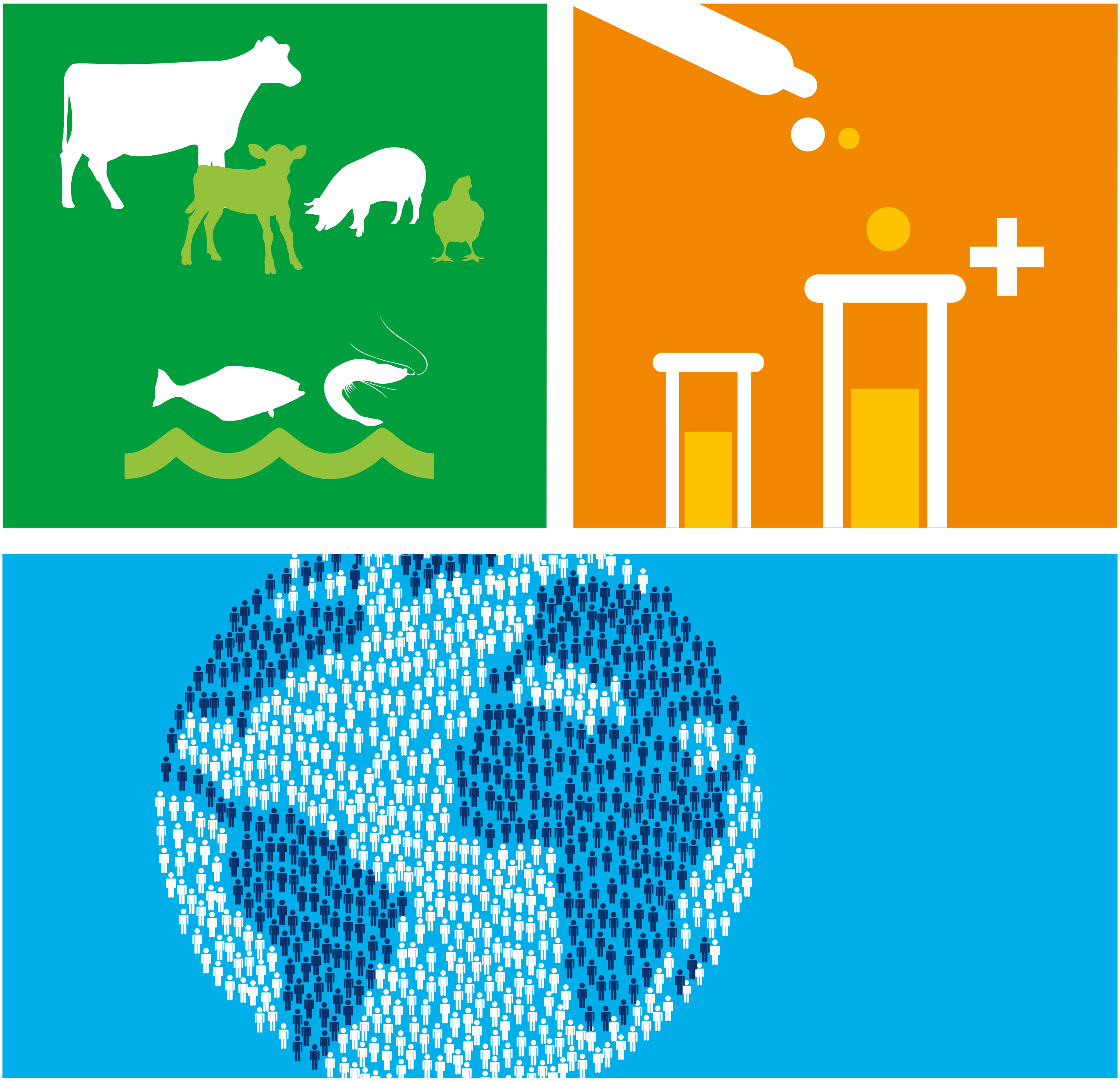
Feeding the Future

Integrated Report 2014



What we do

Nutreco is a global leader in animal nutrition and fish feed. Our advanced feed solutions are at the origin of food for millions of consumers worldwide. Quality, innovation and sustainability are guiding principles, embedded in the Nutreco culture from research and raw material procurement to products and services for agriculture and aquaculture.

Our mission

feeding the future

Our vision

In a world with limited natural resources and a growing population, there is a rising demand for high-quality meat, fish and shrimp. We will be the global leader in providing innovative and sustainable nutritional solutions that best support the performance of animals, fish and shrimp.

Our values

Introduction

About this report

Nutreco's 2014 Integrated Report combines our annual financial results with our sustainability reporting. The integrated annual report is Nutreco's most important report to stakeholders. The aim is a holistic report demonstrating the links between our strategy, governance, sustainability, business and financial performance, and the social, environmental and economic context in which we operate. In this way, this report provides useful insights into how our business is performing.

Reporting frameworks

Our integrated annual report, including our financial statements, conforms to the requirements of relevant local and international statutory and reporting requirements. The sustainability reporting framework and indicators align to the Global Reporting Initiative (GRI) G3 Guidelines. GRI verified that the report has been prepared according to the GRI Guidelines, at Application Level B+. Nutreco also received reasonable assurance from our auditors on the full text of the Sustainability chapter.

In preparing our report, we were guided in part by the International <IR> Framework issued by the International Integrated Reporting Committee (IIRC) in December 2013. We will increasingly embed the guiding principles and fundamental concepts contained in the International <IR> Framework to best serve the information needs of our stakeholders.

Integrated reporting continues to evolve rapidly and we expect to continue to make further improvements in the manner and quality of our reporting, including working towards reasonable assurance on all sustainability data over time. We welcome feedback on how we might improve our approach.

The PDF version of our integrated report is available on our website www.nutreco.com.

Integrated thinking

Our ability to create value depends on certain forms of capital, how we use them and our impact on them. One such model is the capitals model, which can be applied to managing and assessing Nutreco's ability to create value over time.

Financial capital

Financial capital is the money, including equity and debt, we obtain from providers of capital that we use to support our business activities and invest in our strategy.

Human capital

Human capital refers to the selection, management and development of our people so they can utilise their skills, capabilities, knowledge and experience to improve and develop products and services for our customers.

Manufactured capital

Manufactured capital is our tangible and intangible infrastructure that we use to conduct our business activities.

Intellectual capital

Intellectual capital includes the knowledge of our people and our intellectual property, brands and reputation.

Social capital

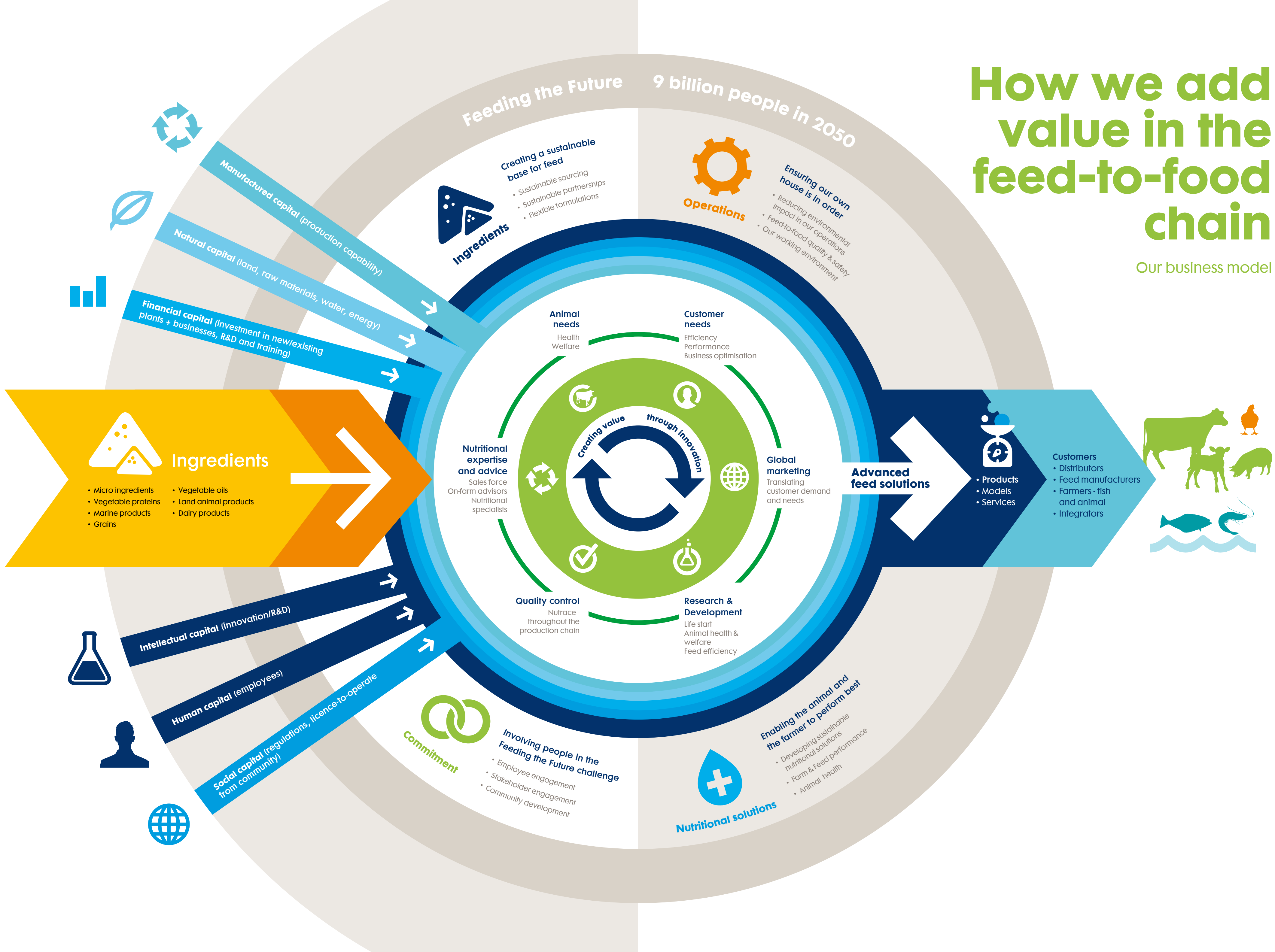
Social capital is the cooperative relationships with our customers, capital providers, regulators and other stakeholders that we create, develop and maintain to remain socially relevant and operate as a responsible corporate citizen.

Natural capital

Natural capital relates to the natural resources on which we depend to create value and returns for our stakeholders.

How we add value in the feed-to-food chain

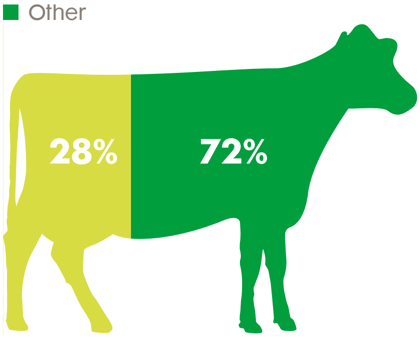
Our business model



At a glance

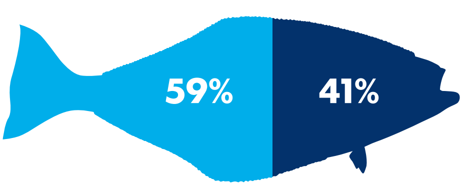
Animal Nutrition EBITA

Growth geographies
Other

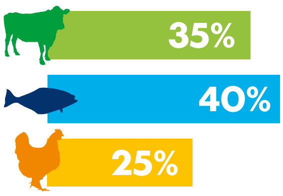


Fish Feed volumes

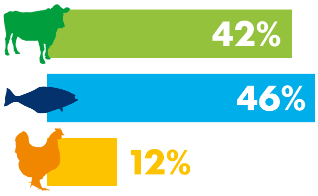
Salmonid
Non-salmonid



Revenue



EBITA



Percentage of raw material spend covered by supplier code

year-end

85%

Number of global products assessed by NutrECO-line

year-end

6

e-learning sustainability module completion rate

year-end

94%

Key figures

Revenue € x million

5,253

Operating result before amortisation and exceptional items (EBITA) € x million

266

Results after tax € x million

154

Basic earnings per share €

2.21

Dividend per ordinary share €

1.05

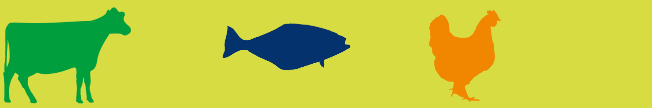
Number of employees FTE
At year-end

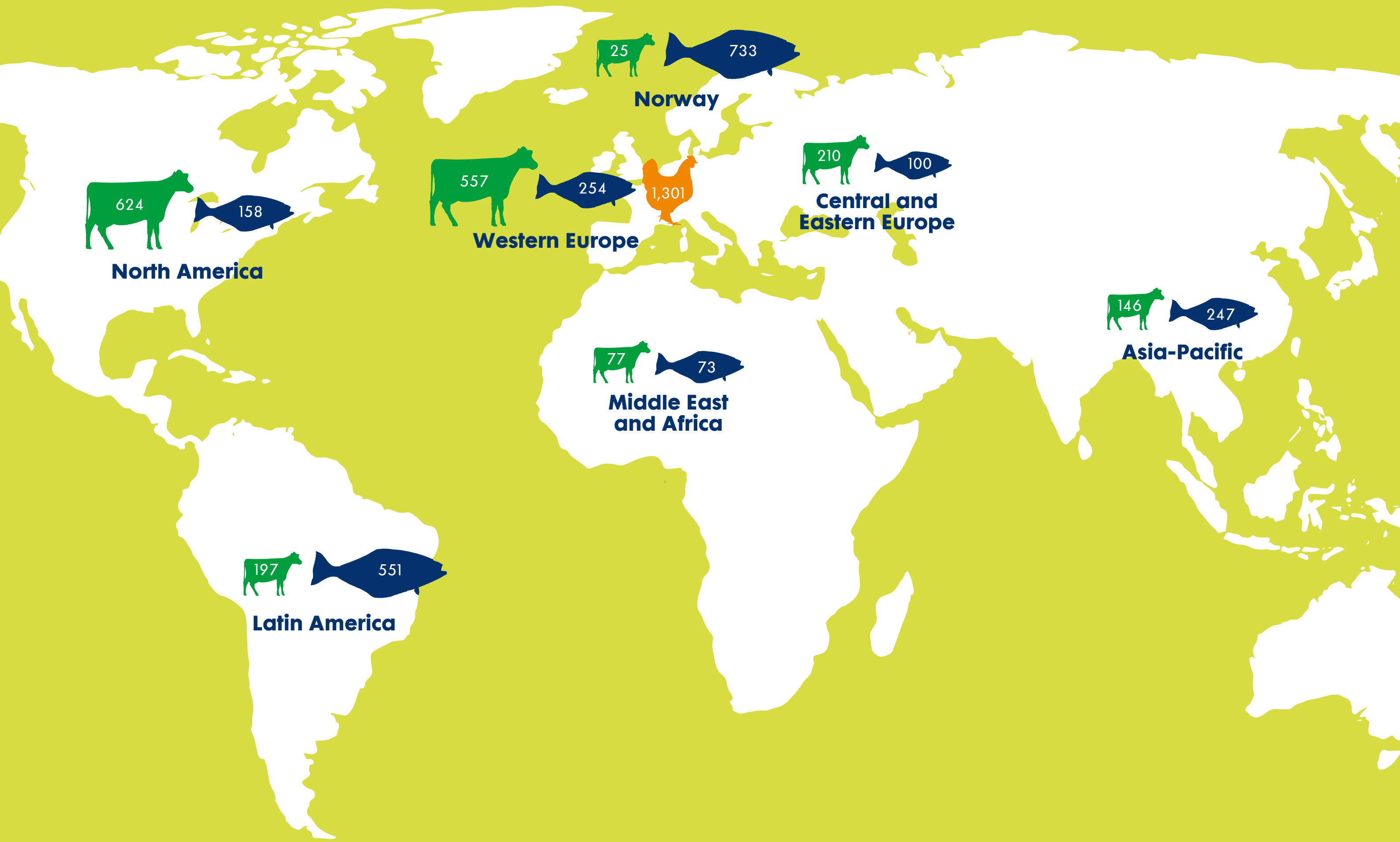
11,005

Worldwide

Segment revenue by region in 2014
(€ x million)

Animal Nutrition | Fish Feed | Compound Feed & Meat Iberia





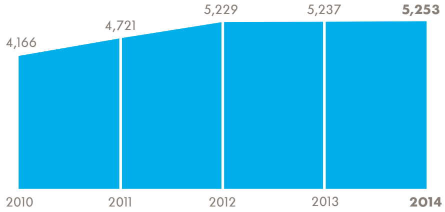
Geographical allocation of employees
year-end in FTE

3,146	Spain	668	The Netherlands	353	Vietnam
1,116	Canada	504	Ecuador	311	United Kingdom
1,109	Brazil	481	Chile	286	USA
751	China	372	Norway	1,908	Other countries

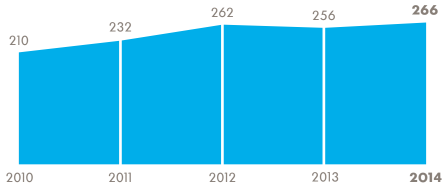
Key figures

	2014	2013
Consolidated statement of comprehensive income (€ million)		
Revenue	**5,253.0**	5,237.2
Operating result (EBIT)	**235.8**	229.3
Operating result before amortisation and exceptional items (EBITA)	**266.4**	256.3
Operating result before depreciation and amortisation (EBITDA)	**327.0**	316.1
Result after tax	**153.8**	150.8
Total result for the period attributable to owners of Nutreco	**152.0**	150.2
Consolidated statement of financial position (€ million)		
Equity attributable to owners of Nutreco	**960.2**	942.2
Balance sheet total	**2,807.1**	2,619.3
Average capital employed	**1,354.5**	1,277.1
Net debt position	**-414.8**	-348.9
Cash flow (€ million)		
Net cash from operating activities	**240.4**	162.9
Acquisitions/disposals of subsidiaries	**-55.2**	-74.3
Acquisition of property, plant and equipment and intangible assets	**-92.3**	-111.0
Sustainability		
Percentage of raw material spend covered by supplier code	**85%**	80%
Ratios		
Operating result before amortisation and exceptional items (EBITA) as % of revenue	**5.1%**	4.9%
Return on average capital employed	**19.7%**	20.1%
Solvency ratio (equity attributable to owners of Nutreco divided by balance sheet total)	**34.2%**	35.9%
Key data per share (€)		
Basic earnings per share	**2.21**	2.18
Dividend	**1.05**	1.00
Share price at year-end	**44.49**	36.11
Other key data		
Average number of outstanding shares (thousand)	**68,685**	68,768
Number of outstanding shares at year-end (thousand)	**67,138**	68,868
Average number of employees	**10,489**	10,036
Number of employees at year-end	**11,005**	10,231

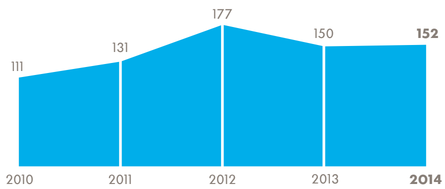
Revenue
€ million



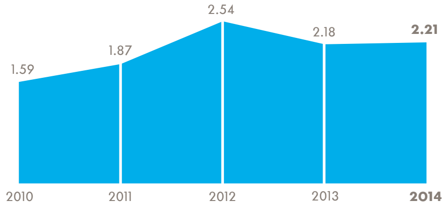
Operating result before amortisation and exceptional items
€ million



Total result for the period attributable to owners of Nutreco
€ million



Basic earnings per share
€



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CEO statement

The year 2014 has been a year with several important developments for Nutreco. We achieved higher financial results than in 2013, in line with our expectations. We developed innovative products for our customers and expanded our global products portfolio. We made organisational improvements to enhance our leadership position in animal nutrition and fish feed and we invested in our global people and talent management programme. Finally, our shareholders received a cash offer from SHV for their Nutreco shares.

SHV offer for Nutreco

On 19 September 2014, Nutreco received an initial, unsolicited, proposal for all the shares of Nutreco from Dutch privately owned multinational SHV. The Nutreco Board subsequently followed a thorough process which led to the announcement of a recommended cash offer for Nutreco at an offer price of € 40 (cum dividend) per ordinary share on 20 October 2014. After Nutreco received a letter with an expression of interest from Cargill, the offer price was increased by SHV to € 44.50 (cum dividend) per ordinary share on 10 November 2014. Cargill never made an offer and informed the markets on 23 December 2014 that it would no longer pursue an acquisition of Nutreco.

Knut Nesse
Chief Executive Officer

"We have the right people and the right strategy in place to achieve our mission of 'Feeding the Future'."

On 5 December, we published our Position Statement and SHV its Offer Memorandum, while launching its recommended cash offer. The Position Statement provides more insight into the support of the Executive Board and the Supervisory Board of Nutreco for the SHV offer; the process which has been followed, including the key events that have occurred; the financial and strategic merits and the reasoned opinion of the Boards in recommending the SHV offer.

SHV increased their offer price to € 45.25 (cum dividend) per ordinary share on 30 January 2015 and announced that significant shareholders APG and NN had committed to tendering their Nutreco shares under the offer.

On 9 February 2015, we will discuss the SHV offer with our shareholders at the Extraordinary General Meeting of shareholders (EGM). The offer period ends on 17 February 2015. Further information on the offer can be found on our website.

Results

The EBITA result before exceptional items in 2014 of € 266.4 million was 3.9% better than last year. Results improved in our Animal Nutrition segment, as well as our Fish Feed segment, despite challenges in certain markets and adverse foreign currency impacts. Our Compound Feed & Meat Iberia segment had to cope with lower meat prices in the second half of the year, which has impacted the results.

Our Animal Nutrition segment had positive volume growth and improved margins. These developments were driven by good performances in both growth geographies and mature markets, as well as in certain product categories such as young animal feed. One of the key performance indicators for this segment is our operating margin, which continues to improve, driven by the expansion of our portfolio of globally branded products. In the animal nutrition market, we see continuing trends of specialisation, integration and increased requests from customers for advice and services, all of which offer Nutreco good opportunities to benefit from its focus on innovation and application solutions.

Our Fish Feed segment was impacted by lower sales in Norway as a result of lower volumes to Marine Harvest, as anticipated. We retained the number one position in salmonid feed, underscoring our leading position in developing innovative feed products for the most advanced species. With Skretting, we have a global brand and produce feed in 16 countries for over 60 species. Our Norwegian business represents approximately 10% of total Nutreco operating profit. Norway will always be important from an innovation perspective, with the firm intention to remain the market leader in salmonid feed. More than 70% of Fish Feed production takes place outside of Norway and we expect this volume to grow further. Our non-salmonid feed volumes grew strongly with a solid contribution from Ecuador. The volume share in revenues of fish feed for non-salmonid species is now 41% compared with 38% in 2013 as a direct result of our strategy to diversify our portfolio into non-salmonid species especially through acquisitions. The potential of feed for shrimp, tilapia and other non-salmonid species will continue as fish farming practices improve. This will encourage further demand for higher quality fish feed, which we are able to offer, in part, due to our ability to leverage the innovations that we have already developed for salmon feed.

The results in the Compound Feed & Meat Iberia segment are less satisfactory, mainly due to lower meat sales prices in the second half of the year. At the beginning of the year, we started a process to explore a possible divestment for this segment. During the process, we continuously operated with the clear intention that any valuation for the businesses should reflect their market-leading positions, solid financial results and future potential. As these discussions developed, it became clear that no fair value could be obtained at the current time. Accordingly, as we communicated on 11 June, the divestment process was halted in the best interests of all stakeholders; these businesses are now again reported as continued operations. The Iberian businesses are well-managed and combine market leadership with operational excellence. An important theme this year was the progress of the disengagement process by a significant customer of our poultry meat business. The Compound Feed & Meat Iberia segment is making good progress in replacing these poultry volumes with alternative customers. We have successfully replaced approximately 75% of these volumes to date.

‘Driving sustainable growth’ strategy

Sustainable feed products driven by innovation

Our innovation agenda has made significant progress this year in five specific areas: young animal feed for swine, young animal feed for ruminants, animal health products, feed additives and shrimp feed. These five areas have received additional investment and resources. We have worked hard to develop and launch global products driven by the value these products can deliver to our customers.

We developed and implemented a substantial part of the new global feed additives strategy. We have further strengthened this part of our organisation by creating over 30 new feed additive positions worldwide. These experts will increase Nutreco's capacity to be closer to the marketplace and our customers. We have defined our global product portfolio, currently consisting of products in young animal feed, feed additives and animal health. These product champions have been registered in additional geographies, are given additional product marketing and communication focus and our local sales staff and distribution channels are folding them into new customer-specific propositions.

Our innovation agenda cannot succeed without close cooperation with customers and suppliers. To this end, we have continued to initiate strategic partnerships in areas such as sourcing ingredients, product development and knowledge sharing. In the fourth quarter, we renewed an important strategic partnership with European compound feed customer ForFarmers. The partnership covers the purchase of premixes, additives and specialties as well as a close working relationship on research, innovation and the marketing of high-quality nutritional solutions, for example within the young animal feed sector. This partnership is an example of an alliance that will result in better returns for our customers.

We have also realised good progress on sustainable sourcing and internal commitment: 537 suppliers, representing 85% of our raw material spend, have signed our Supplier Code of Conduct and we have achieved a 94% completion rate on the sustainability e-learning module.

In July we announced the investment in a new calf and beef cattle research unit in the Netherlands. The facility expands the trial capacity for developing innovations and will enable Nutreco's animal nutrition business to increase its presence in the global market for ruminant nutrition. The centre will also contribute to LifeStart, Nutreco's new young animal nutrition programme that was launched in October.

Strategy execution in emerging markets

A core element in our strategy is the focus on growth geographies. We have continued to invest in our existing businesses. We are investing € 15 million in Asia with the construction of new premix facilities in Indonesia and Vietnam and remodelling our premix facility in China. In June, Nutreco entered into a fish feed joint venture in Nigeria that will invest in the local production of extruded fish feed for Nigeria as well as the wider West African region. In December, we announced the acquisition of two animal nutrition companies in Brazil. Fatec and BRNova supply premixes and animal health products and are good strategic fits, complimentary to our existing Brazilian business. With these two acquisitions, Nutreco increases its presence in Brazil, the third largest animal nutrition market in the world, growing annualised revenues from around € 110 million to approximately € 185 million.

Organisational improvements and people management

Over the year, we have put significant effort into adjusting our organisational and management structure to be able to meet the challenges of executing our strategy. We have de-layered the organisation to make it even more customer- and market-driven. This has meant a reorganisation with two elements. First, key functional areas such as innovation, partnership management, global marketing, sourcing and human resources are now anchored globally. Secondly, the business structure now consists of two global business units (Salmon Feed & Fish Feed Southern Europe and Feed Additives) and three regional business units (Americas, Asia and EMEA) that provide enough scale and execution power to accelerate growth into these markets. Nutreco's employees have responded very well to this reorganisation.

Early in 2014, Nutreco embarked on an ambitious goal of building a culture that integrates Nutreco globally and creates a long-term foundation to achieve our mission of 'Feeding the Future'. The new set of values - innovative, collaborative, capable and caring - have begun to be embedded into the organisation. Culture change takes time and we are pleased with the enthusiastic reaction of our people who are embracing these new values and applying them in their day-to-day business. Some 80 culture champions support us in implementing our values through the introduction of impressive local plans. In addition, we have launched the Nutreco Academy, which is our learning programme agenda. This will target the capacity development of our people with a focus on leadership development, business excellence and operational excellence. We have also invested in a new global HR system to allow us to better connect performance and reward across the organisation.

AquaVision

In June, we organised our 10th biennial AquaVision conference in Stavanger, Norway, for stakeholders in the global aquaculture value chain with more than 400 delegates from 45 countries. Keynote speaker Sir Bob Geldof spoke of his support for the responsible and managed implementation of sustainable aquaculture. The theme of AgriVision 2015, Nutreco's conference for stakeholders in the agriculture value chain, is 'Bridging the gap'. Former US Secretary of State Dr Madeleine Albright will be keynote speaker. The conference will be held 16-18 June 2015 in the Netherlands.

Feeding the Future

The developments in 2014 make us even more convinced that we have the right strategy and the right people in place to fulfil our mission 'Feeding the Future'. In the years ahead we will continue to execute our 'Driving sustainable growth' strategy. To fuel this strategy, Nutreco will continue its focus on innovative, sustainable feed solutions and geographical expansion.

In a challenging environment, I would like to record my sincere appreciation to all Nutreco employees. Only through the hard work of our people and by delivering high-quality feed products and services to our customers were we able to report these good results in 2014. I thank all of our people for their contributions in the past year and believe Nutreco is well prepared to continue its sustainable growth in the years ahead.

Knut Nesse

Knut Nesse
Chief Executive Officer

Track record & highlights

Innovation and sustainability highlights

2014 Progress in responsible supply chain
More than 85% of Nutreco's direct procurement spend have signed our Supplier Code of Conduct

2013 New methodology completed
New methodology to assess the sustainability of our nutritional solutions established

2012 Integrated reporting
Sustainability reporting integrated in the annual report

Since 2011 Sustainability Vision 2020
Integrated strategy for raising the sustainability dimension through to 2020

Since 2009 Feeding the Future
Our mission is Feeding the Future. Establishment of Innovation and Sustainability Committee in Supervisory Board in 2009

Since 2004 Innovative feed solutions
Addressing scarcity of raw materials, animal health and economic performance. Examples include MicroBalance, Vivalto and Presan

Since 2002 Nutrace
Feed-to-food quality strategy with quality standards, tracking and tracing, monitoring and risk management

Since 2000 Sustainability
First sustainability report in 2000

Since 1996 AquaVision and AgriVision
Stakeholder conferences to discuss challenges and opportunities in agriculture and aquaculture

Operational highlights

2014 SHV announces a recommended cash offer for all shares of Nutreco
SHV, a privately owned company with a long-term focus and commitment, launches an offer to buy Nutreco. The Executive Board and the Supervisory Board of Nutreco support the offer

2014 Nutreco acquires two Brazilian premix and feed specialties companies
Acquisition of Fatec and BRNova completes species, product and geographic coverage in Brazil

2013 Acquisitions Gisis and Hendrix Misr
Acquisition of 75% of Gisis in Ecuador takes Nutreco to global top 3 shrimp feed producer. Shareholding increased to 100% of Hendrix Misr in Egypt

2012 Divestment Hendrix
Nutreco completes divestment of Hendrix (compound feed activities in the Netherlands, Belgium and Germany)

2011 Driving sustainable growth
Strategy updated with focus on premix, feed specialties and fish feed and growth geographies Latin America, Russia, Asia and Africa

Since 2006 Acquisition of feed companies
Acquisition of feed companies in growth geographies (Bellman and Fri-Ribe in Brazil, Shihai in China, Tomboy in Vietnam) and divestment of global fish farming and meat processing activities in the Benelux

2005-2011 Rebalancing for growth
Rebalancing for growth: strategic transformation from an integrated company active in feed, farming and meat processing to an animal nutrition and fish feed company

1997 Public listing
Nutreco listed on the Amsterdam Stock Exchange. Total shareholder return of over 850% since 1997

1994 Nutreco founded
The name reflects our activities and concerns: Nutrition, Ecology and Economy

Our Executive Board and Executive Committee

Knut Nesse (1967, Norwegian)
Chairman of the Executive Board and Chief Executive Officer

Appointed: 30 June 2009
Reappointed at the AGM of 28 March 2013 for a second term of four years, expiring on 30 June 2017
Knut started his career in 1992 with the Scana group in Stavanger and joined Skretting Norway in 1995 as Controller. In 1997, he moved back to the Scana group to take up a two-year assignment as Finance Director of their joint venture in China and returned to Skretting in 1999, first as Controller and subsequently in various management positions. In 2006, he moved to Chile and was appointed Managing Director of the Skretting Salmon Feed business. Knut was appointed member of the Executive Board of Nutreco N.V. on 30 June 2009. On 1 August 2012, he was appointed Chief Executive Officer and Chairman of the Executive Board of Nutreco N.V.

Knut obtained an MBA degree from the Norwegian School of Economics and Business Administration, where he subsequently also attended the senior management programme.

Gosse Boon (1959, Dutch)
Member of the Executive Board and Chief Financial Officer

Appointed: 1 April 2011, for a first term of four years, expiring on 1 April 2015
Gosse started his career in 1983 with Unilever. In the period 1991-2000, he was Corporate Controller in the USA and subsequently Financial Director/CFO of Unilever in Chile and Brazil, respectively. In these positions, he was responsible for a series of mergers and acquisitions. In the period 2000-2004, he was General Manager/CEO of Johnson Diversey Netherlands. In the period 2006-2009, he was CFO of the Van Gansewinkel Group. In June 2010, he started at Nutreco as Programme Manager of the Unite project. On 1 April 2011, he was appointed member of the Executive Board of Nutreco N.V. and on 26 September 2011 he was appointed Chief Financial Officer of Nutreco N.V.

Gosse graduated from the Erasmus University Rotterdam, the Netherlands, as a business economist as well as business lawyer. In 1985, he obtained his degree as Certified Public Accountant. Gosse is a member of the Supervisory Board of IDH, the Sustainable Trade Initiative.

[1] Executive Board members Knut Nesse and Gosse Boon are also part of the Executive Committee. The Committee is chaired by Knut Nesse.

Martijn Adorf
(1968, Dutch)
Managing Director Business Unit Feed Additives
Martijn joined Nutreco in 2013 as BU Managing Director Feed Additives/Selko. He previously worked for DSM in various global management positions, predominantly in the (Human) Nutrition area. He started his career in AkzoNobel in Pharma and Diagnostics in various commercial and management roles. Martijn studied Chemistry at Nijmegen University (The Netherlands).

Gerd Botter
(1973, Dutch)
Chief Human Resources Officer
Gerd joined Nutreco in 2001. He started his career in 1997 with Royal Schouten Group, where he became Sales Manager North West Europe. Within Nutreco, he has held various positions in marketing, sales, commercial and general management in the Netherlands and Spain. Gerd studied Business Administration in Dronten (the Netherlands) and holds an executive MBA from ESTEMA Business School in Valencia (Spain).

Viggo Halseth
(1958, Norwegian)
Chief Innovation Officer
Viggo joined Nutreco in 1984. He has a longstanding career in Nutreco and had various positions in marketing, general and business unit management within Skretting. He was appointed Chief Operating Officer Aquaculture and member of the Executive Board in August 2012, from which he stepped down in February 2014 due to Nutreco's organisational change. Viggo studied Animal Husbandry at the Agriculture University of Norway and Marketing and Strategy Development at the Norwegian Business School.

Samson Li
(1972, Chinese)
Managing Director of the Business Unit Asia
Samson joined Nutreco in 2014 and previously worked for Novus International, an animal health and nutrition company, where he held various management positions from 2001, most recently as a member of the Executive Leadership Team and Vice President Sales & Marketing. Samson holds an MBA and a Bachelor of Science degree, minoring in chemistry and minor in economics, from the Chinese University of Hong Kong.

Steven Rafferty
(1963, Scottish)
Managing Director Business Unit Salmon Feed and Fish Feed Southern Europe
In 1993, Steven started as Group Treasurer for Marine Harvest, a leading seafood company which, at that time, was part of Nutreco. From 2005 to 2007, Steven was CFO of Marine Harvest. In 2008, he started as CFO with Cermaq ASA. From 2010 to 2012, he worked as CFO for Morpol ASA. In 2012, Steven joined Nutreco as Managing Director of the Business Unit Skretting Americas & UK Norway. Steven is a Chartered Management Accountant.

Hugues Le Ruz
(1955, French)
Managing Director of the Business Unit Americas
Hugues joined Nutreco in 1982, directly after he finished his studies. He started working in the division Animal Nutrition, for Trouw Nutrition in France. In 1999, he joined Skretting, Nutreco's Fish Feed division, in Chili. Since then he has held management positions within Skretting in Europe, America and Asia. Hugues holds a Master's degree in Biochemistry and a doctorate in Fish Physiology.

Harm de Wildt
(1962, Dutch)
Managing Director of Business Unit Europe, Middle East and Africa (EMEA)
Harm joined Nutreco in 2001 as Managing Director of the fast growing Business Unit Trouw Nutrition. Before joining Nutreco Harm worked from 1988 to 2001 for ADM Cocoa, a world market leader in processing and marketing industrial speciality and commodity cocoa products. Harm holds a Master's degree in Industrial Agriculture Business Economics and Marketing from the University for Agricultural Sciences in Wageningen.

Financial results

- Revenue of € 5,253.0 million; an increase of 0.3% compared to 2013. Organic volume growth was 2.2%
- EBITA before exceptional items of € 266.4 million; 3.9% higher than last year (2013: € 256.3 million)
- Animal Nutrition EBITA increased by 12.0% to € 125.0 million (2013: € 111.6 million) mainly as a result of good performances in mature markets and our continued focus on higher value-added nutritional solutions. The EBITA margin improved to 6.8% (2013: 6.2%)
- Fish Feed EBITA increased by 2.8% to € 134.3 million (2013: € 130.6 million) mainly driven by the contribution of the operating companies in Ecuador and Egypt, which were acquired in 2013. The EBITA margin decreased slightly to 6.3% (2013: 6.5%)
- Compound Feed & Meat Iberia EBITA of € 34.9 million was 14.0% lower than last year (2013: € 40.6 million) mainly due to lower meat prices in the second half of the year
- Total dividend proposal of € 1.05 (2013: € 1.00). Pay-out ratio 45% (2013: 45%). The interim dividend is € 0.30
- Acquisitions in Nigeria and Brazil and capital investments in new plants in Asia and Africa will strengthen Nutreco's presence in growth geographies

Key figures

(€ x million)	2014	2013	Δ%
Revenue (third parties)	**5,253.0**	**5,237.2**	**0.3**
EBITDA before exceptional items	**327.0**	**316.1**	**3.4**
EBITA			
Animal Nutrition	125.0	111.6	12.0
Fish Feed	134.3	130.6	2.8
Compound Feed & Meat Iberia	34.9	40.6	-14.0
Corporate	-27.8	-26.5	-4.9
EBITA before exceptional items	**266.4**	**256.3**	**3.9**
Total result for the period	**153.8**	**150.8**	**2.0**
Basic earnings per share from continuing operations (€)	**2.21**	**2.18**	**1.4**
Dividend per ordinary share (€)	**1.05**	**1.00**	**5.0**

Revenue

(€ x million)	2014	2013	Δ%
Animal Nutrition	**1,835.5**	**1,800.6**	**1.9**
Fish Feed	**2,116.3**	**2,022.3**	**4.6**
Compound Feed & Meat Iberia	**1,301.2**	**1,414.3**	**-8.0**
Revenue (third parties)	**5,253.0**	**5,237.2**	**0.3**

Revenue from Nutreco's continuing operations amounted to € 5,253.0 million, an increase of 0.3% compared with 2013 (€ 5,237.2 million). The volume increase of 2.2% was primarily driven by growth in Fish Feed and Animal Nutrition. The price effect was -1.0%. The contribution of acquisitions was 1.6%, which relates to the acquisitions of Gisis in Ecuador, Hendrix Misr in Egypt, Skretting Nigeria, and Fatec and BRNova in Brazil. The foreign exchange effect was -2.5% and mainly related to the Canadian dollar and the Norwegian krone.

EBITA before exceptional items

(€ x million)	2014	2013	Δ%
Animal Nutrition	**125.0**	**111.6**	**12.0**
Fish Feed	**134.3**	**130.6**	**2.8**
Compound Feed & Meat Iberia	**34.9**	**40.6**	**-14.0**
Corporate	-27.8	-26.5	-4.9
EBITA before exceptional items	**266.4**	**256.3**	**3.9**

EBITA before exceptional items increased by 3.9% to € 266.4 million (2013: € 256.3 million). The exceptional items amounted to € -16.5 million (2013: € -13.0 million) and consist of costs related to impairments in Spain, restructuring costs, and transaction related costs. The foreign exchange impact on EBITA before exceptional items was € -5.0 million (2013 € -9.5 million) and mainly related to the Canadian dollar and the Norwegian krone over the full year. There was a mitigating effect in the last quarter however as the euro weakened against all major currencies.

EBITA in the **Animal Nutrition** segment of € 125.0 million was 12.0% higher than in 2013 (€ 111.6 million). This increase was driven by better results in Europe, Middle East and Africa, mainly due to good performances of young animal feeds and feed additives. As a result of this performance, the EBITA margin increased to 6.8% (2013: 6.2%).

EBITA in **Fish Feed** was 2.8% higher at € 134.3 million compared with € 130.6 million in 2013. The higher EBITA in 2014 is mainly due to the contribution of the businesses in Ecuador and Egypt. The increase in salmonid feed volumes in the first half year was mainly caused by favourable growing conditions especially in Norway compared to the exceptionally cold seawater temperatures in 2013. The lower EBITA in the second half year was mostly due to lower sales in Norway (impact of Marine Harvest entry into salmon feed), partly offset by good performances in Ecuador, Egypt, Vietnam and Japan. The EBITA margin was slightly down in 2014 to 6.3% (2013: 6.5%).

Compound Feed & Meat Iberia segment's EBITA decreased by 14.0% to € 34.9 million (2013: € 40.6 million). The decrease was mainly related to lower meat prices in the second half of the year.

Corporate costs are 4.9% higher than in 2013 at € 27.8 million (2013: € 26.5 million).

Net financing costs
Net financing costs amounted to € 29.9 million (2013: € 31.9 million). Financial expenses were slightly lower at € 32.0 million (2013: € 34.7 million). Financial income was € 2.1 million (2013: € 2.2 million).

Income tax expense
Income tax expense increased from € 50.1 million to € 53.0 million. The effective tax rate is 25.6% (2013: 24.9%).

Result for the period
The total result after tax increased by 2.0% from € 150.8 million to € 153.8 million. Basic earnings per share increased by 1.4% to € 2.21 (2013: € 2.18). The total result for the period attributable to owners of Nutreco was € 152.0 million (2013: € 150.2 million).

Cash flow and investments
The cash generated from operations amounted to € 315.9 million (2013: € 242.1 million). Capital expenditure decreased from € 111.0 million to € 92.3 million. The capital expenditure was mostly related to investments in factories across different businesses to enable growth in new markets. Furthermore, Nutreco has invested in efficiency processes and capacity extension projects in more mature markets. This includes projects for (i) maintaining the quality level of Nutreco's asset base through upgrade and replacement projects, (ii) further automation of the packaging processes and (iii) additional production lines for extra capacity and the flexibility to use different raw materials. The total capital expenditure for expansion amounted to € 22.8 million in 2014, which mainly relates to expansion in Ecuador, Norway, Indonesia, China and Egypt. Other major investments were related to the 'Unite programme'. This programme is a key enabler to the achievement of the Nutreco Strategy 'Driving Sustainable growth' by delivering a Foundation for Better Business Performance. It will do so through standardisation and optimisation of business processes, management information and master data, supported by a single IT solution.

Cash position and capital structure
The net debt position as at 31 December 2014 was € 414.8 million compared to € 348.9 million as at 31 December 2013. The increase was mainly due to the additional share buyback programme and acquisitions in Nigeria and Brazil. Nutreco purchased 1,680,553 of its ordinary shares at an average price of € 29.28 per share, for a total consideration of € 49.2 million, with the purpose of optimising the efficiency of the balance sheet and to enhance future earnings per share. Total equity as at 31 December 2014 was € 983.4 million. The net working capital of € 300.8 million was € 25.6 million higher than as at 31 December 2013 (€ 275.2 million).

Strategy

Driving sustainable growth

Nutreco's strategy 'Driving sustainable growth' is to grow and improve profitability by providing innovative and sustainable nutritional solutions for its customers. This will be realised by focusing on a higher value-added portfolio of nutritional solutions such as premixes, feed specialties and fish feed, and by further expansion into the growth geographies of Latin America, Russia, Asia and Africa, which will see the largest increases in both production and consumption of animal protein food products. The strategy includes targets to meet our objectives in the focus areas described on the following pages.

A higher value-added portfolio of nutritional solutions

We aim to be the leader in the development and supply of higher value-added nutritional solutions that are tailored to meet unique on-farm requirements. We have combined our profound understanding of customer needs with technical know-how and product innovations in our Global Marketing teams, Animal Nutrition Research Centres and Aquaculture Research Centre. These innovation teams are responsible for developing, launching and marketing new products, models and services that meet our customers' needs.

Focus on premix, feed specialties and fish feed

Animal Nutrition

The rapid professionalisation of farming is fostering the demand for high-quality premixes and feed specialties, which are essential to the feed industry, integrators and large animal production farms that already have the raw materials, mixing facilities and land. Trouw Nutrition, an important part of Nutreco's animal nutrition business, supplies premixes and feed specialties from over 40 production facilities around the world. Given our strategy and investment focus, we aim for 3% organic volume growth and an EBITA margin increasing from 6 to 7% in the medium term. Over time, we expect 35% of Animal Nutrition EBITA to come from growth geographies. We aim to maintain our leadership positions in our mature markets.

Fish Feed

The global aquaculture industry is expected to see annual volume growth of 5% over the long term. In the past 30 years, average growth has exceeded 8%. Skretting, Nutreco's global fish feed business, is growing its salmonid feed production in line with the market and is becoming a global player in feed for non-salmonid species. The aim is to raise the volume share of non-salmonid feed from 28% in 2010 to 50% in the medium term. To achieve this, we will further expand our presence in Latin America, Asia and Africa. Thanks to its global presence, strong brands and focused strategy, Skretting plays a leading role in the expansion of the global aquaculture industry. Our medium term EBITA margin guidance for Fish Feed is between 6-7% of revenues.

