10.7	1.7	12.4
Branded – Spain	46.2	18.2	64.4	46.2	18.2	64.4
Branded - Abbot Kinney's [2]	12.5	–	12.5	–	–	–
Carrying value at year end	**139.3**	**61.6**	**200.9**	**126.9**	**67.3**	**194.2**

1 2018 change in carrying values at Branded-UK relate entirely to foreign currency changes.

2 The cash-generating unit Abbot Kinney's is initially considered to be a separate cash-generating unit, however, is expected to be integrated with the cash-generating unit Wessanen Benelux in the near future.

2018 annual impairment test

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 above 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 long-term inflation rate of 1.7% (2017: 1.6%). For cash generating unit Branded-Abbot

Kinney's the annual impairment test is based on the acquisition business case as the annual test date was very close to the acquisition date.

Due to the expected continuation of high growth in Spain, especially of the Grocery channel, we projected cash flows for Branded-Spain over a 10 years period to better reflect the growth expectations in sales, profitability and cash generation as this business has not yet reached a steady stage. The cash flow projections that cover the period of the first 5 years were determined using management's internal forecasts, based on financial plans as approved by the Company's management. The cash flow projections that cover the period of the second 5 years were determined by applying a gradual declining growth, after which a terminal value was calculated. For terminal value calculation, growth rates were capped at an average long-term inflation rate of 1.7% (2017: 1.6%).

The present value of estimated future cash flows has been calculated using a pre-tax discount rate of 9.6% (2017: 9.7%) in respect of our UK business and within the range between 9.3% and 13.3% (2017: range between 9.0% and 12.3%) 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 2018 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 (2017: €0.0).

The results of the annual impairment tests of Branded-Italy, Branded-France, Branded-UK, Branded-Germany, Branded-Benelux and Branded-Abbot Kinney's 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.

Consistent to previous year, the annual impairment test of Branded-Spain resulted in a limited headroom due to the fact that the test date is still very close to the acquisition date. As a consequence, the outcome of the test is sensitive to changes in some of the key assumptions. A 112 basis points decline in the compound sales growth rate, a 98 basis points decline in the gross profit margin or an increase of 72 basis points in the pre-tax discount rate would cause its value in use to fall to the level of its carrying value. Goodwill and brands allocated to Branded-Spain at 31 December 2018 amount to €46.2 and €18.2 respectively.

The results of the annual impairment test of the Italian brand Isola Bio has indicated that the outcome of the test is sensitive to changes in some of the key assumptions. A 173 basis points decline in the compound sales growth rate, a 33 basis points decline in the gross profit margin or an increase of 75 basis points in the pre-tax discount rate would cause its value to fall to the level of its carrying value, which per 31 December 2018 amounts to €8.6 (31 December 2017: €8.6).

Security

No restrictions on title exist and no intangible assets are pledged as security for liabilities.

15. 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:

In € millions	Balance 1 January 2017	Effect of movement in foreign exchange rates	Acquisitions through business combinations	Recognised in profit or loss	Recognised in other com-prehensive income	Balance 31 December 2017
Provisions	1.5	–	–	0.4	–	1.9
Trade and other payables and accrued expenses	1.0	–	–	0.1	–	1.1
Tax of loss carried forward	7.4	–	–	0.2	–	7.6
Other	0.8	–	–	(0.2)	–	0.6
Total deferred tax assets	**10.7**	**–**	**–**	**0.5**	**–**	**11.2**
Property, plant and equipment	(1.9)	–	–	0.2	–	(1.7)
Intangible assets	(11.0)	0.1	(5.5)	1.2	–	(15.2)
Other	0.1	–	–	(0.5)	–	(0.4)
Total deferred tax liabilities	**(12.8)**	**0.1**	**(5.5)**	**0.9**	**–**	**(17.3)**
Net deferred tax assets	**(2.1)**	**0.1**	**(5.5)**	**1.4**	**–**	**(6.1)**

	Balance 1 January 2018	Effect of movement in foreign exchange rates	Acquisitions through business combinations	Recognised in profit or loss	Recognised in other com-prehensive income	Balance 31 December 2018
Provisions	1.9	–	–	–	–	1.9
Trade and other payables and accrued expenses	1.1	–	–	–	–	1.1
Tax of loss carried forward	7.6	–	–	(0.5)	–	7.1
Other	0.6	–	–	(0.1)	–	0.5
Total deferred tax assets	**11.2**	**–**	**–**	**(0.6)**	**–**	**10.6**
Property, plant and equipment	(1.7)	–	–	–	–	(1.7)
Intangible assets	(15.2)	–	–	(0.2)	–	(15.4)
Other	(0.4)	–	–	–	–	(0.4)
Total deferred tax liabilities	**(17.3)**	**–**	**–**	**(0.2)**	**–**	**(17.5)**
Net deferred tax assets	**(6.1)**	**–**	**–**	**(0.8)**	**–**	**(6.9)**

Net deferred tax assets/(liabilities) are presented as follows:

In € millions	31 December 2018	31 December 2017
Deferred tax assets presented under non-current assets	7.0	7.0
Deferred tax liabilities presented under non-current liabilities	(13.9)	(13.1)
Net deferred tax assets/(liabilities)	**(6.9)**	**(6.1)**

Tax losses carried forward/(un)recognised deferred tax assets

The tax losses carried forward per expiration date [1], and their recognition can be specified as follows:

In € millions	31 December 2018		
	Recognised	Unrecognised	Total
Expiration date 2020	0.7	–	0.7
Expiration date 2022	22.3	15.3	37.6
Expiration date 2023 and future years	–	96.7	96.7
Indefinite and timing differences	6.7	10.8	17.5
Total tax losses caried forward (nominal value)	**29.7**	**122.8**	**152.5**
Total tax losses carried forward (tax value)	**7.1**	**26.1**	**33.2**

1 As from the expiration date, tax losses carried forward are not available anymore for offset against future taxable profits.

The unrecognised deferred tax assets related to tax losses carried forward decreased by €7.0 from €33.1 as at 31 December 2017 to €26.1 as at 31 December 2018. This decrease can mainly be explained by the utilisation/recognition of unrecognised income tax losses incurred in the Netherlands and Germany and lower enacted future income tax rates in the Netherlands.

16. Inventories

In € millions	31 December 2018	31 December 2017
Finished products	49.4	56.9
Semi-finished products	0.8	1.3
Raw materials and supplies	18.0	18.2
Prepayments on inventories	0.2	0.1
Total inventories	**68.4**	**76.5**

Inventories are shown net of impairment losses in the amount of €2.5 (2017: €2.3). The net write off in the amount of €2.5 (2017: €2.3) is included in the cost of raw materials and supplies.

17. Trade and other receivables and prepayments

Trade receivables are shown net of impairment losses in the amount of €1.7 (2017: €1.7) 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 is disclosed in Note 24.

18. Net cash and cash equivalents

In € millions	31 December 2018	31 December 2017
Cash and cash equivalents	17.3	13.8
Bank overdrafts	(0.1)	(8.8)
Net cash and cash equivalents	**17.2**	**5.0**

Cash and cash equivalents are at Wessanen's free disposal as at 31 December 2018.

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. Next to that ING was implemented in 2016 as cash management provider in Italy and in 2017 in Spain.
The cash and cash equivalents balance at Wessanen Finance B.V. as per 31 December 2018 amounts to €3.5 (31 December 2017: €1.9). As at both 31 December 2018 and 31 December 2017 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 24.

19. Equity attributable to equity holders of Wessanen

Issued and paid-up share capital

The authorised share capital of the Company as at 31 December 2018 consists of 300 million ordinary shares (2017: 300 million shares) with a nominal value of € 1.00, of which 76.5 million shares were issued and paid-up (2017: 76.1 million shares). Shares issued in 2018 relate to the execution of share-based compensation plans (see Note 9).

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 both 31 December 2018 and 31 December 2017 Wessanen held no shares. In 2017 the Company realised a net gain of €2.5 on the sale of 402 thousand own shares.

The movements in the reserve for own shares can be summarised as follows:

In € millions, unless stated otherwise	2018		2017	
	Number of shares x 1,000	Amount	Number of shares x 1,000	Amount
Balance at beginning of the year	–	–	460	(3.9)
Sale of shares	–	–	(402)	3.4
Shares delivered	–	–	(58)	0.5
Balance at year end	**–**	**–**	**–**	**–**

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.

Dividends

The Executive Board, with the approval of the Supervisory Board, proposes that a dividend of 14 eurocent per share will be paid in 2019 with respect to 2018. 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 2018. The payment of this dividend will not have income tax consequences for the Company.