Focus on Latin America, Russia, Asia and Africa

Rising demand for, and production of, agriculture and aquaculture products in the growth geographies of Latin America, Russia, Asia and Africa provide ample opportunities for Nutreco. The need for professional farming is driving increased demand for nutritional solutions. Nutreco is developing its business in these areas through organic growth and acquisitions that increase our local presence and leverage our global strengths.

Sustainability

Nutreco operates in markets challenged by major sustainability issues such as scarcity of resources, food safety, animal welfare, pollution, climate change, the loss of biodiversity and evolving governmental policies. As an essential link in the global feed-to-food chain, we are uniquely positioned to contribute towards the development of a more sustainable industry. It's our ambition to stay a frontrunner in sustainability in our sector. Our Sustainability Vision 2020 has set clear objectives in the areas of people, planet and profit that are an integral part of our overall strategy. More on this element of our strategy can be found in the Sustainability chapter on pages 28-41.

Our Sustainability Vision 2020 focuses on the following primary objectives:

- **Ingredients** Creating a sustainable base for feed
- **Operations** Ensuring our own house is in order
- **Nutritional solutions** Enabling the animal and the farmer to perform best
- **Commitment** Involving people in the 'Feeding the Future' challenge

Shared value commitments

Nutreco applies its knowledge of ingredients and the nutritional needs of animals and fish to gain optimum value from limited natural resources. In doing so, we are delivering on our commitments to stakeholders, which are at the heart of our strategy for sustainable growth. These commitments are as follows:

- **Customers** To create value for our customers by offering innovative and sustainable nutritional solutions
- **Suppliers** To engage with our partners to establish systems to source sustainable raw materials in a responsible and reliable way
- **Employees** To build the capabilities and culture required to be the global leader in our industry
- **Society** To integrate sustainability into our day-to-day business decisions, setting objectives to judge our performance and report on our progress
- **Shareholders** To deliver total return to our shareholders by providing profitable growth while balancing our risk and return

Growth drivers

Our strategy responds to major socio-economic trends that require higher productivity in agriculture and aquaculture. The Food and Agriculture Organization of the United Nations (FAO) predicts that food production will have to increase by 70% to meet the surging demand of the world's needs in 2050. The most important long-term trends that shape our market include:

- **Population growth** The planet's population is expected to exceed 9 billion by 2050, placing increasing pressure on existing food supply sources
- **Income growth** Income levels are rising in growth geographies, causing a switch to protein-rich foods requiring growth in livestock production
- **Urbanisation** An estimated 70% of the world's population will live in urbanised areas by 2050, so more people will depend on fewer farmers
- **Climate change** Rising temperatures and unpredictable weather patterns have significant effects on the quality and quantity of food produced globally
- **Underdevelopment** Many regions must increase productivity and shorten their production cycles in a sustainable way

Value drivers - Animal Nutrition

Our customers need to increase their production to meet higher demand. This growth in protein supply will be highest in poultry, followed by swine, dairy cows and beef. The majority of this growth will occur in growth geographies. Production growth will mostly come from more sustainable and efficient supply from existing herds. This will be driven by genetics, animal health, more efficient production facilities and feed. Value drivers for premix and feed additives include higher prices and price volatility of macro ingredients such as soy and cereals, the necessity to better conserve these macro ingredients, the resulting need for a better feed conversion ratio and the societal desire for alternatives to antibiotics. In order to capture these value drivers, we are focusing our innovation on: young animal feed, animal health and welfare, and feed efficiency. Innovative products and leading positions in local markets supported by strong brands allow us to provide our customers with nutritional solutions to meet these needs.

More details on our innovation value drivers for Animal Nutrition are included in the Innovation chapter on pages 45-47.

Value drivers - Fish Feed

Wild catch fisheries production has reached its limits, so any additional supply to meet the increasing demand must come from aquaculture. In 2014, for the first time, human fish consumption coming from aquaculture was higher than fish consumption coming from wild catch. A significant growth in aquaculture will be part of the solution to secure food availability for a growing world population. In addition, fish is one of the most efficient sources of protein production. Similar to animal protein, production growth will be driven by genetics, more efficient production facilities, health and feed.

Value drivers for fish feed include higher prices and price volatility of macro ingredients such as fishmeal, fish oil, soy and cereals, the resulting necessity to optimise feed efficiency, flexibility in feed formulation, animal health issues as well as the societal desire for alternatives to antibiotics.

In order to capture these value drivers, Nutreco develops nutritional solutions which allow for flexible feed formulation, improve the feed conversion ratio, assist in reducing the incidence of disease and support in reducing antibiotic usage. For Nutreco itself, its leadership in the advanced salmonid feed market means it can extend innovations to other species, which is a significant competitive advantage.

Market trends

In the longer term, constraints such as water resource availability, biodiversity protection, land availability, water utilisation, climate change and food safety could constrain the growth in food production. Some of these trends have also been recognised as business risks and are described in the Risk Management chapter on pages 73-76.

One of the ways in which Nutreco is addressing these trends is by more sustainable sourcing of raw materials. We are also helping customers to manage their own risks by introducing products and nutritional solutions. In this approach we can take advantage of the underlying drivers for our industries to move to more sustainable food production.

Nutreco believes that the demand for nutritional solutions will continue to increase, especially for products that contain sustainable raw materials, products based on flexible feed formulations, products that lower emissions and products that reduce the reliance on antibiotics. By investing in innovation and research, Nutreco is in a good position to capture this growth in demand.

Increased focus on developing strategic partnerships has become more important in the context of two important trends in agriculture and aquaculture. Both industries are experiencing consolidation amongst farmers as scale becomes more important to ensure efficient production. In addition, vertical integration has been occurring where industry players are expanding to include more elements of the food production value chain. As this occurs, our customer mix is evolving from farmers purchasing all their feed requirements, to large integrators who produce part of their feed needs, process their protein and sell branded products directly to consumers. Nutreco is developing nutritional solutions for these larger customers who have different needs from farmers or distributors. This can include a more customised approach as well as collaborative product development. Our innovation teams are key intermediaries in meeting these requirements as well as steering internal R&D towards products that solve issues for these customers.

Our market position

Nutreco's customers are animal and fish farmers, the feed industry, integrators and distributors. Nutreco's Trouw Nutrition business holds the number two position in the global premix industry, with a market share of around 12%. Our Skretting business is the world's largest salmonid feed producer, the world's third-largest shrimp feed producer and a global leader in fresh water and marine species feed.

Our Iberian compound feed and meat businesses are market leaders in Spain delivering feed to farmers as well as poultry meat products.

More information on our market position is detailed in the business performance chapter on pages 50-58.

Acquisition strategy

A key aspect of our strategy is the successful acquisition of companies. Our acquisition policy includes the following elements:

- **Strategic fit** within our designated growth geographies and segments
- **Growth and margin prospects** which are at least in line with our financial guidance
- **Financial requirements** that include a minimum rate of return derived from a country-specific weighted average cost of capital (WACC), immediately accretive Earnings Per Share (EPS) and a Return On Average Capital Employed (ROACE) of greater than 15% within three to five years after transaction close
- The potential to achieve a **leading position** in the market, capable management and good corporate governance

Over the last five years, we have made a number of acquisitions in countries such as Brazil, China, Ecuador, Egypt, Nigeria, Ukraine and Vietnam. These acquisitions have all followed Nutreco's robust acquisition process and the strategic rationale for these acquisitions remains intact. No impairments have been taken for these acquisitions.

Organisation structure

In order to better align our business with our market positions, we changed our organisation structure to increase execution power and enhance innovation, partnerships and the creation of a portfolio of higher value-added nutritional solutions. Fundamental in this structure are key functional areas such as innovation, partnership management, global marketing, sourcing and human resources anchored globally. The business structure consists of two global business units (Global Salmon & Fish Feed Southern Europe and Feed Additives), three regional business units for Americas, Asia and EMEA (Europe, Middle East and Africa) and a business unit comprising Compound Feed & Meat Iberia.

Market developments in 2014

Our markets are impacted by a number of factors, including economic cycles, weather conditions, and changing consumer demand. More information on the development of our market and competitive landscapes in our various segments is detailed in the segment business performance chapters on pages 50-58.

Strategic progress 2014

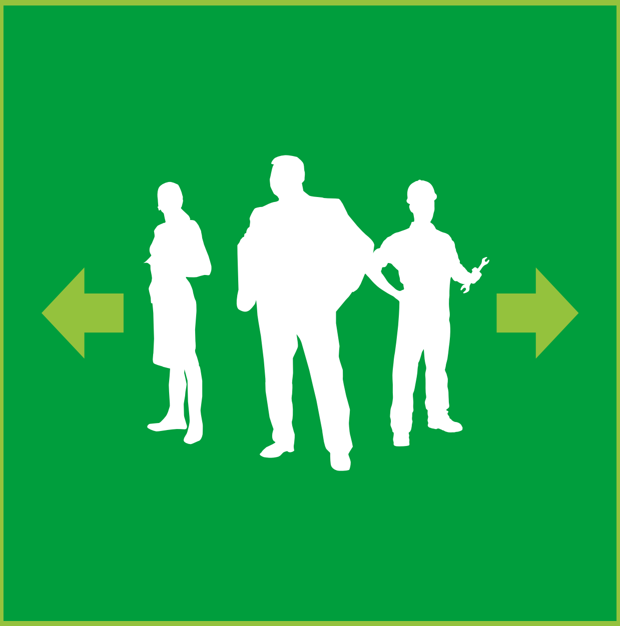
		Nutritional solutions	Growth segments	Growth geographies	Sustainability
Financial					
EBITA margin Animal Nutrition	Increased to 6.8% (2013: 6.2%) driven by increased sales of higher value-added nutritional solutions				
EBITA margin Fish Feed	Decreased to 6.3% (2013: 6.5%) mostly due to lower salmonid feed sales in the second half of the year				
Share of Animal Nutrition EBITA from growth geographies	Increased to 28% (2013: 20%) driven by acquisitions				
Non-salmonid feed volume share	The volume share of fish feed for non-salmonid species increased to 41% (2013: 38%) driven mostly by higher shrimp feed volumes				
Investment					
Acquisitions	Acquisitions of Fatec and BRNova in Brazil complete geographic, product and species portfolio and move Nutreco to fourth largest animal nutrition supplier in Brazil. Fish Feed joint venture in Nigeria contributed to increasing non-salmonid feed volumes and expansion in the African region				
Capital expenditure	Construction begun of new premix facilities in Indonesia, China and Vietnam. Investments in fish feed production expansion in Egypt, Nigeria, Ecuador and Norway. Upgraded ruminant research facility in the Netherlands was completed				
People	Strengthened global people capability with establishment of the Nutreco Academy, global launch of company values and new global HR system implemented				
Innovation					
Global nutritional solutions	Introduction of a number of new global nutritional solutions (for more information see the innovation chapter on pages 42-47)				
Global Marketing	Global Marketing has made significant progress in identifying branded nutritional solutions and developing platforms in order to launch them globally				
Sustainability					
Embedding sustainability KPIs and controls	Governance, structure and processes in place for global data collection of five sustainability KPIs as from 2015 (water, waste, energy, CO_2 and LTI)				
Vendor policy	Supplier Code of Conduct revised and Risk Analysis tool developed. 537 suppliers have signed 164 mandatory out of a required 166 mandatory, in total covering 85% of our raw material spend				
Implement operational KPIs in business review process and pilots	Governance, structure and processes in place for global data collection of five sustainability KPIs as from 2015 (water, waste, energy, CO_2, LTI)				
Launch NutrECO-line	NutrECO-line successfully audited for the ISO9001-criteria. Six global products assessed				
AquaVision	AquaVision was organised in June and attended by more than 400 key stakeholders from 45 countries in the aquaculture value chain. Keynote speaker Sir Bob Geldof spoke on the theme of Africa and how responsible aquaculture is important in feeding the world				

Financial framework and guidance

Thanks to its strong balance sheet and cash flow, Nutreco is well positioned to implement its strategy 'Driving sustainable growth'. Based on the fundamentals of the growth geographies' and segment historical EBITA growth rates Nutreco has a financial framework as outlined below in the table. The table also measures our performance in 2014 against our stated financial guidance.

Financial performance guidance and financial framework

	2014	2013	Guidance
Average organic growth (revenue) per segment			
Animal Nutrition	2.7%	-0.8%	3%
Fish Feed	4.5%	-1.4%%	5%
EBITA margin per segment			
Animal Nutrition	6.8%	6.2%	6-7%
Fish Feed	6.3%	6.5%	6-7%
Compound Feed & Meat Iberia	2.7%	2.9%	2-3%
Nutreco total	5.1%	4.9%	5-6%
Return on average capital employed	19.7%	20.1%	greater than 15%
Net debt/EBITDA including exceptionals ratio	1.3	1.1	less than 3
Net debt/equity ratio	0.42	0.36	less than 1
Interest coverage (EBITDA/Net financing costs)	10.9	9.9	greater than 5
Total shareholder return three-year period	88.7%	42.6%	Above median of all companies listed on the NYSE Euronext Amsterdam AEX, AMX and AScX segments



Human resources

Focus on culture and capabilities

Our human resources agenda is determined by our strategy 'Driving sustainable growth'. Actions are concentrated around five focus areas.

Our aim is to continue to build the culture and capabilities required to be the global leader in animal nutrition and fish feed. Nutreco aims to be the place where the best people in the industry would be proud to work and are keen to join. Nutreco now offers a global work environment in which there are many opportunities for its talent to succeed and grow. In line with this ambition, our human resources strategy consists of five focus areas, which are:

1. Building our global **culture**
2. Global **capability** development
3. Global **talent** & management development
4. People & organisation in **growth geographies**
5. A **high performance** organisation

In this section, we provide details on why these focus areas are important for our strategy and report on the progress that we are making.

Building our global culture

Beginning in 2013, Nutreco took a major step forward in its strategy and organisation structure aimed at 'Driving sustainable growth'. It embarked on an ambitious goal of building a global corporate culture that integrates Nutreco globally and creates a long-term foundation to achieve the mission of 'Feeding the Future'.

The process of building the culture started with identifying the values that all Nutreco employees should live by in order to achieve our mission and the goals of our strategy. Nutreco's management, drawn from all the businesses around the world, concluded that innovation is at the heart of Nutreco's culture and, accordingly, being innovative was the core value for Nutreco.

Nutreco already has a strong record of developing innovative nutritional solutions on platforms such as feed efficiency, life start and preventive animal health. By placing innovation at the core of our culture and activities, Nutreco continues to be the leader in sustainable nutritional solutions. In addition to being **innovative**, we believe that our other values, being **collaborative**, **capable** and **caring**, will strongly contribute to our ambitions.

Living our Values

In 2014, great effort was put into creating awareness about our values Nutreco-wide. Nutreco's management identified behaviours that underpin our values. These behaviours are sharply focused on making the values relevant to both the strategy and daily operations. Nutreco's top-40 senior management team created a plan and a global tool kit to communicate the values and their importance to Nutreco's future. As the tool kit, containing workshops, multi-media support and meaningful exercises, was rolled out, the process of building a global Nutreco culture commenced in earnest.

The adoption of the initiative to launch our values globally was remarkable. Various locations around the world innovated over and above the global initiative to bring the values to life in their own locations. The roll-out gained further momentum in 2014 as we created a global community of almost 80 culture champions and, together with that global team, developed local plans for living the Nutreco values.

All these efforts were supported by a 360 degree survey for Nutreco's top leadership (top-100), where feedback from their teams was available to participants regarding how they live the Nutreco values. This process enabled one of the important success criteria of building a global Nutreco culture, namely the example set by leaders. During 2014, the results of our global engagement survey were consolidated and translated into local action plans. The results of this survey also provided us with important information in order to build and strengthen the Nutreco culture. In 2015, we will systematically follow up on the results of the 360 degree survey and the engagement survey.

Development of global capabilities in line with strategy 'Driving sustainable growth'

Nutreco's expanding global footprint and strategic goals lead to the need for strengthened global capabilities. As our innovation creates high-value products and solutions, we are now developing capabilities to better take these to the market.

An important initiative in this direction is the creation of the Nutreco Academy. Nutreco Academy is the name for our global capability development agenda. The Nutreco Academy focusses on three streams of capability development:

- Leadership development
- Business excellence
- Operational excellence

The Nutreco Academy's **leadership development** stream has a three-tier approach. For senior leaders, an executive development programme, called 'Nutreco Advanced Management' (NAM) was launched in 2014. For emerging leaders, a new version of the existing programme (established in 2008), 'Nutreco Emerging Leaders' (NEL) has been developed and will be launched in early 2015. This programme will, in line with our global agenda, have a global perspective. The Nutreco Academy will also develop a graduate trainee programme to cater to Nutreco's long-term leadership requirements.

The initial set of priorities under the **business excellence** stream is drawn from our focus on improving our go-to-market capabilities. Two best practice programmes were rolled out in 2014: Account Management and Value Selling. Both these programmes have been created by cross-functional teams and are being implemented globally. The Account Management programme addresses Nutreco's requirement of engaging with the integration and consolidation that is happening in our customer base, leading to the creation of large accounts. It will also enhance our ability to offer the full range of Nutreco's innovative products and solutions to our customers. The programme on Value Selling supports the same objectives but will focus more closely on revenue generation and margin enhancement.

Nutreco already has a number of programmes under the **operational excellence** stream that are being implemented locally in various locations around the world. A new e-learning platform called learn@Nutreco has been launched so that content can be shared globally and new programmes can be made available to a large audience. This platform is part of our new learning management system.

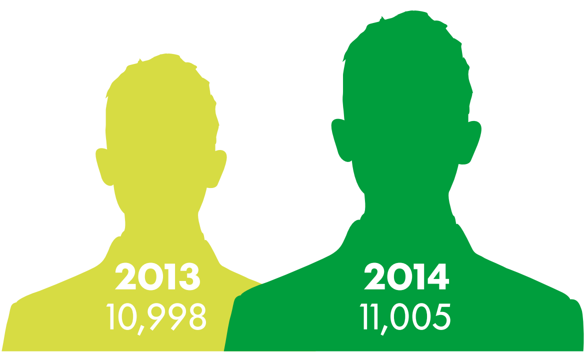
A global **talent assessment and development** process was finalised and set in place. This process assesses the development needs of the top 100 managers and leaders of Nutreco. It also provides a clear view of our succession situation and plan for the future development of our leadership team. This process is helping us to identify common global development themes . The Nutreco Academy will then pick up these themes and implement them in its development agenda. Examples of this include the NAM & NEL programmes mentioned above.

In 2013-2014, there was a special focus on **building talent and teams in growth geographies** such as China, Russia and Brazil. We strengthened the management in all these locations by hiring new talent and through building teams. In most cases, the new talent have represented the best in the industry present in each of the growth geographies. Most recently, Samson Li has been appointed Managing Director of the Business Unit Asia. Nutreco's strategy is to focus on developing the capacity of local management rather than overreliance on expatriation. By strengthening our global HR team in 2014, we are confident that our effort at strengthening management is fully supported and we will be able to realise the potential of these teams.

We have implemented a **new global HR system** in 2014. This system is built on a strong core module so that data integrity and reliability is in focus. The foundation of this system is a Performance module and a Compensation module. Both these modules will help us deploy and embed our renewed global **Performance and Reward** strategy with effect from the end of 2014. The architecture of this strategy ensures that we have an aligned cascade of goals from the strategy of Nutreco to each operating company or staff department. This architecture will also help us better connect performance and reward, control our remuneration spend and optimise our reward mechanisms.

The HR team in Nutreco now operates as a global team. This is an important step in the globalisation of Nutreco. Processes and routines have been put in place so that global initiatives are created by the global team, which includes the HR leaders of all Nutreco locations. This approach leads to the development of initiatives that are core to our strategy and have operational relevance. It also leads to the fast adoption of initiatives that strengthen the Nutreco organisation.

Number of employees at year-end



25.5%

Women working at Nutreco

Employees in growth geographies

4,091

Employees in R&D and innovation

of whom 26% PhDs

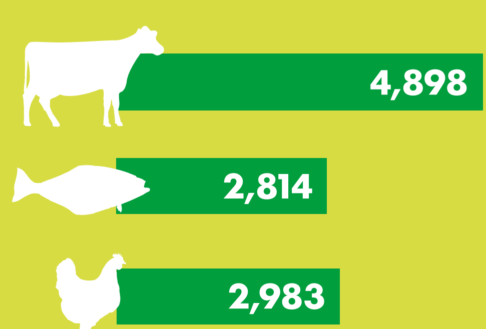
Part-time employees

2014 6.3%
2013 7.3%

Temporary contracts

2014 13.1%
2013 12.6%

Employees per segment



Sustainability & innovation

Sustainability

Overview and strategy

Our comprehensive sustainability vision towards 2020 is based on clear ambitions regarding people, planet and profit. These ambitions are an integral part of our strategy to remain a global leader in animal nutrition and fish feed by delivering innovative and sustainable nutritional solutions.

Nutreco is in a unique position to contribute towards greater sustainability in the feed-to-food chain because of its global presence, its focus on innovation, its technical expertise and its commitment to the highest standards of quality and safety. Our Sustainability Vision 2020 is designed to align our actions in key business areas over a period of several years as we work to fulfil our mission of helping to double world food production while halving the footprint.

We made steady progress against each of our stated objectives for 2014. For an overview of our achievements please see page 38. These objectives are aligned with the long-term goals of our strategy and are grouped in four strategic focus areas: Ingredients, Operations, Nutritional Solutions and Commitment.

In 2014, good progress was achieved in strengthening the controls around sustainability key performance indicators such as water, waste and energy use. This will contribute to measurable reductions in operational footprints towards 2020. In the area of working towards a credible and responsible supply chain, we made good progress and received 537 suppliers signed Supplier Codes of Conduct in 2014. Today, 85% of Nutreco's direct procurement spend have signed our Code. Additionally, supplier audit guidelines were developed in order to commence a conversation of verification with the code's criteria. A substantial achievement was the development and execution of the internal e-learning module on sustainability. It achieved a completion rate of 94% and contributes to involving our people in the 'Feeding the Future' mission. We are also proud that this year's sustainability information achieved reasonable assurance on the full text of the Sustainability Chapter for the first time.

As we look ahead to 2015, our focus is on implementing the monitoring and recording of five sustainability key performance indicators (KPIs) in the quarterly business review process in 49% of our Operating Companies (OpCos). We also aim to create global alignment on 'coordinated sustainability actions' in our Business Units (BUs), based on the Sustainability Vision 2020.

Our progress in implementing the Sustainability Vision 2020 is explained in detail in this chapter, while more information about sustainability at Nutreco can also be found on our website (www.nutreco.com).

Creating a sustainable base for feed

- Sustainable sourcing
- Sustainable partnerships
- Flexible formulations

Ensuring our own house is in order

- Reducing environmental impact on our operations
- Feed-to-food quality and safety
- Our working environment

Enabling the animal and the farmer to perform best

- Developing sustainable nutritional solutions
- Farm and feed performance
- Animal and human health

Involving people in the 'Feeding the Future' challenge

- Employee engagement
- Stakeholders engagement
- Community development

About these Sustainability pages

This chapter aims to offer readers a representative view of sustainability activities at Nutreco. It addresses issues that are deemed critical and material to our company, including megatrends such as resource availability, protection of biodiversity, water use, climate change, and food safety. Our vision and approach are also contained in the Sustainability Vision 2020.

The report is based on the guidelines of the Sustainability Reporting Initiative (G3). The information in this chapter has been compiled based on meetings and progress reports of those responsible for the main areas of the Sustainability Vision 2020.

The scope of this chapter is based on the issues and topics set out in the Sustainability Vision 2020.The identification of key sustainability issues for this vision was based on a number of sources, including surveys by the United Nations Food and Agriculture Organization (FAO), the World Economic Forum and the European Union, and on topics raised at our biennial conferences AgriVision and AquaVision. Among the most material issues the Sustainability Vision addresses are resource availability, protection of biodiversity, antibiotic use, water use, climate change and food safety.

We report over 20 Global Reporting Initiative (GRI) indicators. The data cover those parts of the organisation where Nutreco is active and not the activities of suppliers or customers. Not all relevant data were available at the time of publishing but will be published on www.nutreco.com by March-2015. There are no major changes in the scope of the report from last year.

Nutreco has sought independent assurance on the contents of the Sustainability chapter (pages 28-41) from KPMG Sustainability. Its assurance report can be found on pages 199-200. GRI has verified that the report is prepared according to the GRI Guidelines, at Application Level B+.

Managing Sustainability

Objective 2014
Further embedding sustainability and strengthening the controls around sustainability key performance indicators

Managing Sustainability relates to everything that deals with organising and enabling sustainable development in the organisation. Subjects that belong to this area are reporting, governance, procedures, responsibilities and project development.

In 2014, we took a step forward with strengthening the controls around sustainability KPIs. We installed governance, structure and processes for global data collection of four sustainability KPIs to commence in 2015: water use, waste, energy use and CO_2. For the data collection of the fifth KPI, Lost Time Incidents (LTIs), we decided to use the current reporting process. More can be read on pages 33-34.

This is the third consecutive year of sustainability reporting in our Annual Integrated Report. We are happy that this year's sustainability information achieved reasonable assurance on the full text of the Sustainability Chapter for the first time. (see page 200).

Sustainability falls under the responsibility of the CEO and is implemented across the businesses with the support of the Corporate Sustainability Department, which is led by the Director of Sustainability. In addition to the Corporate Sustainability Department, there are sustainability managers in the OpCos. This network plays an important role in sharing experiences, developing common practices, and communication.

Sustainability Vision 2020 is organised under four strategic focus areas: Ingredients, Operations, Nutritional Solutions and Commitment. Each of the four main pillars of Sustainability Vision 2020 fall under the responsibility of Corporate Directors, who lead strategic teams responsible for progress in these areas. Parallel to this, Nutreco's BU managers, who are members of the Executive Committee, are responsible for the implementation of sustainability strategy within their units.

Nutreco tracks its progress against specific sustainability targets, which impacts the variable compensation of Executive Board members, Executive Committee members, corporate staff and managers in the BUs and OpCos. 2014 targets concerned signing and auditing the Supplier Code of Conduct and implementing operational KPIs in the business review process.

Sustainability is also recognised as an important element for Nutreco's Supervisory Board agenda. The Innovation and Sustainability Committee is a subcommittee of the Supervisory Board and chaired by a Supervisory Board member. This demonstrates the strategic importance of sustainability for Nutreco. The Innovation and Sustainability Committee of the Supervisory Board met three times in 2014. The main subjects for discussion included: innovation in animal nutrition and aquaculture, and progress and approach of sustainability.

Many of the key sustainability challenges of our industry during 2014 will continue to be focus areas in 2015. In food production, considerable attention remains on environmental performance and the supply of sustainably sourced raw materials, driving ongoing development on alternative raw materials and new technologies to provide them in a responsible way. As part of our new global issue management structure, the following issues are prioritised: antibiotics, dioxins and polychlorinated biphenyls (PCBs), genetically modified organisms (GMOs), human rights, marine products, oil palm products, processed animal protein, salmonella, sea lice, soy products and synthetic antioxidants (see page 33).

The sustainability objectives are within the Animal Nutrition segment translated into local Sustainability Action Plans at a BU or OpCo level. Within the Fish Feed segment, the objectives are outlined in the Sustainable Economic Aquafeed (SEA) programme. Skretting is currently developing and finalising the Responsible Operations Standard (ROS) to measure the status of its individual manufacturing plants, along the path to Sustainability Vision 2020. The ROS is a self-assessment questionnaire that allows operating companies to determine their progress on the Sustainability Vision 2020. It provides employees with clear instructions and ensures a consistent approach throughout the business.

In 2015, the ROS and the SEA Sustainability Action Plans will be made applicable for the global Nutreco organisation (also see pages 36 and 45).

From 2015 onwards, Nutreco will report according to the fourth generation of the Global Reporting Initiative guidelines (G4). In preparation for G4 reporting, we took a structured approach to ensure the concerns of all major stakeholders are taken into account by preparing a materiality survey on the relevance of issues. Results of this online survey are expected in 2015. Also a gap analysis was executed to list the differences in reporting for Nutreco based on G3 or G4.

Performance 2014

In 2014, we made steady progress on our four strategic focus areas, which are described below. For more information about our sustainability performance, please visit www.nutreco.com.

Ingredients

Creating a sustainable base for feed

Objective 2014
- Revise the Supplier Code of Conduct based on feedback received in 2013 during the sign-off process
- 485 suppliers to sign-off on the code
- Develop supplier audit guidelines
- Pilot five physical supplier audits

Sustainable sourcing

Most of the resources used in the production of the raw materials that are the basis of our feeds, such as forests, fresh water, oceans and land that people need to survive, are finite. Therefore, it is vital that the health of the ecosystems from which these are sourced is preserved and social considerations are taken into account. Nutreco is committed to sourcing all its raw materials in a sustainable way and we expect our supply chain partners to adhere to the same sustainability standards. Our Supplier Code of Conduct outlines the key elements we expect from our suppliers. Details of this code can be found on our website at www.nutreco.com/en/sustainability.

Based on the experience of Nutreco and its suppliers over the past three years, we revised the 2010 version of the General Vendor and Specific Raw Materials Policies. We removed prescriptive language, redundancies, audit language and legalese language, which were brought to our attention during 2013. This resulted in a transition from one General Vendor Policy and three Specific Raw Material Policies (for soy, palm and marine products) to one Supplier Code of Conduct with two integral supplements (agricultural products including dairy, and marine products).

In 2013, the top 300 suppliers, as well as the main vendors of soy, palm and marine products, signed the original vendor policy. Next steps included the development of a risk management tool to ensure high-risk suppliers with regard to sustainability are identified. With this tool, country and ingredient risks are estimated with regard to all major sustainability areas covered in the Supplier Code of Conduct such as human rights, labour practices, environment and governance. Publicly available data, from sources such as the United Nations and the World Bank, were used to identify high-risk countries. At the same time, high-risk ingredients with regard to sustainability were identified. The country and ingredients risks were then matched with our supplier database. Suppliers with a 'double red flag', meaning located in a high-risk country and supplying a high-risk ingredient, had to sign our Supplier Code of Conduct by the end of 2014. This resulted in 164 mandatory out of a required 166 mandatory sign-offs based on risk analysis. We received 373 additional signed Supplier Code of Conducts as well, resulting in a total of 537 signed Supplier Code of Conducts. Of these 537 suppliers a small number have signed the original Vendor Policy as the revised Supplier Code of Conduct was only available from May onwards. Six suppliers refused to sign the Code of whom two were mandatory suppliers. Of these refusals, four were delisted, and the remaining two suppliers were considered candidates for continued engagement to work towards meeting our requirements or establishing equivalency with their policies. Suppliers that signed the original Vendor Policy or revised Supplier Code of Conduct in this year or before covered a cumulative total of 85% of raw material spend in 2014.

Once a vendor has signed, the next step is to validate their commitment. Alongside the policy, a monitoring programme was developed to ensure continued compliance. This programme started in 2014 with the installation of a credible supplier sustainability audit platform that allows for active exchange between buyers and suppliers on continued improvement. An audit manual was completed and ten pilot audits undertaken to improve the audit manual and procedures. Audits were therefore performed within Nutreco and with suppliers. In addition, one of the ten audits consisted of a review of the audit manual by an external organisation specialised in responsible sourcing. Topics addressed during the audit included human rights and labour practices, health and safety at the workplace, emissions, waste management, business continuity as well as supply chain responsibility. In order to be able to conduct meaningful sustainability audits of our suppliers, we will need to invest in capacity building for this specific type of audit, involving both local and global expertise.

The Executive Committee decided in November to commit to buy 100% Book & Claim palm oil as from January 2015 for the entire Nutreco organization. Concerning the procurement of sustainable soy, Skretting Norway will buy 100% ProTerra certified soy as of January 2015. Some Nutreco companies will offer products on price lists and contractual offers with and without Book & Claim Round Table on Responsible Soy or ProTerra certified. This will raise the level of awareness of our customers and make the option available to ask for the use of sustainable soy.

Top raw materials 2014 (by spending)

	Raw material categories as % of total raw material spend
Micro ingredients[1]	27%
Vegetable proteins	24%
Marine products	18%
Grains	16%
Vegetable oils	6%
Land animal products	6%
Dairy products	3%

[1] Contains raw material categories such as vitamins, amino acids, minerals and enzymes.

Sustainable partnerships

We aim to increase and strengthen our sustainable partnerships and supply chain projects. We will achieve this by forming strategic partnerships with key suppliers that enable us to innovate together, while analysing our supply chain on a regional basis to identify the most suitable partners from a sustainability point of view.

As part of our engagement efforts, we participate in multi-stakeholder roundtables such as the Round Table on Responsible Soy (RTRS), the Aquaculture Stewardship Council (ASC, supervisory board membership), the Sustainable Trade Initiative (IDH, supervisory board membership), the Monterey Bay Aquarium, Seafood Watch (Aquaculture technical advisory committee) and the Roundtable on Sustainable Palm Oil (RSPO). These forums support our efforts to promote sustainable sourcing.

Nutreco continued its membership of the 'Leaders for Nature Inspirational Programme on Biodiversity' hosted by IUCN-NL. In this programme, ten multinational companies focus on creating an effective long-term vision and strategy to halt biodiversity loss and stimulate the restoration of ecosystems.

Flexible formulations

By 2020, we expect to have lowered the barriers for increased food production by further reducing our dependency on scarce ingredients. By balancing micronutrients, we have been able to introduce raw material flexibility (reducing dependencies on wild fisheries) at the same time as optimising feed performance, animal quality and welfare. See page 47 in the Innovation chapter for more information on this subject.

Operations

Ensuring our own house is in order

Reducing the environmental impact of our operations

Objective 2014

- Implement five operational KPIs in the business review process and run pilots in five OpCos

The biggest environmental impact of the protein value chain comes from crop cultivation as well as activities at farm level. As such, our production facilities and operations have a relatively small influence on the overall environmental footprint. Nevertheless, we can only ask other parties in the chain to live up to our standards if we have ensured that our own house is in order. That is one of the reasons why clean and safe operations are important.

Nutreco's OpCos have been collecting data on water use, waste and energy for several years. The next step is to incorporate these measurements into the periodic business review discussion and realise a measurable reduction of our operational footprint, thereby bringing environmental information to the financial heart of the organisation. As a result, the sustainability performance will be monitored on an ongoing quarterly basis and both senior decision makers and operating managers can compare the data against annual targets to proactively manage the reduction of our footprint in our production processes.

In 2014, we ran a pilot project to implement four operational KPIs in the business review process. This project was executed in five OpCos, reflecting nine production locations in Nutreco. The KPIs are for water use, waste, energy use and CO_2. The pilot was successfully executed as the results helped to further implement the KPIs in the business review. The fifth selected KPI – for LTIs – was not included in the pilot project as it was decided to to use the present data collection systems.

Following the success of the pilot project, we have begun to expand this controlled reporting process to the global Nutreco organisation. To that end, a manual has been developed that describes the reporting principles of Nutreco, based on the GRI G4 reporting guidelines and procedures that all BUs and OpCos are expected to comply with. The manual is intended to provide guidance on how to collect and record data for KPIs. It provides additional explanatory information per KPI such as: parameters, relevance, guidance, unit of reporting, boundaries and definitions. The manual will support local implementation and understanding of KPIs and should increase data completeness, reliability and accuracy. Also in 2014, the production location structure was mapped and the data entry system developed.

The above actions enable Nutreco to continue developing a properly controlled and timely reporting process to ensure robust sustainability management information. By 2015, 49% of Nutreco's global operations will be ready to report on five KPIs (water use, waste, energy, CO_2 and LTIs).

Besides the objective stated above, in 2015 we will also focus on reducing global print volumes compared to baseline 2014. Our approach focusses on changing the printing behaviour of our employees, changing the printer settings of our machines and changing (gradually) our printers to environmentally friendly multifunctional machines.

Feed-to-food quality and safety

Ensured quality is crucial for our leadership in the market and for managing Nutreco's financial and reputational risks. Moreover, a strong quality assurance and quality control organisation is important for the successful realisation of Nutreco's ambition and strategy. Therefore Nutreco's Executive Committee has decided to re-emphasise the importance of quality management, and to improve the embedding in the organisational structure.

The Nutreco Quality Platform will be at the heart of the new quality management organisation. This platform consists of leading Quality Managers, representing all BUs, and experts from Nutreco Quality Management. Led by Nutreco's Quality Director, the platform is responsible for the preparation and design of the quality policy, strategy, roadmap and coordination of joint projects. The execution of the entire programme is in the hands of the platform members in close collaboration with the Nutreco Quality Management community.

The Nutreco Quality Platform will further develop and execute Nutrace®, the common quality management programme to ensure feed-to-food safety and quality. Nutrace® is supported by 1QM software solutions, which monitors the quality of Nutreco's core processes by optimising and standardising business quality management processes and information by means of one global IT platform. Both Nutrace® and 1QM are crucial for the realisation of the Sustainability Vision 2020 ambitions in the areas of Quality/Food Safety and Health, Safety and Environment (HSE). Guidance, principles and rules regarding Quality/Food Safety and Health, Safety and Environment are documented in the HSEQ policy, which is currently being updated.

Nutreco introduced Nutrace® more than a decade ago. Today, the programme's five component standards of Certified Quality, Ingredient Assessment and Management, Monitoring, Risk Management, and Tracking and Tracing are the bedrock upon which Nutreco ensures the manufacture of high-quality feeds, produced from safe and sustainable raw materials.

In 2014, 49 OpCos completed Nutrace® self-assessments with the help of local quality managers.
As no accreditation system exists for all Nutrace® dimensions, complete Nutrace® performance cannot be certified by external parties. The compliance of Nutreco companies is therefore measured by means of cross-company review and/or self-assessment. This is in addition to official inspections by competent authorities on legal demands, external audits by third-party feed safety & quality assurance schemes and Nutreco HSE audits. To ensure reliable Nutrace® performance scores throughout the company, the cross-company reviews and self-assessments are carried out by experienced employees who are instructed and trained in the Nutreco Quality-Platform or by the Quality-Platform members based on a global guidance document.

In support of its successful Nutrace® system, Nutreco has focussed on the rollout of Near-Infrared Reflectance (NIR) spectroscopy as an analytical method for quality control. NIR is a proven effective and efficient technology in quality management and available for internal and external customers. A direct link to the NIRLine service of Nutreco's MasterLab assures a rapid quality check on incoming raw materials and ingredients.
NIR at the Netherlands-based MasterLab achieved the official ISO accreditation standard ISO17025. The accreditation covers the analysis by NIR at the laboratory as well as the calibration process for feeds and feed raw materials. MasterLab is the only laboratory in the feed industry that is accredited for such a broad scope of products and parameters. The importance of this accreditation goes beyond the operational use at MasterLab itself. It provides for high accuracy and fast proximate analysis at all our quality control laboratories worldwide and the laboratories of our customers.

Since NIR analysis is the basis for NutriOpt (see page 47 for more information), this newly achieved accreditation has a commercial impact as well. By using the NIR instrument for proximate analysis on feeds and feed raw materials, all quality control laboratories in Nutreco are able to achieve the same analytical quality as the central MasterLab laboratory. The accreditation has been issued by the Dutch Authority for Accreditation (Raad voor Accreditatie) and will be audited yearly.

Our working environment

We aspire to be the best employer in animal nutrition and aquaculture by offering a high-quality international working environment in which performance and world-class leadership are encouraged and expected. These attributes are also essential to achieving the objectives of our 'Driving sustainable growth' strategy.

For more information about our working environment, please refer to the human resources chapter on pages 22-25.

Nutritional solutions

Enabling the animal and farmer to perform best

Develop sustainable nutritional solutions

Objective 2014
- Launch NutrECO-line, the Nutreco nutritional solutions sustainability programme, and integrate the methodology in communications

Nutreco has the ambition to be the global leader in animal nutrition and fish feed that develops and delivers innovative and sustainable nutritional solutions. Developing sustainable nutritional solutions means proactively identifying existing and upcoming issues in our industry. In 2013, we developed NutrECO-line, a Life-Cycle Assessment (LCA) methodology framed around eight impact categories that can measure the sustainability attributes of Nutreco global products.

We have increased the proportion of our global portfolio with clear sustainability benefits as we head towards 2020. In 2013, NutrECO-line was first used to assess the sustainability aspects of two nutritional solutions: Presan and MicroBalance. In 2014, four additional global products were assessed: LifeStart, Milkiwean, Protec and Optiline Premium. As a result, six of our global products have now been assessed on their sustainability attributes. More information on these products is available in our Innovation chapter. The results of the NutrECO-line assessments can be viewed at our website, in the sustainability section under Nutritional Solutions.

NutrECO-line was successfully audited in 2014 for the ISO9001-criteria by SGS, an international inspection, verification, testing and certification company. Following the initial certification in November 2013, this was the first annual audit to re-affirm compliance. SGS did not identify any non-conformity issues and re-affirmed NutrECO-Line's certification for 2014 and 2015.

The external Scientific Council of NutrECO-line has provided advice and remarks regarding NutrECO-line. The Scientific Council comprises the following members:
Prof. Dr. Matthias Finkbeiner of the Technical University of Berlin, Prof. Dr. Ilias Kyriazakis of the University of Newcastle, Dr. Friederike Ziegler of the Swedish Institute for Food and Biotechnology and Prof. Dr. Sarah McLaren of Massey University and the New Zealand Life Cycle Management Centre.

We are further investigating how we can best communicate the sustainability attributes of our products to our customers. NutrECO-line has proven to be very valuable for the development process of our products but the highly technical and detailed outcomes of the assessments in their current form need to be made clearer for communication to customers.

Farm and feed performance

We enable farmers to improve their performance through predictive farm models and nutritional solutions that increase efficiency while reducing emissions. Our research data lead to a more efficient use of feed ingredients while improved data validate the predictions provided by Nutreco animal models. Some of the most significant nutritional solutions and new additions to our animal nutrition models launched in 2014 are described in the Innovation chapter on pages 45-47.

Animal health

The relationship between nutrition and the health of land animals, fish and shrimp is key in our innovations. Following our Vision 2020, our experts place particular emphasis on supporting gut health as normal gut function is crucial for the health and well-being of both animals and humans. Integrated approaches are designed to decrease infection pressure and to effectively contribute to the reduction of antibiotic use. Key innovations concerning animal and human health such as Presan and Protec can be found on page 46.

Commitment

Involving people in the Feeding the Future challenge

Internal engagement

Objective 2014
- Execution of global e-learning platform to raise internal awareness of sustainability
- Organise 'Nutreco Global Harvest Day'

Throughout 2014, we actively sought to engage and inform employees about our Sustainability Vision 2020.
An interactive online course was developed with the aim to bring sustainability to life, to enhance awareness and to embed the Sustainability Vision 2020 in the organisation. The learning exercise takes about 25 minutes and covers theory, followed by a test with 10 multiple-choice questions and two open questions. The module is framed around global themes, Nutreco's role in the food value chain and the Sustainability Vision 2020. The module also covers specific sustainability issues that Nutreco faces in fish feed and animal feed production. 442 colleagues representing all BUs were invited to complete the course. A completion rate of 94% was achieved.

In late 2013, a leadership engagement survey was undertaken by the 250 most senior employees of Nutreco and the results led to various actions. The key follow-up has been the discussions within the businesses during which the results of the survey have been shared. This approach is meant to foster a culture where open dialogue is welcomed and serves as a starting point for action plans that take input from a broad range of voices within the organisation.

The consolidated action plans have resulted in efforts to further accelerate the Nutreco Academy, Nutreco's global capability development agenda, and e-learning efforts to improve capability building within Nutreco. The outcomes have also been used in the review of Nutreco's Performance & Reward strategy, in which we strive to create a stronger link between our (strategic) goals and performance and the reward consequences (see page 25).

As a beginning of a joint community effort, called Global Harvest Day, employees of the corporate office in the Netherlands used a vacation day and volunteered in six community development projects. Projects were dedicated to assisting elderly people, working in a charity shop, environmental rehabilitation and in sheltered working farms for intellectually disabled residents. Similar community initiatives by local operating companies took place in the United Kingdom, Norway, the Netherlands, Russia, Chile, Vietnam, Australia and Italy.

Stakeholder engagement

Objective 2014

- Develop a global issue management approach and organisation
- Organise AquaVision 2014: 'Meeting Tomorrow Today'

We are committed to promoting multi-stakeholder debates and initiatives as part of our Sustainability Vision 2020 and to maintaining an ongoing dialogue with stakeholders such as trade associations and networks, governmental and non-governmental organisations (NGOs), and to including their feedback in reassessments of our strategy.

In 2014, a new global issue management and stakeholder engagement strategy was implemented based on four steps:

- identifying key sustainability issues and listing related engagement initiatives;
- ensuring a continuous information flow on these issues;
- determining the issues that need action;
- and organising issue management to ensure continuous improvement.

A steering committee provides guidance and identifies new issues, prioritises issues, appoints issue owners and issue teams. Each issue has a multidisciplinary, cross-business issue team with the issue owner accountable for actions and progress. The Executive Committee is informed quarterly about issue status and progress on actions, and decides on the prioritisation of issues and key action points.

Issue papers are the cornerstone of the approach. They contain issue descriptions, stakeholder views, peer performance overviews, a public statement and an actionable issue strategy. Issues are reviewed quarterly, based on online news monitoring, shifting stakeholder positions, regulatory changes and internal developments. Priority has been given to issues in relation to antibiotics, dioxins and PCBs, GMO, human rights, marine products, oil palm products, processed animal protein, salmonella, sea lice, soy products and synthetic antioxidants. A strategy, public statement and actions for these priority issues have been determined.

Nutreco hosts two major biennial conferences, AgriVision and AquaVision, which provide platforms for current and future concerns in the protein food chains. They are aimed at board-level executives, influential public officials and key members of the NGO community. As such, the conferences bring together key stakeholders in the international feed-to-food chain for strategic debate on global feed, food and business topics, to develop new ideas and inspire innovative future approaches.

AquaVision 2014, the 10th edition of the world business conference on aquaculture held in Norway, was attended by more than 400 delegates from 45 countries. Keynote speaker Sir Bob Geldof spoke of his support for the responsible and managed implementation of sustainable aquaculture. With the theme 'Meeting Tomorrow Today', delegates agreed that sustainable aquaculture growth is one of the main solutions to feeding the planet's fast growing population. Aquaculture already supplies 50% of the seafood for human consumption and this is forecast to rise to two-thirds by 2030 (for further information see pages 40-41). The theme of AgriVision 2015 is 'Bridging the Gap', with former US Secretary of State Dr Madeleine Albright the keynote speaker. The conference will be held 16-18 June 2015 in the Netherlands.

In 2014, we continued to contribute towards the debate around sustainable livestock precision farming in the Netherlands, USA, Belgium, UK, Sweden and Germany. We contributed to the debate concerning sustainable aquaculture in Australia, Canada, Chile and Vietnam. Other stakeholder meetings and conversations also took place in the year with institutional investors (including socially responsible investors), scientists, media, customers and suppliers.

Community development

Objective 2014

- Execute two new community development projects

Our aim is to enable more small farmers in our developing markets to raise their productivity by sharing our knowledge of basic agriculture and aquaculture farming practices. We strive to create shared value and a measurable impact on livelihood development through community projects in which we partner with local institutions.

In 2013, Nutreco completed the official project phase of our five-year contribution on community involvement in rural Bangladesh. Development in this region was stimulated by supporting agriculture and pond aquaculture through micro-finance and training for farmers. The initial target of raising the average income of 3,000 beneficiaries was met. According to a local university, in the last five years, the income of those beneficiaries has increased by approximately 250%, outperforming the compounded inflation of 150%. After the decision in 2013 to focus on new projects by creating shared value in regions in which we are active, thus improving local connections and market access for small farmers, we identified potential projects in 2014 in West Java, Indonesia, and Ibadan, Nigeria.

In Nigeria, Nutreco wishes to improve the livelihoods of owners of small fish farms through developing the aquaculture value chain. The main constraints in African aquaculture include a lack of quality feed for tilapia and catfish, the production of quality fingerlings and the demonstration of good farming practices. In its ambition to improve the productivity of these farms, Nutreco and our local joint-venture Skretting Nigeria are working together with Oxfam Novib and our local partner Durante. In 2014, two feasibility studies were executed to identify robust local partners. The studies established that there are good opportunities to support farmers around Ibadan to either set up or improve tilapia and catfish farms as financially sustainable enterprises. The outcome of the feasibility studies will lead to a pilot project for one year. If the pilot is successful, the project will be scaled up and extended for three years.

In Indonesia, Nutreco contributes to the joint food security programme of the Dutch and Indonesian governments. Our local OpCo, Trouw Nutrition Indonesia, manages a project that aims to raise milk yield of smallholder farms in West-Java by means of improved farming practices and feed quality. We will ensure the supply of higher quality concentrates feed by empowering one or two medium-sized cooperatives (400-1,000 smallholders) through upgrading and turnkey management of the feed facilities. The project was launched in December and the first action was to select appropriate cooperatives to work with. Trouw Nutrition Indonesia is partnering with Wageningen University in the Netherlands. The project will last until 2017.

In addition to the projects to facilitate smallholder farmers to improve their productivity, Nutreco also supports the African Agribusiness Academy (AAA), an entrepreneurial platform that seeks to foster innovation and growth of small and medium-scale agribusinesses in Africa with the ultimate aim of contributing to economic growth and improvements to rural income and food security. The AAA is an initiative of Wageningen University in partnership with Sokoine University in Tanzania. More information can be found at www.aa-academy.org. Nutreco will contribute to AAA till 2018.

In 2014, Nutreco started to contribute to Food Tech Africa (FTA). This project in Kenya and the East African region aims to improve food security through private sector development. The objective of FTA is to demonstrate the effectiveness and efficiency of a fully integrated aquaculture value chain in East Africa by combining the strengths of Dutch agro-food companies, knowledge institutions, government and their East-African counterparts. By teaming up with Dutch aquaculture farming groups, and demonstrating how fish can be farmed professionally and profitably, good practices will be spread and local farm initiatives will follow. The project will run until 2018. More information can be found at www.foodtechafrica.com.

Holistic communication on sustainability to our customers will be further developed over the course of 2015 with NutrECO-line as one of several tools to measure sustainability.

Strategic achievements 2014

The table below provides an overview of our strategic progress regarding sustainability in 2014.

● Fully realised ◕◑ Partly realised

2014 Objectives	Results	
Managing sustainability		
• Further embedding sustainability and strengthening the controls around sustainability KPIs	• Governance, structure and processes in place for global data collection of five sustainability KPIs from 2015 (water, waste, energy, CO_2 and LTI) • Reasonable assurance on full text of the Sustainability Chapter	●
Ingredients		
• Revise the Supplier Code of Conduct based on feedback received in 2013 during the sign-off process • 485 suppliers to sign-off on the Code • Develop supplier audit guidelines, pilot five physical supplier audits	• Supplier Code of Conduct revised and Risk Analysis tool developed • 537 suppliers have signed; 164 mandatory out of a required 166 mandatory • Audit Manual completed and 10 pilot audits completed	●
Operations		
• Implement five operational KPIs in business review process, run pilots in five OpCos	• The implementation of four KPIs (water, waste, energy and CO_2) has been successfully executed in five OpCos. The OpCos reported on time and in line with existing procedures	◕
Nutritional solutions		
• Launch NutrECO-line, the Nutreco nutritional solutions sustainability programme. Integration of the methodology in communications	• NutrECO-line successfully audited for the ISO9001-criteria by SGS. First annual audit to re-affirm compliance. Agreement on the way forward with (new) External Scientific Council • Six global products now assessed. In 2014, four were assessed: LifeStart, Milkiwean, Protec and Optiline Premium • Methodology introduction in communications is ongoing (for instance via www.nutreco.com/sustainability)	◕
Commitment		
• Execution of global e-learning platform to raise internal awareness of sustainability • Develop a global issue management approach and organisation • Execute two new community development projects • Organise 'Nutreco Global Harvest Day' • Organise AquaVision	• Sustainability e-learning module developed and executed with 94% completion rate • New issue management structure proposed, including division of responsibilities. Strategy, public statement and actions for 11 priority issues determined • Project started in Indonesia, feasibility study in Nigeria • Harvest Day organised at corporate level, together with multiple local initiatives • AquaVision organised. Over 400 participants	●

Strategic objectives 2015

We have formulated a set of key strategic objectives for 2015 under the same headings, which are described in the table below.

2015 Objectives

Managing sustainability

- Create global alignment on 'coordinated sustainability actions' in BUs, based on Sustainability Vision 2020

Ingredients

- Collaborate with Quality Affairs to implement sustainability audits of suppliers

Operations

- Implement the monitoring and recording of five sustainability KPIs (CO_2, water, waste, energy and LTI) in the quarterly business review process in 49% of operating companies
- Reduce global print volumes compared to baseline 2014

Nutritional solutions

- Assess two global products for sustainability
- Involve sustainability in initial phase of stage gate process
- Organise AgriVision 2015

Commitment

- Expand e-learning module to other target groups: Corporate staff and all staff with external roles (approximately 3,000 employees)
- Extend Global Harvest Day
- Continuation of our community engagement projects in Nigeria and Indonesia
- Organise AgriVision

AquaVision 2014

In June, Nutreco hosted AquaVision 2014, the 10th edition of the world aquaculture business conference, in Stavanger, Norway, attracting some 400 delegates from 45 countries. Heading the conference agenda was the global challenge of establishing a sustainable food supply capable of feeding a population that is expected to exceed 9 billion people by 2050.

The theme for AquaVision was 'Meeting Tomorrow Today' and the two-day programme was divided into three core topic areas: 'Feeding 9 Billion People', 'The Blue Revolution' and 'Beyond Tomorrow', bringing together a broad range of speakers from all over the world to provide attendees with invaluable insight and opinion relating to the challenges and opportunities facing the aquaculture industry today and in the future.

Current global food production needs to increase 70% by 2050 in order to feed the additional 2 billion people that are forecast to inhabit the planet by that date, according to the Food and Agriculture Organisation of the United Nations (FAO).

Opening the conference, Knut Nesse, CEO of Nutreco, told delegates that aquaculture is about healthy and sustainable protein production and that with wild fishery production already at full capacity, the growth of fish and shrimp farming will be one of main solutions to feeding the expanding population.

Key growth trends

Dr James Anderson, advisor for oceans fisheries and aquaculture leader for the World Bank's Global Programme on Fisheries and Aquaculture (PROFISH) explained that as the world population grows, so too will its wealth and its meat consumption, including seafood, which means the role of aquaculture will become increasingly important in the years ahead.

Quoting from the World Bank report 'Fish to 2030: Prospects for Fisheries and Aquaculture', Anderson said fish accounted for about 28% of total meat consumption in 1980. Of that, aquaculture contributed just 3%. By 2009, fish accounted for 31% of meat consumption with aquaculture supplying 14%. Today, aquaculture supplies 50% of the seafood for human consumption and this will rise to reach two-thirds by 2030. The main species driving this trend are shrimp and tilapia, which will experience growth between 90% and 100% in the next 20 years. Over the same period, molluscs, carp, pangasius and salmon production will increase between 40% and 90%, said Anderson.

A lot of the growth will be with freshwater species and in regions such as Latin America, South East Asia, the Caribbean and India, he added.

Closer NGO ties

AquaVision 2014's keynote speaker, the rock star turned campaigner Sir Bob Geldof, believes the complex challenge of feeding the world's growing population can only be fully addressed when all stakeholders – commercial operations, governments and non-government organisations (NGOs) – find fair and practical ways of working together.

Sir Bob stated that aquaculture could play a very important part in this mission by bridging the gap between sustainable wild fisheries and the global demand for seafood. However, he stressed that the aquaculture industry can only achieve this goal by ensuring all production systems are responsibly implemented and managed. In addition, he said the sector must work harder to allay consumer fears and suspicions about its practices and products and stressed the importance of involving NGOs in this task.

"Aquaculture is vital, but it needs to be articulated and explained to NGOs and then to consumers. Unless it is told to people in a logical way that they can understand, the aquaculture industry will continue to face criticism and struggle to be accepted," he said.

"We need to get to the point whereby aquaculture is not only a viable business but also a viable methodology for keeping so many of us alive," he said.

Stating that 20% of the world's population uses 80% of Earth's resources, he urged the aquaculture industry to strike the right balance between consumer and business demands, together with the broader social and environmental needs of the planet.

"When you do, and you will, you will have helped resolve the signature problem of our time – that of inequality and disequilibrium."

Passion for progress

Thanking delegates for their participation throughout AquaVision, Steven Rafferty, Managing Director of Nutreco's BU Salmon Feed & Fish Feed Southern Europe, said there was no doubt that the aquaculture industry is a winning industry, and as such it needs to continue to find the most viable species to feed the growing global population.

"When Kofi Annan was our keynote speaker two years ago, he said that he was a big supporter of aquaculture. He asked us not to change what we were doing but to accelerate our progress. Similarly, this year, Sir Bob Geldof has been extremely complimentary about our industry and challenged us to find solutions that are good for business but also good for the planet. Those are clear messages from our keynote speakers – two very different people with very different backgrounds – but both with a passion to feed the world and both with strong messages for us to take forward," said Rafferty.

In 2015, Nutreco will host AgriVision, the food and agribusiness conference. The theme of AgriVision is 'Bridging the Gap, with former US Secretary of State Dr Madeleine Albright as keynote speaker. The conference will be held 16 - 18 June 2015 in the Netherlands. For more information, please visit www.agrivision.com

Innovation

Added value through innovation

Our strategy responds to major socio-economic trends that require higher productivity in agriculture and aquaculture. Innovation is imperative to realise the necessary growth.

Progress is imperative

Faced with the global challenge of establishing a sustainable supply of food, animal and seafood protein producers must substantially increase efficiency and performance, whilst making the most of the limited resources available. Nutreco's commercialised innovations – the culmination of our experience, knowledge and research – will become ever more essential to helping these businesses successfully meet this challenge.

Current global food production needs to increase 70% by 2050 in order to feed the additional 2 billion people that are forecast to inhabit the planet by that date, according to the Food and Agriculture Organization of the United Nations (FAO). The agriculture and aquaculture industries are primarily responsible for meeting the increasing global demand for protein in a sustainable manner. Both sectors recognise this obligation and many leading players, including Nutreco, are innovating to deliver more from less.
Our successful contribution to the innovation in agriculture and aquaculture is built on its market-driven approach to research and development. Throughout the company, innovation is based on four central pillars: LifeStart, Health & Welfare, Feed Efficiency and Application.
From the moment an idea is generated, we focus on the value that it can offer to our customers' businesses.

All of our R&D facilities are located in advanced animal and aquaculture nutrition markets. At the same time, our asset footprint of more than 100 plants in 30 countries, means we are ideally positioned to support producers globally. These businesses are supported by international innovation teams, comprising representatives of our businesses and research activities, that ensure all research is relevant to market needs and that science-based innovations are implemented wherever they are required. Some innovations are global solutions that can be adapted to multiple species and markets, while others resolve individual customer issues or deliver advances for specific species or regions.

In addition, comprehensive market research, customer interaction and discussion, practical and science-based projects and extensive company-wide insight sharing within Nutreco are proven to provide an environment that inspires new innovations.

From idea to market

Developing the most appropriate nutritional solution is essential for the animal and aquaculture supply chains.
To best facilitate this requirement, Nutreco's idea-to-market stage gate process brings together cross-functional teams with different fields of expertise and different disciplines from across the global business. At the same time, Nutreco's R&D departments provide support on legislation, registration, intellectual property and marketing claims, and define prerequisites for trials when necessary.

Before proceeding to development, numerous factors are carefully considered by experts. Important elements of assessment include cost, sales potential, intellectual property rights and patents, marketing claims, supply chains, price volatility of raw materials, animal health and welfare, feed and food safety, product efficacy, sustainability, predictability, local legislation and political influences.

We have increased the proportion of our global portfolio with clear sustainability benefits. In 2013, NutrECO-line was developed, a Life-Cycle Assessment (LCA) methodology framed around eight impact categories that can measure the sustainability attributes of Nutreco global products.

Six of our global products and concepts have since then been assessed on their sustainability attributes; these products are Presan, MicroBalance, LifeStart, Milkiwean, Protec and Optiline Premium. The results of the NutrECO-line assessments can be viewed in the sustainability chapter at nutreco.com.

Nutreco has an excellent track record of generating the best solutions for its customers. We support our customers throughout the application process, offering innovative models, tailor-made solutions and services aimed at enabling them to achieve optimal results.

Research and development

There is an ongoing interchange of ideas and knowledge between all of Nutreco's research centres to capture synergies and avoid duplicated effort.
Within animal nutrition, Nutreco has five major international research facilities for poultry, ruminants, swine and ingredients. These are located in Canada, Spain and the Netherlands. The animal nutrition research teams encompass a broad range of scientific disciplines, including nutritionists, veterinarians, animal physiologists, microbiologists, immunologists and technical engineers. In-house research is complemented by more than 40 long-term research collaborations with leading universities, research institutes and other organisations. It has also established an exclusive research partnership with the Ministry of Agriculture Feed Industry Centre (MAFIC) of China. To further validate and test our research results in practice, we have field research farms in many key markets.

The Aquaculture Research Centre (ARC), based in Stavanger, Norway, is Nutreco's global research organisation for aquaculture. Further research units are located in Italy, Spain, China and Japan. R&D activities are grouped into Nutrition, Fish Health and Feed Production. Collectively, the achievements of these researchers contribute to the economic viability and sustainability of aquaculture.
ARC continues to participate in a number of important European Union projects, collaborating with several universities and research institutes. It is also active in programmes funded by the Research Council of Norway.

In addition to finding ways to improve fish and shrimp productivity and health, ARC researchers are working on ways to double the production of fish feed over the next decade while significantly lowering costs as well as effectively reducing the dependence on scarce marine raw materials, particularly fishmeal and fish oil. These and other objectives collectively form the Skretting Sustainable Economic Aquafeeds (SEA) programme.

Nutreco's Food Research Centre in Spain develops poultry meat processing technology, new products and innovative packaging. Food safety is an important focus area. Considerable research is also conducted in cooperation with external scientific institutions.

Feed-to-food security

Nutreco introduced Nutrace®, its group-wide food safety and quality system, more than a decade ago. Today, the programme's five component standards of Certified Quality, Ingredient Assessment and Management, Monitoring, Risk Management, and Tracking and Tracing are the bedrock upon which Nutreco ensures the manufacturing of high-quality feeds, produced from safe and sustainable raw materials.

Through the aforementioned five standards, Nutrace® protects the entire supply chain, from raw materials to finished product. It has been developed in such a way that all the risks associated with feed production are minimised and that any irregularities are quickly found and acted upon, no matter where in the world they are discovered. Supported by dedicated professionals, laboratories and powerful global databases, Nutrace® ensures that our customers and end consumers can have full confidence in the farmed animal, fish and shrimp feed value chains. For more information about Nutrace, please see page 34.

Pillars of innovation

LifeStart

LifeStart focuses on nutrition for young animals in both agriculture and aquaculture and the influence that these protocols can have in terms of vitality and later life performance. Studies show that optimised nutrition in the early phases of life leads to improved production benefits that continue into maturity. The Nutreco LifeStart calf nutrition programme was launched globally in October this year, targeting professional farm advisors and veterinarians.
The LifeStart concept helps dairy operations achieve higher performance through its unique focus on early calf nutrition. By applying LifeStart nutritional recommendations, farmers will be able to increase individual animal performance while more effectively controlling morbidity, mortality and their associated high costs.

Key innovations in LifeStart

Milkiwean is a complete piglet feed portfolio composed of the highest quality raw materials. It offers feeding programmes tailored to different farm conditions and production levels in addition to expert knowledge that ensures the best start in life for piglets as well as achieving a smooth transition between feeding phases. Our dedicated team of experts works closely alongside farmers to advise on the ideal Milkiwean programme to help them achieve optimal piglet performance, i.e. more piglets weaned, higher uniformity and fewer fattening days.

ORI-ONE and **GEMMA Micro** are two breakthrough products that simplify fish hatchery processes by eliminating traditional but unnecessary processes. They both work on the concept of improved reliability and cost-efficiency: ORI-ONE is a revolutionary rotifer culture diet that eliminates the need for enrichment and makes rotifers immediately available to hatchery staff, outperforming the leading conventional diet and enrichment process; while the cold extruded pre-starter diet GEMMA Micro is a viable commercial alternative to the traditional feed of newly-hatched artemia metanauplii that results in juvenile fish of consistent high quality while significantly reducing fingerling production costs.

Health & Welfare

Health & Welfare focuses on the relationship between nutrition and the health of land animals, fish and shrimp. Our experts continually evaluate current and potential ingredients in order to deliver optimised performance. As such, each dietary component used is present for a specific reason – to perform a particular action that contributes to the health, welfare or growth of the animal at a time when it is most required. Each feed must suit species, size, biology and environmental conditions, and also take into consideration farming conditions, market requirements and economic pressures.

Particular emphasis is placed on supporting gut health as normal gut function is crucial for the health and well-being of both animals and humans. This integrated approach is designed to raise profit by decreasing infection pressure and effectively contributes to the reduction of antibiotic use. One of the most challenging aspects of sustainability in the field of aquaculture is translating overarching goals into concrete actions. To address this, we developed our Responsible Operations Standard (ROS), an internal guideline written by our sustainability team with input from all relevant internal departments that integrates sustainability into the business at an operational level. Not only does this provide our employees with clear instructions, it also helps to protect brand reputation by ensuring a consistent approach is taken throughout the global business.

Key innovations in Health & Welfare

Farm-O-San is a complete portfolio of high-quality nutritional products developed especially to help farms deal with health problems in their livestock. Within this product range, Farm-O-San Reviva is an energy booster that ensures cows remain healthy after calving by restoring the nutrient balance. It stimulates dry matter intake after calving, which helps to maintain optimal milk production while also preventing health challenges.
Selko Presan® is a feed additive that stabilises the gut microbiota and boosts the gut barrier integrity of swine and poultry. This integrated approach is a powerful formula designed to raise profit by decreasing wet litter, improving the animals' performance and thereby decreasing the need for antibiotics.

Mycotoxin Management Programme combines the rapid mycotoxin analysis system **Mycomaster** with the feed additives solution **Selko TOXO®** into one package. Mycomaster is a user-friendly system that allows rapid and cost-effective mycotoxins analysis. It is capable of detecting a range of six different mycotoxins and provides a reliable quantitative reading of the contamination levels in feed materials and compound feed. **Selko TOXO®** is a feed additive that offers a complete solution against a broad spectrum of toxins produced by moulds. Multiple strategies are combined to contribute to normal health status of poultry, swine and ruminants during exposure to mycotoxins.

Protec is a portfolio of functional feeds for farmed fish that help to shield skin, gut and gills; it supports the immune system, provides the building blocks for new cells and optimises the balance between fish, microbes and environment. Protec is particularly effective in preparing fish for the onset of health and environmental challenges and in reducing the impact of several diseases. It is also used to improve the healing capacity of fish skin.

Feed Efficiency

Every single raw material used in our unique formulations is selected to ensure the health, well-being and optimum growth of the health of land animals, fish and shrimp. Nutreco researchers are also fully focused on achieving the best economics for the farmer throughout the production cycle. Research programmes concentrated on Feed Efficiency cover the development of feed additives for production efficiency and the reduction of emissions. Nutrients, including micronutrients, can enable physiological functions and genetic potential to contribute to sustainable animal productivity.

Key innovations in Feed Efficiency

Trouw Vivalto is a feed additive that enables high yielding cows to make better use of the nutrients supplied in their diet. It also supports healthy liver function and improves post-absorptive feed efficiency.

Trouw AO-mix comprises natural, specially formulated anti-oxidant blends that provide the protection that animals need to optimise fertility, ensure offspring vitality and immune system support. It is also particularly effective at replacing the anti-oxidant function of vitamin E. Trouw AO-mix differs from other products in the marketplace in that two different blends have been developed, one for ruminants and the other for monogastrics. This is because the two digest feed quite differently.

Feedmill Efficiency Programme combines a predictable dosing system '**Selko®-MMS**' (moisture management system) with an advanced mould inhibitor '**Selko Fylax®**' in one package. Selko®-MMS compensates moisture losses in the dynamic feed mill process as the system enables to mix automatically at a precise dosage water and Selko Fylax®. Selko Fylax® increases the moisture retention and assures optimal dispersion of water throughout the feed material while improving the effect on shelf life by mould inhibition.

MicroBalance™ deploys technology that is based on the latest understanding of micronutrients and how they interact with animals. One of the biggest challenges in aquaculture is the limited sustainable supply of the marine raw materials fishmeal and fish oil. The aquaculture industry currently uses fishmeal and fish oil as sources of protein, energy and the important omega-3 fatty acids, EPA and DHA. By balancing micronutrients, we have been able to introduce unprecedented raw material flexibility (reducing dependencies on wild fisheries) at the same time as optimising feed performance, animal quality and welfare. Due to the success achieved by MicroBalance™ in fish aquaculture, MicroBalance™ formulations have been developed by ARC for shrimp production. These will be commercially launched in 2015.

Optiline Premium is our first aquaculture feed to contain metabolic activators that stimulate a fish's metabolism and energy utilisation. These metabolic activators help reduce visceral fat, providing higher slaughter yields, with larger fillets and higher levels of the omega-3 fatty acids EPA and DHA than fish raised on conventional diets, making more efficient use of the limited marine resources.

Application

Nutreco's nutritional solutions include products, models and services that enable producers to improve overall efficiency and optimise nutritional inputs to achieve their desired technical and financial outcomes. Under the theme 'precision feeding', services and models for quantitative nutrition are developed and maintained by researchers and application specialists. The models and services provided to the customer bring optimised feed value and predictable performance of their animals.

Key innovations in Application

NutriOpt is a science-based and modular precision-feeding system for poultry, swine and ruminants (under development) designed to help customers achieve financial and animal production goals through advanced, real-time nutritional analysis and modelling, and ongoing technical support. This unique concept gives customers the power to optimise nutrition and improve profitability, and manage risk by making smart decisions, based on facts rather than assumptions.

AquaSim is a robust set of innovative management tools that combine biology, quality and economics to give fish and shrimp farmers maximum control over their production indicators. It also provides options to reduce production costs and improve farm performance.

>250
Research experts

11
Research units worldwide

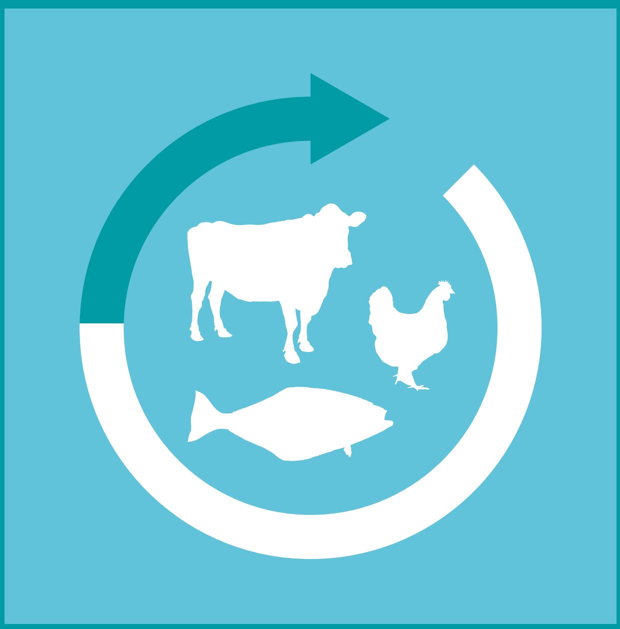
More than
50
years of dedicated R&D knowledge and experience

>60
Collaborations with research institutions worldwide

Annual investment in R&D
€ 26 million

Over
25
nationalities

Business performance



Introduction

Higher results in line with expectations

The EBITA result in 2014 of € 266.4 million was 3.9% better than last year. Results improved in our Animal Nutrition segment, as well as our Fish Feed segment, despite challenges in certain markets and adverse foreign currency impacts. Our Compound Feed & Meat Iberia segment had to cope with lower meat prices in the second half of the year, which has impacted those results.

Our product groups

Nutreco produces a broad range of innovative and sustainable nutritional products serving the needs of poultry, pigs, ruminants, companion animals and other livestock animals as well as more than 60 species of fish and shrimp.

Feed specialties
Feed specialties are high-precision and high-value products. They include special feeds (e.g. young animal feeds), farm minerals, feed additives (e.g. amino acids) and preventive animal health products.

Premix
Premix is a mixture of essential micro elements needed to compose a balanced animal feed. These elements have different purposes, for example, nutritional (e.g. vitamins, trace minerals and amino acids), technological (e.g. emulsifiers and anti-oxidants), sensory (flavours and colourants) and zootechnical (digestion enhancers).

Compound feed
Compound feed is a complete blended feed of various ingredients to match the nutritional requirements of farmed animals. The main ingredients are macro-ingredients such as grains and soy, and micro-ingredients such as premixes, concentrates, feed additives and farm minerals. Other ingredients include natural health components, organic acids, aromatic substances and pigments.

Fish and shrimp feed
Fish and shrimp complete feed consists of proteins, oil and fats, cereals, vitamins and minerals. These nutrients are ground, mixed and either pelleted or extruded. The extrusion process binds and forms the product, which is subsequently dried. The feed is used by fish and shrimp farms. The fish feed product range can vary from broodstock diets, juvenile feed and grower diets to special diets.

Meat
In Spain and Portugal, Nutreco sells poultry and pig meat. The majority of the poultry products are sold to consumers through supermarkets and hypermarkets comprising 90% fresh products whereas the remainder are frozen. Nearly half of the poultry products are value-added products, i.e. products that have undergone a kind of preparation. Pig meat is sold to slaughterhouses in Spain and Portugal.

Animal Nutrition
Revenue

€ 1,836 million

No. 2 in premix globally with 12% market share

No. 1 in Canada's feed industry with 23% market share based on CFEs

Customers: Feed compounders, integrators, distributors, homemixers, livestock farmers

trouw nutrition a Nutreco company | SHUR-GAIN a Nutreco company | Landmark Feeds a Nutreco company

Fish Feed
Revenue

€ 2,116 million

No. 1 in salmonid feed globally with 32% market share

No. 3 in shrimp feed globally with 6% market share

Customers: Fish and shrimp farmers

SKRETTING a Nutreco company

Compound Feed & Meat Iberia
Revenue

€ 1,301 million

No. 1 in poultry production in Spain with 25% market share

No. 1 in Iberian compound feed production with 13% market share

Customers: Livestock farmers, retail, wholesale, food industry and food service

Animal Nutrition

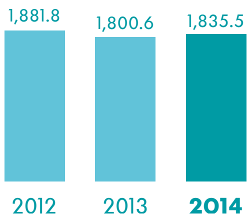
Revenue in 2014 amounted to € 1,835.5 million (2013: € 1,800.6 million). Volumes were up 2.7%. Prices were 1.2% higher on average. The exchange rate effect was -2.9%. The acquisition effect of 0.9% related to acquisitions in Ecuador, Egypt and Brazil. EBITA before exceptional items increased by 12.0% to € 125.0 million compared to € 111.6 million in 2013.

Key figures

(€ x million)	2014	2013	Δ%
Revenue	1,835.5	1,800.6	+1.9
EBITDA[1]	140.8	127.5	+10.4
EBITA[1]	125.0	111.6	+12.0
Operating margin (EBITA[1]/revenue)	6.8%	6.2%	
Average capital employed	653.2	643.2	+1.6
ROACE (EBITA[1]/ACE)	19.1%	17.4%	

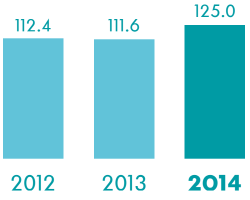
[1] Before exceptional items.

Revenue



EBITA

before exceptional items



Profile

Nutreco's Animal Nutrition operations produce and sell premixes, farm minerals, concentrates, young animal feeds, preventive animal health products, feed additives and compound feed. These products enhance and preserve the nutritional value of feed raw materials, support farm animals through transition periods and help to reduce the impact of stress and disease outbreaks. The products are sold to the feed industry, integrators, distributors and farmers, as well as to the companion animal industry. Supported by a comprehensive distribution network, Nutreco supplies a global market either through local operating companies or exports. Product innovation is undertaken in cooperation with five Nutreco research centres and the Global marketing organisation.

Trouw Nutrition is the main company brand within Animal Nutrition. It houses a lot of product brands: young animal feeds for ruminants are mainly sold under the Sprayfo and Milkivit brands, while Milkiwean is used as the main brand for young animal feeds for swine. Preventive animal health products for ruminants, poultry and swine are sold under the Farm-O-San brand. All functional feed additive products are grouped under the brand name Selko Feed Additives. Premix has several strong regional brands, with Trouw Nutrition being the biggest. Farm minerals are primarily sold under the Maxcare, Bellman and Quanmei brands. Concentrates are sold globally as Hendrix. The recently launched precision feeding tool carries the global brand name NutriOpt. In Canada, our operations are well known through the Shur-Gain and Landmark Feeds brands. Shur-Gain operates in the central and eastern regions of Canada and in New York State, USA. Landmark Feeds operates in western Canada. In Canada, Nutreco also owns two poultry hatcheries producing 60 million one-day-old chicks annually, and one hatchery which is dedicated to the production of embryonated eggs for the pharmaceutical industry. Nutreco's Animal Nutrition business has 14 plants in Europe, 26 plants in the Americas and four plants in Asia. In addition, it has joint-venture plants in Venezuela and Ukraine. The total annual sales volume is about 2.5 million tonnes (excluding intercompany sales volume of 0.3 million tonnes).

Market and competitive landscape

About half of the global premix market is estimated to be supplied by four companies: DSM, Nutreco's Trouw Nutrition, Cargill's Provimi and InVivo/Evialis. The rest of the market is supplied by a large number of local producers. Trouw Nutrition's global market share in premixes is approximately 12%. The global market for premixes is growing at 2-3% per annum.

The markets for preventive animal health products and feed additives are fragmented. The relevant potential market growth for more specialised feed additives is estimated to be at least 4% per annum.

Our main Animal Nutrition markets are North America (Canada and USA), western Europe (Germany, UK, the Netherlands, Italy and Belgium), central and eastern Europe (Poland and Russia), Latin America (Brazil and Mexico), Asia-Pacific (China and Indonesia) and Middle East and Africa (Turkey and Egypt).

In 2014, the global agricultural market experienced reduced raw material prices but was also more balanced and less price-volatile than in recent years. Demand for premix and feed specialties has been under pressure over the last few years due to significantly higher raw materials prices, which has reversed this year with a significant supply growth for wheat, maize and soybeans. The increase in supply of bulk raw materials has lowered prices, especially in the second half of the year, benefitting our customers.

Nutreco's Animal Nutrition business performance is driven in part by trends in herd sizes and meat production. Globally, meat production grew 1%, mostly due to increased production in developing countries, and meat prices rose to historic highs especially driven by beef prices, partly offset by lower pork prices.

Pig meat production grew slightly, aided by lower feed costs. In Asia, strong consumer demand and government support policies combined to increase China's pig meat output by 2%. This is equivalent to almost half of the world's total growth over the period, which is a lower rate compared with previous years. Growth was also seen in Brazil and Mexico. Among developed countries, supply remained stable in the EU despite more stringent animal welfare regulations and rose slightly in Canada and Russia. Outbreaks of the porcine epidemic diarrhoea virus impacted USA supply.

Poultry production had a second year of limited growth of around 1%, due primarily to consumer concerns in China regarding avian influenza. In general, lower feed prices have supported supply increases in markets such as the USA, the EU, Brazil, Russia, Mexico and Turkey.

Beef production grew very slightly at less than 1% as a result of growth in developing countries and declines in developed countries, especially the USA. Drought in the USA (the world's largest producer) resulted in a 4% reduction in supply.

Significant expansion occurred in Brazil, which was driven by improvements in productivity and genetics. The long term decline in Canada's herds continues.

Dairy production increased by over 2%, driven by dairy herd expansion and improved productivity. Production in Canada is stable due to the milk quota system. Strong growth was seen in the USA, Brazil, Turkey, Mexico and China. EU milk production is forecast to grow by 2-3%, stimulated by favourable milk prices, reduced feed costs and good weather. The abolition of the EU quota system in 2015 has resulted in anticipatory expansion of the EU dairy herd.

The compound feed market in Canada has remained stable due to supply-managed quotas for poultry and dairy production. The decline in feed for swine has stabilised. Growth in EU feed demand is positive, driven in part by the impending removal of the dairy quota. Total EU market developments have been positive despite the negative impact of Russia's ban on EU-sourced meat imports. This has been limited due to exporting countries finding alternative markets.

The global feed specialties market continues to grow as better financial conditions for farmers have increased the incentive to invest in their herds for greater efficiency.

Developments in 2014

Our Global marketing organisation is working with R&D, our operating companies and our customers to create globally branded nutritional solutions. These innovation teams are launching new products, models and services into the market as well as strengthening our existing portfolio of brands, mainly in feed specialties and feed additives, picking the winners in specific market categories and rolling these out to new markets. Product registration varies per country and can be time-consuming. Over time, we will be moving towards a full menu of products available in all local countries. This is key to differentiating Nutreco by offering a menu of nutritional solutions to meet the varied needs of our customers.

The Trouw Nutrition company brand has been extended via the rebranding of local operating companies. This is the first step in a comprehensive approach in branding our premix and feed specialties businesses in Europe and, over time, globally. Within our product brands, significant resources were assigned to young animal feeds. A specific success was the launch of the LifeStart concept, which combines products with models and services in a customer-centric approach. It was launched in Europe in October and has significant global potential.

Our Selko Feed Additives brand represents an important part of our portfolio of globally branded nutritional solutions. This year we significantly expanded our specialised regional salesforce by adding extra feed additive specialists in key geographies such as Latin America, Europe and Asia. These specialists assist local salesforces to drive sales of our global Selko Feed Additives product range.

Nutreco undertook steps to expand its presence in Asia. A new state-of-the-art plant is under construction in Indonesia (East Java), our Chinese plant in Xiangtan (Hunan) is being remodelled and our Vietnamese facility is being expanded (Ho Chi Minh City area). This investment is due to existing premix facilities running at full capacity as well as robust forecast demand. Nutreco will thereby increase its focus on the production of premixes and farm minerals in the Asian region. The total investment is approximately € 15 million.

Nutreco acquired two companies in Brazil: Fatec, a Brazilian supplier and producer of premixes and animal health products for broilers, layers, swine and dairy cows and BRNova, a Brazilian supplier of premixes and feed specialties mainly for poultry and swine. With these two acquisitions, Nutreco increased its presence in Brazil, the third largest animal nutrition market in the world, growing annualised revenues from around € 110 million to approximately € 185 million, becoming the fourth largest player. The acquisitions give Nutreco greater access to Brazil's Southern, Central and Middle West states, and will broaden its animal species' portfolio to include layers, broilers and swine. They also strengthen Nutreco Brazil's product portfolio with the addition of premixes, animal health products and feed specialties.

Nutreco's Africa strategy has been proceeding well. A joint venture in Nigeria was announced and while mostly producing and selling fish feed, it also provides opportunities for our animal nutrition business in this region. Nutreco's export business now exports to more than 23 countries throughout Africa.

Nutreco also renewed an important strategic partnership with European compound feed producer ForFarmers. The partnership covers the purchase of premixes, additives and specialties as well as a close working relationship on research, innovation and the marketing of high-quality nutritional solutions, for example within the young animal feed sector. This partnership is an example of an alliance that can result in a complete package of feed solutions that will ultimately result in better returns for farmers.

Successful new products introduced in 2014 are described on pages 45-47.

Fish Feed

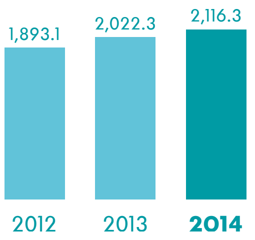
Fish Feed revenue of € 2,116.3 million was 4.6% higher than in 2013. Volume increased by 4.5%. The main reason for higher volumes this year was a strong first half year. The price effect was 0.6%. The effect of acquisitions in Egypt, Ecuador and Nigeria was 3.3%. The foreign exchange rate effect was -3.8%. EBITA before exceptional items was € 134.3 million (2013: € 130.6 million).

Key figures

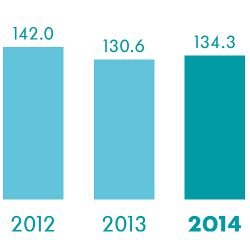
(€ x million)	2014	2013	Δ%
Revenue	2,116.3	2,022.3	+4.6
EBITDA[1]	162.3	155.6	+4.3
EBITA[1]	134.3	130.6	+2.8
Operating margin (EBITA[1]/revenue)	6.3%	6.5%	
Average capital employed	558.1	495.7	+12.6
ROACE (EBITA[1]/ACE)	24.1%	26.3%	

[1] Before exceptional items.

Revenue



EBITA
before exceptional items



Profile

Nutreco's fish and shrimp feed business has operations on five continents producing feed in 18 countries with sales in over 40 countries. It operates under the brand name Skretting and produces and delivers high-quality sustainable feed from hatching to harvest for more than 60 species of fish and shrimp. The most important fish species include salmon, trout, sea bass, sea bream, yellowtail and tilapia in addition to shrimp. All feeds are formulated with the underlying drive to deliver excellent quality fish produced at competitive prices. The total annual sales volume is approximately 2.0 million tonnes.

The global Skretting brand is driven by its world-class Aquaculture Research Centre and the company's sustainability focus through Sustainable Economic Aquafeeds (SEA) and Nutrace (feed-to-food safety and quality). These help position Nutreco as a world leader in innovation in fish and shrimp feed.

Skretting is the global brand for fish and shrimp feed alongside specialist product brands such as Protec and Optiline Premium, and the feed concept MicroBalance™.

Market and competitive landscape

The addressable global fish feed market for Nutreco, including shrimp and high-value white fish, is estimated at 21 million tonnes in 2014 and over the long term is expected to grow by an average of 5% per year.

Salmonid feed

The principal markets for salmonid feed are Norway and Chile, where at least 75% of the world's farmed salmonids are harvested. Farmed salmonids include Atlantic salmon, trout, coho salmon and the Chinook or king salmon. The average long-term annual growth in salmonid feed volumes from 1998 to 2014 was more than 5%.

The global market for salmonid feed saw growth of 7% compared to 2013, driven by higher demand in Norway and Chile. The market for salmon and trout feed in Norway grew by 8% and in Chile the market increased by 7%.

Skretting is a leading feed supplier for all principal salmonid farming markets with a global market share of 32%. The top three salmonid feed producers Skretting, EWOS and BioMar together account for approximately 83% of the total global salmonid feed market of 3.7 million tonnes.

In Norway, growth was driven by more advantageous water temperatures than last year and a temporary increase in the maximum allowable biomass regime due to Russia's ban on the import of Norwegian salmon. In addition, a number of new 'green' licenses were issued to producers but will take some time to affect demand. The Norwegian government has always supported long-term sustainable growth for the industry and it is our expectation that this will continue.

In Chile, the farmed salmonid industry has started to improve after a challenging period in which poor sanitary conditions, such as sea lice, had affected salmon and trout biomass. The industry has gone through many years of restructuring on bio-security controls in order to improve sanitary controls. In 2014, consolidation started to occur amongst producers, strengthening their financial capacity to reinvest in their stocks and operations. The better biological performance combined with strong salmonid sales prices have led to better financial results for the industry compared to 2013.

Excluding Norway and Chile, the other farmed salmonid producers in the UK, Ireland, Canada, Australia, New Zealand and the Faroe Islands (accounting for just over 20% of global salmonid production) increased production by 9% in 2014 compared to 2013.

Non-salmonid feed

The principal markets for non-salmonid feed are Latin America, the Mediterranean and Asia, especially China. Species include both fresh and salt water fish. In Latin American, tilapia and shrimp are most common. In the Mediterranean region, the main farmed species are sea bass and sea bream. In Asia, the main farmed species are tilapia, pangasius, shrimp, yellowtail and sea bass. Carp is the world's most common farmed fish species but typically does not require high-value feed.

Nutreco's non-salmonid feed volumes, excluding acquisitions, increased 5% in 2014, driven by growth in southern Europe, Vietnam and Ecuador, and other Latin American countries. In southern Europe, Skretting supplies feed for species such as sea bass, sea bream and fresh water trout. Skretting's market position remained stable as market leader in France, Italy and Spain. Latin American markets such as Ecuador and Honduras saw positive volume development for shrimp feed. The acquisition in of 2013 of Ecuadorian shrimp feed producer Gisis has positioned us as the third largest shrimp feed producer in the world. In Asia, feed production in Vietnam and China continues to grow with signs of improved farming practices driving more interest in higher quality feed.

Most of the world's shrimp feed is produced in China, Thailand, Ecuador, India, Indonesia and Vietnam. The global market has a long-term growth rate of approximately 5% per year and was around 3.3 million tonnes in 2014, an increase of just over 5% from 2013. This is a cautious recovery from the low of 2012 due to the impact of acute hepatopancreatic necrosis syndrome (also known as early mortality syndrome, EMS), a bacteria that causes shrimp mortality. The top five shrimp feed producers apart from Skretting are Charoen Pokphand Foods (CPF), Guangdong Evergreen Group, Guangdong Haid Group and Guangdong Yuehai Feed Group, and together account for approximately 40% of the global shrimp feed market. CPF is by far the largest shrimp feed producer with the next four companies fairly close together in market shares.

It has remained challenging for Thai, Chinese, Malaysian and Vietnamese shrimp feed producers due to the continued presence of EMS in those countries. Production has decreased by 25% in the last four years and has resulted in high global shrimp prices. It is expected that those countries will recover to pre-EMS production levels in the coming years, meaning countries such as Ecuador that did not suffer from EMS may still have an advantage in the world markets for some time.

Developments in 2014

Marine Harvest, Nutreco's largest Fish Feed customer, representing approximately 5% of total Nutreco revenue of which approximately two-thirds is generated in Norway, completed construction of its own fish feed plant in Norway with a capacity of more than 220,000 tonnes in July 2014. This plant will supply 60% of their needs in Norway. Skretting's existing feed supply contract allows Marine Harvest to phase in its own production in Norway as their factory began production, which occurred in the third quarter. This resulted in significantly lower feed deliveries to Marine Harvest in Norway in the second half of the year.

Nutreco entered into a Nigerian joint venture with Durante, a leading supplier of fish feed in Nigeria and our existing distribution partner. The joint venture Skretting Nigeria will invest in the local production of extruded fish feed for Nigeria as well as the wider West African region. Nigeria is Africa's largest economy and its second largest fish producer after Egypt. Nigeria produces more than 200,000 tonnes of fish feed annually, mostly for catfish, and aquaculture production is growing by 5 to 10% per year.