In € millions	2018	2017
Dividends declared and paid in the year	(9.9)	(9.1)

20. Interest-bearing loans and borrowings

Interest-bearing loans and borrowings can be specified as follows:

2018 In € millions	Syn-dicated loans	Finance leases	Other long-term loans and bor-rowings	Contin-gent conside-ration	Total
Non-current	54.7	5.2	1.2	–	**61.1**
Current	–	0.4	3.4	–	**3.8**
Balance at beginning of year	**54.7**	**5.6**	**4.6**	**–**	**64.9**
New finance lease liabilities	–	6.4	–	–	**6.4**
Other non cash movements	0.1	–	–	5.1	**5.2**
Acquisitions through business combinations	–	–	0.3	–	**0.3**
Net payments of finance lease liabilities	–	(0.3)	–	–	**(0.3)**
Net proceeds from/(repayments of) interest-bearing loans and borrowings	(10.2)	–	(1.1)	–	**(11.3)**
Balance at year end	**44.6**	**11.7**	**3.8**	**5.1**	**65.2**
Non-current	44.6	10.7	1.0	5.1	**61.4**
Current	–	1.0	2.8	–	**3.8**
Balance at year end	**44.6**	**11.7**	**3.8**	**5.1**	**65.2**

The current portion of the interest-bearing loans and borrowings as at 31 December 2018 is included in current liabilities as at 31 December 2018.

Syndicated loans

The Group has an unsecured, committed €125 revolving credit facility in place, provided by ABN AMRO and ING. In April 2017, the initial termination date of the credit facility was extended for an additional period of two years, that is to 23 July 2022. The pricing grid over the relevant floating rate (EURIBOR or LIBOR) is based on the leverage ratio (Net debt to EBITDAIE of total Wessanen). The maximum aggregate amount which can be drawn under the 'accordion facility' (optional increase of the credit facility) is €25.

Under its financial covenants Wessanen has to ensure that total net debt does not exceed 3.0 times consolidated EBITDAIE. A spike up to 3.5 times consolidated EBITDAIE is allowed under specific conditions for a maximum duration of two (consecutive) quarters. At 31 December 2018 our net debt level amounted to 0.7 times consolidated EBITDAIE; our net debt amounted to €48.0 (2017: €59.9). 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 Group has the ability to draw loans from the syndicated credit facility with maturities ranging between 1 day and 9 months. When a loan expires, this is, ceteris paribus, refinanced with a new loan drawn from the facility.

The average interest rate on drawings for 2018 was 0.6% (2017: 0.7%).

Finance leases

Non-cancellable finance leases are payable as follows:

In € millions	31 December 2018			31 December 2017		
	Total lease payments	Interest	Carrying value	Total lease payments	Interest	Carrying value
Less than 1 year	1.2	0.2	1.0	0.5	0.1	0.4
Between 1 and 5 years	4.2	0.6	3.6	2.0	0.3	1.7
More than 5 years	7.6	0.5	7.1	3.8	0.3	3.5
Total	**13.0**	**1.3**	**11.7**	**6.3**	**0.7**	**5.6**

Finance leases mainly relate to the new, green office of Bjorg Bonneterre et Compagnie in France of €11.4.

Other long-term loans and borrowings

Other long-term loans and borrowings as per 31 December 2018 consist of reverse factoring of €2.8 (2017: €3.4) and other long-term loans of €1.0 (2017: €1.2).

Contingent consideration

The contingent consideration relates entirely to the earn-out that Wessanen agreed to pay the selling shareholders of Abbot Kinney's (see Note 5). The earn-out payable in 2021 is based on revenue and operating profit targets set for the full year 2020. Depending on actual target realisation, the earn-out can vary between €0.0 and €7.0 (maximum). Wessanen has included €4.9 as contingent consideration, which represents the fair value of the earn-out at the date of acquisition (at a discount rate of 9%). At 31 December 2018, the contingent consideration had increased by €0.2 to €5.1 (31 December 2017: €0.0).

21. Employee benefits

Defined benefit plans

In 2018 Wessanen and its subsidiaries made 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 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.

In Italy Wessanen made contributions to a legal employee leaving entitlement. Each employee is entitled to a deferred compensation ('TFR') which is paid upon retirement or upon leaving the Company. The entitlement is accrued for an amount equal to approximately one month's salary for each year of service and is adjusted for inflation every year. The main part of the scheme is administered by Wessanen and is qualified as a career average defined benefit scheme. In accordance with a change in Italian law in 2007, part of the scheme has been transferred since to an external pension fund and is qualified as a defined contribution scheme.

Wessanen's net liability for defined benefit obligations as at 31 December 2018 amounts to €7.3 and relates mainly to the pension plan in Germany (in the amount of €4.6) and the part of the above mentioned TFR scheme in Italy that qualifies as a defined benefit scheme (in the amount of €1.5). Both the German and Italian schemes are administered by Wessanen and are unfunded. Wessanen pays benefits directly to employees upon retirement or, in case of the TFR, upon leaving the Company. The German plan is closed to new participants and has an expected duration of 16.8 years. The TFR scheme is open to new participants and has an expected duration of 15.8 years. The weighted average duration of the total net liability for defined benefit obligations of Wessanen is 15.6 years.

The net liability for defined benefit obligations is calculated separately for each plan by calculating the amount 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, and 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 'Bedrijfstakpensioenfonds Foodservice & Groothandel in Levensmiddelen' ('Bpf Foodservice'). 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'.

Both per December 2018 and 2017 Bpf Foodservice showed a deficit compared to the minimum required coverage. Following the deficit reported by Bpf Foodservice per December 2015 a recovery plan was submitted to De Nederlandsche Bank (DNB) in January 2016, who accepted the plan and considered it specific and feasible. The recovery plan requires Bpf Foodservice to achieve a coverage rate of 122.1% per December 2026. More detailed information concerning the financial position of Bpf Foodservice is publicly available on the website of the industry pension fund (www.bpffoodservice.nl).

Wessanen's level of participation in the plan compared with other participating entities is relatively low with 45 active members (total plan: approximately 16,000 members), 56 deferred members (total plan: approximately 38,000 members) and no retired members (total plan: approximately 9,000 members).

The expected contributions for this multi-employer plan in 2019 amount to €0.4.

Defined contribution plans

Wessanen and its subsidiaries make contributions to defined contribution plans in the Netherlands, France and the UK. The expected contributions for these plans in 2019 amount to €3.3.

Defined benefit plans

The components of the employee benefits for the years ending 31 December 2018 and 2017 respectively are shown in the following tables.

In € millions	31 December 2018	31 December 2017
Present value of obligations	**7.7**	**7.7**
Fair value of plan assets	(0.4)	(0.4)
Net liability for defined benefit obligations	**7.3**	**7.3**
Other employee benefits	0.6	0.6
Total liability employee benefits	**7.9**	**7.9**

Movement in the liability for defined benefit obligations

In € millions	2018	2017
Liability for defined benefit obligations at beginning of year	7.7	7.5
Benefits paid	(0.3)	(0.3)
Current service costs	0.4	0.4
Interest costs	0.1	0.1
Past service costs	(0.1)	–
Remeasurement gains	(0.1)	–
Liability for defined benefit obligations at year end	**7.7**	**7.7**

Movement in plan assets

In € millions	2018	2017
Fair value of plan assets at beginning of year	0.4	0.4
Fair value of plan assets at year end	**0.4**	**0.4**

Plan assets

The pension plan asset allocation can be specified as follows (on a weighted average basis):

	31 December 2018	31 December 2017
Equity securities	8.9%	8.8%
Bonds	85.9%	86.3%
Other quoted securities	5.2%	4.9%
Total	**100.0%**	**100.0%**

All plan assets have a quoted market price in an active market.

Expense recognised in the income statement

In € millions	2018	2017
Current service costs	0.4	0.4
Past service costs, curtailments and settlements	(0.1)	–
Net interest costs	0.1	0.1
Total expense	**0.4**	**0.5**

The expense is recognised in the following line items in the income statement:

In € millions	2018	2017
Personnel expenses	0.3	0.4
Net financing costs	0.1	0.1
Total expense	**0.4**	**0.5**

Remeasurement effects of total Wessanen recognised in other comprehensive income in respect of defined benefit plans are as follows:

In € millions	2018	2017
Actuarial (gain)/loss due to experience adjustments	–	0.1
Actuarial (gain)/loss due to changes in demographic and financial assumptions	(0.1)	(0.1)
Total remeasurement effects recognised in other comprehensive income, before income tax	**(0.1)**	**–**

In € millions	2018	2017
Actual return on plan assets	–	–

The expected contributions for defined benefit plans in 2019 amount to €0.0.

Actuarial assumptions

Principal actuarial assumptions at the balance sheet date:

	2018	2017
Discount rate at year end	1.5-1.8%	1.5-1.8%
Future general salary increases	1.7-3.2%	1.7-3.2%
Price inflation	1.7-1.8%	1.6-1.7%
Future pension increases	1.8%	1.7%

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit 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 2018 (2017: €0.3);
- 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 €0.4 as per 31 December 2018 (2017: €0.5);
- An increase in the future pension increases by 100 basis points would result in an increase in the liability for defined benefit obligations of €0.6 as per 31 December 2018 (2017: €0.6).

The sensitivity analysis presented above may not be representative for 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 future 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

In € millions	2018	2017	2016	2015	2014
Defined benefit obligation	7.7	7.7	7.5	6.6	10.3
Fair value of plan assets	(0.4)	(0.4)	(0.4)	(0.5)	(4.5)
Deficit in the plan	7.3	7.3	7.1	6.1	5.8

Experience adjustments arising on plan liabilities and plan assets as at 31 December

In € millions	2018	2017	2016	2015	2014
Plan liabilities	–	(0.1)	–	(0.3)	0.3
Plan assets	–	–	–	0.3	0.5

Experience adjustments are defined as all gains/(losses) due to changes other than changes to financial and demographic assumptions.

22. Provisions

Movements in provisions can be specified as follows:

2017 In € millions	Restruc-turing	Other provisions	Total
Non-current	–	3.0	**3.0**
Current	5.5	6.6	**12.1**
Balance at beginning of year	**5.5**	**9.6**	**15.1**
Additions charged against result	2.7	1.2	**3.9**
Used during the year	(4.0)	(7.8)	**(11.8)**
Released to result	(0.3)	–	**(0.3)**
Balance at year end	**3.9**	**3.0**	**6.9**
Non-current	1.2	1.1	**2.3**
Current	2.7	1.9	**4.6**
Balance at year end	**3.9**	**3.0**	**6.9**

2018 In € millions	Restruc-turing	Other provisions	Total
Non-current	1.2	1.1	**2.3**
Current	2.7	1.9	**4.6**
Balance at beginning of year	**3.9**	**3.0**	**6.9**
Additions charged against result	–	0.8	**0.8**
Used during the year	(1.6)	(1.2)	**(2.8)**
Released to result	(0.3)	–	**(0.3)**
Balance at year end	**2.0**	**2.6**	**4.6**
Non-current	–	1.0	**1.0**
Current	2.0	1.6	**3.6**
Balance at year end	**2.0**	**2.6**	**4.6**

Restructuring

In 2018, no additions were made to the restructuring provision. In 2017, additions to the restructuring provision amounted to €2.7, mainly including severance payments related to the relocation of the distribution centre of Bonneterre et Compagnie (France).

The additions to the restructuring provision included severance payments and termination benefits, and required management judgement 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.

Other provisions

Other provisions as at 31 December 2018 of €2.6 (2017: €3.0) mainly comprise (a) provisions for social security costs related to equity-settled share-based payment transactions of €0.4 (2017: €1.1), (b) provisions for onerous contracts of €0.5 (2017: €0.2) and (c) provisions for legal, litigation and contract risks of €1.7 (2017: €1.7). 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 2018 of €0.8 mainly include share-based payment related social security expenses of €0.3 and an addition to the provision for onerous contracts related to the relocation of the distribution centre of Bonneterre et Compagnie (France) of €0.4. In 2018, payments of €(1.2) were made against the other provisions, including share-based payment related social security expenses of €(1.0) after vesting of the Long Term Incentive Plan 2015 in June 2018.

The release from the restructuring provision of €0.3 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 within the next year.

23. Trade and non-trade payables and accrued expenses

In € millions	31 December 2018	31 December 2017
Total trade payables – third party	**74.6**	**84.8**
Customer incentives	32.2	30.8
Personnel expenses	10.8	10.9
Pensions	3.9	4.6
Social securities and other tax	6.3	6.3
Derivatives	–	1.2
Other liabilities	7.0	7.7
Total non-trade payables and accrued expenses	**60.2**	**61.5**
Total trade and non-trade payables and accrued expenses	**134.8**	**146.3**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 24.

24. 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.

The Executive Board has overall responsibility for the establishment and oversight of Wessanen's Risk Management and Internal Control Framework. The framework 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 Framework are discussed with the Audit Committee and the Supervisory Board.

Wessanen does business in the UK, through its subsidiary Kallø Foods. The consequences of the UK people's vote to leave the European Union (Brexit) are as yet not clear, but has had an impact on the Pound Sterling and its volatility. The assessment of potential accounting and financial reporting implications did not (yet) result into any specific actions other than those that are already taken in the ordinary course of business; e.g. currency risks are being mitigated in accordance with our foreign exchange policy, and where possible, through customer price negotiations.

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 1 day and 9 months. 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 no other uncommitted credit facilities.

The table below summarises the maturity profile of Wessanen's financial liabilities including estimated interest payments at 31 December 2018 and at 31 December 2017 based on undiscounted contractual cash flows.

In € millions	Note		Undiscounted contractual cash flows						
2017			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	20	floating	(54.7)	(56.9)	(0.2)	(0.2)	(0.7)	(55.8)	–
Other long-term loans	20	floating	(4.6)	(4.8)	(3.5)	(0.1)	(0.2)	(0.5)	(0.5)
Finance lease liabilities	20	fixed	(5.6)	(6.3)	(0.1)	(0.4)	(0.6)	(1.4)	(3.8)
Contingent consideration	20	non-interest bearing	–	–	–	–	–	–	–
Trade and other payables[1]	23	non-interest bearing	(145.1)	(145.1)	(145.1)	–	–	–	–
Bank overdrafts	18	floating	(8.8)	(8.8)	(8.8)	–	–	–	–
Subtotal			**(218.8)**	**(221.9)**	**(157.7)**	**(0.7)**	**(1.5)**	**(57.7)**	**(4.3)**
Derivative financial instruments									
Other forward contracts used for hedging			(1.2)	(1.2)	(1.2)	–	–	–	–
Subtotal			**(1.2)**	**(1.2)**	**(1.2)**	**–**	**–**	**–**	**–**
Total			**(220.0)**	**(223.1)**	**(158.9)**	**(0.7)**	**(1.5)**	**(57.7)**	**(4.3)**

1 Excluding derivatives.

In € millions	Note		Undiscounted contractual cash flows						
2018			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	20	floating	(44.6)	(45.5)	(0.1)	(0.1)	(0.3)	(45.0)	–
Other long-term loans	20	floating	(3.8)	(4.0)	(2.9)	(0.1)	(0.2)	(0.5)	(0.3)
Finance lease liabilities	20	fixed	(11.7)	(13.0)	(0.6)	(0.6)	(1.1)	(3.1)	(7.6)
Contingent consideration	20	non-interest bearing	(5.1)	(6.3)	–	–	–	(6.3)	–
Trade and other payables [1]	23	non-interest bearing	(134.8)	(134.8)	(134.8)	–	–	–	–
Bank overdrafts	18	floating	(0.1)	(0.1)	(0.1)	–	–	–	–
Subtotal			**(200.1)**	**(203.7)**	**(138.5)**	**(0.8)**	**(1.6)**	**(54.9)**	**(7.9)**
Derivative financial instruments									
Other forward contracts used for hedging			–	–	–	–	–	–	–
Subtotal			**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total			**(200.1)**	**(203.7)**	**(138.5)**	**(0.8)**	**(1.6)**	**(54.9)**	**(7.9)**

1 Excluding derivatives.

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 Pound Sterling and US dollar. 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.

The Group's balance sheet exposure to foreign currency risk was as follows based on notional amounts:

In € millions	31 December 2018				31 December 2017			
	€	US$	£	Other[1]	€	US$	£	Other[1]
Trade and other receivables	5.5	0.1	–	–	5.2	0.1	–	–
Cash and bank overdrafts	–	1.2	3.2	0.2	–	2.5	0.9	0.3
Trade payables	(5.0)	(0.7)	(0.2)	(0.1)	(5.0)	(1.3)	–	(0.1)
Financial assets/(liabilities), excluding investments in subsidiaries	–	–	(15.5)	–	–	–	(17.2)	–
Derivatives[2]	7.8	–	–	–	13.9	–	–	–
Net exposure	**8.3**	**0.6**	**(12.5)**	**0.1**	**14.1**	**1.3**	**(16.3)**	**0.2**

1 In €.

2 Represents forward foreign exchange contracts related to future purchase commitments, as well as foreign exchange swaps.