The salmon feed market in Chile has almost recovered from two shocks: the impact of the ISA disease, which was especially severe between 2007-2010, and the global financial crisis. Nutreco maintained its market share and worked closely with Chilean salmonid producers to support them in their recovery.

In June 2013, Nutreco acquired 100% of Skretting Egypt (Egypt's market leader in extruded fish feed). Capacity expansion was required due to maximum capacity being reached and continued strong market growth. A new extruded fish feed production line is under construction and will expand current capacity from 25,000 tonnes to 75,000 tonnes. Total investment is around € 10 million.

The Russian import ban on agricultural products, including salmon from certain countries such as Norway, has had no significant effect on our business.

New innovations and products can be found in the innovation chapter on pages 45-47.

Compound Feed & Meat Iberia

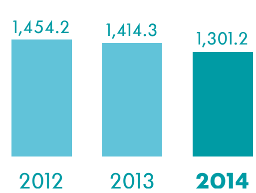
Revenue for Compound Feed & Meat Iberia decreased by 8.0% to € 1,301.2 million (2013: € 1,414.3 million). Volumes were 1.9% lower than last year due to lower volumes in the meat business. The price effect was -6.1% as a result of lower raw materials and meat prices. EBITA before exceptional items decreased to € 34.9 million (2013: € 40.6 million).

Key figures

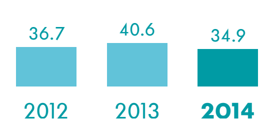
(€ x million)	2014	2013	Δ%
Revenue	1,301.2	1,414.3	-8.0
EBITDA[1]	50.7	58.2	-12.9
EBITA[1]	34.9	40.6	-14.0
Operating margin (EBITA[1]/revenue)	2.7%	2.9%	
Average capital employed	148.9	147.2	+1.1
ROACE (EBITA[1]/ACE)	23.4%	27.7%	

[1] Before exceptional items.

Revenue



EBITA
before exceptional items



Profile

The Compound Feed & Meat Iberia segment is active in feed solutions, processing of poultry products, pig farming and trading, primarily for poultry, pigs and ruminants in Spain and Portugal. The segment covers the operating companies Nanta, Sada and Inga Food.

The Nanta compound feed business in Spain and Portugal delivers a broad range of high-quality products and feed solutions primarily for poultry, pigs, ruminants, horses, and rabbits. Nanta is Spain's clear market leader and operates 19 compound feed plants in Spain and Portugal with an annual sales volume of about 2.8 million tonnes, which includes intercompany sales to Sada and Inga Food.

Sada is Spain's market leader in poultry meat products. It has ten processing facilities throughout Spain with a total annual production of about 135 million broilers. Inga Food operates pig farming and trading activities in Spain for more than 1 million pigs. Inga Food is the second largest operator in the fragmented swine sector in Spain and the world's largest in the production of Iberian pigs. The broilers from Sada and the pigs from Inga Food are supplied with feed from Nanta.

Market and competitive landscape

In 2014, the market circumstances in Spain and Portugal continued to be challenging with high levels of unemployment, a lack of financial liquidity for some customers, and a slight decrease in demand for feed in the third-party market (the accessible market not serviced by integrated companies).

Compound Feed

The third-party market for compound feed is shrinking, which is mostly a result of a shift towards integrated farming operations. This has been driven by low profitability for farmers over the last few years, cash-flow challenges, and investment capital requirements in order to meet new animal welfare regulations. Overall herd sizes have declined slightly for most species apart from beef cattle and broilers.

The Iberian compound feed industry is fragmented; the top five out of more than 800 players account for about 32% of the total volume. It is a multi-species market where swine and poultry are of great importance. Nanta is market leader with an overall market share of 13% and a nationwide presence in Spain and Portugal. Nanta's main competitors are Vall Co. (7%), Guissona (5%), Nuter (4%) and Coren (3%). It is anticipated that the market will consolidate further.

Meat

The Spanish poultry meat market is a relatively closed market comprising 90% of fresh products. Frozen products compete with imports from other countries such as Brazil. With a market share of 25%, Sada is the number one poultry producer in Spain. Its main competitors are Vall Co. (9%), Uvesa (8%), Coren (6%) and Avícola de Navarra-LDC Avilaves (6%).

The general demand and supply situation for poultry products in Spain has been more volatile in 2014 compared to 2013, with relatively better prices for poultry meat in the first half and lower prices in the second half, compared with the same periods of 2013.

In the fragmented pig farming industry in Spain, Inga Food has a market share of 3% in white pig production and 7% in Iberian pigs. The market for pork meat is growing, driven by increased export demand. It is increasingly dominated by integrated producers.

Pork prices in Spain have declined as the year progressed, driven by lower feed costs. Sale prices of white pigs were high during the first half of 2014 and summer, and decreased considerably towards the end of the year, mainly due to the Russian ban on imports. Iberian pig prices, however, remained at very high levels throughout the year.

Developments in 2014

There has been a further rationalisation of compound feed production in certain regions in order to optimise production levels, increase utilisation rates and, consequently, reduce production costs. This resulted in the closure of one production plant with a small impairment.

A number of innovations were developed by Nanta such as Optifeed, which is a new nutritional model for sows that will be launched into the market soon, a new feed system developed for rabbits based on more digestible diets and new diets for broilers based on the use of different raw materials to improve digestibility by gizzard stimulation.

Our poultry business Sada is progressing with the disengagement process for a significant customer, supermarket chain Mercadona (representing 5% of total Nutreco revenue in 2014). Poultry volumes to Mercadona are being progressively replaced with alternative customers across various channels. We have successfully replaced approximately 75% of these volumes compared with the last comparable period before the start of the disengagement process.

Sada's most important innovations include the development of customer-specific marinated chicken products, extending the shelf life through new food preservatives and the installation of automatic systems based on ultrasound to decontaminate hooks on line.

Inga Food is the largest integrator of live animal production of white pigs and is a reference in terms of quality, traceability and food safety throughout the entire value chain. Inga Food is the first swine integrator certified under the ISO 9001 AENOR standard.

Governance & compliance

Our Supervisory Board

Jan Maarten de Jong (1945, Dutch)
Chairman 2011

Appointed: 28 August 2003
Reappointed at the AGM of 28 March 2011 for a third and final term of four years, expiring at the AGM of 2015
Chairman of the Supervisory Board of Aon Groep Nederland B.V., member of the Supervisory Board of Theodoor Gilissen Bankiers N.V. and Kredietbank S.A. Luxembourgeoise (Luxembourg).

Mr de Jong studied economics in Amsterdam, the Netherlands, and obtained an MBA degree from INSEAD. He started his career in 1970 at ABN N.V., subsequently ABN AMRO Bank N.V., where he joined the Managing Board in 1989, leaving at the end of 2001.

Jaap Vink (1947, Dutch)
Vice-chairman 2011

Appointed: 19 May 2005
Reappointed at the AGM of 28 March 2013 for a third and final term of four years, expiring at the AGM of 2017
Chairman of the Supervisory Boards of Aegon Nederland N.V. and several subsidiaries, including Aegon Bank N.V., member of the Supervisory Board of Spize Holding B.V., member of the Supervisory Board of Cargill B.V. and Chairman of the Stichting Preferente Aandelen of Macintosh Retail Group N.V.

Mr Vink studied Organic Chemistry at Leiden University, the Netherlands, and in 1972 obtained a PhD in Mathematics and Natural Sciences. In 1974, he joined the Wessanen food company and moved to CSM in 1983. On 1 May 2005, after a career of 22 years with CSM, he left this food company, where he was Chairman of the Executive Board.

Piero Overmars (1964, Dutch)

Appointed: 27 March 2014.
Appointed at the AGM of 27 March 2014 for the first term of four years, expiring at the AGM of 2018

Member of the Supervisory Board of the Academic Medical Center in Amsterdam, Tetu Holding B.V. (Van Dijk Educatie) and Aronsohn Holding B.V. He is also an advisor to NautaDutilh N.V. and director at Randstad Beheer B.V. After having obtained his MBA degree from Nijenrode Business School (1987) Mr Overmars joined ABN AMRO Bank N.V. In various management positions in the Netherlands and in Asia, he deepened his knowledge in the field of finance and control and gained extensive international experience. From 2006 until 2008, Mr Overmars was a member of the Managing Board of ABN AMRO Bank N.V.

Herna Verhagen (1966, Dutch)

Appointed: 1 April 2010
Reappointed at the AGM of 27 March 2014 for a second term of four years, expiring at the AGM of 2018

CEO of PostNL N.V., member of the Executive Board of VNO-NCW (the Confederation of Netherlands Industry and Employers) and member of the Supervisory Board of Rexel S.A.

Ms Verhagen has a law degree from Nijmegen University, an HR Masters degree from Tilburg University, an International Management degree from INSEAD and an executive MBA from Stanford University. In 1993, she started at TNT Post. In 2003, she was appointed member of the Executive Committee of TNT Post. From 2007 to 2010, she was Managing Director Group HR TNT. After the demerger of TNT Post in 2011, Ms Verhagen joined the Board of Management of PostNL N.V. and was appointed CEO in April 2012.

Ajai Puri (1953, American)

Appointed: 21 April 2009
Appointed at the AGM of 28 March 2013 for a second term of four years, expiring at the AGM of 2017

Non-executive Director of Britannia Industries Ltd. (India), non-executive Director of Barry Callebaut AG (Switzerland), non-executive Director of Tate & Lyle PLC (UK).

Mr Puri studied at the University of Maryland, United States, where he obtained a PhD in Food Science, and at the Crummer Business School, Rollins College, in the USA, where he obtained an MBA in Marketing. He joined the Coca-Cola Company in 1981, where he assumed various management positions until 2003. From 2003 to 2007, he was a member of the Executive Board of Koninklijke Numico N.V. as President R&D and Product Integrity (Food Safety and Quality). During that period he was a non-executive Board Member of Pt Sari Husada tbk (Indonesia) from 2004 to 2007.

Report of the Supervisory Board

It is my pleasure to present the Report of the Supervisory Board for 2014. The report provides an overview of the activities undertaken by the Board in the past 12 months, which was a particularly busy period from a governance perspective. This will be my final report as Chairman of Nutreco's Supervisory Board.

The year 2014 was a pivotal one for the Company. Early in the year, a new organisational and management structure was initiated that better facilitates the execution of our strategy. This was the correct decision to enable future growth. Throughout 2014, business conditions were not easy; the economic environment remained tight and the market dynamics in some of the countries that we operate in changed drastically, which caused a revised EBITA guidance. From a financial perspective, Nutreco performed according to expectations, although moving forward we still see further potential for improvement as the execution of our strategy 'Driving sustainable growth' progresses. This will be derived from putting more focus on globally branded specialty products as well as through further investments that will strengthen our presence in targeted growth geographies. Also during the year, acquisitions were concluded in Brazil and Nigeria. Both fit our strategy perfectly and will provide greater balance to our revenue, strengthen our geographic presence in those growth markets and further diversify our species portfolio.

Our Board had thorough and transparent discussions with the Executive Board regarding Nutreco's strategy and important operational and governance topics. These included the implementation of strategic choices made early in 2014 when refining the 'Driving sustainable growth' strategy. The enhanced approach focuses on a higher value-added portfolio of products and innovative sustainable nutritional solutions that leverage Nutreco's local and global skills in relatively high-growth economies. Other subjects discussed included developments with respect to the potential divestment of the Iberian compound feed and meat businesses, management development, Nutreco's cash generation and capital structure, and the process of embedding Nutreco's values as defined in 2013.

In September, the Dutch privately-owned multinational SHV Holdings N.V. (SHV) approached Nutreco with an unsolicited bid for all the ordinary shares of Nutreco. From that moment on, our Board has been intensively occupied in the resulting process from that 'bid' (or 'Project'). Members of our Board have been engaged on a daily basis with the Executive Board, senior management and external advisors. Due and careful consideration has been given to the fulfilment of our fiduciary duties and responsibilities towards all stakeholders involved. This process has ultimately resulted in an Offer Price of € 45.25 per share. As reflected in our Position Statement, in our opinion the offer made by SHV is compelling for the shareholders, employees and other stakeholders of Nutreco. The Offer represents a fair price, an attractive premium, favourable non-financial terms and a high deal certainty while fully respecting commitments with employees, clients and suppliers. Importantly, SHV endorses the three core elements of our success: Strategy execution including expansion by capital investments and acquisitions, our innovative strength and the competences of our people. Additionally, the values embodied by SHV are consistent with those of Nutreco. We therefore unanimously recommend the offer made by SHV for acceptance by Nutreco's shareholders. The Offer will be discussed in an Extraordinary General Meeting of Shareholders on 9 February 2015.

While 2014 was an eventful period for Nutreco, it should be remembered that the Company has undergone many changes through the years. Various parts of the business have long and successful histories as family-owned ventures; some were founded more than 100 years ago. In the 1970s, BP Nutrition began consolidating various agricultural, food, and consumer goods companies. The animal nutrition businesses were then spun off into private equity ownership in 1994. Nutreco was floated in an initial public offering on the Euronext Amsterdam stock exchange in June 1997. Since then, Nutreco has experienced many transitions as it has evolved into its current form. Nutreco's public ownership has been highly successful. Over the past 18 years, the Company has generated a very attractive total shareholders return in excess of 850%, outperforming almost every Dutch publicly listed company.

On behalf of the Supervisory Board, I would like to express my appreciation and extend my compliments to the Executive Board and to all Nutreco employees for their great effort in 2014 and the excellent cooperation between all parts of the Company to enable the changes necessary to safeguard the future of Nutreco. We also extend our compliments for the good business results achieved in 2014.

Jan Maarten de Jong
Chairman

Activities of the Supervisory Board in 2014

The Supervisory Board held seven plenary meetings in 2014, one of which took place by conference call, all according to a fixed schedule. Two closed meetings, without Executive Board members, were held preceding regular meetings. As from mid-September when SHV approached Nutreco with an unsolicited bid for all the shares of Nutreco, numerous extra meetings were held by the full Board or by the Special Committee that was formed for this specific purpose. An overview of our activities performed on this Project is presented below.

Between meetings, the Chairman maintained intensive contact, both in person and by telephone, with the Chief Executive Officer (CEO). The Chairman acts as the CEO's first point of contact within the Supervisory Board for discussions on topical issues and Nutreco's general affairs. On the evening preceding Supervisory Board meetings, the full Board has a closed meeting with the CEO.

Throughout 2014, attendance at Board and committee meetings was high with members rarely absent from either. The attendance percentage was 97% for full Board meetings (including the extra meetings relating to the Project), 100% for the Audit Committee meetings, 93% for the Remuneration Committee meetings, 100% for the Innovation and Sustainability Committee and 98% for the Special Committee meetings. Non-attendance was explained by other previously set engagements (virtually all in relation to the extra meetings that were convened at short notice). Absent Board members provided input in advance and designated other Supervisory Board members to proxy for them. The discussions within the Board were mostly based on documents and presentations by the Executive Board and/or advisors. By way of preparation, many subjects were discussed in advance at one of the Board's committee meetings.

In the meetings with the Executive Board, the Board was updated on a number of recurring items, such as news regarding Nutreco, financial performance, net working capital developments and financial forecasts, reports on the Operating Companies, developments in the markets in which Nutreco operates, business projects and acquisition opportunities. The Board takes a close interest in investor relations; trading updates, share price developments and the composition of the shareholder base are evaluated on a regular basis along with feedback from investor road shows. Press releases related to financial results were discussed prior to publication.

Throughout 2014, we closely monitored progress and provided advice on the'Driving sustainable growth' strategy. Special attention was given to the altered risk profile of the Company. Due to the enhanced focus on emerging markets, existing governance models needed to be amended. Based on our self-assessment undertaken in 2013, a dedicated strategy day meeting was scheduled for the end of 2014; in view of the bid made by SHV, this day was rescheduled to first-half 2015.

In early February 2014, in the presence of the external auditor KPMG Accountants N.V. we discussed and reviewed the draft 2013 annual accounts as well as the external auditor's report and the findings summarised in the management letter. The Board agreed with the Financial Statements and approved the dividend proposal and the 2013 annual results press release. The auditor's recommendations in the management letter were minor and all related to improvement opportunities reported earlier by them. It was concluded that good progress had been made on those observations; no new topics or material weaknesses in internal control were identified. The Board, which monitors progress on these recommendations, was pleased to note this. After review of the draft unqualified opinion provided by the external auditor, all members of the Supervisory Board endorsed Nutreco's 2013 Financial Statements. The draft Integrated Annual Report 2013, including the draft Report of the Supervisory Board and its committees, was discussed and some adjustments to the text were made.

In addition, the Board decided on the Executive Board's performance rating of the bonuses over the year 2013, the granting of performance-based shares and the 2014 bonus performance criteria. The Board also approved the draft agenda for the Annual General Meeting in March and an update was received on the status of the divestment process in Iberia, which resulted in the Board providing the Executive Board with a financial mandate for negotiations.

We received an update on the integration process of Gisis (Skretting Ecuador), acquired in 2013. Although the embedding of that business into the operational and financial systems of Nutreco initially suffered from some challenges and delays, we are pleased with the operational progress it has made since 2013 and its financial contribution in 2014 is in line with the acquisition assumptions. In this meeting, ample time was spent on the revised external financial guidance. Although Nutreco remains fully committed to its 'Driving sustainable growth' strategy, the intended divestment of the compound feed and meat businesses in Spain and Portugal and the new market reality for salmonid feed in Norway resulted in a revised financial guidance. More than ever before, future growth and further profit improvement will need to be driven by innovation and value creative acquisitions. In this framework, the proposed changes in management and the modus operandi of the newly established Executive Committee (EC) were discussed in detail and finally agreed upon. The EC consists of the CEO and CFO, five Business Unit managers as well as the Chief Innovation Officer and the Corporate Human Resources Director. We are of the opinion that, in view of the changing external circumstances with the establishment of the EC, execution of business operations is better aligned to support the goals in the next phase of Nutreco's development. The communication on the changes in governance and the amended financial guidance, as well as the proposed divestment of the Iberian operations were extensively discussed and agreed upon in the presence of an external communication expert.

Also at the February meeting, updates were received on claims and litigation matters as well as on the compliance overview 2013 of the Nutreco Code of Ethics. Of the few matters reported, none had a material impact. We are pleased to see that – based on the high level of transparency in relation to reporting of issues as well as its follow up – local management is well aware of the Code.

In the meeting held at the end of March, we prepared for Nutreco's Annual General Meeting. Considerable time was spent on the outcome of the employee engagement survey initiated at the end of 2013 and the related action plan that specifically focuses on resources and training.
Since EBITA development was not in line with expectations, additional focus was asked from management for a few countries that had been underperforming for some time. Ample time was spent on the divestment process in Iberia, the expressions of interest that were received, and its related conditions. It was concluded that a potential divestment should only proceed in the event of acceptable conditions and pricing. Information was received on some acquisition opportunities in Brazil, for which we requested more in-depth analysis.

In June, we paid a three-day visit to our operations in China. We met in Hong Kong as guests of the BU Asia. The senior management of our operations in that region presented extensive updates on developments in their local markets which, together with a visit to some of our customers and the local R&D centre, gave good insight into their specific challenges. A guest speaker attended part of our meeting to discuss Asian economic developments in relation to our industry. We visited operational sites of Skretting China in Zhuhai (shrimp feed plant, purchased in 2011) and of Trouw Nutrition in Beijing (animal nutrition premix plant) and met with local staff.

During the regular meeting, we received an update on the progress of the strategic projects, with a special focus on the Values project, the positioning of the feed additives portfolio, a working capital reduction programme and the implementation of Unite. Considerable time was spent on the status of the divestment process of the Iberian operations. Since the divestment process did not result in a fair valuation that properly reflected the strengths of this operation, after consultation with and approval of our Board, the Executive Board decided to halt this process.
Acquisition opportunities in Brazil and Nigeria were discussed. Since, from a strategic point of view, both proposals were valid, we agreed that these opportunities should be further pursued, but with some governance-related conditions to safeguard an adequate integration.

The long list of potential candidates, as prepared by an external search firm, to fill the vacancy in our Board arising in 2015 due to the expected retirement of the Chairman was also discussed.

In a telephone conference meeting held in July, the half-year 2014 results and the external auditor's interim report were discussed. The Board agreed with the half-year results and approved the draft press release, including the outlook for 2014, and the proposal of the Executive Board to grant an interim dividend of € 0.30 (2013: € 0.30) per ordinary share. Ample time was spent on the outlook for 2014, due to the changed market dynamics and somewhat pressured results. The proposal for Nutreco's capital structure and for a share buy-back programme of € 100 million to optimise the efficiency of the balance sheet was discussed and agreed on. The shortlist of two candidates to fulfil the vacancy in our Board was agreed on and interviews with both candidates were scheduled.

Although the September meeting was largely dedicated to the bid received from SHV, the remainder of the meeting provided ample time to discuss a proposed cost-efficiency plan. The headlines of the plan, which was composed of various underlying topics, were challenged and agreed upon. The Corporate HR director presented the outcomes of the new talent management survey. We were pleased with the progress made on this item within a very limited time frame. The managing director of BU EMEA presented an overview on the BU organisation and results achieved. The Board appreciated the developments so far as well the future potential of this BU.

In November, ample time was spent on the bid from SHV and the expression of interest by Cargill. Next to this, particular focus was given to the progress on Nutreco's Company Values. A first draft of the 2015 budget was reviewed, also in view of the financial outlook for 2014. Two acquisitions in Brazil, BRNova and Fatec, were approved.

In a closed meeting preceding the regular December meeting, Nutreco's compliance with the Dutch Code on Corporate Governance was reviewed. The relevant outcomes of this meeting are reflected in the various parts of the Integrated Annual Report 2014.

In our regular meeting, next to the developments related to the bid made by SHV, ample time was spent on the 2015 financial budget, which, after a robust discussion with management, was supported. Updates on 'Market Driven Innovation' for feed additives, young animal feed for ruminants and swine, as well as health products for shrimp were received from the Chief Innovation Officer. An update on Nutreco's risk management profile was also discussed and agreed upon. Last but not least, we discussed a proposal for an alternative client marketing model in our salmonid feed business, to which we provided our input.

Supervisory Board committees

Supervisory Board Special Committee on bid made by SHV

J.M. de Jong (Chairman); P. Overmars and J. Vink (as of 2 November, J. Vink was replaced by H. Verhagen).

After a conflict of interest check, our Board appointed the Special Committee on 24 September. When in November Cargill Inc. made their first telephone approach to the Company, Mr J. Vink stepped down from the Committee (due to his supervisory board membership of Cargill B.V.) and was replaced by Ms H. Verhagen. In addition to the external advisors appointed by Nutreco, on 26 September the Special Committee advised the Supervisory Board to engage investment bank Leonardo & Co. to provide additional independent financial advice to the Supervisory Board, in addition to ING Corporate Finance that had already been engaged as Nutreco's financial advisor. After 17 November 2014, the Special Committee advised the Supervisory Board to engage the investment bank Bank of America Merrill Lynch for additional financial advice for Nutreco, and Skadden, Arps, Slate, Meagher & Flomm LLP for additional legal advice, in addition to De Brauw Blackstone Westbroek which had already been engaged as Nutreco's legal advisor.

As of 19 September 2014, when Nutreco was initially approached by SHV with an unsolicited bid for all the Nutreco shares, six full Board meetings and 19 meetings of the Special Committee of our Board were held during 2014, all dedicated to SHV's bid and Cargill's expression of interest. Some of the meetings were held by means of a conference call. In almost all meetings, the Executive Board, the Company Secretary, the Director Investor Relations and the external advisors were present.

As reflected in the Letter to Shareholders dated 5 December 2014, ample time was spent on safeguarding the fiduciary duties of the Boards to all stakeholders, by means of an intensive, careful and thorough process. Our main activities consisted of advising the Executive Board on the unsolicited approach made by SHV, performing the conflict of interest check, reviewing the strategic direction and assessing potential alternatives, monitoring the process and the progress of the discussions and negotiations with SHV, reviewing and advising on the key terms as reflected in the legal documentation, reviewing press releases and challenging the fairness of the Offer Price. Members of the Special Committee were also actively involved in direct communications with certain shareholders that expressed a difference of opinion on the process and Offer Price. Although the Special Committee was daily occupied with the bid project, the full Supervisory Board was adequately informed at all times and was involved in all strategic decisions. During the full process, but more specifically as of November 2 onwards, careful consideration was given to the position of board member J. Vink in view of his supervisory board membership of Cargill Nederland.

Remuneration Committee

A. Puri (chairman); J.M. de Jong; H. Verhagen

The Committee met six times during 2014: Four meetings were outside the pre-set schedule of which one was convened to discuss the principles of the new global reward strategy. The other three additional meetings were fully dedicated to the effects of the bid by SHV on the long-term variable compensation (performance shares) of the Executive Board and senior management. Two of those meetings were private sessions, in the other meetings the CEO and Company Secretary were present. The Corporate Human Resources Director participated in three of those meetings, and the Board's external remuneration advisor once. In between meetings, the Chairman of the Committee and its members had regular contact with the CEO.

In February, the Committee prepared proposals for the Supervisory Board on the performance evaluation of the Executive Board against the performance targets in order to define the short-term variable remuneration (cash bonus) for 2013, and defined the performance targets for 2014. The proposed 2014 grant of performance shares under the Long-Term Incentive Plan to the Executive Board and senior management were also assessed, as well as the final ranking within the peer group as the basis for the vesting of the conditional performance shares granted in 2011. The Committee reviewed and agreed on the remuneration package of the newly established EC and the severance package for Mr J. Vergeer, who was to step down from the Executive Board. As disclosed before, the severance deviated from best practice II.2.8 of the Code. This was due to the fact that, next to his membership of the Executive Board since 2009, for the remaining 70% of his time Mr Vergeer also maintained his responsibilities in Canada for which his existing severance payment of 24 months remained in place. The Supervisory Board unanimously confirmed the proposed decisions.

In September, the Committee reviewed and agreed with the new proposed reward strategy for senior management that provides for more individual and performance-related remuneration. The Remuneration Policy as well as a benchmark on the annual fixed base salary of Executive Board members were assessed. It was concluded that the current overall remuneration package of both Executive Board members was in line with median market levels. Based on the Remuneration Policy, which was considered still market-compliant, it was concluded that there was no cause for a raise in remuneration. Also the remuneration of Supervisory Board members was assessed. A travel allowance for international meetings was considered, but discussions were postponed due to the developments on the bid by SHV.

In the period September to October, the Committee convened three extra meetings to review the effects of the bid by SHV on the early vesting of the granted but not yet vested performance shares on a potential change of control date. Also the completion bonuses for the team involved in the transaction were discussed and agreed on. The bonuses are intended as acknowledgement of the intensity of the process following SHV's bid and Cargill's expression of interest and the value maximisation that has been achieved through the process. A high level of performance was required in a very short time-frame, largely outside normal office hours and on top of the normal executive responsibilities. The completion bonus for Executive Board members will only become payable if a third party acquires more than 66.67% of the Nutreco shares prior to 1 July 2015, and will be subject to the condition that the general meeting of shareholders of Nutreco N.V. approves such a completion bonus. The Committee further concluded that for the unvested performance shares that would vest earlier in the event of a change of control situation, the maximum percentage of vesting will be reduced pro-rata-temporis. For the Executive Board members, Dutch legislation that came into force on 1 January 2014 (article 2:135 sub 7 DCC, resulting in a claw-back of the increased value of the Company shares due to a public bid) will apply to the shares held by them that were granted as remuneration. For more information on the application and effects of this new legislation, please refer to the Remuneration Report, page 88. The Supervisory Board confirmed the proposed decisions. As stated in the offer agreement with SHV, Nutreco will not issue any shares, so the settlement of LTI plans will be in cash instead of shares.

In December, the continuation of the share-based incentive plans for 2015 were approved and the proposed non-financial performance targets 2015 were discussed and amended. The Committee further reviewed the ratio of the remuneration structure of the management level below the Executive Board versus the Executive Board remuneration, and a presentation was received on the effects and proposed mitigation measures related to the mandatory changes of the Dutch pension schemes, which were approved. A preliminary performance calculation on the performance shares granted in 2012 was reviewed; these shares will vest according to plan as per 2 March 2015, while the final performance measurement and the related vesting percentage is defined as per ultimo 2014.

Audit Committee

J. Vink (chairman as of April 2014, R. Frohn till April 2014); P.Overmars.

According to a fixed schedule, the Committee met three times in the presence of the CEO, CFO, Director Group Internal Audit and KPMG Accountants N.V. One meeting was held partly without any members of the Executive Board present. Furthermore, in April, July and October, telephone conferences were held to discuss and review the quarterly financial results and the related press releases. In early December, an additional telephone conference was held to discuss and review the accounts as of 30 September 2014, as reviewed by KPMG Accountants N.V. and included in the Offer Memorandum, which was published on 5 December. In between meetings, the chairman had regular contact with the CFO.

In February 2014, the Committee reviewed the draft annual accounts 2013 as well as the draft Integrated Annual Report 2013. Updates were received on impairment testing of cash generating units, provisioning of accounts receivables, legal claims and pending litigation, other services performed by the external auditor as well as the dividend proposal.
The proposal to classify the assets in Iberia as 'held for sale' was endorsed, based on the information presented.
The draft press release regarding the full year results 2013 was discussed and, after some amendments, forwarded to the Supervisory Board for final review. The Committee also reviewed the 2013 report on compliance with the Code of Ethics, based on the annual compliance certificates received from management and senior staff, internal reports made during 2014 as well as the anonymous reports received through the Nutreco Integrity Line. A few cases of non-compliance were reported, none of which were of material importance.

Important items on the agenda were the auditor's report 2013 and the management letter 2013 of the external auditor. The auditor did not identify any material weaknesses in internal controls and concluded that good progress was made in the follow-up of the improvement opportunities presented in 2013. The embedding of the Code of Ethics programme in the operations in scope was considered to be well on track. The Group Tax Director gave a presentation on Nutreco's tax policy and positioning. It was concluded that, based on the information and the effective tax rates, both seem sustainable, also in view of the ongoing public tax debate and its potential impact on Nutreco. Without KPMG being present, the Committee assessed that the 2013 audit was performed adequately, communications between the external auditor and Nutreco were appropriate, the attitude of the auditor was found to be independent and professionally critical, and the expertise and composition of the audit team was up to standard. Also the self-assessment of the Committee's own functioning was made and a few procedural aspects for further improvement were defined. The Committee had individual closed sessions with the external auditor and the Director Group Internal Audit, after which it was confirmed that there were no other or unknown items not disclosed to the Committee.

In the conference call in April, in addition to the quarterly results, ample time was devoted to the developments in the divestment process of the Iberian businesses. The various scenarios and their financial and reporting consequences were reviewed.

In June, special attention was paid to the scope and status of two tax audits and related follow-up actions. A presentation was made by the Group Treasurer on risk management within treasury; diversification of financing and foreign exchange risks, as well as the progress on related projects. With regard to the external audit, the Committee reviewed, in consultation with the CEO and CFO and the Director Group Internal Audit, the proposed audit scope, approach and fees for the 2014 audit. The independence of the external auditor considering non-audit services was also confirmed. Also at this meeting, the outcome of the selection process for the new external auditor to be appointed from 2016 was discussed. The Chairman of the Committee participated in this process. The Committee agreed with the proposed nomination of PwC N.V. for appointment as external auditor to be presented to the General Meeting in 2015 for approval.

The meeting discussed the defined ambition level of risk management within the Company and its proposed phasing, after which some amendments were made. Furthermore, the Director Group Internal Audit presented a progress report on the results of internal audits, as well as reviews regarding the implementation of Unite and related actions.

In the July meeting, the Committee reviewed the draft half-year interim results and the external auditor's interim report on the half year figures. Due to the fact that in June the process to explore the potential divestment of the compound feed and meat businesses in Spain and Portugal ended, the classification of these assets and liabilities as 'held for sale' was reversed in the consolidated half-year 2014 financial statements. Based on the external auditor's report, main discussion items were the upcoming acquisition of 60% of Durante (Nigeria) and its governance-related challenges, provisioning for doubtful debtors and impairment risks. The merits of the proposed share buy-back proposal for € 100 million were discussed and agreed on, as well as the interim dividend proposal. In view of the challenging and changing market circumstances, considerable time was spent on Nutreco's 2014 outlook statement and the measures taken to secure realisation of targets. The draft half-year results press release was reviewed and forwarded with some remarks to the Supervisory Board for approval and release.

In the evening of 17 October, the full Supervisory Board participated in a conference call on the third-quarter results. Given the developments in the discussion with SHV on the valuation of the Company, ample time was spent on analysing the wording of the press release for the third-quarter results as well as the Executive and Supervisory Boards' position regarding the price per share as offered by SHV. A mandate was provided to the Executive Board for the final negotiations with SHV.

In early December, a special meeting was conducted to discuss and review the accounts as of 30 September 2014, as reviewed by KPMG Accountants N.V. and included in the Offer Memorandum prepared by SHV and published on 5 December.

In December's regular meeting, we evaluated and discussed the report of the external auditor on the hard close of the third-quarter accounts that was similar to the report discussed earlier that month. A great deal of time was spent on the findings and procedures as reflected in the progress report of the Group Internal Audit. In relation to internal risk management, the annual re-assessment of Nutreco's key risk categories was reviewed as well as the risk appetite definitions and the status overview. The final risk management profile was reported to and discussed with the Supervisory Board in December 2014. For more information see pages 70-79.

Selection and Appointment Committee

The full Supervisory Board acts as this Committee, which meets on an ad hoc basis. Given the upcoming changes in the composition of the Supervisory Board in 2015, due to Mr J.M. de Jong stepping down, the Committee agreed early in 2014 that Mr P. Overmars would take up the Chairman's role as of 2015. Based on a profile, a search was subsequently initiated for a new Supervisory Board member to fill this vacancy. The Committee was assisted by an external recruitment firm in identifying potential candidates that matched the profile. While a suitable and available candidate was identified, it was decided not to fulfil the vacancy for the time being because of the bid made by SHV.

In early 2014, ample time was spent on Nutreco's new organisation and governance model, consisting of the Business Unit model steered by an Executive Committee. This also included the assessment of the candidates to fulfil the positions in the Executive Committee and their terms and conditions, as well as the settlement arrangements for the Executive Board members who stepped down in early 2014.

Innovation and Sustainability Committee

A. Puri (chairman); J. Vink

The Committee met three times in 2014, in the presence of the CEO, the Chief Innovation Officer and the Corporate Director R&D. Presentations were given by the Corporate Director Sustainability, as well as the global marketing directors for Fish Feed and Animal Nutrition, based on which discussions were held.

The main topic discussed in the February meeting was Nutreco's sustainability programme and progress in 2013 and 2014. The Committee concluded that good progress was made in realising the objectives in the areas of Ingredients, Operations, Nutritional Solutions and Commitment, as described in our Sustainability Vision 2020. Reviewing the sustainability performance objectives 2013, it was concluded that both targets (portfolio of new nutritional solutions and Nutreco's sourcing policy) were overachieved, resulting in a score of 130% for this 20% part of the overall bonus. The proposed performance targets for 2014 were also discussed and defined. For 2014, the following sustainability objectives were set: further embedding sustainability and strengthening the controls around sustainability key performance indicators KPIs), revision of vendor policies and development of vendor audit guidelines, implementation of five operational KPIs in business review process and pilot in five Operating Companies, the launch of NutrECO-line and raising internal and external commitment by executing five fixed actions (see also page 38. The self-assessment of the Committee showed no particular items for improvement.

In June, the Committee was updated on the progress of innovation and R&D in the Global Marketing organisation of the Animal Nutrition segment. Under the leadership of the newly-appointed Chief Innovation Officer, the key focus areas for innovation were defined as Life Start (young animal feed and later life performance), Health & Welfare (supporting intestinal health), Feed Efficiency (production efficiency and reducing emissions) and Precision Feeding (services and models). An overview was received on the value proposition by new innovations; launches of new products and the pipeline of mid- and long-term R&D projects for the three main species in our animal nutrition portfolio: poultry, ruminants and swine. The Committee concluded that both the innovation process as well as the multidisciplinary approach for optimal value proposition that were defined earlier as strategic spearheads, were progressing well. It was further concluded that Nutreco is well-positioned for the upcoming challenges due to the changing regulatory landscapes and growing need for functional additives. However, execution at business level could benefit from increased focus.

The December meeting held in Stavanger, Norway, focused on innovation within our Fish Feed segment. The four key areas for innovation are in principle the same as within Animal Nutrition and are here defined as: Life Start (transitional diets), Health and Welfare (functional and nutritional solutions for specific challenges), Feed Efficiency (high performance and raw material flexibility), and Models and Services (feed performance and recommendations). Overviews on these key areas were presented for both fish and shrimp species. The Committee concluded that the fish feed R&D portfolio is rather mature and well balanced between species, markets and countries and is supported by clear implementation plans and appropriate financial value proposition models. This platform offers a good opportunity to leverage these qualifications into relatively new species for Nutreco, such as shrimp. At the end of the meeting, the Corporate Director Sustainability informed the meeting on the sustainability projects 2014 and it was concluded that good progress was made on engagement for supplier responsibility and on NutrECO-line, the Nutreco nutritional solutions sustainability programme (see www.nutreco.com/en/sustainability).

Composition of the Supervisory Board and Executive Board

The members of the Supervisory Board collectively represent a broad range of experience and expertise. The Supervisory Board meets the requirement of the Dutch Corporate Governance Code on independency, and it also complies with the rules that its members, except for grandfathered positions, do not hold more than five Supervisory Board positions at publicly listed Dutch companies. The Supervisory Board currently comprises five members, whose profiles are provided on pages 60-61 of this report.

At the end of the Annual General Meeting on 27 March 2014, the first term of Ms H. Verhagen expired; Ms H. Verhagen was at that date re-appointed for a new four-year term.

On the same date, Mr R. Frohn voluntarily stepped down from his position as Supervisory Board member. Mr P. Overmars was nominated and appointed as a Supervisory Board membership to fill the vacancy of Mr R. Frohn.

According the rotation schedule, Mr J.M. de Jong is scheduled to step down in March 2015 due to the expiration of his third and last term. In recognition of the 12 years that he served on the Board, including four years as Chairman, we would like to acknowledge his contributions towards the successful growth of Nutreco and thank him for his leadership. His broad experience, analytical skills, dedication, knowledge of our business and tact have formed the basis of his membership. We are grateful for his contributions to Nutreco over so many years.

Based upon the profile of the Supervisory Board, a search was initiated in 2014 for a new Supervisory Board member to fill this vacancy. Diversity, including gender, was an important consideration in this selection process and a suitable and available candidate had been identified by September. However, given the unexpected bid by SHV at that time, it was decided to put the fulfilment of this upcoming vacancy on hold. If settlement of the bid takes place, Mr J.M. de Jong, Mr A. Puri and Ms H. Verhagen will step down from their positions as Supervisory Board members. If settlement of the bid does not take place, Mr A. Puri and Ms H. Verhagen will maintain their positions as Supervisory Board members for the remainder of their current term. In this situation, it will be proposed to the General Meeting that Mr J.M. de Jong will – for continuity reasons, but in deviation from the Dutch Corporate Governance Code – be reappointed as Supervisory Board member for one year.

In early 2014, the composition of the Executive Board changed: Jerry Vergeer and Viggo Halseth resigned from their positions. Mr Vergeer left the Company, while Mr Halseth continued his employment in the function of Chief Innovation Officer and member of the Executive Committee. We thank them both for their dedication and contributions as members of the Executive Board. From February 2014, the Executive Board has consisted of Knut Nesse (CEO) and Gosse Boon (CFO). They are supported by an Executive Committee, composed of the five Business Unit managing directors as well as the functional Innovation and Human Resources directors.

Self-assessment Supervisory Board

After 2013, when the self-assessment of the Supervisory Board was performed under the leadership of an experienced external board facilitator (a process we intend to repeat every third year), the 2014 self-assessment was based on questionnaires completed by each member of the Supervisory Board. Items assessed included composition and profile, the Board's size, mix of skills and experience, decision-making, follow-up of decisions and discussions during meetings, induction and performance, areas of supervision, the relationship with the Executive Board, the support by the Company Secretary and the performance of the Chairman.

A summary of the main findings from the completed questionnaires, with the Vice-Chairman receiving comments on the Chairman, was used as the basis for a plenary self-assessment discussion in the Supervisory Board held in a private meeting. The Supervisory Board also reflected on its own performance, composition, and that of its three Committees. All items mentioned above were unanimously assessed positively and no real bottlenecks or serious weaknesses were identified, although some minor suggestions for improvement were discussed. The Board further concluded that the items, identified in the previous self-assessment in 2013, were almost all addressed during 2014.

2014 Financial statements and dividend

The Financial Statements for the year 2014, as prepared by the Executive Board, have been audited by KPMG Accountants N.V., whose auditor's report is included on pages 196-197 of this report and were extensively discussed in February 2015 by the Audit Committee with the external auditor in the presence of the CEO and CFO. They were also discussed by the Supervisory Board and the Executive Board in the presence of the external auditor.

The Supervisory Board endorses the Executive Board's proposal to pay a total dividend of € 1.05 (2013: € 1.00) per ordinary share in cash for the year 2014. The pay-out ratio amounts to 45% (2013: 45%). Of this total dividend, the Company has already distributed as interim dividend an amount of € 0.30 per ordinary share in August 2014, so the final dividend amounts € 0.75 per share. The Supervisory Board supports the Executive Board's proposal to retain the remaining net income for equity holders of € 101.6 million and add it to reserves. The ex-dividend date will be 30 March 2015 and the record date will be 31 March 2015.

The Annual General Meeting will be asked to grant discharge to the members of the Executive Board for their management during 2014 and to the members of the Supervisory Board for their supervision over said management, to the extent such discharge has not already been granted by the Extraordinary General Meeting of Shareholders scheduled for 9 February 2015.

The members of the Supervisory Board and Executive Board have signed the 2014 Financial Statements pursuant to their statutory obligation under article 2:101.2 of the Dutch Civil Code. The members of the Executive Board have also signed under article 5:25.2.c of the Markets Supervision Act (Wet op Financieel Toezicht).

The Supervisory Board recommends that the Annual General Meeting adopt the 2014 Financial Statements and the proposed dividend over the year 2014.

Amersfoort, 4 February 2015

The Supervisory Board
Jan Maarten de Jong (chairman)
Jaap Vink (vice-chairman)
Piero Overmars
Ajai Puri
Herna Verhagen

Risk Management

Nutreco values effective risk management, which is why it plays an important role in the execution of Nutreco's strategy. Risk management helps to obtain greater awareness of the risks that the organisation faces and their inter-related nature. Pro-active management of those risks and transparent decision-making regarding risk/reward trade-offs contribute towards greater likelihood of the achievement of our strategic objectives. Managing risks is essential in entrepreneurship and realising growth, and is also an enabler for a sustainable business.

Risk appetite

Nutreco in general adopts a prudent attitude towards risk-taking. Our risk appetite cannot be captured in one figure or formula. Risk boundaries are set by our strategy, company values, the Nutreco Code of Ethics, authority schedules, policies and corporate directives. Our risk appetite differs per type of risk area:

- **Strategic** - In pursuing our strategic ambitions, we are prepared to take above-average risk to achieve our growth, innovation and sustainability objectives
- **Operational** - We continuously strive to minimise operational risks as much as (economically) possible. Our risk appetite in this area is average, yet regarding feed safety our risk appetite is low. We are executing programmes geared towards continuously improving our operational and functional excellence
- **Financial** - With respect to financial risks, we have a prudent financing strategy and a strict credit policy. Our risk appetite in this area is low. Our financial risk management and risk appetite for several financial risks are explained in more detail in Note 27 to the Financial Statements
- **Compliance** - Our risk appetite in this area is very low and our ambition is to strive for full compliance with legal and regulatory requirements

There should always be sufficient understanding and awareness of risks. The lower the risk appetite is, the more controls and monitoring mechanisms should be embedded into day-to-day processes. For areas with a higher risk appetite, explicit additional senior management and Executive Committee attention is required.

Risk Management and Control systems

Risk profile

Nutreco has a portfolio of different products for different species, in an increasing number of different markets and geographies with operations spread over mature and emerging markets. As a result, the risks are spread as well. The worldwide activities are exposed to varying degrees of risk and uncertainty, some of which, if not promptly identified and managed, may result in a material impact on a particular operating company or business unit, and in extreme cases could even have a significant impact on Nutreco as a whole.

The Nutreco Risk Management Model

Nutreco's risk management is based on a model that is used by the business operations throughout the Group. Risks are monitored throughout the business and excessive risks are discussed with the Risk Management Advisory Board and Executive Committee.

The risk management and control systems are considered to be in balance with Nutreco's risk appetite, although such systems can never provide absolute assurance. Because of possible changes in the strategy and in risks, the company's risk management and control systems are subject to continuous review and adaptations.

In the course of 2014, the Nutreco corporate risk management function was strengthened. Principles and governance were better documented and Nutreco further improved alignment and collaboration from a risk management perspective. Several new or revised policies were introduced, changes in procedures and controls were implemented and further actions for improvement were defined.

The risk appetite – as presented above – and key risk categories were re-assessed. Due to the increased dependency on Information Technology (IT), a rapidly changing IT environment, events at other companies and external factors (e.g. (cyber) security risk), Nutreco assessed that the possible risk of loss or interruption of information has increased and therefore decided to add the IT risk as a key risk in 2014.