At year end 2018 the Group designated £17 (2017: £17) of intercompany loan financing as part of its net investment in its UK operations. Foreign currency results on this intercompany loan financing of €0.2 negative (net of income tax) in 2018 (2017: €0.7 negative (net of income tax)) are recorded in the translation reserve in equity .

In 2018, the movement of the translation reserve of €(0.3) (2017: €(1.3)) relates entirely to the depreciation of the GBP.

Currency sensitivity analysis

A 10% strengthening of the Euro against the Pound Sterling currency in 2018 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.

In € millions	2018	2017
10% strengthening of the Euro		
Equity[1]	(5.0)	(5.5)
Net result	(0.2)	(0.5)

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 2018 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.

In € millions	Profit or loss		Equity[1]	
2017	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	(0.7)	0.7	(0.7)	0.7
Net impact	**(0.7)**	**0.7**	**(0.7)**	**0.7**
2018				
Variable rate instruments	(0.6)	0.6	(0.6)	0.6
Net impact	**(0.6)**	**0.6**	**(0.6)**	**0.6**

1 Including impact on net result.

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 can not 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 of trade receivables based on expected credit losses rather than incurred credit losses only. The expected loss rates for trade receivables are based on the payment profiles of sales over a period of 12 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables. No further adjustment of the loss rates were needed.

The maximum exposure to credit risk for trade receivables by type of customer can be specified as follows:

In € millions	31 December 2018	31 December 2017
Supermarkets	61.4	62.2
Health food stores	26.5	28.7
Other customers	7.2	7.9
Total	**95.1**	**98.8**

The aging of trade receivables at balance sheet date can be specified as follows:

In € millions	31 December 2018			31 December 2017		
	Gross	Impairments	Net	Gross	Impairments	Net
Not past due	89.9	–	89.9	91.8	–	91.8
Past due 0–30 days	4.6	–	4.6	6.3	–	6.3
Past due 31–180 days	1.0	(0.3)	0.7	1.1	(0.4)	0.7
Past due 181–360 days	(0.1)	–	(0.1)	–	–	–
More than 360 days	1.4	(1.4)	–	1.3	(1.3)	–
Total	**96.8**	**(1.7)**	**95.1**	**100.5**	**(1.7)**	**98.8**

The movement in the allowance for impairments in respect of trade receivables during the year was as follows:

In € millions	2018	2017
Balance at beginning of year	1.7	1.8
Addition charged/(released) against result	0.1	0.1
Write offs	(0.1)	(0.2)
Balance at year end	**1.7**	**1.7**

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.

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:

In € millions	31 December 2018		31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value				
Foreign exchange swap contracts used for hedging	0.1	0.1	–	–
Total	**0.1**	**0.1**	**–**	**–**
Assets carried at amortised cost				
Other investments	0.3	0.3	0.2	0.2
Trade receivables	95.1	95.1	98.8	98.8
Other receivables and prepayments [1]	14.9	14.9	14.9	14.9
Cash and cash equivalents	17.3	17.3	13.8	13.8
Total	**127.6**	**127.6**	**127.7**	**127.7**
Liabilities carried at fair value				
Contingent consideration	5.1	5.1	–	–
Forward exchange contracts used for hedging	–	–	1.2	1.2
Total	**5.1**	**5.1**	**1.2**	**1.2**
Liabilities carried at amortised cost				
Syndicated loans	44.6	44.6	54.7	54.7
Other long-term loans	3.8	3.8	4.6	4.6
Finance lease liabilities	11.7	11.7	5.6	5.6
Trade payables	74.6	74.6	84.8	84.8
Non-trade payables and accrued expenses [1]	60.2	60.2	60.3	60.3
Bank overdrafts	0.1	0.1	8.8	8.8
Total	**195.0**	**195.0**	**218.8**	**218.8**

1 Excluding derivatives, which are shown separately.

Fair value of financial assets and liabilities

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 inputs are unobservable inputs for the asset or liability.

The carrying amounts of cash and cash equivalents, trade receivables, other receivables and prepayments, trade payables, non-trade payables and accrued expenses 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 derivatives 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 2018 (as specified in the table in this note under paragraph 'currency risk') amounts to €0.1 (2017: €(1.2)). These derivatives have been entered into with financial institutions. An assessment has been made of a potential credit valuation adjustment, however, has not been recorded as the adjustment is deemed to be not material. The fair value of the contingent consideration, which represents the fair value of the earn-out at the date of the acquisition (at a discount rate of 9%) is based on management's estimate of the extent at which financial targets for the year 2020 will be realised (Level 3).

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 EBITDAIE 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 2018 our net debt level amounted to 0.7 times consolidated EBITDAIE (2017: 1.0). As a consequence the gearing ratio (net debt/shareholders' equity) as at 31 December 2018 amounted to 18.7% (31 December 2017: 26.3%).

25. Commitments and contingencies

Operating lease commitments

Operating lease commitments are payable as follows:

In € millions	31 December 2018[1]	31 December 2017[1]
Less than 1 year	7.0	4.8
Between 1 and 5 years	16.1	11.3
More than 5 years	13.0	4.5
Total operating lease commitments	**36.1**	**20.6**

1 Operating lease commitments as per 31 December 2018 are based on the reasonably certain end dates, whereas the operating lease commitments as per 31 December 2017 are based on the non-cancellable lease periods. Accordingly, 2017 figures have not been restated.

Wessanen leases a number of office, warehouse and factory facilities, machinery and installations, office equipment, computer software and hardware and vehicles 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 2018, €5.7 (2017: €5.2) was recognised as an expense in the income statement.

Capital commitments

Commitments to purchase property, plant and equipment as at 31 December 2018 amounted to €2.7 (2017: €10.5). The commitment per 31 December 2017 included the construction of a green office building in Saint Genis Laval (France). The gross investment value (total investment excluding proceeds from the sale of a piece of land) amounted to about €13.1. The construction is funded by a financial institution and is accounted for as a financial lease. The non-cash investment value of this project as at 31 December 2017 amounted to €5.0; the remaining balance of €8.1 was included in the reported commitments of €10.5.

Commitments to purchase intangible assets as at 31 December 2018 amounted to €0.3 (2017: €0.3).

Purchase commitments

Wessanen has purchase commitments with vendors in the ordinary course of business at market-related terms. Wessanen has letters of credit outstanding in the amount of €0.7 related to these purchase commitments.

Guarantees

Wessanen has various letters of credit and guarantees outstanding to third parties amounting to US$8.6 as at 31 December 2018 (2017: US$11.7). Letters of credit amounting to US$2.0 (2017: US$2.2) are provided in favour of workers compensation insurers and are reduced as the workers compensation claims, on the divested operations ABC and Tree of Life, Inc., are settled and closed. Wessanen has also provided guarantees amounting to US$6.6 (2017: US$9.6) 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 five 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 in the amount of €0.5 as at 31 December 2018 (2017: €0.6). Reference is made to Note 22.

Bank guarantees have been issued in the amount of €0.1 (2017: €0.3).

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.

26. Related parties

Wessanen has a related party relationship with its subsidiaries (see Note 29) and key management. Transactions with key management are described in Notes 8 and 9.

In 2018 no transactions were made with related parties, other than descibed above.

27. Principal auditor's remuneration

Principal auditor's remuneration for audit and other services incurred can be specified as follows:

In € millions			2018			2017
	Deloitte Accountants B.V.	Other Deloitte Network	Total	Deloitte Accountants B.V.	Other Deloitte Network	Total
Audit of annual accounts	0.2	0.3	0.5	0.2	0.3	0.5
Other assurance services	–	–	–	–	–	–
Other non-audit services	–	–	–	–	–	–
Total principal auditor's remuneration	**0.2**	**0.3**	**0.5**	**0.2**	**0.3**	**0.5**

28. Cash flow

The following table presents a specification of changes in working capital:

In € millions	2018	2017
Inventories	8.3	(8.3)
Trade receivables	3.9	1.5
Other receivables and prepayments	0.2	0.2
Trade payables	(11.1)	5.2
Non-trade payables and accrued expenses	(0.1)	2.6
Total changes in working capital	**1.2**	**1.2**

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:

In € millions	2018	2017
Net cash and cash equivalents at beginning of year [1]	**5.0**	**0.7**
Net cash from operating, investing and financing activities	12.1	4.3
Effect of exchange rate differences on cash and cash equivalents [1]	0.1	–
Net cash and cash equivalents at year end [1]	**17.2**	**5.0**

1 Net of bank overdrafts.

29. List of subsidiaries

The following are Wessanen's significant subsidiaries categorised into operating companies and holding companies:

Company name	Principal activity	Country of incorporation	Ownership interest (%) 31 December 2018	Ownership interest (%) 31 December 2017
Operating companies				
Bjorg et Compagnie S.A.S.	Marketing and Sales	France	100.0	100.0
Bjorg Bonneterre et Compagnie S.A.S.	Marketing and Sales	France	100.0	100.0
Bonneterre et Compagnie S.A.S.	Marketing and Sales	France	100.0	100.0
Destination S.A.S.	Production/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	Production	Germany	100.0	100.0
Allos Hof-Manufaktur GmbH	Marketing and Sales	Germany	100.0	100.0
Abafoods S.r.L.	Production/Marketing and Sales	Italy	100.0	100.0
Bio Slym S.r.L.	Production/Marketing and Sales	Italy	100.0	100.0
Biogran S.L.	Production/Marketing and Sales	Spain	100.0	100.0
Abbot Kinney's B.V.[1]	Marketing and Sales	the Netherlands	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 Espana S.L.[2]	Holding	Spain	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	the Netherlands	100.0	100.0

1 Acquired as per 10 September 2018.
2 Founded as per 20 December 2017.

At 31 December 2018 and 31 December 2017 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.

Income statement of the Company

In € millions	Notes	2018	2017
Personnel expenses	2	(2.5)	(2.7)
Other operating income	3	1.9	2.1
Operating result		**(0.6)**	**(0.6)**
Net financing costs	4	–	(0.6)
Profit/(loss) before income tax		**(0.6)**	**(1.2)**
Income tax	5	–	–
Profit/(loss) after income tax		**(0.6)**	**(1.2)**
Income from subsidiaries, net of income tax	6	36.6	37.2
Profit/(loss) for the period		**36.0**	**36.0**

Balance sheet of the Company

(before appropriation of current year's result)

In € millions	Notes	31 December 2018	31 December 2017
Assets			
Financial assets	6	255.3	218.8
Deferred tax assets	5	5.0	5.0
Total non-current assets		**260.3**	**223.8**
Current assets	7	2.2	6.1
Total assets		**262.5**	**229.9**
Shareholders' equity			
Share capital		76.5	76.1
Share premium		103.4	102.8
Legal reserves		(17.7)	(17.5)
Retained earnings		58.9	30.3
Profit for the period		36.0	36.0
Total shareholders' equity	8	**257.1**	**227.7**
Current liabilities	9	5.4	2.2
Total shareholders' equity and liabilities		**262.5**	**229.9**

1. Principles of valuation and income determination

General

The Company financial statements are part of the 2018 financial statements of Wessanen.

In accordance with Section 379, 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 (the Company is registered with number 33145851).

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. Personnel expenses

Personnel expenses amount to €2.5 (2017: €2.7) and include remuneration expenses of the Executive and Supervisory Board of €2.4 (2017: €2.5). Reference is made to Note 8 of the consolidated financial statements of Wessanen.

3. Other operating income

Other operating income includes recharged expenses to Wessanen Nederland Holding B.V. for services rendered in 2018 of €1.9 in total (2017: €2.1).

4. Net financing costs

Net financing costs amount to €0.0 (2017: €0.6, consisted of interest expenses on payables to subsidiaries. In 2017 significant redemptions were made on these payables to subsidiaries).

5. Income tax

In 2018 income tax amounts to €0.0 (2017: €0.0).

The deferred tax asset as at 31 December 2018 of €5.0 fully relate to income tax losses carried forward recognised (2017: €5.0).

6. Financial assets

In € millions	2018	2017
Balance at beginning of year	218.8	534.3
Remeasurement of post employment benefit obligations[1]	0.1	–
Effect of movements in foreign exchange[1]	(0.3)	(1.3)
Cash flow hedges[1]	0.1	–
Dividends from subsidiaries	–	(377.3)
Capital contributions to subsidiaries	–	25.9
Income from subsidiaries[1]	36.6	37.2
Balance at year end	**255.3**	**218.8**

1 Net of income tax.

Financial assets include investments in subsidiaries. In 2017 the Company received a dividend in the amount of €377.3 from Wessanen Finance B.V. and made a capital contribution to Wessanen Nederland Holding B.V. in the amount of €25.9.

7. Current assets

In € millions	31 December 2018	31 December 2017
Receivables from subsidiaries	2.2	6.0
Other current assets	–	0.1
Total current assets	**2.2**	**6.1**

8. Shareholders' equity

For a specification of shareholders' equity, see the consolidated statement of changes in equity (page 90) and Note 19 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 2018, the freely distributable reserves amount to €180.5 (2017: €151.6), before distribution of dividends.

9. Current liabilities

In € millions	31 December 2018	31 December 2017
Payables to subsidiaries	4.7	1.4
Trade and other payables	0.7	0.8
Total current liabilities	**5.4**	**2.2**

10. Commitments and contingencies

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 them.

11. Remuneration Executive Board and Supervisory Board

For the remuneration of the Executive Board and Supervisory Board reference is made to Note 8 to the consolidated financial statements. The average number of full-time employees in 2018 amounted to 2 (2017: 2).

12. Principal auditor's remuneration

For the principal auditor's remuneration reference is made to Note 27 of the consolidated financial statements.

13. Appropriation of result 2018

The profit for the year 2018 attributable to the equity holders of Wessanen amounted to €36.0 (2017: €36.0). The profit has been added to the retained earnings, respectively the distributable part of shareholders' equity.

14. Dividend proposal

The dividend policy of the Company aims at creating value in the long-term. The objective of the dividend policy is to maintain a healthy financial structure and to retain sufficient earnings in order to execute Wessanen's four pillar strategy. Wessanen aims at paying out a dividend that is stable or growing over time. Before deciding to pay out dividend, Wessanen will assess whether more value could be created by (i) investing profit in the execution of Wessanen's strategy (such as investments in R&D, capital expenditures or acquisitions), (ii) improving Wessanen's financial position (debt repayment), or (iii) improving the position of its shareholders (share repurchasing). Accordingly, it may be decided not to pay dividend or to pay a lower dividend in any year in the future.

In line with the dividend policy, it is proposed to the Annual General Meeting of Shareholders to pay a dividend of 14 eurocent per share. The dividend will be paid wholly in cash.

15. Subsequent events

Subsequent to 31 December 2018 no material events occurred that require disclosure.

Amsterdam, 11 February 2019

Supervisory Board
F. van Oers, Chairman
R.K. Kluiber
P.E.M. Mispolet
I.M.C.M. Rietjens

Executive Board
C.P.J. Barnouin, CEO
R.J.J.B. Merckx, CFO

Other information

To the Shareholders and Supervisory Board of Koninklijke Wessanen N.V.

Report on the audit of the financial statements 2018

Our opinion

We have audited the accompanying financial statements 2018 as set out on pages 86 to 149 of the integrated annual report of Koninklijke Wessanen N.V. ('the Company') based in Amsterdam. The financial statements include the consolidated financial statements and the Company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Koninklijke Wessanen N.V. as at 31 December 2018, and of its results and cash flows for 2018 in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU') and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying Company financial statements give a true and fair view of the financial position of Koninklijke Wessanen N.V. as at 31 December 2018, and of its results for 2018 in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU') and with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at 31 December 2018.
2. The following statements for 2018: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows.
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 2018.
2. The Company income statement for 2018.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our Responsibilities for the Audit of the financial statements" section of our report.

We are independent of Koninklijke Wessanen N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Materiality

Based on our professional judgement we determined materiality for the financial statements at €3.5 million. The materiality is based on a percentage of 6.1% of normalized operating result (i.e. 'EBITE') from continuing operations. 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.

To address the aggregation risk of identified misstatements exceeding the materiality we have applied lower materiality levels for the audits of group entities in a range between €1.5 million to €2.7 million.

We agreed with the Supervisory Board that misstatements in excess of €100 thousand, which are 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 of Koninklijke Wessanen N.V.

Our group audit mainly focused on significant group entities in terms of size and financial interest or where significant risks or other complexities were present, leading to the completion of the group audit in accordance with the following scope:

- We have performed audit procedures ourselves at Wessanen entities in the Netherlands. Furthermore, we performed audit procedures at group level on the areas that to a large extend are monitored centrally by Wessanen such as: consolidation, disclosures, goodwill impairment analysis, financial instruments, taxation, pensions and treasury.
- Deloitte specialists were involved to assist the audit teams with expertise in the areas of taxation, business combinations, valuation, information technology and pensions.
- We have used the work of other auditors, part of Deloitte's network, when auditing group entities in France, United Kingdom, Germany, Italy and Spain.
- For the remaining group entities not in our group scope we performed, amongst others, analytical procedures

at group level to corroborate our assessment that there were no risks of material misstatements within those components.