Responsibilities

The Executive Board, under supervision of the Supervisory Board, has overall responsibility for Nutreco's risk management and control systems. The Executive Committee is co-responsible for Nutreco's internal risk management and control systems. Business unit and operating company management are responsible for managing the performance and effectiveness of operations and identify and manage underlying risks. This is conducted within the rules set by the Executive Board, which is supported and advised by the Risk Management Advisory Board (RMAB).

Risk Management Advisory Board

For the various types of risks, the RMAB advises both the Executive Board and Executive Committee on risk management and on the design and effectiveness of the implemented control measures. Besides this, the RMAB reviews and advises the Executive Committee on new and revised Nutreco policies. The RMAB consists of the CFO (Chair), Risk Management Coordinator (Secretary), Corporate Controller, Group Treasurer, Director of Legal, Director IT and the Director Group Internal Audit. Specific business and other knowledge are provided by business management and internal or external experts who are invited to attend the meetings when relevant.

In 2014, the RMAB met six times (2013: six times). An overview of the main topics discussed in the RMAB meetings was presented to the Executive Board and the Audit Committee.

In 2014, the RMAB paid attention to subjects related to applicable laws and regulations and topics such as 403 consent statements, data privacy protection and compliance, and internal dividend policy. Besides this, several new or revised group-wide policies were reviewed and submitted for approval to the Executive Committee. The Risk Management planning, Risk Management Policy, risk-related roles, Nutreco Risk Universe and role and ambition of the RMAB were discussed and corresponding documents were approved. Functional directors (Treasury, Quality) and external specialists gave presentations on risk management in their areas of responsibility and expertise.

Key risk categories

The strategic, operational, financial and compliance risk categories that could have the greatest adverse effect on the achievement of Nutreco's objectives are described below. This is not an exhaustive list. There may be risks or risk categories that have currently been categorised as not having a significant impact on the business that could, however, develop into key risks. The objective of Nutreco's risk management systems is to identify changes in risk profiles and incidents in time, such that appropriate and timely measures can be taken.

Key risk categories	
Strategic	1. Macro-economic and geopolitical 2. Mergers and acquisitions, divestures, (de)integration
Operational	3. Catastrophe 4. Customer concentration / integration 5. Customer needs and innovation 6. Product failure and Feed safety 7. Product pricing 8. Project management 9. Purchase price 10. Sourcing 11. Information Technology (IT)
Financial	12. Capital markets 13. Credit 14. Tax
Compliance	15. Non-compliance

A risk category's significance is determined by the likelihood of it occurring and its potential impact on the achievement of Nutreco's strategic objectives, the financial performance and the company's reputation. The measures that have been taken to manage these risks are described on the following pages.

Strategic risks

1. Macro-economic and geopolitical risk

The risk that adverse political actions, political collapse of a nation of geopolitical importance, prolonged financial crises or recession threaten Nutreco's resources and future cash flows in a country/geography in which Nutreco has invested significantly or is dependent on for a significant volume of business or has entered into a significant agreement with a counterparty subject to the laws of that country. Such crises could result in a longer term slow-down of economies, as a result of which strategic objectives may not be achieved.

Managing the risks of macro-economic and geopolitical crises

Through its presence on several continents and by running businesses spread over different countries and species, Nutreco is not dependent on a single economy or political system. As such, the risk is spread and difficulties in one or more specific markets may be compensated by opportunities in other markets. We realise, however, that no international company is immune to large-scale financial or political crises, as recent years have shown.

In some of the growth geographies in which we operate (e.g. Ukraine, Russia and Africa) political unrest increased. Geographies that are essential in Nutreco's growth strategy however – mainly specific countries in Latin America, Asia and Africa – have shown positive economic developments and relative political stability in recent years. We have no indications that this will change significantly in the near future. Nutreco is aware though that its presence in growth geographies could eventually lead to greater political risks, including changes in tax systems. Any such developments and risks are carefully monitored and selectively mitigated by insurance coverage.

Our operating companies in growth geographies are managed through our business unit structure, enabling us to actively follow markets and economic and political developments and to respond adequately. In the case of new or prolonged crises, Nutreco is resolute in making decisions regarding the focus of the businesses, potential transfers of production to other areas and investments.

2. Mergers and acquisitions, divestures and (de)integration risk

The risk that Nutreco is unable to find a sufficient number of, or sufficiently-sized, value-creating merger or acquisition opportunities, or that the acquired companies are not in line with the strategy or are acquired based on the wrong investment assumptions, and/or failure of (de) integration, threatening the achievement of expected synergies and returns.

Managing risks related to mergers, acquisitions and (de)integrations

Nutreco's strategy is to expand through acquisitions in the growth geographies Latin America, Russia, Asia and Africa. The selection of acquisition targets from these areas is stringent, considering aspects such as strategic fit, financial viability, management quality, corporate governance, business culture and integrity, feed safety, sustainable sourcing and manufacturing practices. Nutreco applies the Nutreco Mergers and Acquisition (M&A) Policy and carries out a thorough M&A process during which various departments, including Business and Corporate Control, Treasury, Tax, Legal, Internal Audit, IT, HR, Corporate Development, Investor Relations and Health, Safety, Environment and Quality are involved in an advisory capacity.

Nutreco generally builds and maintains a pipeline of target companies that are at or close to its strategic requirements. Nutreco has a good basis through local presence with senior management in Latin America, Russia and Asia and dedicated business management for Africa. While proper policies and structures are in place, finding suitable, sizable acquisition candidates that meet Nutreco's financial and other requirements has proven to be challenging, while Nutreco has been consistently able to acquire a string of smaller-sized companies. Nutreco will maintain its risk and reward assessments, which ensure that acquisitions are in line with our risk appetite and have a high probability of delivering appropriate returns on invested capital. Nevertheless, there always remains a possibility that acquired companies will not be performing as expected, which could imply an impairment risk. No impairments were recorded in 2014 related to mergers, acquisitions and (de)integrations. For capitalised development costs, an impairment was recorded for an amount of € 0.4 million (2013: nil). Furthermore, an (reversal of) impairment on property, plant and equipment was recorded for an amount of € 3.7 million (2013: nil). A sensitivity analysis on the impairment testing for 2014 is included in Note 14 to the Financial Statements.

In 2014, Nutreco acquired 60% of Skretting Nigeria, which owns the Nigerian fish feed supplier Durante, two premix and speciality companies (Fatec and BRNova) in Brazil and divested its pet food business in the Czech Republic. Financial details on the acquisitions are included in Note 6 to the Financial Statements.

The intended divesture of the compound feed and meat businesses in Spain and Portugal that was expected at the end of 2013 was cancelled in 2014 and these businesses have been presented as continued operations again.

The integration of acquired businesses is supported by Business Integration Plans (BIP) that include functions such as marketing, sales, human resources, finance, legal, R&D and procurement. After each acquisition, the execution of the BIP by dedicated people is closely monitored and discussed during the monthly business review meetings. In 2014, Nutreco further improved its BIP process and significant corporate and local attention was given to the integration of companies acquired in the last two years, in particular to Skretting Egypt, Skretting Ecuador and Skretting Nigeria.

Progress on integrations of acquisitions is reported to the Executive Committee regularly during the first 18 months after the closing of an acquisition. Generally, within six months after each acquisition, an entrance review is performed by the Group Internal Audit department to assess the quality of internal controls and to provide further guidance on improvement thereof. 18 months after the closing of an acquisition, a full-scale post-project evaluation is performed, the outcomes of which are presented to the Executive Committee and the Supervisory Board.

Operational risks

3. Catastrophe risk
The risk that a major (natural) disaster threatens Nutreco's ability to sustain operations, provide essential products and services or recover operational costs. This includes risks such as animal and human diseases, pandemic outbreaks and natural disasters like earthquakes, tsunamis, storms and drought, etc.

Managing the risk of catastrophes
Catastrophes are mostly of an external nature and normally cannot be (timely) foreseen. However, Nutreco strives to be prepared to deal with the occurrence of external developments that may directly affect its business.
For example, animal diseases in livestock farming could lead to a significant reduction of the number of animals and, as a consequence, to a lower demand for feed. The regional spread of activities and the variety of animal species for which feed is supplied limit this risk. In 2014, there were, amongst others, outbreaks of the Ebola virus in West Africa and early mortality syndrome (EMS) for shrimp in Asia has not been solved yet. These situations impacted our local businesses to a certain extent, but did not have a significant impact on Nutreco's business as a whole.

To the extent possible, Nutreco will respond to catastrophes when they occur. Procedures for direct notification of incidents and a policy regarding accidents and injuries are in place. To limit our financial exposure in case a catastrophe does occur, Nutreco has, amongst others, insurance in place combined with crisis and contingency plans.

The risk of unavailability of certain raw materials as a result of drought/poor weather conditions and poor harvests can often be mitigated by substitution of other raw materials (also refer to the Sourcing risk below).

Factories are well-maintained and spare parts are kept to avoid longer-term outages. For the main processes and (IT) systems, proper back-up and restore procedures are in place.

4. Customer concentration / integration risk
The risk that Nutreco becomes dependent on a small number of major customers or that customers of Nutreco integrate with other parts of the value chain, resulting in a decrease in sales with a financial impact on Nutreco and its ability to achieve operational objectives. This could threaten Nutreco's competitive advantage.

Managing the risk of customer concentration and integration
In general, Nutreco's customer base is rather fragmented, especially in animal nutrition and fish feed for non-salmonid species, where Nutreco supplies a large number of relatively small customers. By contrast, salmon feed is supplied to a small number of large companies. The most important customer in the Fish Feed segment, Marine Harvest, in 2014 accounted for approximately 5.1% (2013: 7.6%) of Nutreco's total revenue. The main customer in the Meat business, supermarket chain Mercadona, in 2014 accounted for approximately 5.2% (2013: 7.0%) of Nutreco's total revenue.

Marine Harvest built its own feed plant in Norway, which became operational in July 2014. As a consequence, the financial importance of Marine Harvest as a customer for Nutreco is decreasing. While changing market dynamics in Norway impact our volume growth, Nutreco is increasing sales to other customers to offset the Marine Harvest volumes and is committed to remaining the market leader in salmon feed in Norway. Norway will always be important from an innovation perspective. We have a global brand and produce feed in 16 countries for over 60 species. Our Norwegian business represents approximately 10% of total Nutreco operating profit. More than 70% of Fish Feed production takes place outside of Norway and we expect this volume to grow further. The developments in the

Norwegian salmon market underscore Nutreco's strategy to diversify and increase its Fish Feed business for non-salmonid species from 28% in 2010 to 50% of total fish feed volume in the medium term. This growth is being realised by expanding the presence in Latin America, Asia and Africa, and further diversifying the species portfolio.

Regarding the poultry meat business, Sada progressed in the disengagement of the significant customer Mercadona. Poultry volumes to Mercadona are being progressively replaced with alternative customers across various channels (refer to the Compound Feed & Meat Iberia business performance section).

Relationships with large customers are managed by key account managers, including involvement of the Executive Committee. Nutreco aims for long-term and sustainable partnerships, such as the relationship with ForFarmers Group that was renewed at the end of 2014.

5. Customer needs and innovation risk

The risk that Nutreco lacks focus on changes in customer needs and/or expectations threatening Nutreco's capacity to meet or exceed customers' needs and demands over the long term by (sustainable) innovations and effective product development and therefore its competitive advantage, leading to reduced attractiveness in the market and/or a threatened competitive position (commodity trap).

Managing risks related to customer needs and innovation

In markets that become increasingly competitive, Nutreco aims to distinguish itself by offering feed-efficient solutions that provide economic and sustainability benefits to customers. Innovation is a core value of Nutreco and is focused on delivering sustainable and commercially viable feed solutions in animal nutrition and aquaculture, to meet and exceed the latest market requirements. The strategic choices for animal nutrition and fish feed underline the focus on value-added and higher-margin products.

Nutreco's Global Marketing Department, covering both Animal Nutrition and Fish Feed, is a necessary interface between the needs of the local markets and the global R&D centres, indicating research priorities and steering successful innovations.

In 2014, Nutreco started building a new research unit in the Netherlands for research in calf & beef cattle. For more details, please refer to the Innovation chapter of this Integrated Report.

6. Product failure and Feed safety risk

The risk that faulty manufactured and/or non-performing products or contaminated raw materials expose Nutreco to customer complaints, animal or human health issues, warranty claims, returns, product liability claims, litigation and loss of revenues, market share and/or damaged business reputation.

Managing product failure and feed safety risk

Raw materials do not always meet the required quality and safety standards. If non-conforming materials enter the feed-to-food chain, they could constitute a risk in the area of food safety. In addition, mistakes or accidents in manufacturing processes could, amongst other consequences, lead to health problems for Nutreco's employees, environmental issues or defective products, having an adverse impact on animal health and welfare.

Assurance that only safe raw materials from approved suppliers are used in our products is of the utmost importance. Analyses of raw materials and products are conducted in both Nutreco's own and external laboratories. Thorough and detailed monitoring programmes at all relevant stages from raw materials to finished products are executed via monitoring systems and quality-control programmes.

In the course of 2014, Nutreco continued to invest in improving quality and safety standards. A new governance structure was established with a central role for the Nutreco Quality Platform, consisting of leading business and corporate quality experts, and chaired by the newly appointed Quality Director, who reports to the Chief Innovation Officer. The Nutreco Quality Platform will further develop and execute Nutrace®, the common quality management programme to ensure feed-to-food safety and quality. Nutrace® is supported by the 1QM software solution. 1QM will monitor the quality of Nutreco's core processes by optimising and standardising business quality management processes and information by means of one global IT platform. Both Nutrace and 1QM are crucial for the realisation of the Vision 2020 ambitions in the areas of quality/food safety and Health, Safety and Environment (HSE). Guidance, principles and rules regarding quality/food safety and Health, Safety and Environment are documented in the HSE Policy, which is currently being updated.

In support of its successful Nutrace programme, Nutreco has focussed on the roll-out of NIR (Near-Infrared Reflectance) spectroscopy as an analytical method for quality control. NIR has proven to be an extremely effective and efficient technology in quality management and is now available for internal and external customers. A direct link to the NIRLine service of Nutreco's Masterlab assures a rapid quality check on incoming raw materials and ingredients.

Nutreco's production processes are strictly controlled to safeguard the well-being of its employees and the environment, and to meet legal requirements, as well as the demands of the customers. All production sites apply quality assurance schemes based on Hazard Analysis and Critical Control Points (HACCP) and are subject to Nutreco's HSE standards and are audited on a regular basis. These standards are according to international, industry-accepted and known quality standards. The continuity of manufacturing and related IT systems is managed through business continuity and recovery plans.

On top of all preventive measures, Nutreco limits its financial exposure in the case of (product) liability claims by such means as risk transfer (insurance and contractual) combined with crisis and contingency plans.

In spite of the systems and procedures described above, Nutreco was confronted with a limited number of contamination issues and related claims in 2014. These cases have either been settled or provided for, as deemed appropriate, and they reconfirmed the importance of continuous improvements in governance, detection systems, quality assurance and crisis manuals.

7. Product pricing risk

The risk that lack of relevant and/or reliable information supporting (pricing) decisions results in prices or rates that customers are unwilling to pay, or that do not cover development and other costs, or do not cover the cost of risks undertaken by the organisation.

Managing the risks of product pricing

Nutreco is partly exposed to risks arising from fluctuations in the market prices of species such as poultry and pigs. While there is often no direct correlation between sales prices for animal protein and the price of animal feed, Nutreco's sales prices and margins may be impacted by volatility in the markets for meat.

In the world's main salmon feed market, Norway, Nutreco experienced a continuous pressure on margins in 2014. Marine Harvest building its own feed plant has affected the market balance significantly in the shorter perspective. Nutreco is, however, confident that the industry will continue to grow and the balance will re-settle at sustainable margin levels. Reference is also made to the customer concentration/integration risk (see above).

In 2014, Nutreco paid attention to improving its product pricing process, which was also supported by the corresponding (Unite-based) profit improvement project. Besides this, Nutreco is continuously considering its strategies and negotiations with important customers. In addition, credit management procedures are in place (see Credit Risk below).

8. Project management risk

The risk that deficiencies in Nutreco's project management capabilities and/or resources lead to failed projects (timely, adequately and within budget) and threaten the achievement of Nutreco's goals, impacts the organisation's resources and future cash flows or results in additional costs.

Managing project management risk

In order to meet customer needs through innovations, and in striving for operational excellence, Nutreco runs a number of important projects. These include, but are not limited to, the Unite project (standardisation and optimisation of business processes and supporting IT solutions), HR project (global implementation of Nutreco values and Performance Planning), IT outsourcing and the construction or upgrade of plants in various countries. Such projects require significant capital expenditures and generally take multiple years to complete. Failure of such projects could result in unnecessary costs, missed opportunities and potential disruption of the business.

The essential requirements regarding the project management process are described in Nutreco's Capital Expenditure (capex) policy. In line with this, projects require prior approval as well as continuous monitoring, and technical and financial progress reporting. The Nutreco Capex Team (NCT) monitors overall progress and reports to the Executive Committee on a regular basis (for major projects only). For each major project, a separate project management organisation is established including experienced managers (business, technical, finance, project management, etc.). Besides this, Nutreco uses the Nutreco Competence Center (NCC) to support major IT-related projects such as Unite. The NCC includes specialists from separate disciplines.

When needed, project-related Steering Committees or Governance Boards are set up that monitor the progress of the projects on a periodic basis (supported by standard reports). For deviations from the original project plan and budget, the Capex Policy requires exception reporting, which – if financially significant – also requires separate authorisation by the Executive Committee.

During all phases of a project, communication to all key stakeholders takes place and training to those impacted by a project is provided. Before projects go live, testing takes place and back-up scenarios are established. Testing may include pre-live and post-live reviews by HSE auditors or Group Internal Audit. Final go/no-go decisions for implementations are made by responsible management after advice from the Steering Committee or Governance Board.

9. Purchase price risk
The risk that price volatility related to the purchase of raw materials cannot be passed through to customers (economic purchase risk; margin protection) as well as volatility in the income statement.

Managing the purchase price risk
Nutreco aims to minimise the economic risks related to the purchase of raw materials.

The business model in animal nutrition and fish feed is largely based on the pass through of raw material prices in sales prices either by virtue of standing industry practice or by virtue of customer contracts. In 2014, Nutreco continued further implementation of its revised Procurement Risk Management Policy, which provides guidance on positions that may be taken regarding raw materials, with differences depending on the nature of the business, and giving clear authorisation levels based on time horizons, coverage in months and financial magnitude.

Nutreco's raw material contract positions are based on a thorough understanding of its business models, the raw material supply markets and contracts with its feed customers. Purchase decisions are taken either centrally, strongly coordinated or locally, depending on the nature of the related supply markets and the characteristics of the business needs. This has resulted in a centrally coordinated approach for the purchasing of many feed ingredients, like vitamins and amino acids, while many agri-commodities are purchased regionally and locally. In the case of regional and local execution, raw materials are purchased within the limits of the Procurement Risk Management Policy. In addition, Nutreco has global teams of purchasing and supply market experts that share knowledge of market developments, suppliers and supply conditions. This enables Nutreco as a whole to achieve good purchase performance, while minimising the financial risks. This means that all Nutreco employees involved in the contracting of materials operate within a framework of centrally specified policies and guidelines and must act in conformance with the required internal control measures.

Compliance is monitored by Procurement, BU management and the Executive Committee, supported by Group Internal Audit. Existing contract positions are closely monitored and, when necessary, remediation actions are evaluated and executed. With the rollout of the Unite project, monitoring and reporting of contract positions and related financial exposure is further standardised.

Foreign currency exposure is managed by means of derivate financial instruments, such as foreign currency forward contracts and swaps, as well as short-term bank balances in foreign currencies. The average maturity of derivative financial instruments mirrors the average pass through period. This is executed by Group Treasury and monitored by Corporate Control.

10. Sourcing risk: security of raw material supplies
The risk that dependence on a limited number of important sources of supply and inability to secure required volumes of raw materials threaten Nutreco's achievement of strategic objectives, including profitability.

Managing sourcing risk: security of raw material supplies
Nutreco continuously evaluates the potential risks to secure supplies as part of procurement category sourcing reviews. In cases where the dependency on a relatively small number of suppliers or sources might increase, alternatives will be developed. Continuous attention is paid to the financial performance and position of strategic suppliers, to mitigate the counterparty risk to the extent possible and to ensure the availability of raw materials. Based on current evaluations, except for some raw materials for aquaculture as explained below, Nutreco considers the risk of high dependence on certain suppliers or of unavailability of important raw materials/ supply risks to be limited.

Especially in fish feed, Nutreco is confronted with a restricted base of suppliers of marine raw materials. World fishery production is approximately 160 million tonnes and growing, of which over 135 million tonnes is currently used for human consumption. Most of the remainder is converted into fishmeal and fish oil, which are used in fish feed for carnivorous species such as salmon and shrimp. The sustainable harvest from fisheries cannot be increased from current levels. The sustainable supply must be shared across expanding production, supplemented with other sustainable raw materials to make aquaculture a net fish protein producer. As the result of constant and intensive R&D activities, Nutreco has been able to reduce the inclusion of these raw materials in its feed formulas by replacing them with alternative sources (i.e. MicroBalance™ technology). These initiatives will continue to further decrease the dependency on marine raw materials. Parallel to this, Nutreco continues further development of its marine raw materials supply base to also secure supplies in the short and medium-long term.

11. Information Technology (IT) risk
The risk that Nutreco fails to adequately protect its information and systems from unauthorised access, use, disclosure, disruption, modification, destruction, perusal, inspection or recording that may result in confidentiality, integrity and/or availability issues that could lead to significant financial and/or reputational damage.

Managing Information Technology risks

Nutreco relies on the confidentiality, integrity and availability of its business processes, information and systems. Through adequately protecting our systems and information against unauthorised access, disclosure or disruption, for example, we can prevent significant financial and/or reputational damage. Therefore Nutreco is continuously working on validating and – if necessary - improving its IT Risk Management process. Where needed, the control measures and risk management activities are updated or new control measures and/or risk management activities are implemented.

Over the past years, we have seen the overall IT risk growing due to the increase in data and data usage, the diversity of accessing and processing data (mobile devices, cloud, etc.) and the increase and professionalism of cybercrime. This rapidly changing IT environment has resulted in changes in Nutreco's IT control environment and IT risks .

The current IT control measures and risk management activities contain among others a Nutreco IT Policy to facilitate consistency, standardisation, efficiency and effectiveness across the Nutreco IT landscape. In 2014, this IT Policy was updated and enhanced with Information Security, communicated and actively deployed (by means of defining gaps and a roadmap) to all Nutreco OpCos. Nutreco achieved further improvements of IT standardisation, global IT support and IT control execution by outsourcing its data centre, workplaces and service desk to a professional IT outsourcing party. For new acquisitions, Nutreco executes a programme to achieve standardisation and consistency immediately after the formal integration of the acquired company within Nutreco (please refer to key risk no. 2).

The above is actively supported and monitored by a dedicated IT Risk, Security & Compliance team (second line of defence). This team also works on the increased IT risks like mobility, cloud, cyber security and data loss prevention. Internal and external tests (e.g. external attack and penetration) are part of yearly standard activities to identify new risks. Control monitoring and testing are also part of the scope of Group Internal Audit (3rd line of defence).

Nutreco has the ambition to be compliant with all predefined general IT controls, segregation of duties requirements and application controls. Among others, the Unite programme supports further improvements in these areas. The Unite programme, which is based on standardised business processes with segregated job roles, application controls, control reporting as well as strict master data management and change procedures, has been rolled out in different parts of our businesses and regions. At the end of the 2014, a critical mass regarding the Unite rollouts was reached. Independent quality assurance on the Unite implementations is provided by Group Internal Audit.

Financial risks

12. Capital markets risk

The risk that a decline in financial market confidence in Nutreco's business model, ability to execute its model or ability to fulfil its financial obligations threatens its capacity to efficiently raise capital, to ensure its liquidity, to sustain share valuations or to grow.

Managing the capital markets risks

Nutreco targets a strong liquidity position by means of committed credit facilities with a well-spread long-term debt maturity schedule. In the current financial markets, obtaining credit from financial institutions and investors is very much dependent on a company's financial position, its outlook and its reputation. Nutreco has a good investment profile and in recent years was able to extend and diversify its long-term financing by credit arrangements both with financial institutions and through private placements, leveraging its strong balance sheet.

In the course of 2014, Nutreco executed an additional share buy-back programme of € 49.2 million to optimise the efficiency of its balance sheet. Both were accommodated by the Group's operating cash flow and available credit facilities.

Nutreco's core credit facilities are contracted by Group Treasury, while local credit facilities need prior approval from Group Treasury. The usage of the facilities as well as the rolling forecasts of the Group's liquidity are monitored centrally on the basis of expected cash flows. The interest rates for interest-bearing borrowings are largely fixed.

Through its active financing activities, Nutreco has ensured sufficient liquidity for the coming years to support the 'Driving sustainable growth' strategy. As of 31 December 2014, € 551.0 million of total available facilities of € 1,157.6 million had been used (2013: € 500.9 million and € 1,214.9 million respectively). In addition to the unused credit facilities, Nutreco had € 136.2 million in cash and cash equivalents available at the end of 2014 (2013: € 152.0 million).

Nutreco has an Investor Relations Policy that ensures a high and uniform level of information to the equity capital markets, creating awareness of and confidence in Nutreco's vision, strategy, policies and decisions. It also focuses on compliance with the rules and legislation for companies listed on the NYSE Euronext Amsterdam and requirements issued by the Netherlands Authority of the Financial Markets (AFM).

13. Credit risk

The risk that adverse political actions, political collapse of a nation of geopolitical importance, prolonged financial crises or recession threaten Nutreco's resources and future cash flows in a country/geography in which Nutreco has invested significantly or is dependent on for a significant volume of business or has entered into a significant agreement with a counterparty subject to the laws of that country. Such crises could result in a longer term slow-down of economies, as a result of which strategic objectives may not be achieved.

Managing credit risk

Nutreco operates in several different countries and markets with diverse economic situations. The risk exists that third parties will not be able to fulfil their financial commitments towards Nutreco. Low prices for farmed products such as milk, meat or fish can also increase the credit risk of feed customers. Although these prices have limited direct correlation with feed prices, a long period of low prices for farmed products could have an impact on the financial situation of some of the customers and hence, on their ability to pay Nutreco.

To reduce credit risk regarding customers, Nutreco has a Credit Policy in place. This policy was updated in 2014 to align with the new structure and business models. Nutreco carries out ongoing credit analyses of its customers' financial situation and uses market intelligence and, if required and possible, credit rating agencies to determine its customers' creditworthiness.

Credit to debtors is closely monitored in business review meetings and specific indicators, such as Days Sales Outstanding and overdue debts are reported and discussed in detail. In some cases, securities are provided to Nutreco by customers and/or credit insurance is in place. Where deemed necessary, separate credit committees have been established. Authorisation levels are formalised while the Executive Board is involved in authorising major amounts with customers. Some customers are temporarily no longer supplied if and when credit limits are exceeded.

The overall level of bad debt decreased during 2014. The number of customer bankruptcies in 2014 was relatively limited, however credit risk continues to warrant significant attention in several countries.

The growth of animal nutrition and fish feed in past years has resulted in a wider and more international spread of customers. Although this increased spread has a risk-reducing effect, it has, at the same time, increased the credit risk in emerging markets. Also Nutreco's current exposure on Chilean fish feed customers is relatively high with 14% of total outstanding amounts at year end (2013: 13%). Considering the challenges the Chilean fish industry is facing, this exposure is getting special attention at business unit level. (Exposure is still getting special attention, but industry has improved; as a result overdues in Chile have reduced significantly).

The risk profile of Nutreco's customers differs per business segment. For bad debts, adequate allowances are in place of € 64.0 million in total (2013: € 65.4 million). Accounts receivable written off totalled € 7.1 million in 2014 (2013: € 6.1 million).

As of 31 December 2014, the largest total outstanding amount owed by a customer of Nutreco is owed by Marine Harvest (Fish Feed) and represents 4% (2013: 8%) of the total outstanding amount. Because of the developments that are described under Customer concentration /integration risk and Product pricing risk, this percentage is expected to decrease further in the future.

Continuous attention is paid also to the creditworthiness of other third parties such as banks, insurance companies and strategic suppliers. The exposures to banks are carefully monitored and credit limits are based on credit rating and maturity of the exposure. Generally, cash and cash deposits and derivative financial instruments are held with banks with a Standard & Poor's credit rating of the lower of A- or one notch below the applicable country credit rating. The maturity of the exposure is spread over various banks to reduce the counterparty risk and, except for interest rate derivatives, is short-term.

Nutreco has placed its insurance coverage, in which property damage and product liability are most important, with insurance companies having at least an A-rating.

14. Tax risk

The risk that tax positions, methodologies or structures used by Nutreco are not accepted by fiscal authorities, which could result in additional tax payments and losses.

Managing tax risk

Through its growth in an increasing number of countries, Nutreco is confronted with more – and more diverse – tax laws and regulations resulting in increased complexity and compliance requirements. In addition, the scrutiny of tax authorities globally is increasing, as is the number of tax inspections and audits. Nutreco has a low risk appetite regarding taxation and while supporting the business tax-wise, the letter, spirit and purpose of the tax law in the countries in question are observed. The structures and/or methodologies applied are thoroughly evaluated with external experts and are formalised, but could nevertheless be challenged by tax authorities (e.g. transfer pricing risk).

In the Netherlands, Nutreco has complied with a 'Horizontal Supervision' covenant with Dutch tax authorities since 2006. This requires full transparency on all tax-related matters, which are regularly discussed with and cleared by the tax inspector. This form of collaboration is proactively pursued in the Netherlands and globally, whenever feasible.

The global Nutreco Group Tax department is managing an internal Risk Control Framework (RCF), which provides an overview of all tax-related compliance matters and exposures throughout the group. In each country, designated persons are responsible for keeping the RCF up to date and for completing actions directed by the Nutreco Group Tax department. Based on the RCF, a monthly tax risk report is generated, which is discussed with the CFO. In 2014, Group Tax paid special attention to the training of Nutreco's staff in its operating companies on VAT regulations.

In a number of countries, tax audits (by tax authorities) are taking place. Whenever there is a difference in view between local tax authorities and Nutreco operating companies, the Group Tax department is involved and – if necessary – so are external tax advisers. To the extent deemed necessary, provisions are made for exposures for which it is probable that they will lead to additional tax cash outflows; reference is made to Note 11 of the Financial Statements.

Compliance

15. Non-compliance risk
The risk that Nutreco is non-compliant with applicable laws and regulations, which may adversely affect Nutreco's reputation and expose it to financial losses.

Managing non-compliance risks

Nutreco is committed to comply with laws and regulations in the various countries in which it operates, as it can be held liable for the consequences of non-compliance. Changes in laws and regulations could mean that products, services, policies and/or procedures are not adapted (or not quickly enough), potentially exposing Nutreco to risks such as fines, sanctions and loss of customers, profits and reputation.

Growth strategies in emerging markets and multi-jurisdictional legislation and regulations such as the UK Bribery Act as well as Trade Sanctions and Export Controls have increased the risk profile of Nutreco. We support the principle of free enterprise and fair competition. Nutreco recognises that the risk of non-compliance, by both third parties and its own staff, might increase given the current economic climate, which requires appropriate measures.

Nutreco has established policies and procedures aimed at compliance with applicable legislation and regulations. Besides this, Nutreco has a Code of Ethics that goes beyond the compliance within the legal and regulatory framework by providing guidance on behaviour. Nutreco adjusts to local situations by building strong local companies and developing a proper approach in coping with dilemmas within the boundaries of applicable laws and responsible conduct. The management carries out regular reviews to identify risks and to ensure that adequate systems to manage those risks are in place. Changes in applicable laws and regulations are actively analysed and assessed and when necessary, appropriate adaptations are implemented.

Nutreco uses a local compliance officer network for the roll out and embedding of the Code of Ethics in the local operations. Besides this, they function as a local contact point for management and staff. In 2014, Nutreco focused on further training of these local compliance officers, which helps to improve further awareness of and compliance with the Code of Ethics that sets out the main standards to which Nutreco subscribes. A breach of the Code of Ethics can lead to sanctions, including termination of employment.

Each year, the members of the Supervisory Board, the Executive Board, the Executive Committee and all employees with managerial responsibilities are required to confirm in writing that they have complied with the Code of Ethics.

The Nutreco Integrity Line, which is operated by an external service provider, allows employees to report issues anonymously. During 2014, one complaint was received through this line (2013: 2). In addition to the messages received through the Integrity Line, two cases were reported by internal staff directly to management (2013: 1). The complaints related to labour relations, conflict of interest and allegedly fraudulent use of the expense reimbursement procedures by some employees. Two complaints were investigated and a response was posted to inform the complainants of the Company's position and, where relevant, corrective actions were taken. One complaint is still under investigation.

Assessment of internal risk management and control

The Executive Board has evaluated the design and the effectiveness of the internal risk management and control systems, based upon continuous monitoring and interaction with business and corporate staff and by evaluating – amongst others – the following information:

- Letters of Representation signed by management of operating companies, business units and corporate entities
- Reports of Group Internal Audit and HSE auditors on reviews and audits performed throughout the year. Findings and measures to address issues were discussed with local management, the BU management and/or the Audit Committee
- Management Letter from the external auditor with findings and remarks regarding internal control; this letter has been discussed with the Audit Committee and the Supervisory Board

The Executive Board concluded that risk management and internal controls are continuously improved and that the issues identified during the year did not materially impact the consolidated accounts of Nutreco.

Management review and reporting

In control statement

The Executive Board manages the Company and is responsible for achieving the Company's strategy, objectives, goals and results as well as for taking appropriate measures for the design and operation of the internal risk management and control systems consistent with Nutreco's business (see pages 70-79).These systems, which are based on the COSO internal control framework, have been designed to identify opportunities and risks on a timely basis, to manage significant risks, to facilitate the realisation of the Company's strategic, operational and financial objectives, to safeguard the reliability of the Company's financial reporting and to comply with applicable laws and regulations. In the course of 2015, we will reassess our risk management and control systems using the 17 principles of the revised (2013) COSO internal control framework.

To fulfil our responsibilities, we systematically reviewed and, where necessary, enhanced the Company's internal risk management and control processes with regard to its strategic, operational, compliance and financial (reporting) risks during the year 2014. The results of these reviews, including changes and planned improvements, have been discussed with the Audit Committee and the Supervisory Board.

It should be noted that the above does not imply that these systems and procedures, however well designed and intended to optimally control risks, provide absolute assurance as to the realisation of operational and strategic objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliance with legislation, rules and regulations.

Based on the approach as described above, we believe that, to the best of our knowledge with respect to the financial reporting, the internal risk management and control systems performed adequately during the year 2014 and provide a reasonable assurance that the financial reporting does not contain any errors of material importance, and we confirm that there are no indications that these systems will not continue to perform so in 2015.

Responsibility Statement

In accordance with article 5.25c of the Financial markets Supervision Act (Wet op het Financieel Toezicht), the Executive Board confirms that to the best of its knowledge:

- The Consolidated Financial Statements of 2014 give a true and fair view of the assets, liabilities, the financial position and comprehensive income of Nutreco and its consolidated operations
- The management report includes a true and fair review of the position as of 31 December 2014 and of the development and performance during 2014 of Nutreco and its related participations of which the data have been included in the Financial Statements, and describes the principal risks that the Nutreco Group is facing

Amersfoort, 4 February 2015

Knut Nesse, CEO
Gosse Boon, CFO

Corporate Governance

Nutreco is committed to the principles of corporate governance, which are based on the requirements of Dutch legislation, the Company's Articles of Association, the Dutch Corporate Governance Code and the Nutreco Code of Ethics. Given the international context in which Nutreco and its businesses operate, both national and international developments are closely monitored.

Major External Regulations
- Dutch Civil Code
- Dutch Act on financial supervision and other applicable securities laws
- NYSE Euronext Listing Rules
- Dutch Corporate Governance Code

Major Internal Regulations
- Articles of Association
- Code of Ethics
- Share Dealing Code
- Regulations of the Supervisory Board
- Regulations of the Executive Board
- Corporate Policies
- Authority Schedules

Nutreco's corporate governance framework is based on the requirements of the Dutch Civil Code, the Dutch Corporate Governance Code (hereinafter the 'Code'), applicable securities laws, the Company's Articles of Association and the rules and regulations applicable to companies listed on the NYSE Euronext Amsterdam stock exchange, complemented by several internal regulations and procedures, such as the Code of Ethics and the Share Dealing Code. These procedures include a risk management and control system, as well as a system of assurance of compliance with laws and regulations, including an integrity line to (anonymously) report alleged irregularities.
To safeguard consistency and coherence for the total organisation, the Executive Board has established corporate policies that provide a set of mandatory internal rules and regulations that must be adhered to.

Compliance with the Code

The Company constantly seeks to enhance its corporate governance standards and framework. Following the introduction of the amended Code that entered into force in 2009, Nutreco has reviewed all principles and best practice provisions of this renewed Code and has, where feasible and relevant, taken measures to implement the changes and additions. The implementation of the amended Code within Nutreco was a separate agenda item at the Annual General Meeting in April 2010 in accordance with the 'comply or explain' principle. No questions or issues were raised by shareholders, who concurred with the way Nutreco established compliance with the Code.

Nutreco confirms that throughout the year, it has applied all of the principles and best practices of the Code. The Code contains principles and best practice provisions for Dutch companies with listed shares. The only provision Nutreco deviated from was II.2.8: the maximum severance payment concerning Executive Board member Mr J. Vergeer.
Since 6 February 2014, when Mr J. Vergeer stepped down, the Company fully complies with the Code. For further information on this topic, please refer to the Remuneration Report.

Organisation

Nutreco N.V. is a public limited liability company (Naamloze Vennootschap) under Dutch law. Its shares are listed on NYSE Euronext Amsterdam. Based on a proposal by the Supervisory Board, the General Meeting can amend the Articles of Association. A resolution to amend the Articles of Association must be adopted by an absolute majority of the votes cast.

The Company is organised in a so-called two-tier system, comprising an Executive Board, solely composed of executive directors, and a Supervisory Board, solely comprised of non-executive directors. The Supervisory Board supervises the Executive Board and ensures that external experience and knowledge is embedded in the Company's conduct. The two boards are independent of each other and are accountable to the General Meeting.

In February 2014, the Company established an Executive Committee, which consists of the Executive Board, the Managing Directors of the five business units of Nutreco and two members who are globally responsible for Innovation and Human resources. The business structure consists of two global business units – Global Salmon & Fish Feed Southern Europe and Feed Additives – and three regional business units for Americas, Asia and EMEA (Europe, Middle East and Africa). Functional expertise is provided via the Corporate Center. Directors of the Corporate Center report directly or indirectly to the Chief Executive Officer or the Chief Financial Officer.

The Company's Compound Feed and Meat activities in Spain and Portugal are managed as stand-alone from the rest of business. The executive director of these activities reports directly to the Chief Executive Officer.

Executive Board

General

The Executive Board manages the Company and is responsible for achieving the Company's goals, objectives, strategy and results. Management responsibility is vested collectively. The Supervisory Board determines the number of Executive Board members.

Regulation of the Executive Board

The Executive Board has its own regulations that set rules with regard to objectives, composition, duties, responsibilities and working methods.

These regulations are available via Nutreco's website: www.nutreco.com

Appointment

The Executive Board is appointed by the General Meeting on the proposal of the Supervisory Board, with the latter indicating whether or not the proposal is binding. This binding character can be waived by a simple majority of the votes cast, in a meeting in which more than one-third of the issued share capital is represented. Since the Annual General Meeting in 2002, the Supervisory Board has agreed not to use the option of making a binding proposal for appointments unless in exceptional circumstances, such as a hostile takeover attempt.

The General Meeting can dismiss or suspend a member of the Executive Board. Such a decision, other than when proposed by the Supervisory Board, requires a majority of the votes cast representing at least one-third of issued share capital. The Supervisory Board appoints one of the Executive Board members as chairman. The division of tasks between the board members requires the approval of the Supervisory Board. Currently, the Executive Board consists of two members who are appointed for a maximum term of four years and are eligible for reappointment.

Independence of the Executive Board

The Dutch law on Management and Supervision, which took effect on 1 January 2013, includes restrictions on the number of supervisory board positions that managing directors may hold. Based on the criteria mentioned in the law, the Executive Board of Nutreco fully complies with the law.

Members of the Executive Board may accept no more than two mandates as a supervisory board member of a listed company. Any acceptance of such a position requires the prior approval of the Supervisory Board to prevent conflicts of interest and reputation risks. Chairmanship of a supervisory board is not allowed. Other appointments of material importance need to be notified to the Supervisory Board. Members of the Executive Board have been appointed to the boards of a number of Nutreco operational entities. The regulation of the Executive Board contains provisions with regard to potential conflicts of interest. In the year under review, no transactions with a potential conflict of interest were reported between members of the Executive Board and Nutreco or its subsidiaries.

Supervisory Board

General

The Supervisory Board, acting in the best interests of the company and its stakeholders, supervises and advises the Executive Board in performing its management tasks. This includes the financial policies, the effectiveness and integrity of the internal control and risk management systems and procedures put in place by the Executive Board, and the general conduct of affairs within Nutreco and its businesses. The Supervisory Board assists the Executive Board with advice in accordance with the best practices of the Code.
In addition, certain (material) decisions of the Executive Board, as specified by law, in the Articles of Association and in the Supervisory Board rules, are subject to the prior approval of the Supervisory Board.

Regulation of the Supervisory Board

The Supervisory Board as well as its committees have their own regulations that set rules with regard to objectives, composition, duties, responsibilities and working methods.

These regulations are available via Nutreco's website: www.nutreco.com

Appointment

Supervisory Board members are appointed by the General Meeting. For every appointment, the Supervisory Board is entitled to make a binding or a non-binding nomination. Non-binding nominations are voted on by a simple majority of the votes cast in the General Meeting.

In the case of a binding nomination, the General Meeting can overrule such by a majority of the votes cast where the majority represents at least one-third of the issued share capital. If the first binding nomination is overruled by the General Meeting, the Supervisory Board may present a second binding nomination; and if that second binding nomination is overruled, the General Meeting appoints a member of the Supervisory Board with an absolute majority of the votes cast not based upon a binding nomination.

The Supervisory Board appoints one of its members as chairman. Currently, the Supervisory Board consists of five members who are appointed for a maximum term of four years and are eligible for reappointment for two additional four-year terms, up to a maximum of twelve years.

In 2014, Mr Rob Frohn voluntarily stepped down as a member of the Supervisory Board. In the same year, Mr Piero Overmars was appointed and Ms Herna Verhagen was re-appointed for a four-year term ending in 2018.

Composition

Appointments and reappointments to the Supervisory Board are considered on the basis of a profile, taking into account the nature of Nutreco's business and activities as well as the desired expertise and background of candidates. The profile is periodically evaluated and revised, if necessary, to reflect such things as developments in the size of the Company, the nature of its activities, the degree of internationalisation, and the specific risks in the medium- and long term.
The Supervisory Board strives to achieve diversity in terms of expertise, nationality and gender.
Two of the Supervisory Board's current members can be regarded as financial experts within the meaning of Best Practice Provision III.3.2. Mr Jan Maarten de Jong and Mr Piero Overmars were both member of the Executive Board of ABN AMRO Bank N.V.

Supervisory Board Committees

While the Supervisory Board as a whole retains overall responsibility for its functions, it has assigned some of its tasks to four committees: the Audit Committee; the Remuneration Committee; the Selection and Appointment Committee; and the Innovation and Sustainability Committee.
These committees, which are selected by and from Supervisory Board members, are to provide a focused analysis and preparation of the subjects within their respective areas of expertise and to report and make recommendations to the Supervisory Board, thus enhancing the effectiveness of the Supervisory Board's supervision and advisory work.

The role, tasks and procedures of the committees are outlined in their charters, which can be found on Nutreco's website. Details about the activities of the committees during the year under review are included in the report of the Supervisory Board on pages 62-69.

Independence of the Supervisory Board

The Dutch law on Management and Supervision, which took effect on 1 January 2013, includes restrictions on the number of supervisory board positions that supervisory directors may hold. The maximum number is 5, whereby a chairmanship counts for 2 and small or foreign companies count for 0.

Supervisory Board members Mr Jaap Vink (Nutreco: 1, Aegon Nederland: 2, Spize Holdings: 1, Cargill B.V.: 1), Mr Ajai Puri (Nutreco: 1, Britannia Industries: 0, Barry Callebout: 0, Tate & Lyle: 0) and Ms Herna Verhagen (Nutreco: 1, Rexel: 0) and Mr Piero Overmars (Nutreco: 1, Academic Medical Center (Amsterdam): 0, Tetu Holding: 2, Aronsohn Holding: 0) fully comply; Mr Jan Maarten de Jong: until 24/4/2014 Mr de Jong did not comply but his positions were grandfathered. As of that date, Mr de Jong fully complies (Nutreco: 2, Aon Nederland: 2, Heineken: 1 (until 24/4/2014), Theodoor Gilissen Bankiers: 1, De Onderlinge Levensverz.-Mij 's Gravenhage U.A.: 0 (until 25/4/2014), CRH: 0 (until 7/5/2014) and Kredietbank Luxembourg: 0).