- In the context of the Company's consolidated financial reporting we have considered its Internal Control Framework, including the IT environment. We focused particularly on relevant controls addressing significant risks of material misstatement and relied on controls where we deemed this to be the most efficient and effective audit approach. We evaluated Wessanen's response and mitigating actions to address any ineffective elements identified in their system of internal controls as disclosed on page 58 of the integrated annual report.

The group audit team provided detailed instructions to all auditors of the significant group entities, including details about the relevant significant audit risks of material misstatement, and set out the information required to be reported to the group audit team. We developed a plan for overseeing each audit team based on its relative significance to the Company. This included procedures such as visiting the significant foreign Wessanen group entities and local audit teams (France and United Kingdom). We performed file reviews and joined closing meetings for all group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

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

Accounting for customer incentives and reported net revenues

Key audit matter

Auditing standards require us to consider a presumed fraud risk associated with the Company's revenue recognition. The accounting for customer incentives, including trade promotions and volume rebates, require management judgement to determine the timing of subsequent settlement with customers.

Our audit response and observation

We addressed this presumed fraud risk by focusing on the estimates of customer incentive allowances at year-end, which impact net revenues recognized during the period. We evaluated the Company's internal controls relating to management's process for determining their estimates of customer incentive allowances. In addition, we performed substantive testing and analytical procedures to test the accuracy and completeness of the underlying calculations of the recorded accruals as at year-end. These procedures included challenging the appropriateness of management's assumptions, agreeing input data to underlying customer arrangements and back testing to assess the accuracy of prior period accruals retrospectively. Without any further observations to report, revenue recognition policies and the level of judgement required are adequately disclosed in the notes to the consolidated financial statements (Notes 2 and 3), which includes the impact of adopting IFRS 15 "Revenue recognition" as of 1 January 2018.

Discounted cash flow projections used for annual impairment testing of goodwill and brands

Key audit matter

Through acquisitions the consolidated balance sheet includes a significant amount of goodwill and brands. These assets are not amortized, but are tested for impairment at least annually. Management's annual impairment test was significant to our audit because this assessment process is complex and a certain degree of judgement is applied using various assumptions in respect of future market and economic conditions such as revenue growth, gross margin developments, discount rates and long-term inflation.

Our audit response and observation

Our audit procedures focused, amongst others, on the robustness of the projected cash flows prepared by management. We have challenged management's assumptions based on the approved 2019 budget and consistency with historical trends in financial performance, market developments and specific business plans. We also analysed the sensitivity in the available headroom for the cash generating units ('CGU'), evaluating whether a reasonable change in assumptions could cause the carrying amount to exceed its recoverable amount. Corporate finance experts were consulted to assist us in validating the methodologies and certain assumptions applied by management to determine the recoverable amounts for goodwill and brands. We assessed the adequacy of the disclosure about those assumptions for the CGU's Branded-Spain and an Italian brand (Note 14) to which the outcome of the impairment test is most sensitive.

Acquisition of Abbot Kinney's

Key audit matter

On 10 September 2018 Wessanen acquired 100% of the shares of Abbot Kinney's. As a non-routine transaction this acquisition was significant to our audit. The recognition and measurement of the acquired assets and assumed liabilities are subject to management judgement.
The allocation of the purchase consideration remains provisional as of 31 December 2018 and a total amount of €12.5 million of goodwill was recognized. The acquisition includes an expected pay out for contingent consideration in 2021, ('Earn-out'), which is considered an important estimate to determine the total purchase price as the valuation depends on realizing certain future revenue and ebitda thresholds.

Our audit response and observation

We have examined, amongst others, the purchase agreement and assessed whether the correct accounting treatment has been applied and appropriate disclosures (Note 5) have been provided. We specifically challenged the robustness of the projected growth by Abbot Kinney's which is leading in management's assumptions to determine the Earn-out liability. In consultation with our corporate finance experts we validated the methodology and assumptions used by management to satisfy ourselves with their estimate of the fair value of this liability as per year- end.

Report on the other information included in the integrated annual report

In addition to the financial statements and our auditor's report, the integrated annual report contains other information that consists of:

- Report of the Executive Board.
- Report of the Supervisory Board.
- Other information as required by Part 9 Book 2 of the Dutch Civil Code.
- Other information included in the integrated annual report.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of other information, including the Report of the Executive Board and the Report of the Supervisory Board in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the Supervisory Board as auditor of Koninklijke Wessanen N.V. on 12 April 2017 for the audit for the year 2018 and have been the statutory auditor since the year 2010.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities for the financial statements

Responsibilities of Executive Board and Supervisory Board for the financial statements

The Executive Board 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 Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Executive Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions or users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or analytical procedures had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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 that key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 11 February 2019

Deloitte Accountants B.V.

R.A. Graaf

SGS

ASSURANCE STATEMENT

SGS NEDERLAND BV'S ASSURANCE OPINION ON SELECTED SUSTAINABILITY KPIs IN THE WESSANEN INTEGRATED ANNUAL REPORT FOR 2018

NATURE AND SCOPE OF THE ASSURANCE

SGS Nederland BV was commissioned by Wessanen to conduct an independent assurance of selected sustainability KPI data in their 2018 Integrated Annual Report. The scope of the assurance included 2018 data only for the following KPIs, contained in tables on pages 5, 48 and 75 of this report:

Organic products: % of net sales
Vegetarian products: % of net sales
Fair trade sales: tonnes
Finished products suppliers having signed Code of Conduct: % PTO
Finished products suppliers having GFSI approved Quality System: % PTO
Renewable electricity purchased: % of total electricity purchased
Scope 1 emissions from own operations and lease cars: tonnes CO_2e
Scope 2 emissions: tonnes CO_2e (net)
Women in Senior Management positions: % of Senior Management (headcount)

The information in the 2018 Wessanen Integrated Annual Report and its presentation are the responsibility of the directors and the management of Wessanen. SGS Nederland BV has not been involved in the preparation of any of the material included in the 2018 Wessanen Integrated Annual Report. Our responsibility is to express an opinion on the data within the scope of verification with the intention to inform Wessanen's stakeholders.

This report has been assured at a limited level of assurance according to ISAE3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, to evaluate veracity of specific KPIs as described in the scope above. SGS Sustainability Report Assurance protocols also utilise the Global Reporting Initiative (GRI) Principles of accuracy and reliability to enable robust evaluation of data subject to verification. The CO_2 emissions from own operations were assessed according to standard EN ISO14064-3:2012, combined with the requirements from the WRI/WBSCD GHG protocol and Wessanen's own methodology as given in Wessanen's Sustainability CO_2 emissions Procedure (version 8.1).

The assurance comprised a combination of pre-assurance research, interviews with relevant employees at Wessanen Head Office in the Netherlands, documentation and record review. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS Nederland BV affirm our independence from Wessanen, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders and confirm that our services are subject to independent 3rd party certification to ISO9001:2008. The assurance team was assembled based on their knowledge, experience and qualifications for this assignment and conducted the assurance in accordance with the SGS Code of Integrity.

ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, nothing has come to our attention that causes us to believe that the KPI data within the scope of our verification as reported by Wessanen in the 2018

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Integrated Annual Report is not, in all material respects, fairly stated. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

GOOD PRACTICE AND OPPORTUNITIES FOR IMPROVEMENT

During the verification process some examples of good practice as well as some opportunities for improvement in underlying processes were identified and reported to Wessanen with the aim of enabling a process of continual improvement in collection and reporting KPI data. It may be possible to roll out examples of good practice to other KPIs, or parts of the business and the opportunities for improvement identified may be considered for implementation during future reporting cycles:

Good Practice

- Collection of the majority of data using SAP enables central processing and evaluation to be undertaken and provides robust audit trails to investigate data accuracy and reliability;
- The systems implemented since the last verification to improve record-keeping in relation to supplier Quality systems have enabled the verification of an additional KPI on supplier performance which was not possible to verify in the last reporting cycle.

Opportunities for Improvement

- Procedures for entering information in SAP on product categories could be expanded to ensure clarity of requirements and completeness of data;
- Some opportunities exist to further improve interim checks on data being provided by sites during the reporting year, particularly where data is not provided via SAP, for example implementation of local reporting procedures and quarterly data submission to enable checking of trends in data;
- Implementation of interim internal checks of data back to source, such as invoices for energy data, during the reporting cycle to enable improved clarity and accuracy of final annual data provided by local sites;
- The scope of verification undertaken has potential to be extended to include underlying reporting processes, such as determination of material aspects, and evaluation of additional material KPIs.

Signed:
For and on behalf of SGS Nederland BV

RBowens

Rebecca Bowens
Lead Auditor
Sustainability Assurance Specialist
SGS United Kingdom Ltd

Henk Jan Olthuis
Climate Change Programme Manager
Environment, Health and Safety
SGS Nederland BV

February 2019

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'net sales' as referred to in the assurance statement equals 'revenue'.

2018, 2016 and 2015 figures and ratios are derived from the respective 2018, 2016 and 2015 consolidated financial statements. The 2017 and 2014 restated figures and ratios are derived from the 2018 respectively 2015 consolidated financial statements.

In € millions, unless stated otherwise	2018	2017 restated[1]	2016	2015	2014 restated[2]
Condensed consolidated income statement					
Continuing operations					
Revenue	628.4	624.4	570.0	523.0	430.6
EBITE	57.7	53.5	41.2	34.7	23.6
Operating profit	51.1	48.7	34.3	34.6	20.6
Net financing costs	(1.1)	(1.9)	(1.8)	(2.3)	(1.6)
Profit before income tax	50.0	46.8	32.5	32.3	19.0
Income tax	(14.0)	(10.8)	(9.7)	(4.5)	(7.6)
Profit from continuing operations	36.0	36.0	22.8	27.8	11.4
Profit/(loss) from discontinued operations, net of income tax	–	–	–	9.5	33.9
Profit/(loss) for the period, attributable to equity holders	36.0	36.0	22.8	37.3	45.3
Condensed consolidated statement of financial position					
Non-current assets	289.1	272.2	263.9	150.5	91.4
Current assets	196.8	204.8	194.8	192.6	204.3
Total assets	**485.9**	**477.0**	**458.7**	**343.1**	**295.7**
Equity	257.1	227.7	191.2	183.4	154.2
Non-current liabilities	84.2	84.4	102.8	19.1	12.4
Current liabilities	144.6	164.9	164.7	140.6	129.1
Total equity and liabilities	**485.9**	**477.0**	**458.7**	**343.1**	**295.7**

1 2017: 'Revenue' and 'Other operating expenses' have been restated for a reclassification of 'coupon expenses incurred and paid to consumers' following the adoption of IFRS 15 'Revenue from contracts with customers'. As a consequence, 'Revenue' has been reduced by the amount of €1.4 for 2017.

2 2014: 'Revenue' and 'Other operating expenses' have been restated for a reclassification of €(2.9) from 'Other operating expenses' to 'Revenue' (see Note 2 of the 2015 consolidated financial statements).

In € millions, unless stated otherwise	2018	2017 restated[2]	2016	2015	2014 restated[3]
Condensed consolidated statement of cash flows					
Operating result	**51.1**	**48.7**	**34.3**	**34.6**	**20.6**
Depreciation and amortisation	9.4	9.0	7.6	8.0	6.4
Impairments	5.6	0.9	0.2	0.7	–
Provisions created	0.8	4.1	11.0	5.1	5.2
Other non-cash and non-operating items	2.8	5.0	1.2	0.5	0.7
Changes in working capital	1.2	1.2	3.5	(6.2)	3.9
Payments from provisions	(2.8)	(11.8)	(6.4)	(3.2)	(4.9)
Changes in employee benefits	(0.3)	(0.3)	(0.2)	(0.3)	–
Cash generated from operations	**67.8**	**56.8**	**51.2**	**39.2**	**31.9**
Interest paid	(0.8)	(1.2)	(0.8)	(0.9)	(1.4)
Income tax paid	(12.6)	(13.5)	(12.4)	(12.0)	(6.8)
Operating cash flow from continuing operations	**54.4**	**42.1**	**38.0**	**26.3**	**23.7**
Operating cash flow from discontinued operations	–	–	–	(3.4)	8.5
Net cash from operating activities	**54.4**	**42.1**	**38.0**	**22.9**	**32.2**
Net cash from investing activities	**(20.8)**	**(11.6)**	**(121.0)**	**(9.3)**	**48.9**
Net cash from financing activities	**(21.5)**	**(26.2)**	**60.7**	**(18.3)**	**(68.7)**
Net cash flow	**12.1**	**4.3**	**(22.3)**	**(4.7)**	**12.4**
Ratios					
EBITE as % of revenue[1]	9.2%	8.6%	7.2%	6.6%	5.5%
Operating profit as % of revenue[1]	8.1%	7.8%	6.0%	6.6%	4.8%
Net profit as % of revenue	5.7%	5.8%	4.0%	7.1%	10.5%
Return on average capital employed (ROCE)[1]	15.9%	15.8%	15.7%	19.7%	17.0%
Net debt as % of total equity	18.7%	26.3%	43.7%	(9.5)%	(17.7)%
Leverage ratio	0.7	1.0	1.5	(0.4)	(0.7)
Capital expenditure as % of revenue[1]	2.1%	2.0%	1.3%	1.5%	1.1%

1 Continuing operations only.

2 2017: 'Revenue' and 'Other operating expenses' have been restated for a reclassification of 'coupon expenses incurred and paid to consumers' following the adoption of IFRS 15 'Revenue from contracts with customers'. As a consequence, 'Revenue' has been reduced by the amount of €1.4 for 2017.

3 2014: 'Revenue' and 'Other operating expenses' have been restated for a reclassification of €(2.9) from 'Other operating expenses' to 'Revenue' (see Note 2 of the 2015 consolidated financial statements).

Financial summary 2016–2018

Revenue in € millions

Net profit in € millions

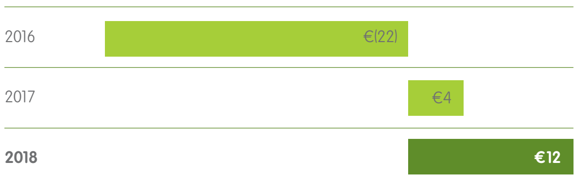
Total assets in € millions

Average capital employed in € millions

Total equity in € millions

Net debt in € millions

Net cash flow in € millions



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.

Operating mainly in the Benelux, France, Germany, Italy, UK and Spain, we manage and develop well-known local brands such as Allos, Alter Eco, Bjorg, Bonneterre, Clipper, Destination, el Granero, Gayelord Hauser, Isola Bio, Kallø, Mrs Crimble's, Tartex, Whole Earth and Zonnatura.

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 our 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 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 2019, 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 February 2019.

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 31 December 2018:

Harborside GP Limited	20-25%
Invesco Ltd.	3-5%
Groupama	3-5%
Standard Life Aberdeen Plc	3-5%
Oppenheimer Funds Inc.	3-5%
La Banque Postale Asset Management	3-5%

Coverage by brokers and banks

During 2018, eight brokers covered Wessanen, all based in the Benelux, except one. Research has been published from time to time, 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.

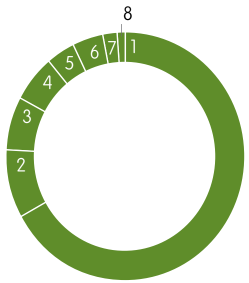
Development of the share price in €

Year	High	Low	Year end	Average daily volume traded
2018	**18.38**	**7.99**	**7.99**	**261,073**
2017	17.27	12.28	17.18	192,984
2016	13.37	6.97	13.31	192,044
2015	10.21	5.04	9.35	204,900
2014	5.54	2.84	5.25	220,700

Market capitalisation in € millions

Year	High	Low	Year end	Net debt/ (cash) year end	Enterprise value year end
2018	**1,407**	**612**	**612**	**48**	**660**
2017	1,314	928	1,307	60	1,367
2016	1,010	526	1,005	84	1,089
2015	771	380	706	(18)	688
2014	421	216	399	(27)	372

Volume traded per exchange 2018 in %

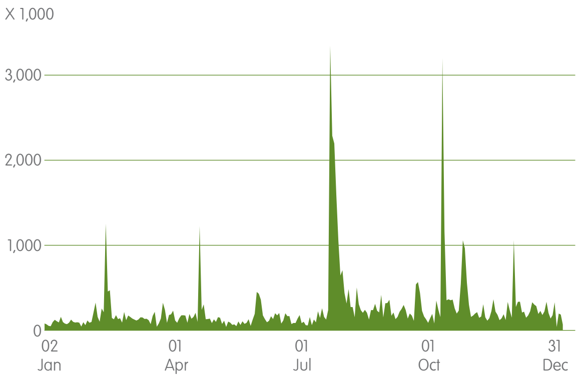


1. Amsterdam	67
2. Cboe CXE	9
3. Turquoise	7
4. Cboe BXE	6
5. Aquis	4
6. Cboe Periodic	4
7. Equiduct	2
8. Other	1

Source: Fidessa Group PLC

2018 trading volume (at Euronext)