The law also includes provisions for a well-balanced gender diversity in the Executive Board and Supervisory Board, for which purpose a target has been set for at least 30% for both genders. By the end of 2014, in Nutreco, 100% of the Executive Board were male and 80% of the Supervisory Board were male.

In preparing the changes in the composition of the Supervisory Board, gender diversity was considered. The re-appointment of Ms Herna Verhagen kept the existing balance in place as did the nomination of Mr Piero Overmars. The Supervisory Board deemed this acceptable as the nomination and re-appointment balance continuity and the addition of (financial) expertise, given the upcoming vacancy in this function due to the anticipated step down of Mr J.M. de Jong in 2015.

All Supervisory Board members are independent within the meaning of Best Practice Provision III.2.2 of the Code. No board member is a member of the Executive Board of a Dutch listed company in which a member of the Executive Board of the Company is a Supervisory Board member. There are no interlocking directorships. None are, or were in the past, employed by Nutreco and/or represent directly or indirectly a shareholder of Nutreco or a supplier or customer of the Company. None of the members of the Supervisory Board provides any services to, or has any direct or indirect ties with Nutreco outside of their Supervisory Board membership.

The regulation of the Supervisory Board contains provisions with regard to potential conflicts of interest. In the year under review, no transactions with a potential conflict of interest were reported between members of the Supervisory Board and Nutreco or its subsidiaries. In relation to the public bid of SHV Investments Ltd, adequate measures were taken to prevent Mr Jaap Vink becoming conflicted due to his supervisory board position at Cargill B.V.

General Meeting

The main powers of the General Meeting relate to:

- The appointment, suspension and dismissal of members of the Executive and Supervisory Boards
- Approval of the remuneration policy of the Executive and Supervisory Boards
- The adoption of the annual financial statements and declaration of dividends
- Release from liability of the members of the Executive and Supervisory Boards
- Issuance of shares or rights to shares, restriction or exclusion of pre-emptive rights of shareholders and repurchase or cancellation of shares
- Amendments to the Articles of Association
- Decisions of the Executive Board that would entail a significant change in the identity or character of Nutreco or its business

A General Meeting is held at least once a year and may be convened by the Executive Board or the Supervisory Board and can, in accordance with Article 21.2 of the Articles of Association, also be held at the request of shareholders jointly representing 5% or more of the issued share capital. In accordance with Article 21.5 of the Articles of Association, shareholders holding at least 1% of the issued share capital or representing at least € 50 million in value of the shares are entitled to propose items on the agenda of the General Meeting. Shareholders are entitled to attend shareholder meetings in person or be represented by a written proxy, while each outstanding share entitles the holder to one vote. Votes may be cast directly, by voting instructions or through a proxy. Resolutions are adopted by simple majority unless the Articles of Association or the law provide otherwise. A fixed registration date of 28 days before the meeting for the exercise of voting rights is determined, while voting is facilitated by electronic means.

Resolutions adopted by the General Meeting are published on Nutreco's website within 15 days following the meeting. Within three months after the meeting, the draft Dutch version of the minutes of the meeting is made available for three months for comments. The translation of the minutes into English is published shortly afterwards. The final minutes are posted on the Nutreco website: www.nutreco.com

In 2014, one General Meeting was organised. During the General Meeting, which was held on 27 March and could be followed by live webcast, a total of 39,358,489 ordinary shares, or 57.15% of the issued ordinary shares were present or represented by proxy.

For more information about the authorities of the General Meeting as well as Nutreco's Articles of Association and the resolutions adopted in the General Meetings, please visit the Nutreco website: www.nutreco.com

Profit appropriation and dividend policy

Distribution of net profit is stipulated in the Company's Articles of Association, articles 29 and 30.

Nutreco may distribute profits only if, and to the extent that, its shareholders' equity is greater than the sum of the paid and called-up part of the issued capital and the reserves, which must be maintained by virtue of the law. Any distribution other than an interim dividend may be made only after adoption of the consolidated financial statements that show that they are justified.

Cumulative preference shares 'D' and 'E' (none of which have been issued) carry special rights in respect of the distribution of the net profit.

Of the profit remaining after payment to holders of preference shares (none of which have been issued), such amount will be allocated to the reserves as the Executive Board shall decide, subject to the approval of the Supervisory Board and subject to the adoption of the annual accounts at the Annual General Meeting. The profit remaining shall be at the disposal of the General Meeting.

The General Meeting shall be authorised to resolve, at the proposal of the Executive Board, which proposal is subject to the approval of the Supervisory Board, to make distributions to shareholders from the general reserves. The Executive Board, subject to the approval of the Supervisory Board, may resolve to declare interim dividends on shares other than preference shares.

Subject to the approval of the Supervisory Board and after appointment of the General Meeting, the Executive Board shall be authorised to determine that a profit distribution, in whole or in part, shall be made in the form of shares in the capital of the Company rather than cash, or that the shareholders, wholly or partly, shall have the choice between distribution in cash or in the form of shares in the capital of the Company. The Executive Board, subject to the approval of the Supervisory Board, shall determine the conditions on which such a choice may be made. If the Executive Board is not appointed as the authorised body to resolve to issue such shares, the General Meeting will have the authority as mentioned before on the proposal of the Executive Board and subject to the approval of the Supervisory Board.

Dividends are payable from a date to be determined by the Supervisory Board. Dividends that have not been collected within five years of the start of the second day on which they became due and payable shall revert to the Company.

Dividend policy

The dividend policy of Nutreco on additions to reserves and on dividends was discussed and adopted by the Annual General Meeting held in May 2006. In that meeting, the General Meeting approved the proposal to change the dividend policy by increasing the payout ratio from a range of 30-35% to 35-45% of the net profit for the year attributable to holders of ordinary shares, excluding impairment charges and book results on disposed activities.

No change in dividend policy has occurred since that date. Proposals to pay a dividend are dealt with as a separate agenda item at the General Meeting.

Financial reporting and role of auditors

Before being presented to the Annual General Meeting for adoption, the Company's annual financial statements as prepared by the Executive Board must be examined by an external registered auditor. The external auditor is appointed by the General Meeting, based on a nomination from the Executive Board that takes into account the advice of the Audit Committee and the Supervisory Board. The Audit Committee evaluates the functioning of the external auditor annually in consultation with the Executive Board, and the outcome is discussed with the Supervisory Board. In the evaluation that took place in 2014, the following items were addressed: whether the audit was performed adequately; how open and constructive communications are between the external auditor, the Executive Board and the Supervisory Board; the independence of the external auditor; whether the auditor performed his duties on the basis of an independent and professional critical attitude; the expertise and composition of the audit team, and whether the audit fees were in accordance with agreements made.

At the Annual General Meeting held on 27 March 2014, KPMG Accountants N.V. was appointed as the Company's external auditor for a period expiring at the closure of the financial year 2015. Based on the new Dutch Auditor's Law (Wet op het accountantsberoep) that will take effect on 1 January 2016, and which introduces mandatory rotation of the audit firm every eight years, and since KPMG has been the Company's auditor since 1994, during 2014 the Company initiated and completed a selection process to nominate another external registered audit firm. The proposal for appointment of an external audit firm succeeding KPMG from the financial year 2016 will be made to the General Meeting in March 2015.
The Company has an internal audit function that operates under the responsibility of the Executive Board, with reporting lines to the CEO, CFO and the Audit Committee. The scope of work of the internal audit function is prepared in consultation with the Audit Committee.

Non-audit services

One area of particular focus in corporate governance is the independence of the auditors. The Audit Committee has been delegated the direct responsibility for the compensation and monitoring of the auditors and the services they provide to the Company. The auditors are prohibited from providing the Company with certain non-audit services. Nutreco and the external auditor monitor adherence to the Dutch Audit Profession Act.

Remuneration Report

As provided for in article 19 of the Articles of Association, the General Meeting of Shareholders, upon a proposal of the Supervisory Board, is authorised to adopt the remuneration policy of the Executive Board. In its meeting of 15 April 2008, the Annual General Meeting ('AGM') adopted the current remuneration policy for the Executive Board. Within the framework of the remuneration policy, compensation of the Executive Board members is determined by the Supervisory Board, based on the advice of the Remuneration Committee.

The last evaluation of the remuneration policy took place in 2011. Based on that review, the Supervisory Board concluded that the remuneration policy in force and its components still served their purpose and objectives and would be continued accordingly. Since that date, no changes have taken place in the remuneration package of the Executive Board members except for some interim adjustments to the annual fixed base salaries that, within the boundaries of the remuneration policy, are up to the discretion of the Supervisory Board. At that time, it was also concluded that, in deviation from the annual re-assessment, future benchmark reviews (to verify the market conformity of the remuneration) will be conducted in principle once every three years. The most recent benchmark review was conducted in September 2014; it was concluded that the current overall remuneration package of both Executive Board members was in line with or slightly above the "median" level (CFO: 102%, CEO: 110%) of total target compensation. Based on that outcome, and the fact that the Remuneration Policy as such was still considered to be market compliant, the remuneration committee has decided not to change the annual base salary or structure of the remuneration package of the Executive Board in 2015. Therefore no proposal for amendment to Nutreco's remuneration policy will be submitted to the AGM in March 2015.

Remuneration Executive Board

Remuneration policy

Compensation in line with the median level of the labour market reference group

The main objective of the remuneration policy is to attract, motivate and retain qualified senior management, for an international company of Nutreco's size and complexity, by means of a market-compliant remuneration policy.
The remuneration policy as approved by the AGM in 2008 is to remunerate the Executive Board in alignment with the median of the labour market reference group.
Remuneration of the Executive Board consists of the following components:

- Annual fixed base salary
- Short-term variable remuneration, consisting of an annual cash bonus opportunity, related to challenging performance targets set by the Supervisory Board for the year ahead
- Long-term variable compensation, consisting of performance shares
- Pension contributions and other fringe benefits such as a company car and an amount for compensation of expenses

Variable remuneration is an important part of the total package and is based on measurable objectives, directly related to the performance of Nutreco. The remuneration structure is designed to balance short-term annual operational performance with the long-term objectives of Nutreco and value creation for its stakeholders.

Labour market reference group

A labour market reference group was created as a benchmark to assess the competiveness of the Executive Board's base salary, cash bonus and performance shares. Given the absence of industry peers of comparable size and complexity, the AGM in 2008 approved a proposal to define the labour market reference group as a group consisting of the seven lowest ranked companies of the AEX index and the eight highest ranked companies of the AMX index (in terms of annual revenues) as such indices are published by NYSE Euronext Amsterdam. Financial institutions and real estate companies are excluded from the labour market reference group.

In 2014, the labour market reference group included (in sequence of index and 2013 revenues): TNT Express N.V., ASML Holding N.V., SBM Offshore N.V., Wolters Kluwer N.V., Koninklijke Boskalis Westminster N.V., D.E. Master Blenders N.V., Fugro N.V., Ziggo N.V., Koninklijke BAM Groep N.V., Royal Imtech N.V., PostNL N.V., Sligro Food Group N.V., USG People N.V., Aalberts Industries N.V., Arcadis N.V., and Vopak N.V.

Fixed base salary

The annual fixed base salaries of Executive Board members are set at the median:

- The annual fixed base salary of the CEO appointed in 2012 remains at € 615,000 as set in 2013.
- The annual fixed base salary of the CFO remained during 2014 at the median level of € 445,000 as set in 2012.

The annual fixed base salaries of the CEO and CFO as defined are in accordance with the median market range of the reference group as provided by the external remuneration advisor.
For 2015, no raises in annual fixed based salaries are foreseen.

Short-term variable remuneration: annual cash bonus

The total cash bonus opportunity amounts to 60% of fixed base salary for on-target performance and the maximum bonus is capped at 90% of fixed base salary. If financial performance is below a predefined minimum target level (90%), no bonus will be paid out. In calculating the bonus, a linear scale between the minimum level (90%) and the maximum level (130%) of the score is used.
At the beginning of each financial year, the Supervisory Board pre-sets a number of challenging and measurable financial, strategic and operational as well as sustainability-related performance targets.
The performance targets for 2014 were financial targets (EBITA, working capital days and cash EPS) with a combined

weighting of 60%; two strategic and operational projects (Drive 'Higher Value Nutritional Solutions' through increased sales of global products and people and organisational development) with a combined weighting of 20%; and two sustainability targets (upgrade the vendor policy and launch NutrECO-line programme) together having a weighting of 20%. Factual targets are not disclosed as these qualify as information that is commercially confidential and potentially share price-sensitive. The targets for EBITA, working capital and cash EPS were achieved at a level just under 100%. The score on the two strategic and operational projects and on the two sustainability projects was well above target.

Each year, the external auditor carries out agreed-upon procedures of the actual performance measured against the financial performance targets agreed between the Executive Board and the Supervisory Board, while an external party verifies the progress of the sustainability objectives.

Performance target measurement 2014

At a meeting held in February 2015, the Remuneration Committee reviewed the scores on the pre-set performance targets, and concluded that the financial targets scored 96.9% (weighting of 60%); the strategic target scored 130% and the people and organizational development target scored 115% (weighting of 10%), while the two sustainability targets together scored 115% (weighting of 20%).

Based on this review, which was approved by the Supervisory Board, it was decided to attribute this score to the Executive Board's performance against the targets set for 2014, resulting in a variable payment of 64.8% of their base salaries to the CEO and the CFO.

Long-term variable compensation: performance shares

Peer group and vesting

The remuneration policy includes the granting of conditional performance shares each year. These are granted by the Supervisory Board without financial consideration. The shares will vest and become unconditional after three years, dependent on Nutreco's relative performance against a selected peer group, consisting of all companies except for Nutreco N.V., listed on the NYSE Euronext Amsterdam's AEX, AMX and AScX indices, as approved by the AGM in 2008. Performance is measured as Total Shareholder Return (TSR), defined as share price increase including reinvested dividends and possible share capital reimbursements. This remuneration part is fully aligned with the objective of long-term shareholder value creation. During the three-year vesting period, the costs of these shares, determined according to IFRS, are recognised in the income statement as personnel costs.

Performance measurement, vesting and vested shares

Vesting of the conditional shares takes place at the end of each three-year cycle, when Nutreco's TSR performance is measured. Nutreco's ranking in the peer group as mentioned above determines whether and to what extent the originally granted shares vest and become unconditional. This analysis is prepared by an external remuneration advisor proposed by the Remuneration Committee and appointed by the Supervisory Board. No vesting takes place if the TSR achieved during the three-year vesting period is below the median position of the peer group. Vesting of 50% of the granted number of shares takes place when Nutreco's TSR is at the median position, linearly up to a maximum of 150% of the granted number of shares if Nutreco achieves the number one position within the peer group. Except for taxes due, vested performance shares should be held by the Executive Board for a specified minimum period of five years after grant date or till the end of the tenure of the member of the Executive Board concerned, whichever is the shortest. For the grants made under the 2012 Performance Share Plan, for which the performance period ran from 1 January 2012 until 31 December 2014, the TSR has resulted in a 15th position out of 65 (2013: 19th position). This ranking will result in a vesting of 106% (2013: 90%) of the initially granted number of shares for the members of the Executive Board; vesting date will be March 2nd 2015.

Number of shares to be granted

The number of the conditional performance shares to be granted annually is based on the annualised economic fair value of the shares at the grant date. The calculation of the economic fair value of the performance shares is prepared by an external remuneration advisor of the Remuneration Committee, based on a methodology as defined in the Nutreco Performance Share Plan. The economic fair value of the performance shares granted in 2014 has been defined at € 19.37 per share. The annualised economic fair value at the moment of granting represents 85% of the base salary of the CEO and 60% of the base salary of the CFO. This has resulted in the following number of performance shares conditionally awarded in 2014 to the Executive Board: total number of shares granted amounted to 40,772 (2013: 38,422). Shares granted to the CEO amounted to 26,988 (2013: 25,432), to the CFO 13,784 (2013: 12,990). Below is a table showing the remuneration structure for the Executive Board in 2014:.

Remuneration structure for the Executive Board in 2014

	Fixed base salary	Variable cash bonus based on performance criteria	Minimum cash bonus (% of annual base salary)	Target cash bonus (% of annual base salary)	Maximum cash bonus (% of annual base salary)	Long-term variable in shares (economic value of shares granted in % of annual base salary)
CEO	100% cash	Financial 60% Strategic & Operational 20% Sustainability 20%	0%	60%	90%	85% 3 years relative TSR
CFO	100% cash	Financial 60% Strategic & Operational 20% Sustainability 20%	0%	60%	90%	60% 3 years relative TSR

Pensions, and other contract terms

Pensions

Dutch members of the Executive Board can participate in a defined contribution plan based on career average wages. In 2014, none of the Executive Board members participated in this plan; in 2011, the CFO opted for his defined contributions to be paid out as gross salary and the CEO also opted for this with effect from 1 August 2012.

Other benefits

Executive Board members receive a fixed annual allowance for expenses, as well as other customary fringe benefits, including a company car. They may also participate in the Nutreco employee share participation scheme, the latter offers the possibility to purchase Nutreco shares up to a maximum of € 1,800 per year.

Employment contracts, severance pay and change of control

With all Executive Board members, a four-year employment term and a maximum severance payment of one year's annual fixed base salary for their position as a member of the Executive Board has been agreed.
Due to organisational changes, in 2014 Mr Jerry Vergeer relinquished his position as Executive Board member. As disclosed before, his severance deviated from best practice II.2.8 of the Code. This was due to the fact that next to his membership of the Executive Board since 2009, for the remaining 70% of his time Mr Vergeer also maintained his responsibilities in Canada for which his existing severance payment of 24 months remained in place. In line with his employment contracts, he was eligible for a severance payment of 30% of one year's fixed base salary on behalf of his Executive Board membership and 70% of two year's fixed base salary in Canada, in total € 739,500.

There are no provisions in the employment contracts of the Executive Board members for the event of the termination of employment resulting from a change in control of Nutreco. However, in the case of such a situation and within the boundaries of Dutch legislation, the Supervisory Board can decide to accelerate the vesting of granted conditional performance shares on a pro-rata basis.

Other elements of the remuneration policy

Since the date of the adoption of the remuneration policy by the General Meeting of Shareholders in 2008, revised law and regulations have been issued that contain additional best practices regarding executive remuneration. Based upon advice of the Remuneration Committee, the Supervisory Board has evaluated these additional best practices.

Alignment with strategy and financial goals

The remuneration policy as described above is aligned with the strategy and the financial goals of Nutreco and its related risks. It includes a good balance between fixed and variable, and between short- and long-term remuneration. It is further (relatively) simple and transparent, and it is aligned with the company's interests for the medium- and long-term.

Scenario analysis

The Remuneration Committee, with the assistance of an external remuneration advisor, carried out an analysis of the value of the remuneration package, and more specifically the value of the performance shares granted to the members of the Executive Board for different share price developments. The conclusion was that this variable remuneration component would not lead to unfair or unintended results in the scenarios that had been examined.

Adjustment of conditionally awarded variable remuneration

In line with Dutch legislation (section 2:135 (6) DCC), if in the opinion of the Supervisory Board, the determination of variable remuneration awarded in a previous year would produce an unfair result due to extraordinary circumstances that occurred during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board has the power to adjust downwards or upwards the value of such variable remuneration that would have been payable, thereby applying principles of reasonableness and fairness. This clause that includes variable remuneration but also remuneration in stock, has been included in the regulation of the Executive Board and in employment agreements since 2010.

The Supervisory Board has proposed to the AGM that both Executive Board members will be granted a completion bonus equal to 6 months annual fixed salary in case of a Change in Control that takes place before 1 July 2015. The completion bonus is in line with article 2:135 sub 6 DCC and is meant as a token of appreciation and for compensating the huge efforts, dedication and time spend in the intensive process that was performed in a very short time-frame, largely outside normal office hours and on top of the normal function.

Adjustment value of shares granted as remuneration in case of a takeover (Clawback on increased share value)

On 1 January 2014, new Dutch legislation (section 2:135 (7) DCC) entered into force. This legislation provides the Company with a duty to calculate the increase of the value of shares held by Executive Board members (which shares have been previously awarded to them as remuneration) due to the event of a merger, public offer, a demerger or section 2:107a DCC resolution.

Based on this law and due to the public bid made by SHV Holdings N.V., the Company must calculate the increase in value of the Nutreco shares held by the members of the Executive Board, which shares have been previously awarded to them as remuneration. For this calculation the value of the Nutreco shares must be determined at three reference dates: (i) four weeks before announcement of the public bid, (ii) four weeks after termination of the public bid and (iii) at the moment the Executive Board member sells his shares or at the end of his term as Executive Board member. If the value of the shares of the Executive Board member at the moment he sells his shares, or at the end of his term, is higher than the value four weeks before the announcement of the public bid, the difference should be withheld from the remuneration of the Executive Board member, up to a maximum equal to the difference between the value of the shares (i) four weeks before announcement of the public bid and (ii) four weeks after termination of the public bid. Since the Executive Board members have irrevocably undertaken to tender their shares under the offer made by SHV Holdings N.V., the calculations on the clawback can be made four weeks after termination of the public bid made by SHV Holdings N.V.

As defined in the Long-Term Incentive Plan, the Supervisory Board has a discretionary power to decide on acceleration of the vesting of granted conditional performance shares in case of a Change in Control situation. In such a scenario, unvested shares will vest proportionally to the number of months of the three-year vesting period that elapsed since the grant date (pro-rata basis).

In the framework of the public bid, the Supervisory Board has decided to use its discretionary power and concluded on accelerated but pro-rata vesting of the granted but still unvested performance shares. Although settlement of these unvested shares will take place in cash, the law (section 2:135 (7) DCC) will apply on the proceeds of Executive Board members as a result of such cash settlement.

Clawback cash bonus

In line with new Dutch legislation (section 2:135 (8) DCC), the Supervisory Board has the authority to claim back variable cash bonus remuneration that has been paid out on the basis of incorrect information, including financial statements, concerning the targets or circumstances that the bonus was dependent on. This clause has been included in the regulation of the Executive Board and the Executive Committee. As a departure from this law, which contains a limitation period for clawing back of five years commencing on the day the error in information becomes known, the contractual agreed term period in the contract of the CFO is limited to a full financial year prior to the financial year in which the cause for such claim presented itself.
The employment agreement of the CFO will be brought in line with the law at the renewal in April 2015.

Pay differentials

The remuneration of the Executive Board is in reasonable proportion to that of the next level in the organisation. Nutreco's senior management has a remuneration structure comparable to the Executive Board: fixed base salary, short-term variable remuneration consisting of an annual cash bonus opportunity and long-term variable compensation consisting of performance shares. The pay ratio of the CEO's fixed base salary versus the lowest fixed base salary in Nutreco in the Netherlands is 25.4. In the case of a comparison with the fixed base salary of his highest paid BU manager, the pay ratio is 2.1.

Remuneration overview

For more information on remuneration of and the actual number of shares held by the Executive Board (either freely available or for which a lockup restriction applies), and the number of shares conditionally granted to members of the Executive Board, please refer to Note 24 of the financial statements in this annual report.

Remuneration of the Supervisory Board and its committees

In accordance with article 19.3 of the Articles of Association, the Annual General Meeting of Shareholders determines the remuneration of the Supervisory Board, based upon a proposal made by the latter. The last remuneration increases were made in 2007; at that time the annual allowances for the members of the Supervisory Board were set at median level of the same labour market reference group used for the remuneration of the Executive Board.
Based on an evaluation by the Remuneration Committee, the Supervisory Board in 2011 decided that a review of remuneration of the Supervisory Board will take place in the course of 2014. Based on the outcome of that evaluation the remuneration of the Supervisory Board will remain unchanged. Annual fixed remuneration for Supervisory Board membership is € 43,000 for members and € 55,000 for the chairman. Remuneration for the Innovation & Sustainability Committee as well as Remuneration Committee membership each amounts to € 5,000 for members and € 7,500 for the chairman; the remuneration of the Audit Committee is € 7,500 for members and € 10,000 for the chairman. Work performed as a member of the Selection and Appointment Committee is not remunerated separately. The total remuneration of the members of the Supervisory Board in 2014 amounted to € 287,125 (2013: € 274,500), which are gross amounts.
As provided in the Articles of Association, none of the Supervisory Board members receives a remuneration that is dependent on or linked to the financial performance of Nutreco. Members of the Supervisory Board do not receive any performance- or equity-related compensation and do not accrue any pension rights with the company. The regulation of the Supervisory Board requires members' individual shareholdings in Nutreco to serve the sole purpose of long-term investment only. None of the Supervisory Board members holds any shares or option rights to acquire shares in Nutreco.

For more information on remuneration of Supervisory Board members, please refer to Note 24 of the Financial Statements.

Other information

As a matter of policy, Nutreco does not grant any loans, advances or guarantees to the members of the Executive Board and Supervisory Board.

The Company does provide Executive Board and Supervisory Board members with an indemnification for all costs and expenses from and against any claim, action or lawsuit related to acts and/or omissions in their function. Article 20 of the Articles of Association describes the terms and conditions of such indemnification.

Amersfoort, 4 February 2015
On behalf of the Remuneration Committee,

Ajai Puri
Chairman

The Nutreco share

Stock exchange listing

Nutreco has been listed on the NYSE Euronext Amsterdam exchange since 3 June 1997 and is part of the Amsterdam Midcap Index (AMX). As of 31 December 2014, the market capitalisation of Nutreco was approximately € 3.0 billion.

By year-end 2014, a total of 70,237,364 ordinary shares had been issued (2013: 70,237,364). Of these shares, 3,098,933 are held in treasury by Nutreco (2013: 1,368,956). Nutreco holds treasury shares for its obligations with regard to employee performance plans and stock dividends.

In June, July and August 2014, Nutreco conducted a share buy-back programme and repurchased 1,400,000 shares to cover future stock dividends and obligations for share plans. In August, September and October 2014, Nutreco started a € 100 million share buy-back programme in order to optimise the efficiency of the balance sheet and enhance future earnings per share. Of this amount, 1,680,553 shares were eventually repurchased for € 49.2 million before the termination of the programme due to the SHV offer for all Nutreco shares. Furthermore, Nutreco added 88,083 treasury shares to cover the tax effects of the vesting of performance shares (2013: 174,956).

The total amount paid to acquire these shares was € 95.5 million (2013: € 56.5 million) at an average price of € 30.14 (2013: € 35.88) per share and these shares are held as treasury shares. In 2014, Nutreco issued 1,438,659 shares from treasury shares for stock dividends, performance shares and the employee share participation plan (2013: 1,243,838).

SHV offer for all Nutreco shares

Full information regarding the SHV offer for all Nutreco shares can be found in Nutreco's Position Statement and the joint press release both published on 5 December 2014 and available via the Nutreco website. The Position Statement and press release provide shareholders with more insight into the support for the SHV offer, the process the Executive Board and the Supervisory Board of Nutreco have followed, including the key events that have occurred, the financial and strategic merits and the reasoned opinion of our Boards in recommending the SHV offer.

Benefits for shareholders and other stakeholders

The offer price of € 45.25 per share represents a premium of 60% to the closing price on Friday 17 October 2014. This premium compares favourably against the median premium of around 31% for similar Dutch transactions. In addition, the offer price implies an EV/EBITDA multiple of 10.8 (Last Twelve Months ending 30 September 2014). Furthermore, the offer by SHV has a high deal certainty, because SHV has the cash available from its own financial resources and no anti-trust issues are expected. The transaction process with SHV as a committed bidder enabled us to be swift and efficient. SHV fully supports Nutreco in executing its existing "Driving sustainable growth" strategy including geographical expansion. SHV welcomes Nutreco's focus on innovation and R&D to fuel this strategy. SHV is committed to fund Nutreco's investment needs for capital expenditures and acquisitions. Both parties have agreed that Nutreco shall remain prudently financed. Nutreco's corporate identity, values and culture will be maintained. Operating as a separate group within SHV, Nutreco's headquarters, central management and key support functions will remain in the Netherlands. In addition, SHV has agreed to respect all existing employee rights. Nutreco's works councils support the offer by SHV.

Thorough process

The Nutreco Boards have followed a thorough process since the initial, unsolicited, SHV proposal of 19 September 2014. This proposal was serious, concrete and precise. In the following weeks, both Boards entered into an intensive process with senior management and advisors to appropriately assess, analyse and evaluate the proposal against the current stand-alone position of Nutreco, alternative options as well as the impact on stakeholders. We intensively negotiated the key terms of the possible transaction with SHV in a timeframe of approximately three weeks, also to prevent public leaks. SHV was allowed to conduct a high-level due diligence during which no price sensitive or forward-looking information was provided. Further negotiations led to a Merger Agreement and the recommended offer to shareholders on Monday 20 October 2014.

After this announcement Nutreco was approached by Cargill Incorporated ('Cargill'). In the first contacts on 2 November 2014, Cargill confirmed that it was not sufficiently advanced in its analysis and that it was not yet possible for Cargill to provide a clear proposal. On 8 November 2014, Cargill expressed an interest in pursuing a cash offer through a structured transaction with private equity firm Permira, which Cargill said it was still exploring. Cargill's letter did not include a non-binding offer.

In accordance with its obligations under the Merger Agreement, Nutreco notified SHV of Cargill's expression of interest shortly after receipt of Cargill's draft letter. SHV decided to raise its bid to at least € 43.20 to match the price mentioned in Cargill's expression of interest. After further negotiations with Nutreco's Boards, SHV raised its bid to € 44.50 (cum dividend) in cash per ordinary share. The Boards retained the flexibility to recommend any offer exceeding SHV's offer price by at least 8% and including similar non-financial covenants. The increased SHV offer was announced on Monday 10 November 2014.

On 30 January 2015 SHV increased the offer price to € 45.25 (cum dividend) per ordinary share and APG and NN committed to tender their shares. APG, holding approximately 9.79% of the issued ordinary Nutreco shares, and NN, holding approximately 7.52% of the issued ordinary Nutreco shares, have entered into irrevocable undertakings with SHV to tender all Shares directly or indirectly held by them under the Offer in the Offer Period under the same terms as applicable to all shareholders.

Recommendation

The starting point of the Boards during the whole process has been to maximise value for its shareholders while safeguarding the interests of the stakeholders involved. The complete package of the SHV offer is compelling to the shareholders, employees and other stakeholders of Nutreco. It represents an attractive price and provides high deal certainty for shareholders. For this reason, Nutreco's Executive Board and Supervisory Board both fully support and unanimously recommend it for acceptance by Nutreco shareholders.

General Meetings of Shareholders

An Extraordinary General Meeting to discuss the SHV offer, as described in the Offer Memorandum of 5 December 2014, and the Nutreco Position Statement of 5 December 2014, will be held at 14.30 CET on Monday 9 February 2015. Instructions can be found on our website: http://www.nutreco.com/en/About-us/Corporate-Governance The EGM will take place at the Flint, Coninckstraat 60, Amersfoort, the Netherlands.

The Annual General Meeting will be held on Thursday 26 March 2015, at 14.30 CET. The AGM will take place at the Mercure Hotel, De Nieuwe Poort 20, Amersfoort, The Netherlands.

Disclosures under the Disclosure of Major Holdings in Listed Companies Act

Nutreco received a number of disclosures of shareholdings greater than 3% under the Disclosure of Major Holdings in Listed Companies Act.

- SHV Holdings N.V. – 27.72% shareholding (disclosed 9 January 2015)
- APG Algemene Pensioen Groep N.V. – 9.79% shareholding (disclosed 30 January 2015)
- ING AM Insurance Companies B.V. (NN) – 7.52% shareholding (disclosed 30 January 2015)
- Hengistbury Investment Partners LLP – 4.04% shareholding (disclosed 23 October 2014)
- Norges Bank – 2.41% shareholding (disclosed 7 January 2015)
- Nutreco N.V. – 4.41% treasury shares

Investor relations policy

The purpose of Nutreco's investor relations activities is to fully inform shareholders and the wider investment community about relevant company developments in a transparent and timely fashion. We strive to ensure that a high and uniform level of information is available to the capital market, which creates awareness of, and confidence in Nutreco's vision, strategy, policies and decisions. As a listed company, Nutreco's announcements comply with all rules and obligations required by NYSE Euronext Amsterdam and the Netherlands Authority for the Financial Markets (AFM).

Price-sensitive information is circulated without delay through press releases that are also available through Nutreco's website. In addition to our financial results, Nutreco also provides the broadest possible information on its strategic decisions and objectives, and its sustainability policy. Our main channels for this information are the integrated report, which comprises financial, operational, strategic and sustainability information, as well as our website. At the publication of the half-year and annual results, Nutreco holds an analyst meeting and an additional press conference after the publication of the annual results. These meetings, as well as the Annual General Meeting, are webcasted via our website. Nutreco also releases trading updates for the first and third quarterly results. In addition, Nutreco regularly undertakes road shows and participates in conferences for institutional and private investors. Nutreco is committed to ongoing communication with its shareholders. This regular contact helps Nutreco to better understand the views and requirements of its investors.

During 2014, management took part in over 25 days of investor road shows and conferences. Management visited investors in Amsterdam, Boston, Brussels, Chicago, Dublin, Frankfurt, London, Munich, New York, Oslo, Paris and Toronto.

Nutreco observes a closed period, during which no road shows or meetings with potential or current investors can take place. For the annual results, this period extends from 1 January up to the day of publication of the annual results as set out in Nutreco's regulations concerning insider information (see Regulation Insider Information under Corporate Governance on www.nutreco.com). For the half-year figures, the closed period extends from 1 July up to the day of publication of the half-year figures. For the trading updates after the first quarter and after the third quarter, it extends from 1 April and 1 October, up to the day of publication of the trading update. More relevant information for investors can be found on the Nutreco website under the link 'Investor Relations'.

Any further questions may be directed to the Investor Relations department by e-mail (ir@nutreco.com) or telephone (+31 33 422 6186).

Dividend proposal 2014

The Annual General Meeting will be held on 26 March 2015 and a total dividend of € 1.05 (2013: € 1.00) per share for the 2014 financial year will be recommended. This represents a payout of 45% (2013: 45%) of the total result, excluding impairment and the book result on disposed activities, attributable to holders of ordinary shares of Nutreco between 1 January 2014 and 31 December 2014. In August 2014, Nutreco distributed an interim dividend of € 0.30 (2013: € 0.30) per ordinary share. Following the adoption of the dividend proposal, shareholders will receive the final dividend of of € 0.75 per ordinary share in cash. The cash dividend will be made payable to shareholders on 2 April 2015. The SHV offer per share of € 45.25 in cash for all issued and outstanding Nutreco shares includes the final dividend payment of € 0.75 per ordinary share.

Share price and volume development

On 31 December 2013, the closing share price was € 36.11 and it closed at € 44.49 on 31 December 2014, which represented an increase of 23.2%. During the same period, the AEX and AMX indices increased by 5.6% and 1.2% respectively.

Observable trading volume in Nutreco shares in 2014 totalled over 207 million shares (2013: 82 million shares). The average daily trading volume on NYSE Euronext Amsterdam in 2014 was approximately 270,000 shares, compared to approximately 220,000 shares per day in 2013. In 2014, 33.5% of the observable trading volume in Nutreco shares took place within the NYSE Euronext platform. The remaining 66.5% was traded on alternative trading platforms such as Chi-X, BATS and Turquoise, as well as over-the-counter through block trades, for example.

Important dates

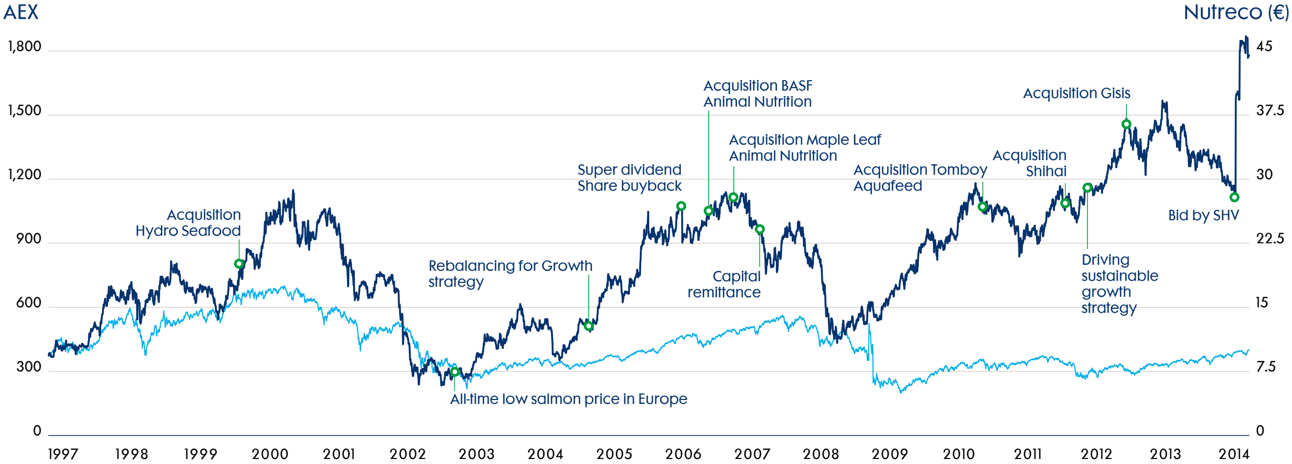
2015	
5 February	Publication of the annual results 2014
9 February	Extraordinary General Meeting
26 March	Annual General Meeting
30 March	Ex-dividend date (final dividend)
31 March	Record date
2 April	Payout final dividend
23 April	Q1 trading update
23 July	Publication of half-year results 2015
22 October	Q3 trading update

Key figures per share[1]

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Basic earnings from continuing operations	2.21	1.85	1.91	1.80	1.50	1.31	1.51	1.62	1.53	1.32
Basic earnings	2.21	2.18	2.54	1.87	1.59	1.31	1.67	1.73	7.60	1.95
Dividend [2]	1.05	1.00	1.03	0.90	0.75	0.66	0.72	0.82	0.80	0.76
Payout [3]	45%	45%	45%	45%	45%	45%	45%	45%	45%	35%
Highest share price	46.95	39.56	32.87	28.66	30.32	19.65	25.55	28.49	27.38	19.18
Lowest share price	27.59	30.09	24.95	19.88	18.33	11.83	10.70	18.94	18.18	10.15
Closing price	44.49	36.11	32.05	25.42	28.40	19.65	11.76	19.78	24.70	18.66
Average number of shares outstanding (x thousand)	68,685	68,768	69,528	69,764	70,278	69,206	68,716	68,634	68,418	68,996
Number of shares outstanding (x thousand)	67,138	68,868	69,200	69,532	69,926	69,990	68,558	68,512	67,812	71,056
Market value at closing price [4] (€ x million)	**2,987**	**2,487**	**2,218**	**1,767**	**1,986**	**1,375**	**806**	**1,355**	**1,675**	**1,288**

1 Key figures per share have been adjusted to reflect the 1:2 share split in May 2013.
2 Excluding superdividend of € 9 in 2006 and capital repayment of € 5 in 2007.
3 The payout ratio is calculated on the total result for the period attributable to owners of Nutreco excluding book profits and impairment.
4 The market value is calculated on outstanding shares excluding shares held in treasury.

Share price Nutreco vs AEX



— AEX — Nutreco ○ Nutreco milestone

Financial statements

Consolidated statement of comprehensive income

(€ x million)	Note	2014	2013 restated[1]
Revenue	3	**5,253.0**	**5,237.2**
Raw materials and consumables used		-4,129.4	-4,173.8
Change in fair value of biological assets	19	-0.9	-0.6
Changes in inventories of finished goods and work in progress		-5.2	12.3
Gross margin		**1,117.5**	**1,075.1**
Other operating income	7	11.2	9.0
Personnel cost	8	-487.5	-473.1
Depreciation and amortisation expenses	3,13,14	-74.7	-73.8
(Reversal of) impairment of long-lived assets	13,14	-4.1	-
Other operating expenses	9	-326.6	-307.9
Operating result from continuing operations		**235.8**	**229.3**
Financial income	10	2.1	2.2
Financial expenses	10	-32.0	-34.7
Foreign exchange result	10	-	0.6
Net financing costs		**-29.9**	**-31.9**
Share in result of associates and other investments	15,16	0.9	3.5
Result before tax from continuing operations		**206.8**	**200.9**
Income tax expense	11	-53.0	-50.1
Result after tax from continuing operations		**153.8**	**150.8**
Result after tax from discontinued operations		-	-
Total result for the period		**153.8**	**150.8**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial results	24	-4.9	10.9
Related tax	11	0.1	-0.4
Net result on revaluation related to inflation accounting	15	1.3	-0.7
Total items that will not be reclassified to profit or loss		**-3.5**	**9.8**
Items that may be reclassified subsequently to profit or loss			
Net foreign exchange differences on foreign operations	22	28.0	-106.3
Net foreign exchange differences on net investment hedges	22	-26.6	58.2
Effective portion of changes in fair value of cash flow hedges related to (cross currency) interest rate derivatives	22	0.8	1.4
Net change in fair value of cash flow hedges related to interest rate derivatives reclassified to profit or loss	22	-1.2	-1.3
Net change in cash flow hedges of foreign exchange transactions	22	1.3	0.2
Related tax	11	-3.9	3.8
Total items that may be reclassified subsequently to profit or loss		**-1.6**	**-44.0**
Other comprehensive income for the period, net of tax		**-5.1**	**-34.2**
Total comprehensive income for the period		**148.7**	**116.6**

Continued >

(€ x million)	Note	2014	2013 restated[1]
Total result attributable to			
Owners of Nutreco		152.0	150.2
Non-controlling interest	22	1.8	0.6
Total result for the period		**153.8**	**150.8**
Total comprehensive income attributable to			
Owners of Nutreco		145.0	116.0
Non-controlling interest	22	3.7	0.6
Total comprehensive income for the period		**148.7**	**116.6**
Earnings per share (€)	12		
Basic earnings per share		2.21	2.18
Diluted earnings per share		2.20	2.17
Dividend per share		1.05	1.00
Number of ordinary shares (x 1,000)	12		
Weighted average number of ordinary shares outstanding during the year		68,685	68,768
Weighted average number of ordinary shares (diluted)		69,054	69,112
Number of ordinary shares outstanding as at 31 December		67,138	68,868
Key figures - continuing operations			
Earnings Before Interest, Tax and Amortisation (EBITA)	3	249.9	243.3
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)		310.5	303.1

[1] See Note 4 for further information.

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated statement of financial position

(€ x million)	Note	31 December 2014	31 December 2013 restated[1]
Assets			
Property, plant and equipment	13	649.2	635.9
Intangible assets	14	507.2	429.7
Investments in associates	15	30.4	29.4
Other investments	16	35.8	36.4
Employee benefits	24	-	0.2
Deferred tax assets	17	29.3	27.7
Total non-current assets		**1,251.9**	**1,159.3**
Inventories	18	400.6	323.8
Biological assets	19	156.8	152.6
Income tax receivables	17	10.3	18.0
Trade and other receivables	20,27	851.3	808.8
Cash and cash equivalents	21,27	136.2	152.0
Assets classified as held for sale	5	-	4.8
Total current assets		**1,555.2**	**1,460.0**
Total assets		**2,807.1**	**2,619.3**
Equity			
Issued and paid-up share capital	22	8.4	8.4
Share premium	22	159.5	159.5
Treasury shares	22	-93.2	-49.5
Hedging reserve	22	-2.8	-3.7
Retained earnings	22	792.6	733.1
Undistributed result	22	152.0	150.2
Translation reserve	22	-56.3	-55.8
Equity attributable to owners of Nutreco		**960.2**	**942.2**
Non-controlling interest	22	23.2	19.6
Total equity		**983.4**	**961.8**
Liabilities			
Interest-bearing borrowings	23,27	418.6	361.4
Employee benefits	24	21.2	29.0
Provisions	25	0.9	1.8
Deferred tax liabilities	17	35.7	29.2
Trade and other payables	6,26,27	38.3	21.3
Total non-current liabilities		**514.7**	**442.7**
Interest-bearing borrowings	23,27	132.4	139.5
Employee benefits	24	42.2	29.0
Provisions	25	2.0	2.3
Income tax liabilities	17	24.5	34.0
Trade and other payables	26,27	1,107.9	1,010.0
Total current liabilities		**1,309.0**	**1,214.8**
Total liabilities		**1,823.7**	**1,657.5**
Total equity and liabilities		**2,807.1**	**2,619.3**

[1] See Note 4 for further information.