261,073 average daily volume traded



Wessanen share price 2016 – 2018 in €

Peer group (TSR)

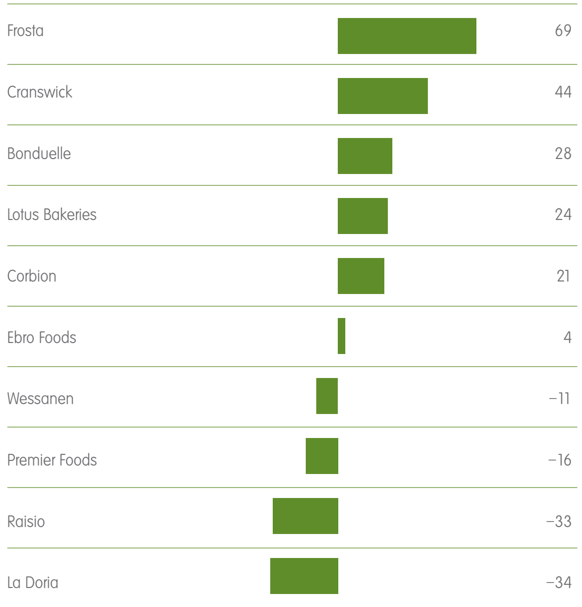
At Wessanen, we use performance shares granted under a Long Term Incentive Plan ('LTIP') which have a three-year horizon with a review date at the end of this period. Wessanen's performance is for 50% measured on the basis of its Total Shareholder Return ('TSR') in relation to its TSR peers and comprises 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.

For all running LTIPs, the Wessanen peer group consists of Bonduelle, Corbion, Cranswick, Ebro Foods, Frosta, La Doria, Lotus Bakeries, Premier Foods and Raisio.

It best reflects sector-specific competitors and the relevant market in which the Company competes for shareholder preference. The peer group is reviewed by the Supervisory Board each year.

As from 2015, Wessanen's performance is for the other 50% measured on the basis of Return on Invested Capital ('ROIC'). Accordingly, the performance conditions for the LTIP 2016-2018, 2017-2019 and 2018-2020 are ROIC (50%) and TSR (50%).

TSR 2016 – 2018 performance in %



Key figures (as reported in respective years)

In € millions	2018	2017	2016
Revenue	628.4	625.8	570.0
EBITE	57.7	53.5	41.2
Operating profit	51.1	48.7	34.3
Profit for the period	36.0	36.0	22.8
Cash generated from operations	67.8	56.8	51.2
Average capital employed	320.6	309.0	218.4
Total equity	257.1	227.7	191.2
Net debt	48.0	59.9	83.5

Key ratios (as reported in respective years)

	2018	2017	2016
Leverage ratio	0.7	1.0	1.5
Return on average capital employed	15.9%	15.8%	15.7%
Dividend yield	1.8%	0.8%	0.9%
Enterprise value to revenue	1.05	2.18	1.91

Per share data (as reported in respective years)

In €	2018	2017	2016
Revenue	8.21	8.23	7.55
EBITE	0.75	0.70	0.55
Operating result	0.67	0.64	0.45
Net profit	0.47	0.47	0.30
Dividend	0.14	0.13	0.12
Total equity	3.36	2.99	2.53
Net debt	0.63	0.79	1.11

Cash flow share (as reported in respective years)

In €	2018	2017	2016
Cash generated from operations	0.89	0.75	0.68
Net cash from operating activities	0.71	0.55	0.50
Net cash from investing activities	(0.27)	(0.15)	(1.60)
Net cash from financing activities	(0.28)	(0.34)	0.80
Net cash flow	0.16	0.06	(0.30)

Dividend policy

The dividend policy of the Company aims at creating value in the long-term. The objective of the dividend policy is to maintain a healthy financial structure and to retain sufficient earnings in order to execute Wessanen's four pillar strategy. Wessanen aims at paying out a dividend that is stable or growing over time. Before deciding to pay out dividend, Wessanen will assess whether more value could be created by (i) investing profit in the execution of Wessanen's strategy (such as investments in R&D, capital expenditures or acquisitions), (ii) improving Wessanen's financial position (debt repayment), or (iii) improving the position of its shareholders (share repurchasing). Accordingly, it may be decided not to pay dividend or to pay a lower dividend in any year in the future. 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.

2018 dividend proposal

In line with the dividend policy, it is proposed to the Annual General Meeting of Shareholders to pay a dividend of 14 eurocent per share. The dividend will be paid wholly in cash.

Dividend timetable

2019	
14 March	Record date
11 April	Annual General Meeting of Shareholders
15 April	Ex-dividend date
16 April	Dividend record date
18 April	Payment date

Key dates

2019	
11 April	Annual General Meeting of Shareholders
18 April	Q1 trading update
19 July	Q2 and semi-annual report
18 October	Q3 trading update

For analysts, investors (institutional and private), SRI specialists and media

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Acronyms

BRC – British Retail Consortium
CSR – Corporate Social Responsibility
GFSI – The Global Food Safety Initiative
ILO – International Labour Office
IFOAM – International Federation of Organic Agriculture Movements
IFS – International Food Standard
ISO – International Organisation for Standardisation
KPI – Key Performance Indicator
NGO – Non-Governmental Organisation
R&D – Research and Development
WHO – World Health Organisation

Definitions

B Corp – B Corp is to business what Fair Trade certification is to coffee or USDA Organic certification is to milk. B Corps are for-profit companies certified by the nonprofit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency.

Biodiversity – Biodiversity (contraction of biological diversity) is the variety of life on Earth. It refers to the wide variety of ecosystems and living organisms: species of plants, animals and micro-organisms.

Climate change – A change in global or regional climate patterns, in particular a change apparent from the mid to late 20th century onwards and attributed largely to the increased levels of atmospheric carbon dioxide produced by the use of fossil fuels.

Fair trade – Fair trade products are certified by a third party to standards for the development of disadvantaged producers and workers. These standards are set by the international body Fair Trade Labelling Organisations International (www.fairtrade.net).

Flexitarian – Flexitarian refers to a plant-based diet with the occasional inclusion of fish, meat or poultry products.

Full-time equivalents (FTEs) – FTEs is the total number of hours worked by the headcount divided by the local number of contract hours.

Genetically Modified Organisms (GMO or GM) – GMO are organisms with manipulated genes to introduce new, or alter existing, characteristics, or produce a new protein or enzyme.

Global Reporting Initiative (GRI) – The GRI is a multi-stakeholder process and independent institution whose mission is to develop and disseminate globally-applicable sustainability reporting guidelines for voluntary use by organisations that report on the economic, environmental and social dimensions of their business. The GRI incorporates participation of business, accountancy, investment, environmental, human rights and research and labour organisations from around the world.

Natural products – Natural products do not contain artificial additives (e.g. preservatives and artificial colouring) and natural products have been processed as little as possible. Under this definition, there is a degree of overlap between organic and natural products.

Organic products – Organic products are grown without synthetic pesticides, insecticides, herbicides, fungicides, hormones, fertilisers or other synthetic or toxic substances. Also, no artificial additives have been added. (Regulation EU 834/2007; EU889/2008 and EU 1235/2008).

The Roundtable on Sustainable Palm Oil (RSPO) – The RSPO is a global, multi-stakeholder initiative on sustainable palm oil products. Members of RSPO and participants in its activities come from many different backgrounds, including plantation companies, manufacturers and retailers of palm oil products, environmental and social NGOs and from many countries that produce or use palm oil products.

Scrapping – discarded or remove from service wasted material, especially metal suitable for reprocessing. Scrapping can bring monetary value.

Vegan – Veganism is a way of living which excludes all animal products, including eggs, dairy, beeswax and honey.

Vegetarian – Vegetarian refers to products without meat or meat by-products (such as meatstock and gelatine). Products may contain animal products such as eggs and dairy.

Waste – Waste is unwanted or unusable material, substances or by-product. Waste occur at different levels in our supply chain from the farm to the consumer home. In a circular economy, waste is considered as a future resource, so nothing will be lost and everything is to be transformed.

Cautionary statement regarding forward-looking statements

This Integrated 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 Integrated Annual Report are based on information available to the management on 11 February 2019. Wessanen assumes no obligations to publicly update or revise any forward-looking statements in this Integrated 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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Concept and realisation
C&F Report

wessanen
connecting to nature

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