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(€ x million)	Issued and paid-up share capital	Share premium	Treasury shares	Hedging reserve	Retained earnings	Undis-tributed result	Transla-tion reserve	Equity attribu-table to owners of Nutreco	Non-con-trolling interest	Total equity
Balance at 1 January 2013	**8.4**	**159.5**	**-29.4**	**-4.0**	**636.1**	**176.8**	**-7.0**	**940.4**	**9.1**	**949.5**
Total comprehensive income for the period										
Result						150.2		150.2	0.6	150.8
Total other comprehensive income				0.3	14.3		-48.8	-34.2		-34.2
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.3**	**14.3**	**150.2**	**-48.8**	**116.0**	**0.6**	**116.6**
Transactions with owners of Nutreco, recognised directly in equity										
Contributions by and distributions to owners of Nutreco										
Undistributed result					176.8	-176.8		0.0		0.0
Dividend on ordinary shares					-41.7			-41.7	-1.2	-42.9
Stock dividend			24.5		-24.5			0.0		0.0
Usage of treasury shares			11.9		-10.6			1.3		1.3
Share-based payments					4.0			4.0		4.0
Repurchase own shares			-56.5					-56.5		-56.5
Total contributions by and distributions to owners of Nutreco	**0.0**	**0.0**	**-20.1**	**0.0**	**104.0**	**-176.8**	**0.0**	**-92.9**	**-1.2**	**-94.1**
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control					-1.0			-1.0	-2.0	-3.0
Acquisition of subsidiary with non-controlling interests					-20.3			-20.3	13.1	-7.2
Total transactions with owners of Nutreco	**0.0**	**0.0**	**-20.1**	**0.0**	**82.7**	**-176.8**	**0.0**	**-114.2**	**9.9**	**-104.3**
Balance at 31 December 2013	**8.4**	**159.5**	**-49.5**	**-3.7**	**733.1**	**150.2**	**-55.8**	**942.2**	**19.6**	**961.8**
Total comprehensive income for the period										
Result						152.0		152.0	1.8	153.8
Total other comprehensive income				0.9	-7.4		-0.5	-7.0	1.9	-5.1
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.9**	**-7.4**	**152.0**	**-0.5**	**145.0**	**3.7**	**148.7**
Transactions with owners of Nutreco, recognised directly in equity										
Contributions by and distributions to owners of Nutreco										
Undistributed result					150.2	-150.2		0.0		0.0
Dividend on ordinary shares					-32.0			-32.0	-1.3	-33.3
Stock dividend			43.3		-43.3			0.0		0.0
Usage of treasury shares			8.5		-7.5			1.0		1.0
Share-based payments					4.2			4.2		4.2
Repurchase own shares			-95.5					-95.5		-95.5
Total contributions by and distributions to owners of Nutreco	**0.0**	**0.0**	**-43.7**	**0.0**	**71.6**	**-150.2**	**0.0**	**-122.3**	**-1.3**	**-123.6**
Changes in ownership interests in subsidiaries										
Acquisition of subsidiary with non-controlling interests					-4.7			-4.7	1.2	-3.5
Total transactions with owners of Nutreco	**0.0**	**0.0**	**-43.7**	**0.0**	**66.9**	**-150.2**	**0.0**	**-127.0**	**-0.1**	**-127.1**
Balance at 31 December 2014	**8.4**	**159.5**	**-93.2**	**-2.8**	**792.6**	**152.0**	**-56.3**	**960.2**	**23.2**	**983.4**

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated cash flow statement

(€ x million)	Note	2014	2013 restated[1]
Result after tax from continuing operations		**153.8**	**150.8**
Net financing costs	10	29.9	31.9
Share in results of associates and other investments	15,16	-0.9	-3.5
Income tax expense	11	53.0	50.1
Impairment losses on property, plant and equipment	13	4.0	-
Reversal impairment losses on property, plant and equipment	13	-0.3	-
Impairment losses on intangible assets	14	0.4	-
Depreciation	13	60.6	59.8
Amortisation	14	14.1	14.0
Equity settled share-based payment expense	8	4.2	4.0
Changes in fair value of biological assets	19	0.9	0.6
Changes in fair value foreign exchange contracts		-10.1	-11.6
Settlement foreign exchange derivatives	31	15.2	24.0
Loss on sale of property, plant and equipment	13	3.5	0.2
Gain on sale of assets held for sale	5	-1.9	-0.1
Gain/loss on sale of activities	7,14	-0.3	1.3
Cash flows from operating activities before changes in working capital and provisions		**326.1**	**321.5**
Increase in working capital	31	-4.5	-73.5
Decrease in employee benefits	31	-2.0	-3.7
Decrease in provisions	31	-3.7	-2.2
Cash generated from operations		**315.9**	**242.1**
Interest received	10	0.8	1.9
Interest paid	10	-26.5	-31.7
Income taxes paid	11	-50.3	-50.2
Dividends received from investments in associates	15,16	0.5	0.8
Net cash from operating activities		**240.4**	**162.9**
Acquisition of property, plant and equipment	13	-75.9	-91.0
Acquisition of intangible assets	14	-16.4	-20.0
Acquisition of subsidiary net of cash acquired	6	-55.2	-74.3
Acquisition of associates	15	-1.6	-3.1
Acquisition of other investments	16	-5.9	-1.4
Proceeds from sale of property, plant and equipment	13	3.8	1.1
Proceeds from sale of intangible assets	14	0.2	-
Proceeds from sale of activities	7,14	1.1	6.0
Proceeds from sale of other investments	16	3.3	10.3
Proceeds from sale of associates	15	0.2	-
Proceeds from sale of assets held for sale	5	2.5	0.3
Proceeds from non-current payables	6,26	5.3	-
Settlement foreign exchange derivatives	31	-4.6	28.1
Net cash used in investing activities		**-143.2**	**-144.0**

Continued >

(€ x million)	Note	2014	2013 restated[1]
Usage of treasury shares		1.0	1.3
Repurchase own shares	22	-95.5	-56.5
Dividends paid to owners of Nutreco	22	-32.0	-41.7
Dividends paid to owners of non-controlling interest	22	-1.3	-1.2
Acquisition of non-controlling interest	6	-	-4.3
Repayment of borrowings	31	-100.3	-25.6
Proceeds from borrowings	31	26.5	1.8
Net cash used in financing activities		**-201.6**	**-126.2**
Net decrease in cash and cash equivalents		**-104.4**	**-107.3**
Cash and cash equivalents at 1 January	21	132.3	243.5
Net decrease in cash and cash equivalents		-104.4	-107.3
Effect of exchange rate fluctuations on cash held		3.5	-3.9
Cash and cash equivalents for the cash flow statement at 31 December	21	**31.4**	**132.3**
Cash and cash equivalents at 31 December	21	136.2	152.0
Bank overdrafts at 31 December		-104.8	-19.7
Cash and cash equivalents for the cash flow statement at 31 December	21	**31.4**	**132.3**

[1] See Note 4 for further information.

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Accounting policies used for the consolidated financial statements

General

Nutreco N.V. ('the Company') is a company domiciled in the Netherlands. The consolidated financial statements of Nutreco N.V. for the year ended 31 December 2014 comprise Nutreco N.V. and its subsidiaries ('Nutreco' or 'the Group') and Nutreco's interest in associates and joint ventures.
The registered office of the Company is Veerstraat 38, 5831 JN, Boxmeer in the Netherlands. Nutreco is quoted on the Official Market of NYSE Euronext Amsterdam and is included in the Amsterdam Midcap Index.

Activities

Nutreco is a global leader in animal nutrition and fish feed. Nutreco has strong fundamentals based on agriculture and aquaculture knowledge and comprehensive R&D capacity that support customers including farmers to meet the current and future requirements in the food value chains.
The Group employs approximately 11,000 employees in more than 35 countries, generates its revenues in approximately 80 countries, operates approximately 100 production plants in 29 countries, and has 11 leading research facilities to support its customers and its animal nutrition and fish feed activities. The Group also has a selective presence in various stages of the meat production chain.

Public offer SHV

On 20 October 2014, SHV Holdings N.V. ('SHV') and Nutreco announced that they have reached a conditional agreement on a recommended full public offer for Nutreco of € 40 (cum dividend) in cash per issued and outstanding ordinary share of Nutreco. On 10 November 2014, SHV increased its recommended full public offer for Nutreco to € 44.50 (cum dividend) in cash per issued and outstanding ordinary share of Nutreco.
Nutreco shall convene an extraordinary general meeting of shareholders to discuss the Offer. This meeting will be held on 9 February 2015. The offer period has started on 10 December 2014 and will expire on 17 February 2015, unless the offer period is extended.
Nutreco has entered into customary undertakings not to actively solicit competing offers. Upon termination of the merger agreement as the result of a competing offer, Nutreco will forfeit a termination fee to SHV equal to € 25 million.
The Executive Board and the Supervisory Board of Nutreco fully support and unanimously recommend the (increased) offer from SHV.

On 31 December 2014, SHV and its affiliates or brokers acquired a total of 14,872,352 ordinary shares in Nutreco, representing 21.17% of the issued share capital of Nutreco and 22.15% of the issued and outstanding share capital of Nutreco.

Discontinued operations

In June 2014 Nutreco announced it has ended the process to explore a possible divestment of the compound feed and meat business in Spain and Portugal. Accordingly, the Spanish and Portuguese businesses remain part of Nutreco. As a result, the assets and liabilities are no longer presented as assets held for sale in the consolidated statement of financial position, both for the current and prior period. Furthermore, in the consolidated statement of comprehensive income and cash flow statement, these activities are reclassified from discontinued operations to continuing operations, both for the current and prior period. The comparable figures in the notes have been restated accordingly. See Note 4 for more information.

Change in operating segments

As a result of the reclassification of the Spanish and Portuguese businesses to continuing operations, Nutreco has revised the presentation of its operating segments compared to 2013. Compound Feed & Meat Iberia is introduced as a separate segment in line with the organisational structure and reported next to the segments Animal Nutrition and Fish Feed.

Date of authorisation and issuance

The consolidated (and company) financial statements were approved for issuance by the Executive Board and Supervisory Board on 4 February 2015. The Group's financial statements will be subject to adoption by the Annual General Shareholders' Meeting on 26 March 2015.

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out in this chapter. These policies have been consistently applied to 2014 and 2013.

2. Basis of preparation and measurement

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU.

The consolidated financial statements are presented in millions of Euro, except where otherwise indicated. They are prepared on a historical cost basis, except for the following assets and liabilities that are stated at their fair value: financial instruments (including derivative financial instruments), available-for-sale-assets, liabilities for cash-settled share-based payment arrangements and certain biological assets.

2.1 Changes in accounting policies and disclosures

Significant new and amended standards adopted by the Group

The following significant new standards and amendments to standards are mandatory and have been applied for the first time for the financial year beginning 1 January 2014.

- IFRS 10 Consolidated Financial Statements introduces a new control model that focuses on whether the Group has power over a participation, exposure or rights to variable returns from its involvement with the participation and ability to use its power to affect those returns. As a result of IFRS 10, the Group has changed its accounting policy for determining whether it has control over, and consequently whether it consolidates, its participations. The Group reassessed the control conclusion for its existing participations including the recent acquisition of Skretting Nigeria Holding BV. The adoption of IFRS 10 did not have a material impact on the Group's accounting for its participations.
- IFRS 11 Joint Arrangements classifies joint arrangements in either joint operations or joint ventures. The structure of the arrangement is no longer the sole determinant in the classification and there is no longer a choice in accounting treatment. The adoption of IFRS 11 did not result in significant changes to the Group's accounting for its joint arrangements.
- IFRS 12 Disclosure of Interests in Other Entities provides a single standard for all disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group has included these disclosures in the relevant notes when material.

Significant new standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2014 and not early adopted

A number of new standards, amendments to standards and interpretations are issued but not effective for the financial year beginning 1 January 2014, and have not been early adopted by the Group. None of these are expected to have a significant effect on the consolidated financial statements of the Group except for the following:

- IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.
- IFRS 15 Revenue from Contracts with Customers establishes a new model for determining whether, how much and when revenue is recognised and will supersede all current revenue recognition requirements under IFRS.

The Group is assessing the potential impact on its financial statements resulting from the application of these new standards and does not plan to adopt these before their effective dates.

2.2 Reclassifications

Certain items previously reported under specific financial statement captions have been reclassified to align with the current year presentation.

3. Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income, and expenses. The estimates and judgements are based on historical experience and various other factors that are considered to be reasonable under the circumstances. The results of the estimates and judgements form the basis for decisions about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and judgements.

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

Certain accounting estimates and judgements are particularly sensitive given their significance to the consolidated financial statements and the possibility that future events may differ from management's current estimates and judgements. The most important accounting estimates and judgements are described in Note 2.

4. Basis of consolidation

4.1 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group 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.

For the measurement of goodwill at acquisition date please see paragraph 9.1 of this note.

Transaction costs related to the acquisition of business combinations, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

In connection with the acquisition of a business combination, Nutreco sometimes purchases a call option or commits to a put option over a non-controlling interest (NCI).
The terms of a put and/or call option must be analysed to assess whether it gives the controlling interest, in substance, the risks and rewards associated with ownership of the shares covered by the instruments. When all significant risks and rewards are transferred to the acquirer, then no NCI is recorded for the interest covered by the put and/or call option (for example in the case of a fixed exercise price).
A put and call option with a fair value exercise price is less likely to convey the risks and rewards of ownership to the controlling interest (i.e. the non-controlling shareholders still have present access to the associated benefits). If this is the case, Nutreco makes an accounting policy election between the anticipated acquisition method and present access method.

Anticipated acquisition method

In this method the call/put option is accounted for as if the call/put option had been exercised already, independent of how the exercise price is determined. Therefore the corresponding interests are presented as already owned by Nutreco, both in the statement of financial position and in the statement of comprehensive income, even though legally they still are NCI.

Present access method

In this method the NCI continues to be recognised as the NCI still has present access to the economic benefits associated with the underlying ownership interests. Therefore the financial liability is recognised and the debit entry is to 'other equity'. The transaction is not treated as an anticipated acquisition.

Acquisitions of business combinations are described in Note 6.

4.2 Non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Acquisitions of non-controlling interests are described in Note 6.

4.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

4.4 Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset, depending on the level of influence retained.

Transaction costs directly related to loss of control are expensed at the date of closing.

4.5 Associates

Associates are those entities in which Nutreco is a shareholder and has significant influence in, but no control over, the financial and operating policies. The consolidated financial statements include Nutreco's share of the total comprehensive income of associates on an equity-method accounting basis, from the date that significant influence commences until the date that significant influence ceases. When Nutreco's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to zero and recognition of further losses is discontinued except to the extent that Nutreco has incurred legal or constructive obligations or made payments on behalf of an associate. Associates are disclosed in Note 15.

4.6 Joint ventures

A joint venture is a type of joint arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.
The consolidated financial statements include Nutreco's interest in a joint venture using the equity method. In the presentation of the consolidated financial statements, joint ventures are disclosed as associates in Note 15.

4.7 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. In case material, unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of Nutreco's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. A list of affiliated companies, drawn up in conformity with Book 2 of the Netherlands Civil Code, sections 379 and 414, is enclosed in this annual report on pages 201-203.

5. Foreign currency translation

5.1 Functional and presentation currency

Items included in the consolidated financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). For Nutreco companies in Chile, Ecuador and Indonesia the functional currency is the US dollar rather than the local currency. Furthermore for a company located in the US, the functional currency is the Canadian dollar.
The consolidated financial statements are presented in Euro, which is the Company's functional and the Group's presentation currency.

5.2 Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate effective at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the exchange rates prevailing at the balance sheet date. Foreign exchange differences arising on translation are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges to the extent the hedge is effective.

Non-monetary assets and liabilities denominated in foreign currencies not qualifying as foreign operations that are stated at historical cost are translated into the functional currency at foreign exchange rates at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated into functional currency at foreign exchange rates effective at the dates the fair values were determined. Foreign exchange differences arising on retranslation are recognised in profit or loss, except when qualifying as a net investment hedge or cash flow hedges to the extent the hedge is effective. In this case the difference is recognised in other comprehensive income.

Other comprehensive income is initially recognised directly in equity and may be reclassified subsequently to profit or loss.

5.3 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at foreign exchange rates effective at the balance sheet date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Euro at the average foreign exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions). Foreign currency differences related to foreign operations are recognised in other comprehensive income, and presented in the translation reserve in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item, receivable from or payable to a foreign operation, is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.
The income and expenses of foreign operations in hyperinflationary economies are translated to Euro at the exchange rate at the reporting date. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date. In case of hyperinflationary economies (e.g. Venezuela), the financial statements are adjusted for the effects of changing prices of local currency and are presented in the translation reserve within equity.

5.4 Hedge of a net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and Nutreco's functional currency (Euro), regardless of whether the net investment is held directly or through an intermediate parent.
Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented in the translation reserve within equity. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

The following table shows the principal exchange rates used in the statement of financial position and the statement of comprehensive income, expressed in foreign currency per Euro:

per 1 Euro	Statement of financial position		Statement of comprehensive income	
	31 December 2014	**31 December 2013**	**2014**	**2013**
Australian dollar	1.48	1.54	1.47	1.38
Brazilian real	3.23	3.25	3.12	2.88
British pound	0.78	0.83	0.81	0.85
Canadian dollar	1.41	1.47	1.47	1.37
Chinese yuan renminbi	7.54	8.34	8.19	8.17
Japanese yen	145.31	144.58	140.38	129.93
Mexican peso	17.89	18.02	17.67	16.97
Norwegian krone	9.02	8.38	8.36	7.82
Russian ruble	70.51	45.36	50.88	42.39
US dollar	1.22	1.38	1.33	1.33

6. Financial instruments

6.1 Non-derivative financial instruments

Non-derivative financial instruments are comprised of equity and debt securities, trade and other receivables, cash and cash equivalents, interest-bearing borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described in the specific accounting principles.

Non-derivative financial instruments entered into and continued to be held in accordance with the Group's expected purchase, sales and usage are accounted for at the trade date or the date that they are originated. Dividends are recognised when the Group's right to receive payments is established and interest is recognised based on the effective interest method. Gains and losses, if any, are recorded in net financing costs.

Non-derivative financial instruments are derecognised when the contractual rights to the cash flow from the asset expire, or when the rights to receive the contractual cash flow in a transaction are transferred. Subsequently, all risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

6.1.1 Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

6.1.2 Available-for-sale financial assets

Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in equity.

6.1.3 Held-to-maturity financial assets
Held-to-maturity financial assets held by Nutreco are initially stated at fair value. Subsequently, they are presented at amortised cost using the effective interest method, less any impairment losses.

6.1.4 Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables that do not have a fixed maturity and that have either a fixed or a market-based variable rate of interest are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise debt securities, cash and cash equivalents and trade and other receivables.

6.2 Derivative financial instruments
Nutreco uses derivative financial instruments to hedge its exposure to foreign exchange risk, interest rate risk and commodity price risk arising from operational, financing, and investment activities. Nutreco's policy is not to hold or issue derivative financial instruments for speculative purposes.

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivative financial instruments qualify for hedge accounting, recognition of any resulting gain or loss depends on the nature of the item being hedged as described in accounting policy 7.

7. Hedging
The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy in undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivative financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

7.1 Cash flow hedges
For cash flow hedges, a derivative financial instrument is designated as a hedging instrument of the variability in cash flows attributable to a particular risk associated with a recognised asset, liability or a highly probable forecast transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and presented in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised in profit or loss.
If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised in comprehensive income are reclassified as profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss.
When a hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, the cumulative gain or loss at that point remains in equity and is recognised in profit or loss, when the forecast transaction occurs in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in profit or loss, as part of net financing costs.

Nutreco has defined cash flow hedge relationships for certain derivative financial instruments that cover interest rate risk, commodity price risk as well as for derivative financial instruments that are used to hedge the foreign exchange exposure of forecasted transactions.

7.2 Hedge of monetary assets and liabilities
Where a derivative financial instrument is used to economically hedge the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in profit or loss.

7.3 Hedge of net investment in foreign operations
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 in other comprehensive income. The ineffective portion is recognised immediately in profit or loss, as part of net financing costs.

When the hedged net investment is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

7.4 Fair value hedges
Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. When a hedging instrument, for which fair value accounting is applicable, expires or is sold, terminated or exercised, the adjusted carrying amount of the hedged asset or liability that is attributable to the hedged risk will be amortised during the remaining period of this hedged asset or liability for which the effective interest method has been applied.

8. Property, plant and equipment

8.1 Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation (see accounting policy 8.3) and accumulated impairment losses (see accounting policy 15). Cost includes expenditures that are directly attributable to the acquisition of the asset. Government grants to compensate for the cost of an asset are deducted from the cost of the related asset. Borrowing costs, if material, are capitalised as part of the cost of assets that take a substantial period of time to prepare for their intended use and are amortised on a straight-line basis over the estimated useful lives of the related assets.

8.2 Subsequent costs
Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

8.3 Depreciation
Depreciation is calculated according to the straight-line method, based on the estimated useful life and the residual value of the related asset. The estimated useful lives are as follows:

Buildings	10 - 40 years
Machinery & Equipment	3 - 25 years
Other	3 - 10 years

The depreciation method, useful lives and residual values are assessed at least at each financial year-end and adjusted if deemed necessary. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposals are determined by the difference between the proceeds and the carrying amount and are recognised in profit or loss.

8.4 Fair value measurement
The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition in an orderly transaction between market participants at the measurement date. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. In determining fair value, the Group uses appraisals of an external assessor.

9. Intangible assets

9.1 Goodwill
Goodwill that arises on the acquisition of subsidiaries is presented under intangible assets (see accounting policy 4.1 Business combinations).

Initial measurement
The Group measures goodwill at the acquisition date as the excess of:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Subsequent measurement
Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

When the difference is negative, the gain is recognised immediately in profit or loss.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. With respect to associates, in the case that goodwill has been paid, the carrying amount of goodwill is included in the carrying amount of the investment in associates.

In most cases the Group identifies its cash-generating units as one level below that of an operating segment. Cash flows at this level are substantially independent from other cash flows and this is the lowest level at which goodwill is monitored by the Executive Board.

9.2 Concessions, licenses and quota

For Nutreco, quota is an acquired right to sell poultry in the Canadian market in which sales of these products are regulated and limited by the government. Acquired quota has an indefinite useful life and is carried at cost less impairment losses. Quota is tested for impairment at least annually or whenever there is an indication for impairment.
Acquired concessions and licenses have definite useful lives and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over the estimated useful lives of the assets, which are not longer than their contractual terms.

9.3 Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge, are recognised as expenses when incurred.

Expenditures on development activities, whereby the findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalised provided the product or process is technically, financially and commercially feasible. The expenditures capitalised include the cost of materials, direct labour, and an appropriate proportion of overhead expenses. Other development expenditures are recognised as expenses when incurred.

Development costs previously recognised as expenses are not recognised as assets in subsequent periods. Capitalised development costs are recorded as intangible assets and amortised on a straight-line basis over the estimated useful life, which in the majority of cases is three years. Development assets not yet ready for use are tested for impairment annually.

9.4 Brand names and customer relationships

Acquired brand names through business combinations are recognised at fair value at the acquisition date to the extent they can be separately identified or grouped as a single asset in the case that each brand name has similar useful economic lives and can be measured reliably. Brand names can have indefinite useful lives and are subsequently carried at cost less impairment losses. Brand names are amortised and/or tested for impairment at least annually or whenever there is an indication for impairment.

Contractual customer relationships acquired by Nutreco through business combinations are recognised at fair value at the acquisition date to the extent they can be separately identified or grouped as a single asset in the case that each contractual customer relationship has similar useful economic lives and can be measured reliably. Customer relationships have definite useful lives and are subsequently carried at cost less accumulated amortisation and impairment losses.

9.5 Software

Software includes software and technology. Software that is acquired by Nutreco has a definite useful life and is carried at cost less accumulated amortisation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed software includes the following:

- the cost of direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- capitalised borrowing costs.

9.6 Subsequent expenditures

Subsequent expenditures on capitalised intangible assets are capitalised only when they increase the future economic benefits embodied in the specific assets to which they relate. All other expenditures are expensed when incurred.

9.7 Amortisation

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are acquired or available for use, except when the useful life is deemed indefinite. Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The estimated useful lives are as follows:

Concessions, licenses and quota	20 years - indefinite
Development costs	3 years
Brand names	10 years - indefinite
Customer relationships	7 - 20 years
Software	3 - 10 years

9.8 Fair value measurement

The fair value of patents and brand names acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned ('relief from royalty' method). The fair value of customer relationships 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.

10. Assets held for sale or distribution and discontinued operations

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as assets held for sale. They are stated at the lower of carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale are included in profit or loss. The same applies to gains and losses on subsequent remeasurement. Gains are not recognised in excess of any cumulative impairment loss.

A discontinued operation is a component of Nutreco's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal, or earlier when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income and cash flow statement are restated as if the operation had been discontinued from the start of the comparative period. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

11. Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling.

The cost of inventories is based on the first-in first-out principle and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overhead expenses based on normal operating capacity.

The fair value of inventory 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 inventory.

12. Biological assets

Biological assets are measured, both at initial recognition and at each subsequent reporting date, at fair value less costs to sell, except when fair value cannot be reliably measured. If fair value cannot be reliably measured, biological assets are measured at cost minus depreciation and impairment losses. Although a reliable measure of fair value may not be available at the point of initial recognition, it may subsequently become available. In such circumstances, biological assets are measured at fair value less costs to sell from the point at which the reliable measure of fair value becomes available.

Gains and losses that arise on measuring biological assets at fair value less costs to sell are recognised in profit or loss in the period in which they arise.

Costs to sell include all costs that would be necessary to sell the assets, including costs necessary to get the assets to market.

13. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment losses. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the individual receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy (or is in bankruptcy) or financial reorganisation, and defaults or delinquencies in payments are considered to be indicators that the trade receivable should be impaired.

Trade and other receivables are classified as current assets if collection is expected within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as debt securities as part of other investments.

The fair value of trade and other receivables, outstanding longer than six months, is estimated as the present value of future cash flows, discounted at the actual interest rate at the reporting date.

14. Cash and cash equivalents

Cash and cash equivalents comprise cash balances, transit cheques and call deposits. A call deposit is an investment account offered through banks that allows investors instant access to their accounts. Bank overdrafts that are repayable on demand form an integral part of Nutreco's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

15. Impairment

15.1 General

Assets that are subject to depreciation and amortisation are assessed at each balance sheet date to determine whether there is any indication for impairment. If any such indication exists, the asset's recoverable amount is tested.

Goodwill and assets with an indefinite useful life are not subject to amortisation and are tested for impairment once a year and whenever there is an indication for impairment.

An impairment loss is recognised for the amount by which the carrying amount of an asset, cash generating unit or group of cash generating units exceeds its estimated recoverable amount. Impairment losses recognised in respect of groups of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to groups of cash generating units and then to reduce the carrying amount of the other assets in the groups of cash generating units on a pro rata basis, but not below the fair value less costs of disposal or value in use of these assets.

15.2 Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs of disposal and value in use. The fair value less costs of disposal is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an orderly transaction between market participants after deducting the costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate, determined as a blended weighted average cost of capital per (groups of) cash-generating unit(s) that reflects the current market assessments of the time value of money and the risks of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the (groups of) cash generating unit to which the asset belongs.
Generally as a first step the value in use is calculated to verify if an impairment is identified, the next step is to verify if the recoverable amount (the higher of value in use and fair value less cost of disposal) is also an indication for an impairment. The actual impairment amount is calculated based on further refined assumptions used, if any.

The recoverable amount of trade and other receivables is calculated as the present value of expected future cash flows, discounted at the effective interest rate inherent in the asset.

15.3 Reversals of impairment

An impairment loss relating to a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss related to goodwill is never reversed.

With respect to other assets, an impairment loss is reversed if there has been an indication of 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.

Reversals of impairment are recognised in profit or loss.

16. Equity

16.1 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

16.2 Repurchase of shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effect, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction in equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

16.3 Dividends

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

17. Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between proceeds (net of transaction costs) and redemption value being recognised in profit or loss over the period of the interest-bearing borrowings on an effective interest basis.
When interest-bearing borrowings are restructured or refinanced and the terms have been modified substantially, the transaction is accounted for as an extinguishment of the old contract, with a gain or loss recognised in profit or loss.
A quantitative and qualitative assessment will be performed in order to determine whether the terms are considered to have been modified substantially. When the modification meets the requirements, the related part of the capitalised transaction costs will be recognised in profit or loss as interest expenses.
Interest-bearing borrowings that are hedged under a fair value hedge are remeasured for the changes in the fair value attributable to the risk being hedged.

Interest-bearing borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

18. Employee benefits

18.1 Pensions

Nutreco operates various pension schemes. These schemes are generally funded through payments of invoices from insurance companies or pension funds, based on periodic actuarial calculations. The Group has both defined contribution and defined benefit plans.

18.1.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate pension plan or insurance company and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when incurred. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

18.1.2 Defined benefit plans

Defined benefit plans represent an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Nutreco's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods. That benefit is discounted and the fair value of any plan assets is deducted.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When this calculation results in a potential asset for Nutreco, the recognised defined benefit asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.
Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are immediately recognised in other comprehensive income. Nutreco determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. The discount rate is the yield at balance sheet date on long-dated highly rated corporate bonds that are denominated in the currency in which the benefits will be paid and that have maturity dates approximating the terms of Nutreco's obligations. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.
When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

18.2 Other long-term employee benefits

Nutreco's net obligation in respect of long-term employee benefits, other than pension plans, is the amount of future benefits 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 and the fair value of any related assets is deducted. The discount rate is the yield at balance sheet date on long-dated highly rated corporate bonds that are denominated in the currency in which the benefits will be paid and that have maturity dates approximating the terms of Nutreco's obligations.

18.3 Short-term employee benefits, profit sharing and performance plans

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term variable payment or profit-sharing plans if Nutreco has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

18.4 Share-based payment transactions

Certain Nutreco employees are granted Nutreco shares through the Performance Share Plan, which is described in the 'Remuneration Report' on pages 86-89. The economic value of the shares granted is recognised as a personnel expense with a corresponding increase in equity. The economic value is measured at grant date and recognised in profit or loss over the three-year vesting period. Vesting and the percentage of vesting are dependent on the performance of the Company calculated as total shareholder return (TSR) versus a peer group and occurs after three years from the grant date. Upon vesting, the employees become unconditionally entitled to the shares. After vesting, there is a two-year lockup period for the Executive Board members.

The economic value of the shares granted is measured using the Monte Carlo simulation methodology, taking into account the terms and conditions upon which the shares were granted. Inputs for measurement include the date of award, the performance period, the share price at the date of award, the risk-free rate (based on government bonds), individual dividend yield figures and the correlation coefficients between Nutreco and its performance peer group companies. Service and non-market performance conditions attached to the transactions are not taken into account in determining the value.
The amount recognised as an expense is adjusted to reflect the actual number of shares that vest, except where forfeiture is only due to the fact that the total shareholder return will lead to a higher or lower vesting amount than was granted.

Nutreco also has a bonus conversion plan that entitles certain employees to convert part of their variable cash payment in shares. This plan is described in the 'Remuneration Report' on pages 86-89. Under the terms of the plan, the eligible managers, with the exclusion of the members of the Executive Board, are entitled, but not obliged, to invest part of the proceeds of the annual performance payment which is awarded to them (if any) in shares of the Company.
After a three-year period, the Company will match the eligible managers' investment in a ratio ranging from a guaranteed 25% linearly up to a maximum of 300% depending on the Company's TSR performance over the three-year period. The economic value of the shares granted in the bonus conversion plan is also measured using the Monte Carlo simulation methodology. Based on this, the costs of these plans are equally spread over the vesting period.

19. Provisions

19.1 General

A provision is recognised if, as a result of a past event, Nutreco has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits from the Group 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 the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

19.2 Restructuring provision

A provision for restructuring is recognised when Nutreco has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly (internally and/or externally). Provisions are not recognised for future operating losses.

19.3 Legal claims

A provision for legal claims is recognised when management has been able to reliably estimate the expected outcome of these claims. The provision is measured at the value of the received claims and a weighing of all possible outcomes against their associated probabilities.

19.4 Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under that contract. The provision is measured at the present value of the lower of the expected costs of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

20. Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.
Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

21. Revenue recognition

21.1 Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. Freight costs recharged to the buyer are included in revenue.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

21.2 Government grants

Any government grant is recognised in profit or loss as other operating income when there is reasonable assurance that it will be received and that Nutreco will comply with the conditions attached to it. In some countries compensation from the government is received for capital expenditure in property, plant and equipment. In these cases, the grants are deducted from the capitalised costs and are recognised in profit or loss as a deduction on depreciation, over the depreciation period. Research and development grants are deducted from the research and development costs.

22. Raw materials and consumables used

Cost of raw materials and consumables used are recognised in profit or loss when the risks and rewards of ownership of the goods sold have been transferred to a party outside the Group. These costs include the purchase price of raw materials and all directly attributable costs.

Accumulated direct and indirect production costs for biological assets are classified as raw materials and consumables used in profit or loss when these biological assets are sold or processed. When the biological assets (poultry) are processed and the processed assets are sold, the cost of production is charged to profit or loss as raw materials and consumables used.

23. Net financing costs/income

Financial expenses comprise interest expenses on borrowings, changes in the fair value of financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments), finance lease expenses and other financial expenses. All borrowing costs on finance lease payments are recognised in profit or loss using the effective interest method.

Financial income comprises interest income on cash and cash equivalents, interest income on available-for-sale financial assets, changes in the fair value of financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments) and interest income on loans to other parties. Interest income is recognised in profit or loss, using the effective interest method.

24. Income tax

Income tax expense in profit or loss for the year comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using statutory tax rates at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

25. Earnings per share

Nutreco presents basic and diluted earnings per share (EPS) data for its ordinary shares, as well as dividend per share. Basic EPS is calculated by dividing the total result for the period attributable to owners of Nutreco by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the total result for the period attributable to owners of Nutreco and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise performance shares granted to employees. Dividend per share is determined by dividing the net profit for the year attributable to holders of ordinary shares, excluding impairment charges and book result on disposed activities by the number of ordinary shares outstanding at the end of the reporting period.

26. Segment reporting

An operating segment is a component of Nutreco that engages in business activities from which it earns revenue and incurs expenses, including revenue and expenses that relate to transactions with any of Nutreco's other components. All operating segments' results are reviewed regularly by Nutreco's Executive Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated comprises results, assets and liabilities from Corporate and Sustainability & Innovation.

27. Leases

The Group leases certain property, plant and equipment, vehicles and ships, which are qualified as finance lease or operational lease. If the Group has substantially all the risks and rewards of ownership, the contracts are classified as finance leases. If a significant portion of risks and rewards of ownership are retained by the lessor, the contracts are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss as incurred.

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

28. Cash flow statement

The consolidated cash flow statement is drawn up on the basis of the indirect method. Interest received, interest paid, income tax paid and dividends received are disclosed separately and are classified as operating activities. Dividends paid are disclosed separately and classified as financing activities. Cash flows from derivative instruments that are accounted for as fair value hedges or cash flow hedges are classified based on the nature of the hedge relationship in the cash flow statement.

Cash flows in foreign currencies are translated to the functional currency at the average foreign exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case cash flows are translated at the rate on the dates of the transactions).

2 Accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The most important accounting estimates and judgements are described below.

1. Goodwill and long-lived assets

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are not subject to amortisation and depreciation are tested annually for impairment.

The inherent management estimates and assumptions used in assessing whether an impairment charge should be recognised are determining the discount rate and projecting cash flows.

Should the actual performance of the cash generating units become materially worse compared to the estimates, possible impairment losses could arise. For the sensitivity of impairment testing of goodwill see Note 14.

2. Research and development expenditure

Management judgement is required in determining whether Nutreco should start capitalising development costs as intangible assets or expense such costs when incurred.

The costs of patent projects are capitalised at the moment the Company receives final approval from the regulatory authority for the registration of the patent.

3. Acquisitions

Estimates significantly impact goodwill and other acquisition-related intangibles. The determination of fair values of acquired identifiable intangibles is based on an assessment of future cash flows. The following estimates and assumptions are used in determining the fair values of acquired identifiable intangible assets:

- brand premium;
- indication of 'appeal' to customers relative to competitors;
- life expectations;
- relevance of customer loyalty;
- differences in economics of different customer groups;
- length of customer relationship.

4. Trade receivables

Provisions are made for doubtful debts based on management's estimate of the prospect of recovering the debt. Where management has determined that the recovery of the debt is doubtful, the amount is provided for.

5. Provisions

The amounts recognised as a provision are management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. This is the amount management expects to pay to settle the obligation at the balance sheet date or to transfer it to a third party at that time.

6. Pensions

Pension costs for defined benefit plans are based on actuarial assumptions to make a reliable estimate of the amount of benefit that employees have earned in return for their services in the current and prior periods. The principal actuarial assumptions used are:

- discount rate;
- long-term rate of return on assets;
- expected return on plan assets;
- life expectancy;
- salary increases;
- inflation.

The fair value of certain plan assets (government bonds and equity securities) is based on market prices.

7. Deferred tax assets

The group recognises deferred tax assets arising from unused tax losses or tax credits only to the extent that the relevant fiscal unit has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be compensated with the unused tax losses or unused tax credits can be utilised by the fiscal unit.

Regarding net operating losses recognised, management believes, based upon the level of historical taxable income and projections for future taxable income, that sufficient future tax profits will be available to utilise these operating losses.

Regarding net operating losses unrecognised, management believes, based upon the level of historical taxable income and projections for the future taxable income, it is more likely than not that no future tax profits will be available that can be utilised. As a consequence, management did not recognise a deferred tax asset for these operating losses.

8. Litigations and claims

The Group is party to various legal proceedings, generally incidental, to its business. In connection with these proceedings and claims, management evaluated, based on the relevant facts and legal principles, the likelihood of an unfavourable outcome and whether the amount of the loss could be reasonably estimated. Subjective judgements were required in these evaluations, including judgements regarding the validity of asserted claims and the likely outcome of legal and administrative proceedings. The outcome of these proceedings, however, is subject to a number of factors beyond the Group's control, most notably the uncertainty associated with predicting decisions by courts and administrative agencies.

In a number of countries, tax audits are taking place. Whenever there is a difference in view between local tax authorities and Nutreco operating companies, to the extent deemed necessary, provisions are made for exposures for which it is probable that they will lead to additional tax liabilities.

9. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that Nutreco can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices of identical or similar assets and liabilities) using valuation techniques for which all significant inputs are based on observable market data;
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) using valuation techniques for which any significant input is not based on observable market data.

The Group has an established control framework with respect to the measurement of fair values. This includes a regular evaluation of all significant fair value measurements, including, if any, Level 3 fair values and a review of inputs for fair value measurements and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the evidence obtained from the third parties is assessed to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

'Unobservable' in this context means that there is little market data available from which to determine the price at which an orderly transaction between market participants would be likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input if, in the opinion of management, that lowest level is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The most important accounting estimates and judgements regarding fair values have been determined for measurement and/or disclosures purposes on the methods described below.

9.1 Other investments

The fair value of financial assets and available-for-sale financial assets is determined by reference to other observable inputs at the reporting date. Other observable inputs include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

9.2 Biological assets

Where there is an active market for biological assets, the quoted price in that market is the appropriate basis for determining the fair value of that asset. If an active market does not exist, one or more of the following methods are used to estimate the fair value:

- most recent transaction price (provided that there has not been a significant change in economic circumstances between the date of that transaction and the balance sheet date);
- market prices for similar assets with adjustments to reflect differences;
- discounted cash flow method (fair value is estimated on the basis of the present value of expected net cash flows from the assets, discounted at the applicable market-based rate).

In measuring fair value of livestock, management estimates are required for the determination of the fair value. These estimates and judgements relate to the average weight of an animal, mortality rates and the percentage of completion.

9.3 Financial instruments

The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active or quoted market prices are not available, a valuation technique is used.

The judgement as to whether a market is active or inactive may include, although not necessarily determinative, lower transaction volumes, reduced transaction sizes and, in some cases, no observable trading activity for short periods.
In inactive markets, additional assurance is obtained that the transaction price provides evidence of fair value or determined that the adjustments to transaction prices are necessary to measure the fair value of the instrument.
The majority of valuation techniques employ only observable market data, and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable and, for such financial instruments, the derivation of fair value is more judgmental. An instrument in its entirety is classified as valued using significant unobservable inputs if, in the opinion of management, a significant proportion of the instrument's carrying amount is driven by unobservable inputs.

9.3.1 Derivative financial instruments

The fair value of forward foreign exchange contracts is generally estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using current interbank interest rates and current foreign currency rates.

The fair value of interest rate swaps and cross-currency interest rate swaps is estimated by discounting cash flows resulting from the contractual interest rates of both legs of the transaction, taking into account current interest rates, current foreign currency rates and the current creditworthiness of the swap counterparties.

9.3.2 Non-derivative financial instruments

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 actual interest rate. For finance leases, the market rate of interest is determined by reference to similar finance lease agreements.

For all other fair values, the determination of the fair value is described in Note 1 in the part specific to that asset or liability. Furthermore, where applicable, further information about the assumptions made in determining the fair values is disclosed in the notes specific to that asset or liability.

3 Operating segments

As a result of the reclassification of the Spanish and Portuguese businesses to continuing operations, Nutreco has revised the presentation of its operating segments compared to 2013. Compound Feed & Meat Iberia is introduced as a separate segment in line with the organisational structure and reported next to the segments Animal Nutrition and Fish Feed. For comparison reasons the prior year segment reporting has been adjusted accordingly.

Operating segments

(€ x million)	Revenue third parties		Intersegment revenue		Total revenue		Operating result before amortisation (EBITA)	
	2014	2013	2014	2013	2014	2013	2014	2013
Animal Nutrition	1,835.5	1,800.6	77.9	86.0	1,913.4	1,886.6	125.0	111.6
Fish Feed	2,116.3	2,022.3	23.4	26.9	2,139.7	2,049.2	134.3	130.6
Compound Feed & Meat Iberia	1,301.2	1,414.3	0.9	0.5	1,302.1	1,414.8	34.9	40.6
Eliminations	-	-	-102.2	-113.4	-102.2	-113.4	-	-
Corporate and other	-	-	-	-	-	-	-27.8	-26.5
Exceptional items	-	-	-	-	-	-	-16.5	-13.0
Consolidated	**5,253.0**	**5,237.2**	**0.0**	**0.0**	**5,253.0**	**5,237.2**	**249.9**	**243.3**

The reconciliation of the operating result before amortisation (EBITA) to operating result is as follows:

(€ x million)	2014	2013
Operating result before amortisation (EBITA)	**249.9**	**243.3**
Amortisation	-14.1	-14.0
Operating result from continuing operations	**235.8**	**229.3**

For 2014, the effect of acquisitions on revenue is € 89.6 million (2013: € 115.9 million). The acquisition effect on operating result before amortisation and exceptional items is € 7.1 million (2013: € 7.2 million). The acquisition effect on revenue and operating result before amortisation is related to acquisitions completed in 2014 and 2013.

Exceptional items

(€ x million)	2014	2013
Restructuring costs*	-3.5	-7.0
(Reversal of) impairment losses of long-lived assets	-3.7	-
Transaction related costs	-8.3	-5.1
Income arising from terms of delivery and alliances	0.3	0.5
Other	-1.3	-1.4
Total exceptional items	**-16.5**	**-13.0**

* Restructuring costs of € -3.5 million (2013: € -7.0 million) are included in (i) personnel expenses for an amount of € -2.5 million (2013: € -5.8 million), and (ii) other operating expenses for € -1.0 million (2013: € -1.2 million).

Exceptional items consist of non-operational income and/or gains and expenses and/or losses which are not related to the normal course of business. These are, in general, restructuring costs, impairment charges, acquisition/divestment related costs and negative goodwill.

In 2014, the restructuring costs mainly relate to compound feed activities in Spain and corporate restructuring.

The (reversal of) impairment losses of € 3.7 million (2013: nil) relates to compound feed and meat activities in Spain.

Other expenses per segment

(€ x million)	Depreciation		Amortisation		Total depreciation and amortisation		Restructuring costs		Non-cash expenses other than depreciation and amortisation	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Animal Nutrition	-15.8	-15.9	-7.7	-8.8	-23.5	-24.7	-1.2	-1.0	-4.8	-3.1
Fish Feed	-28.0	-25.0	-4.5	-3.1	-32.5	-28.1	-0.1	-1.1	-0.6	-4.6
Compound Feed & Meat Iberia	-15.8	-17.6	-0.3	-0.1	-16.1	-17.7	-1.1	-2.3	2.8	0.8
Unallocated	-1.0	-1.3	-1.6	-2.0	-2.6	-3.3	-1.1	-2.6	0.8	-1.3
Consolidated	**-60.6**	**-59.8**	**-14.1**	**-14.0**	**-74.7**	**-73.8**	**-3.5**	**-7.0**	**-1.8**	**-8.2**

Non-cash expenses include movements in employee benefits, provisions for restructuring and claims and impairment of trade receivables.

Assets and liabilities per segment

(€ x million)	Assets		Associates		Total assets		Liabilities		Total capital expenditures of PP&E and intangible assets	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Animal Nutrition	1,061.3	935.1	26.2	26.8	1,087.5	961.9	400.1	314.8	28.2	23.5
Fish Feed	1,225.3	1,077.5	4.2	2.6	1,229.5	1,080.1	603.0	512.7	49.6	61.6
Compound Feed & Meat Iberia	447.6	456.7	-	-	447.6	456.7	296.6	311.9	2.1	5.3
Unallocated	42.5	120.6	-	-	42.5	120.6	524.0	518.1	12.4	20.6
Consolidated	**2,776.7**	**2,589.9**	**30.4**	**29.4**	**2,807.1**	**2,619.3**	**1,823.7**	**1,657.5**	**92.3**	**111.0**

Unallocated comprises Corporate and Sustainability & Innovation.

Goodwill and long-lived assets

The carrying amounts for assets with indefinite useful lives have been allocated to the reportable segments as follows:

(€ x million)	Goodwill		Concessions, licences and quota		Brand names		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Animal Nutrition	228.3	189.0	50.0	48.1	23.7	22.9	302.0	260.0
Fish Feed	54.1	51.6	-	-	-	-	54.1	51.6
Compound Feed & Meat Iberia	-	-	-	-	-	-	-	-
Carrying amount of intangible assets with indefinite useful lives	**282.4**	**240.6**	**50.0**	**48.1**	**23.7**	**22.9**	**356.1**	**311.6**
Carrying amount of intangible assets with definite useful lives	-	-	1.7	1.6	19.2	14.1	20.9	15.7
Total	**282.4**	**240.6**	**51.7**	**49.7**	**42.9**	**37.0**	**377.0**	**327.3**

Geographical segments

In presenting information on the basis of geographical segments, revenue is based on the geographical location of Nutreco customers. Assets and capital expenditures of property, plant and equipment (PP&E) and intangible assets are based on the geographical location of the assets.

(€ x million)	Revenue third parties (destination)		Total assets		Total capital expenditures of PP&E and intangible assets	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Spain	1,321.4	1,489.0	509.7	527.4	5.7	7.5
Norway	756.5	810.7	277.9	293.2	21.2	40.6
Canada	566.8	582.1	410.2	375.5	8.7	8.4
Chile	371.0	351.3	276.9	205.1	3.7	5.3
United Kingdom	226.8	194.7	98.8	88.7	2.4	2.2
USA	215.9	205.5	116.6	104.6	2.5	1.5
Germany	157.5	156.8	22.6	18.4	0.8	0.7
Ecuador	152.5	55.1	149.8	117.0	3.6	2.2
China	141.2	156.2	96.2	97.9	4.7	4.5
Brazil	115.0	95.6	173.0	94.3	1.9	3.6
Italy	105.8	108.4	74.8	76.7	2.0	1.4
The Netherlands	93.8	87.0	161.0	221.3	15.8	15.3
Australia	83.5	69.6	86.0	77.4	1.5	0.9
Russia	78.9	74.3	32.4	54.1	1.3	11.0
Poland	70.9	73.3	26.0	23.7	1.3	0.2
Turkey	69.7	70.5	48.9	44.8	0.1	0.4
Japan	62.2	61.4	46.6	39.9	0.6	1.0
Other countries	663.6	595.7	199.7	159.3	14.5	4.3
Consolidated	**5,253.0**	**5,237.2**	**2,807.1**	**2,619.3**	**92.3**	**111.0**

From the capital expenditures in 'other countries' of € 14.5 million, an amount of € 6.9 million relates to fish feed activities in Egypt.

4 Discontinued operations and divestments

Consolidated statement of comprehensive income

In June 2014 Nutreco announced it has ended the process to explore a possible divestment of the compound feed and meat business in Spain and Portugal. Accordingly, the Spanish and Portuguese businesses remain part of Nutreco. As a result, the assets and liabilities are no longer presented as assets held for sale in the consolidated statement of financial position, both for the current and prior period. Furthermore, in the consolidated statement of comprehensive income and cash flow statement, these activities are reclassified from discontinued operations to continuing operations, both for the current and prior period.

The table below presents the impact of the reclassification from assets and liabilities held for sale on the consolidated financial position at 31 December 2013.

(€ x million)	31 December 2013 reported	Adjustments	31 December 2013 restated
Assets			
Property, plant and equipment	500.1	135.8	635.9
Other non-current assets	513.0	10.4	523.4
Inventories	286.1	37.7	323.8
Biological assets	4.1	148.5	152.6
Income tax receivables	15.4	2.6	18.0
Trade and other receivables	696.6	112.2	808.8
Cash and cash equivalents	146.9	5.1	152.0
Assets classified as held for sale	462.0	-457.2	4.8
Total assets	**2,624.2**	**-4.9**	**2,619.3**
Equity			
Total equity	**961.8**	**-**	**961.8**
Liabilities			
Interest-bearing borrowings	498.7	2.2	500.9
Employee benefits	53.5	4.5	58.0
Provisions	3.8	0.3	4.1
Deferred tax liabilities	28.4	0.8	29.2
Income tax liabilities	25.2	8.8	34.0
Trade and other payables	736.0	295.3	1,031.3
Liabilities classified as held for sale	316.8	-316.8	-
Total liabilities	**1,662.4**	**-4.9**	**1,657.5**
Total equity and liabilities	**2,624.2**	**-4.9**	**2,619.3**

The impact of the reclassification from discontinued to continuing operations for the consolidated statement of comprehensive income of 2013 is as follows.

(€ x million)	2013 reported	Adjustments	2013 restated
Revenue	**3,867.1**	**1,370.1**	**5,237.2**
Raw materials and consumables used	-3,097.2	-1,076.6	-4,173.8
Change in fair value of biological assets	-0.1	-0.5	-0.6
Changes in inventories of finished goods and work in progress	12.6	-0.3	12.3
Gross margin	**782.4**	**292.7**	**1,075.1**
Other operating income	8.0	1.0	9.0
Personnel cost	-338.2	-134.9	-473.1
Depreciation and amortisation expenses	-56.1	-17.7	-73.8
(Reversal of) impairment of long-lived assets	-	-	-
Other operating expenses	-201.1	-106.8	-307.9
Operating result from continuing operations	**195.0**	**34.3**	**229.3**
Financial income	5.6	-3.4	2.2
Financial expenses	-34.8	0.1	-34.7
Foreign exchange result	0.6	-	0.6
Net financing costs	**-28.6**	**-3.3**	**-31.9**
Share in result of associates and other investments	3.5	0.0	3.5
Result before tax from continuing operations	**169.9**	**31.0**	**200.9**
Income tax expense	-42.4	-7.7	-50.1
Result after tax from continuing operations	**127.5**	**23.3**	**150.8**
Result after tax from discontinued operations	23.3	-23.3	0.0
Total result for the period	**150.8**	**0.0**	**150.8**
Earnings per share (€)			
Basic earnings per share	1.85	0.33	2.18
Diluted earnings per share	1.84	0.33	2.17
Dividend per share	1.00	-	1.00
Key figures			
Earnings Before Interest, Tax and Amortisation (EBITA)	208.9	34.4	243.3
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	251.1	52.0	303.1

The following table shows the impact of the reclassification from discontinued to continuing operations for the highlights of the cash flow statement of 2013.

(€ x million)	2013 reported	Adjustments	2013 restated
Net cash from operating activities	143.0	19.9	162.9
Net cash used in investing activities	-139.8	-4.2	-144.0
Net cash used in financing activities	-125.4	-0.8	-126.2
Net cash flow received from discontinued operations	14.9	-14.9	0.0
Net decrease in cash and cash equivalents	**-107.3**	**0.0**	**-107.3**
Cash and cash equivalents continuing operations at 31 December	146.9	5.1	152.0
Cash and cash equivalents discontinued operations at 31 December	4.6	-4.6	0.0
Bank overdrafts continuing operations at 31 December	-19.2	-0.5	-19.7
Cash and cash equivalents for the cash flow statement at 31 December	**132.3**	**0.0**	**132.3**

5 Assets and liabilities held for sale

In 2014, facilities in Belgium (segment Animal Nutrition) and Ireland (segment Fish Feed) with a carrying amount of € 0.6 million were sold for an amount of € 2.5 million. Furthermore two production facilities within the segment Animal Nutrition in Canada and Italy that were classified as held for sale in 2013, were reclassified to assets not in use. Although efforts to sell the assets have commenced, a sale is no longer expected to occur in the course of 2015. As a consequence there are no assets and liabilities held for sale at 31 December 2014.

At 31 December 2013, the assets held for sale of € 4.8 million contained the following:

- € 4.6 million relates to three facilities within the segment Animal Nutrition in Belgium, Canada and Italy;
- € 0.2 million relates to a facility in Ireland within the segment Fish Feed.

6 Acquisitions

Acquisitions 2014

Skretting Nigeria Holding BV

In June 2014, Nutreco announced it had signed an agreement to enter into a business combination in Nigeria with Durante, a leading supplier of fish feed in Nigeria and Nutreco's existing distribution partner. Skretting Nigeria Holding BV ('Skretting Nigeria') will invest in the local production of extruded fish feed for Nigeria as well as the wider West African region.

The Skretting Nigeria 60/40 (Nutreco/Durante) business combination will sell extruded fish feed and operate a plant in Ibadan, Oyo State, both for the local market and regional export. Durante was founded in 1999 and has become a leading company in the Nigerian aquaculture sector. Revenue for full year 2013 was approximately € 9 million. Sales volume is currently around 5,500 tonnes and is expected to double by 2016, through the addition of a new extrusion line in 2015.

Nutreco obtained control as defined in IFRS 3 business combinations and the purchase method of accounting is applied.

The impact of this acquisition on Nutreco's net cash position in 2014 was € 2.1 million outflow (total consideration paid of € 2.2 million adjusted for cash and cash equivalents of € -0.1 million), excluding acquisition-related costs. The acquisition related costs incurred in 2014 are € 0.3 million. The financials are consolidated as from 18 September 2014 onwards.

The Group has entered into a put/call arrangement with the non-controlling shareholders to acquire the remaining 40% of the shares in Skretting Nigeria as from a certain future date. This put/call arrangement has a fair value of € 4.8 million, which has been recognised at the acquisition date. The nominal value is € 9.5 million. The put/call arrangement is presented in the statement of financial position as part of the non-current trade and other payables. The change in fair value of the put/call arrangement is recorded in profit or loss as part of net financing costs.

Identifiable assets acquired and liabilities assumed

The identifiable assets acquired and liabilities assumed from Skretting Nigeria can be summarised as follows:

(€ x million)	Recognised value
Property, plant and equipment	0.2
Inventories	0.5
Trade and other receivables	0.7
Cash and cash equivalents	0.1
Trade and other payables	-0.3
Total identifiable net assets	**1.2**

The carrying value of all assets acquired and liabilities assumed are equal to the recognised values.

Goodwill

In 2014 goodwill recognised as a result of the Skretting Nigeria acquisition is as follows:

(€ x million)	
Cash consideration	2.2
Put/call arrangement	4.8
Total consideration	**7.0**
Fair value of identifiable net assets	-1.2
Put/call arrangement	-4.8
Non-controlling interest	0.5
Goodwill	**1.5**

The goodwill recognised is related to the development of Nutreco's position in strategic markets and the synergies expected to be achieved.

Fatec Indústria de Nutrição e Saúde Animal Ltda

On 1 December 2014 Nutreco announced it has signed a purchase agreement for 100 per cent of the shares of Fatec Indústria de Nutrição e Saúde Animal Ltda ('Fatec'), a Brazilian supplier and producer of premixes and animal health products for broilers, layers, swine and dairy cows.

Fatec will provide Nutreco with a strong commercial platform in the southern area of Brazil, where poultry, swine and dairy cattle are primarily farmed. It also strengthens Nutreco Brazil's product portfolio with the addition of premixes and animal health products. Brazil is the third largest animal nutrition market in the world, with annual growth of 4% to 5%.

Fatec, established in 1966, is headquartered in Arujá, São Paulo state, with a plant with an advanced laboratory and traceability system. It sells approximately 20,000 metric tonnes annually across Brazil with the main focus on medium-sized customers in the southern states. Fatec employs approximately 240 people and in 2014 revenues are approximately € 50 million.

Nutreco obtained control as defined in IFRS 3 business combinations and the purchase method of accounting is applied.

The impact of this acquisition on Nutreco's net cash position in 2014 was € 24.2 million outflow (cash consideration of € 25.4 million adjusted for cash and cash equivalents of € -1.2 million), excluding acquisition-related costs. From the total consideration of € 36.4 million, an amount of € 11.0 million is deferred and has been recognised as part of the trade and other payables in the acquirer. The acquisition related costs incurred in 2014 are € 0.4 million. The financials are consolidated as from 1 December 2014 onwards.

Identifiable assets acquired and liabilities assumed

The identifiable assets acquired and liabilities assumed from the acquisition of Fatec are provisional and can be summarised as follows:

(€ x million)	Recognised value	Fair value adjustments	Carrying amounts
Property, plant and equipment	6.8	4.5	2.3
Intangible assets	14.8	14.6	0.2
Deferred tax assets	0.2	-	0.2
Inventories	3.8	-	3.8
Trade and other receivables	7.8	-	7.8
Cash and cash equivalents	1.2	-	1.2
Interest bearing borrowings	-0.2	-	-0.2
Employee benefits	-1.5	-	-1.5
Deferred tax liabilities	-6.5	-6.5	-
Income tax liabilities	-0.3	-	-0.3
Trade and other payables	-6.5	-	-6.5
Total identifiable net assets	**19.6**	**12.6**	**7.0**

Intangible assets comprise:

(€ x million)	Recognised value	Amortisation period in years
Concessions, licences and quota	0.1	20
Software	0.1	3
Brand names	3.7	10
Customer relationships	10.9	10
Total intangible assets	**14.8**	

Goodwill

The goodwill recognised as a result of the acquisition of Fatec is as follows:

(€ x million)

Cash consideration	25.4
Deferred consideration	11.0
Total consideration	**36.4**
Fair value of identifiable net assets	-19.6
Goodwill	**16.8**

The goodwill recognised is related to the development of Nutreco's position in strategic markets and the synergies expected to be achieved.

BRNova Sistemas Nutriconais S.A.

On 1 December 2014 Nutreco announced it has signed a purchase agreement for 100 per cent of the shares of BRNova Sistemas Nutriconais S.A. ('BRNova'), a Brazilian supplier of premixes and feed specialties mainly for poultry and swine.

BRNova, established in 2012, is an innovation-led company with strong nutritional solution application capabilities focused on larger customers. It is headquartered in Hortolandia near Campinas, São Paulo state and sells approximately 15,000 metric tonnes of premixes and feed specialties annually with the main focus on the southern, south-eastern and middle west states. BRNova employs approximately 100 people and in 2014 revenues are approximately € 25 million.

Nutreco obtained control as defined in IFRS 3 business combinations and the purchase method of accounting is applied.

The impact of this acquisition on Nutreco's net cash position in 2014 was € 8.2 million outflow (total consideration paid of € 8.6 million adjusted for cash and cash equivalents of € -0.4 million), excluding acquisition-related costs. From the total consideration of € 18.3 million, an amount of € 9.7 million is deferred and has been recognised as part of the trade and other payables in the acquirer. The acquisition related costs incurred in 2014 are € 0.2 million. The financials are consolidated as from 1 December 2014 onwards.

Identifiable assets acquired and liabilities assumed

The identifiable assets acquired and liabilities assumed from the acquisition of BRNova are provisional and can be summarised as follows:

(€ x million)	Recognised value	Fair value adjustments	Carrying amounts
Property, plant and equipment	0.3	-	0.3
Intangible assets	6.2	6.2	-
Inventories	2.6	-	2.6
Trade and other receivables	3.4	-	3.4
Cash and cash equivalents	0.4	-	0.4
Interest bearing borrowings	-1.9	-	-1.9
Employee benefits	-0.4	-	-0.4
Deferred tax liabilities	-2.1	-2.1	-
Trade and other payables	-3.1	-	-3.1
Total identifiable net assets	**5.4**	**4.1**	**1.3**

Intangible assets comprise:

(€ x million)	Recognised value	Amortisation period in years
Brand names	1.4	10
Customer relationships	4.8	10
Total intangible assets	**6.2**	

Goodwill

The goodwill recognised as a result of the acquisition of BRNova is as follows:

(€ x million)	
Cash consideration	8.6
Deferred consideration	9.7
Total consideration	**18.3**
Fair value of identifiable net assets	-5.4
Goodwill	**12.9**

The goodwill recognised is related to the development of Nutreco's position in strategic markets and the synergies expected to be achieved.

Acquisition-related costs

The Group incurred acquisition-related costs of € 1.1 million (2013: € 1.2 million) related to external legal fees and due diligence costs. The acquisition-related costs have been included in other operating expenses in the Group's consolidated statement of comprehensive income.

Total results of Nutreco

Total revenue of the acquisitions in 2014 included in the consolidated financial statements amounts to € 9.8 million (2013: € 108.8 million). Total estimated revenue for the full year 2014 of the acquisitions amounts to € 84.0 million (2013: € 181.6 million).

The acquisitions completed in 2014 and 2013 had the following effect on the statement of comprehensive income of the respective years:

(€ x million)	2014	2013
Revenue	225.5	140.6
Operating result before amortisation (before exceptional items)	19.8	7.7
Operating result (before exceptional items)	17.6	5.8
Total result for the period	7.9	0.0

Acquisitions 2013

Gisis S.A.

In June 2013, Nutreco announced the completion of the acquisition of 75% of the shares in Gisis S.A. and Productos Mixtos, S.A. de C.V. ('Skretting Ecuador'), the shrimp and tilapia feed subsidiary of the Expalsa group. The acquisition includes a 60% share in Aquafeed S.A. de C.V. in Honduras. With the acquisition of Skretting Ecuador, Nutreco became one of the leading global shrimp feed suppliers. This acquisition fully supports Nutreco's growth strategy to expand its fish feed business in growth geographies and non-salmonid species whilst maintaining its global number one position in salmon feed.

This acquisition strengthens Nutreco's aquaculture feed business Skretting in Latin America, with production, sales and distribution facilities for shrimp and tilapia feed in Ecuador, Honduras and Peru. Revenues in 2012 amounted to € 157 million.

Skretting Ecuador employs approximately 450 people and has two feed production plants in Guayaquil, Ecuador. It produced around 220,000 metric tonnes of shrimp and tilapia feed in 2012 and 70,000 metric tonnes of other feeds, including 50,000 metric tonnes of poultry feed.

Nutreco obtained control as defined in IFRS 3 business combinations and the purchase method of accounting is applied.

The impact of this acquisition on Nutreco's net cash position in 2013 was € 63.3 million outflow (total consideration paid of € 64.7 million adjusted for cash and cash equivalents of € -1.4 million), excluding acquisition-related costs. The acquisition-related costs made in 2012 and 2013 amount to € 1.1 million. The financials are consolidated as from 1 June 2013 onwards.
The Group has entered into a put/call arrangement with the non-controlling shareholders to acquire the remaining 25% of the shares in Gisis as from a certain future date. This put/call arrangement has been initially recognised for an amount of € 20.7 million, which represents its fair value at the acquisition date. The put/call arrangement is presented in the statement of financial position as part of the non-current trade and other payables. The change in fair value of the put/call arrangement is recorded in profit or loss as part of net financing costs.

Identifiable assets acquired and liabilities assumed

In 2014, an adjustment on the initial presented assets acquired and liabilities assumed was made in line with the one-year window as described in IFRS 3.45. The adjustment relates to the deferred tax liability which was initially recognized for an amount of € 4.9 million and has been adjusted with € 3.5 million. This results in a final recognised deferred tax liability of € 1.4 million. As a consequence the goodwill decreased with € 3.5 million to € 19.5 million.

The identifiable assets acquired and liabilities assumed relate only to the acquisition of Skretting Ecuador and are summarised as follows:

(€ x million)	Recognised value	Adjustment in 2014	Initial recognised value in 2013	Fair value adjust-ments	Carrying amounts
Property, plant and equipment	15.9	-	15.9	-	15.9
Intangible assets	22.7	-	22.7	22.7	-
Investments in associates	1.8	-	1.8	-	1.8
Other investments	1.0	-	1.0	-	1.0
Inventories	20.6	-	20.6	-	20.6
Income tax receivable	1.7	-	1.7	-	1.7
Trade and other receivables	41.3	-	41.3	-	41.3
Cash and cash equivalents	1.4	-	1.4	-	1.4
Interest-bearing borrowings	-22.0	-	-22.0	-	-22.0
Employee benefits	-1.1	-	-1.1	-	-1.1
Deferred tax liabilities	-1.4	3.5	-4.9	-5.0	0.1
Trade and other payables	-22.8	-	-22.8	-	-22.8
Total identifiable net assets	**59.1**	**3.5**	**55.6**	**17.7**	**37.9**

Intangible assets comprise:

(€ x million)	Recognised value	Amortisation period in years
Brand names	5.0	10
Customer relationships	17.7	20
Total intangible assets	**22.7**	

Goodwill

The goodwill recognised as a result of the Skretting Ecuador acquisition is as follows:

(€ x million)	
Cash consideration	64.7
Put/call arrangement	20.7
Total consideration	**85.4**
Fair value of identifiable net assets	-59.1
Put/call arrangement	-20.7
Non-controlling interest	13.9
Goodwill	**19.5**

The goodwill recognised is related to the development of Nutreco's position in strategic markets and the synergies expected to be achieved.

Hendrix Misr S.A.E.

In April 2013, Nutreco announced it had signed an agreement to acquire the remaining 67% share held by its two partners in its Egyptian participation Hendrix Misr S.A.E. ('Skretting Egypt'), Nutreco entered the Egyptian market in 2001 by acquiring 33% of Skretting Egypt, which has developed successfully since then. Full ownership of Skretting Egypt offers Nutreco a good base to expand its activities in this attractive growth market. The Egyptian market for extruded fish feed is expected to achieve strong growth in the foreseeable future.

Skretting Egypt is Egypt's market leader in extruded fish feed (mainly tilapia), which is sold under the trade name Skretting, and a leading producer of poultry feed concentrates. Total revenue in 2012 was approximately € 25 million. Nutreco intends to expand the current fish feed capacity of 25,000 metric tonnes to 75,000 metric tonnes by 2015.

Nutreco obtained control as defined in IFRS 3 business combinations and the purchase method of accounting is applied.

The impact of this acquisition on Nutreco's net cash position in 2013 was € 11.0 million outflow (total consideration transferred of € 11.5 million adjusted for cash and cash equivalents of € -0.5 million), excluding acquisition-related costs of € 0.1 million. Prior to the acquisition of the remaining 67% share, Skretting Egypt was reported as an equity security. The financials are fully consolidated as from 1 May 2013 onwards.

Identifiable assets acquired and liabilities assumed

The identifiable assets acquired and liabilities assumed relate only to the acquisition of Skretting Egypt and are summarised as follows:

(€ x million)	Recognised value	Fair value adjustments	Carrying amounts
Property, plant and equipment	3.2	1.5	1.7
Intangible assets	7.2	7.2	-
Inventories	4.1	-	4.1
Trade and other receivables	2.8	-	2.8
Cash and cash equivalents	0.5	-	0.5
Interest-bearing borrowings	-6.1	-	-6.1
Deferred tax liabilities	-2.3	-2.2	-0.1
Income tax liabilities	-0.1		-0.1
Trade and other payables	-1.2	-	-1.2
Total identifiable net assets	**8.1**	**6.5**	**1.6**

Intangible assets comprise:

(€ x million)	Recognised value	Amortisation period in years
Customer relationships	7.2	10
Total intangible assets	**7.2**	

Goodwill

In 2013 goodwill recognised as a result of the Skretting Egypt acquisition is as follows:

(€ x million)	
Cash consideration	11.5
Fair value of previously held equity interest	2.7
Total consideration	**14.2**
Fair value of identifiable net assets	-8.1
Goodwill	**6.1**

The goodwill recognised is related to the development of Nutreco's position in strategic markets and the synergies expected to be achieved.

In 2014 Hendrix Misr S.A.E. was renamed to Skretting Egypt for Animal Nutrition S.A.E.

Acquisition of additional shares in non-controlling interest

Trouw Nutrition Russia B.V.

In June 2013, Nutreco acquired the remaining 10% equity interest in Trouw Nutrition Russia B.V. With these additional shares Nutreco has now become full owner.
The purchase price of the acquired equity interest amounted to € 3.0 million (which is part of the line acquisition of non-controlling interest in the consolidated cash flow statement). The Group recognised a decrease in non-controlling interest of € 2.0 million and a decrease in retained earnings of € 1.0 million.

7 Other operating income

(€ x million)	2014	2013
Interest received on trade receivables	4.3	4.2
Result on disposed fixed assets	0.9	0.6
Result on sale of assets held for sale	1.9	0.1
Result on sale of activities	0.3	-
Other	3.8	4.1
Total	**11.2**	**9.0**

The total result on the sale of fixed assets amounts to a loss of € 3.5 million (2013: € 0.2 million) and is recorded in profit or loss on the line 'other operating income' (see table above) for an amount of € 0.9 million (2013: € 0.6 million) and on the line 'other operating expenses' for an amount of € -4.4 million (2013: € -0.8 million).
The result on the sale of activities of € 0.3 million relates to the sale of the pet food business in the Czech Republic in May 2014.

Government grants

(€ x million)	2014	2013
Research and development grants	2.6	1.8
Training grants	0.4	0.4
Other grants	2.1	1.8
Total	**5.1**	**4.0**

Governments grants are included in personnel costs for € 0.8 million (2013: € 0.8 million), in other operating expenses for € 2.9 million (2013: € 2.8 million), in depreciation for € 1.1 million (2013: € 0.4 million) and in other operating income for € 0.3 million (2013: nil)

8 Personnel costs

(€ x million)	2014	2013
Wages and salaries	340.7	326.9
Compulsory social security contributions	64.1	64.6
Third-party staff	29.9	28.8
Pension costs	17.7	19.6
Company cars	14.1	14.3
Expense arising from share-based payments	4.2	4.0
Expense arising from employee share participation plan	0.2	0.2
Change in liability for long-term service obligations	1.0	-0.1
Other personnel costs	15.6	14.8
Total	**487.5**	**473.1**

The effect of acquisitions in 2014 on personnel costs is € 4.3 million (2013: € 5.4 million). At the end of December, the number of employees added through acquisitions in 2014 is 372 (2013: 580).

Personnel costs include € 2.5 million (2013: € 5.8 million) for restructuring expenses.

(Average) number of employees

Breakdown by country of the (average) number of employees in FTEs (on payroll):

	2014	2013
Spain	3,168	3,147
Canada	1,091	1,116
Brazil	751	659
China	738	764
The Netherlands	657	637
Ecuador	482	262
Chile	436	422
Norway	378	357
Vietnam	352	346
United Kingdom	310	304
USA	278	273
Mexico	266	264
Poland	196	187
Russia	184	164
Germany	139	133
Italy	134	134
Indonesia	134	116
Other countries	795	751
Average number of employees in FTE	**10,489**	**10,036**
Number of employees in FTE at 31 December	**11,005**	**10,231**

The increase in average employee numbers in 2014 of 453 employees (2013: 333 employees) is mainly due to the effect of the acquisitions concluded in 2014 and 2013.

9 Other operating expenses

(€ x million)	2014	2013
Maintenance & repair	85.1	80.1
Energy & utility	79.8	80.0
Consultancy	28.5	23.8
Travel	24.7	25.9
Rent & lease	18.5	19.8
Insurance	15.1	15.6
Advertising & promotion	14.4	14.2
IT	13.5	11.9
(Reversal of) impairment on trade receivables	8.7	3.3
Communication	6.5	7.9
Fees external auditor	3.2	2.9
(Release of) provisions	0.6	1.2
Other	28.0	21.3
Total	**326.6**	**307.9**

Operating lease payments are recognised as part of other operating expenses in profit or loss as incurred.

For property damage and business interruption and general and product liability losses of a frequent nature, Nutreco operates its own captive re-insurance company. This company has a maximum insured amount per occurrence and per year and is fully consolidated within the results of Nutreco.
The positive result of the captive re-insurance company amounts to € 3.0 million (2013: € 1.3 million) and is included in 'Insurance', as part of other operating expenses.

From the (reversal of) impairment on trade receivables of € 8.7 million (2013: € 3.3 million) an amount of € 10.0 million (2013: € 3.2 million) relates to current trade receivables and an amount of € -1.3 million (2013: € 0.1 million) relates to non-current trade receivables.

Provisions include a release of provision claims of € 0.5 million (2013: € 0.7 million), restructuring expenses of € 1.0 million (2013: 2.0) and expenses for claims for an amount of € 0.8 million (2013: € 0.3 million) (see also Note 25).

Research and development expenses amounted to € 22.7 million (2013: € 21.3 million) and are included in several items of profit or loss. In addition, development costs were capitalised for an amount of € 3.3 million (2013: € 3.9 million).

The acquisition effect on other operating expenses is € 4.2 million (2013: € 4.8 million), which is related to acquisitions concluded in 2014 and 2013.

Fees external auditor

(€ x million)	2014	2013
Audit fees	2.4	2.6
Audit-related fees	0.7	0.2
Tax fees	-	0.1
Other	0.1	-
Total	**3.2**	**2.9**

Audit-related fees primarily consist of fees in connection with reviews on sustainability reporting and transaction related audit costs.

10 Net financing costs/income

(€ x million)	2014	2013
Net change in fair value of financial assets through profit or loss	1.2	0.4
Other interest income	0.9	1.8
Financial income	**2.1**	**2.2**
Interest expenses on syndicated loan	-3.9	-4.3
Interest expenses on private placement	-13.4	-17.8
Interest expenses on short-term loans and bank overdrafts	-5.9	-6.2
Net change in fair value of financial liabilities through profit or loss	-3.5	-2.1
Other financial expenses	-5.3	-4.3
Financial expenses	**-32.0**	**-34.7**
Foreign exchange gains	-	0.6
Foreign exchange result	**0.0**	**0.6**
Net financing costs/income	**-29.9**	**-31.9**

Financial income decreases to € 2.1 million (2013: € 2.2 million) mainly due to lower cash balances as a result of cash management improvements like intensified cash repatriating and lower balances in notional cash pools. This decrease is compensated by a final settlement gain on the sale of unlisted private equity participations.

Financial expenses decrease to € 32.0 million (2013: € 34.7 million), mainly as a result of the repayment of part of the private placements which has been financed by an increase of the syndicated loan at significant lower floating interest rates. In addition, interest expenses on the syndicated loan decrease mainly due to average lower usage and the improvement of interest margin and fees as of the amendment in December 2013.

Other expenses mainly include arrangement and amendment fees, which are amortised over the life of the respective facility.

The interest received and paid are € 0.8 million (2013: € 1.9 million) and € 26.5 million (2013: € 31.7 million) respectively and are reported in the consolidated cash flow statement.

11 Income tax expense

Pre-tax income from continuing operations amounts to € 206.8 million (2013: € 200.9 million). The net tax charges related to continuing operations are included in the statement of comprehensive income as follows:

(€ x million)	2014	2013
Current tax expense		
Current tax this year	-54.5	-60.3
Adjustments for prior years	3.0	1.0
Total current tax expense	**-51.5**	**-59.3**
Deferred tax expense		
Origination and reversal of temporary differences	-5.9	6.9
Tax losses (de-)recognised	3.6	2.4
Change in tax rate	0.8	-0.1
Total deferred tax expense	**-1.5**	**9.2**
Total income tax expense	**-53.0**	**-50.1**

The reconciliation of the weighted average statutory income tax rate (as a percentage of result before taxes) to the effective tax rate is as follows:

(€ x million)	2014		2013	
Result before tax from continuing operations	206.8		200.9	
Income tax expense	-53.0		-50.1	
Result after tax from continuing operations	**153.8**		**150.8**	
Weighted average income tax	**-55.2**	**26.7%**	**-54.6**	**27.2%**
Tax effect due to change in valuation				
Utilisation of previously unrecognised tax losses	0.5	-0.2%	0.1	0.0%
Recognition of previously unrecognised tax losses	1.0	-0.5%	1.2	-0.6%
(New) losses carry-forward not expected to be realised	-3.3	1.6%	-3.5	1.7%
Non-taxable income (including share in result of associates)	0.6	-0.3%	0.9	-0.4%
Non-tax-deductible expenses	-3.1	1.5%	-2.9	1.4%
Tax effect due to tax incentives				
Fiscal amortisation goodwill	-	-	5.3	-2.6%
Notional interest deduction Belgium	2.5	-1.2%	2.0	-1.0%
Participation exemption	2.0	-1.0%	2.2	-1.1%
Deferred tax rate change	0.8	-0.4%	-0.1	0.0%
Prior year adjustments current and deferred tax	0.9	-0.4%	1.4	-0.7%
Other	0.3	-0.2%	-2.1	1.0%
Effective income tax	**-53.0**	**25.6%**	**-50.1**	**24.9%**

The weighted average tax rate is based on the statutory income tax rates applicable in the various countries. The statutory rates vary from 15.0% (Vietnam) to 39% (USA, including state and local government tax). In the reconciliation of the weighted average effective tax rate, the share in results of associates and other investments is included.

The weighted average statutory income tax rate of 26.7% decreased compared to 2013 (27.2%), mainly caused by a change in geographical spread of income before tax.

The effective tax rate is mainly affected by new losses carry-forward not expected to be realised, non-tax deductible expenses and tax incentives like the notional interest deduction. Main reason for a higher effective tax rate in 2014 compared to 2013 is the positive impact of the amortisation of goodwill in Brazil in 2013, following mergers of various Nutreco entities in Brazil.

In a number of countries, tax audits are taking place. Whenever there is a difference in view between local tax authorities and Nutreco operating companies, to the extent deemed necessary, provisions are made for exposures for which it is probable that they will lead to additional tax liabilities.

New losses carry-forward not expected to be realised relates to net operating losses in various countries that are not expected to be realised in the foreseeable future.

The tax cash out versus tax charge is illustrated in the table below:

(€ x million)	2014	2013
Total tax charge	53.0	50.1
Payments current tax	50.3	50.2

The tax effect of components of other comprehensive income is as follows:

(€ x million)	Other comprehensive income before tax		Tax (expense) / benefit		Other comprehensive income, net of tax	
	2014	2013	2014	2013	2014	2013
Defined benefit plan actuarial results	-4.9	10.9	0.1	-0.4	-4.8	10.5
Net foreign exchange differences	1.4	-48.1	-4.1	2.5	-2.7	-45.6
Cash flow hedges	0.9	0.3	0.2	1.3	1.1	1.6
Net result on revaluation related to inflation accounting	1.3	-0.7	-	-	1.3	-0.7
Other comprehensive income	**-1.3**	**-37.6**	**-3.8**	**3.4**	**-5.1**	**-34.2**

A large part of the net foreign exchange differences is not part of the taxable result because of the participation exemption.

12 Earnings per share

Basic earnings per share

The calculation of the basic earnings per share at 31 December 2014 is based on the total result for the period attributable to owners of Nutreco of € 152.0 million (2013: € 150.2 million) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2014 of 68,685 (x 1,000) (2013: 68,768 (x 1,000)), which is calculated as follows:

(x 1,000 shares)	2014	2013
Number of ordinary shares at 1 January	**68,868**	**69,200**
Average effect of repurchase of shares	-1,093	-1,264
Average effect of shares re-issued in March	180	328
Average effect of shares re-issued in April	1	8
Average effect of shares re-issued in April, stock dividend	570	390
Average effect of shares re-issued in July	8	9
Average effect of shares re-issued in August, stock dividend	150	97
Average effect of shares re-issued in September	1	-
Weighted average number of ordinary shares at 31 December	**68,685**	**68,768**

On 2 May 2013, every ordinary and cumulative preference 'D' and 'E' share in the authorized share capital of Nutreco with a par value of € 0.24 was divided and split into two shares of each class, with a nominal value of € 0.12. For comparison reasons, the share numbers before 2 May 2013 have been amended (doubled) to retrospectively reflect the effect of the share split.

The calculation of the diluted earnings per ordinary share is based on 69,054 (x 1,000) (2013: 69,112 (x 1,000)) shares, taking into account the outstanding unvested performance shares.

(x 1,000 shares)	2014	2013
Weighted average number of ordinary shares at 31 December	**68,685**	**68,768**
Effect of performance shares outstanding[1]	369	344
Weighted average number of ordinary shares (diluted) at 31 December	**69,054**	**69,112**

1 Based on performance shares awarded under the terms of the long-term incentive plan 2007 and the performance shares awarded under the terms of the bonus conversion plan.

The average market (economic) value of Nutreco's shares for the purpose of calculating the dilutive effect of performance shares awarded under the terms of the long-term incentive plan is based on the average closing share price over the first five trading days of 2014 multiplied by the expected vested percentage for performance shares.

The average market (economic) value of Nutreco's shares for the purpose of calculating the dilutive effect of performance shares awarded under the terms of the Bonus conversion plan is based on Monte Carlo simulation methodology, conducted by a third-party advisor.

Key figures per share

	2014	2013
Continuing operations		
Basic earnings per ordinary share (€)	2.21	2.18
Cash earnings per ordinary share (€)	2.42	2.39
Diluted earnings per ordinary share (€)	2.20	2.17
Weighted average number of ordinary shares outstanding during the year (x 1,000)	68,685	68,768
Weighted average number of ordinary shares (diluted) (x 1,000)	69,054	69,112
Number of ordinary shares outstanding as at 31 December (x 1,000)	67,138	68,868
Key figures per ordinary share (€)		
Basic earnings per share	2.21	2.18
Cash earnings per share	2.42	2.39
Diluted earnings per share	2.20	2.17
Diluted cash earnings per share	2.41	2.38
Dividend per share	1.05	1.00

The cash earnings per share are based on the net profit for the year attributable to holders of ordinary shares excluding amortisation.

13 Property, plant and equipment

(€ x million)	Land and buildings	Machinery and equipment	Other	Under construction	Total
Cost					
Balance at 1 January 2013	**417.9**	**746.2**	**86.5**	**95.9**	**1,346.5**
Capital expenditure	2.2	4.9	3.2	71.2	81.5
Disposals	-7.0	-10.4	-3.0	-0.1	-20.5
Acquisitions through business combinations	7.7	9.9	1.0	0.5	19.1
Transfer between categories	37.8	67.1	1.6	-106.5	0.0
Capitalised borrowing costs	-	-	-	1.5	1.5
Reclassification from assets held for sale	2.1	10.0	-	-	12.1
Effect of movement in foreign exchange rates	-23.9	-50.9	-3.3	-5.4	-83.5
Balance at 31 December 2013	**436.8**	**776.8**	**86.0**	**57.1**	**1,356.7**
Balance at 1 January 2014	**436.8**	**776.8**	**86.0**	**57.1**	**1,356.7**
Capital expenditure	2.0	6.3	3.1	64.2	75.6
Disposals	-13.6	-12.8	-3.1	-1.3	-30.8
Acquisitions through business combinations	5.4	1.7	0.2	-	7.3
Transfer between categories	15.9	22.6	4.6	-43.1	0.0
Transfer to intangible assets (software)	-	-	-	-3.2	-3.2
Capitalised borrowing costs	-	-	-	0.1	0.1
Reclassification from assets held for sale	8.1	0.7	-	-	8.8
Effect of movement in foreign exchange rates	3.4	-0.9	0.9	1.2	4.6
Balance at 31 December 2014	**458.0**	**794.4**	**91.7**	**75.0**	**1,419.1**
Accumulated depreciation and impairment losses					
Balance at 1 January 2013	**-154.9**	**-477.4**	**-74.6**	**0.0**	**-706.9**
Depreciation	-11.7	-42.7	-5.4	-	-59.8
Disposals	6.0	9.7	3.4	-	19.1
Reclassification from assets held for sale	-0.5	-10.0	-	-	-10.5
Effect of movement in foreign exchange rates	6.6	28.4	2.3	-	37.3
Balance at 31 December 2013	**-154.5**	**-492.0**	**-74.3**	**0.0**	**-720.8**
Balance at 1 January 2014	**-154.5**	**-492.0**	**-74.3**	**0.0**	**-720.8**
Depreciation	-12.3	-43.1	-5.2	-	-60.6
Impairment losses	-3.0	-1.0	-	-	-4.0
Reversal of impairment losses	-	0.3	-	-	0.3
Disposals	9.5	11.1	2.9	-	23.5
Transfer between categories	0.2	0.2	-0.4	-	0.0
Reclassification from assets held for sale	-3.9	-0.7	-	-	-4.6
Effect of movement in foreign exchange rates	-2.2	-0.9	-0.6	-	-3.7
Balance at 31 December 2014	**-166.2**	**-526.1**	**-77.6**	**0.0**	**-769.9**
Carrying amount at 1 January 2013	**263.0**	**268.8**	**11.9**	**95.9**	**639.6**
Carrying amount at 31 December 2013	**282.3**	**284.8**	**11.7**	**57.1**	**635.9**
Carrying amount at 1 January 2014	**282.3**	**284.8**	**11.7**	**57.1**	**635.9**
Carrying amount at 31 December 2014	**291.8**	**268.3**	**14.1**	**75.0**	**649.2**

In the statement of comprehensive income, depreciation is reported under 'depreciation and amortisation expenses' and the impairment loss under '(reversal of) impairment of long-lived assets'.

Assets under construction

The most material and important assets under construction in 2014 relate to the construction of new factories and modernisation of production lines. These investments are capitalised as assets under construction for an amount of € 75.0 million (2013: € 57.1 million) and consist mainly of projects in the segment (i) Fish Feed in Norway (€ 17.9 million), Egypt (€ 7.3 million), Chile (€ 3.6 million) and Spain (€ 3.2 million) and (ii) Animal Nutrition in Canada (€ 9.5 million), China (€ 5.9 million), Indonesia (€ 3.9 million) and Brazil (€ 3.1 million).

Capital expenditure projects

During 2014, Nutreco invested a total amount of € 75.6 million (2013: € 81.5 million) in property, plant and equipment. Investments in factories took place across different businesses and were intended to enable growth in new markets. Furthermore, the Group has invested in efficiency processes and capacity extension projects in more mature markets. This includes projects for (i) maintaining the quality level of Nutreco's asset base through upgrade and replacement projects, (ii) further automation of the packaging processes and (iii) additional production lines for extra capacity and the flexibility to use different raw materials. The total capital expenditure for expansion amounted to € 22.8 million in 2014, which mainly relates to expansion in Ecuador, Norway, Indonesia, China and Egypt.

Borrowing costs

In 2014, Nutreco has capitalised borrowing costs of € 0.1 million (2013: € 1.5 million) for its expansion capital expenditure in Egypt. The average interest rate for these capitalised borrowing costs is 4.3% (2013: 2.4%).

(Reversal of) impairment losses

The total (reversal of) impairment losses amounts to € 3.7 million (2013: nil), which relates to compound feed and meat activities in Spain.

Disposals

During 2014, Nutreco sold property, plant and equipment with a carrying amount of € 7.3 million (2013: € 1.4 million). The loss on the sale of property, plant and equipment amounts to € 3.5 million (2013: € 0.2 million) and is recorded on the line 'other operating income' in profit or loss for an amount of € 0.9 million and on the line 'other operating expenses' for an amount of € -4.4 million.

Assets not in use

Nutreco has a few production facilities not in use. The assets include animal nutrition production facilities in Canada and Italy as well as compound feed and meat production facilities in Spain. At 31 December 2014, the book value of these production facilities amounts to € 10.0 million (2013: 11.0 million). Furthermore, Nutreco has received assets from customers for an amount of € 2.4 million (2013: € 1.7 million) as payment for their outstanding debt. These assets are not in use.

Finance lease

In 2014 the Group leased property, plant and equipment qualifying as finance lease with a carrying amount of € 0.5 million. The corresponding financial lease obligation is recorded as part of non-current interest bearing borrowings.

14 Intangible assets

(€ x million)	Goodwill	Concessions, licences and quotas	Development costs	Software	Brand names	Customer relationships	Total
Cost							
Balance at 1 January 2013	**267.6**	**56.6**	**8.7**	**58.5**	**37.6**	**75.9**	**504.9**
Capital expenditure	-	-	3.9	16.6	-	0.4	20.9
Disposals	-4.7	-	-	-1.1	-	-	-5.8
Acquisitions (through business combinations)	29.1	-	-	-	5.0	24.9	59.0
Capitalised (borrowing) costs	-	-	-	0.2	-	-	0.2
Effect of movement in foreign exchange rates	-24.9	-5.8	-1.0	-1.5	-4.1	-8.0	-45.3
Balance at 31 December 2013	**267.1**	**50.8**	**11.6**	**72.7**	**38.5**	**93.2**	**533.9**
Balance at 1 January 2014	**267.1**	**50.8**	**11.6**	**72.7**	**38.5**	**93.2**	**533.9**
Capital expenditure	-	-	3.3	10.1	-	4.3	17.7
Disposals	-	-	-	-1.6	-	-0.1	-1.7
Acquisitions (through business combinations)	31.2	0.1	-	0.1	5.1	15.7	52.2
Acquisitions (through business combinations in 2013)	-3.5	-	-	-	-	-	-3.5
Transfer from property, plant & equipment	-	-	-	3.2	-	-	3.2
Effect of movement in foreign exchange rates	14.5	2.1	0.1	1.4	2.1	6.3	26.5
Balance at 31 December 2014	**309.3**	**53.0**	**15.0**	**85.9**	**45.7**	**119.4**	**628.3**
Accumulated amortisation and impairment losses							
Balance at 1 January 2013	**-27.1**	**-1.1**	**-5.1**	**-25.4**	**-0.7**	**-37.4**	**-96.8**
Amortisation	-	-0.1	-0.8	-5.3	-0.9	-6.9	-14.0
Disposals	-	-	-	0.3	-	-	0.3
Effect of movement in foreign exchange rates	0.6	0.1	0.5	1.2	0.1	3.8	6.3
Balance at 31 December 2013	**-26.5**	**-1.1**	**-5.4**	**-29.2**	**-1.5**	**-40.5**	**-104.2**
Balance at 1 January 2014	**-26.5**	**-1.1**	**-5.4**	**-29.2**	**-1.5**	**-40.5**	**-104.2**
Amortisation	-	-0.1	-1.1	-5.8	-1.1	-6.0	-14.1
Impairment losses	-	-	-0.4	-	-	-	-0.4
Disposals	-	-	-	1.5	-	-	1.5
Effect of movement in foreign exchange rates	-0.4	-0.1	-0.2	-0.6	-0.2	-2.4	-3.9
Balance at 31 December 2014	**-26.9**	**-1.3**	**-7.1**	**-34.1**	**-2.8**	**-48.9**	**-121.1**
Carrying amount at 1 January 2013	**240.5**	**55.5**	**3.6**	**33.1**	**36.9**	**38.5**	**408.1**
Carrying amount at 31 December 2013	**240.6**	**49.7**	**6.2**	**43.5**	**37.0**	**52.7**	**429.7**
Carrying amount at 1 January 2014	**240.6**	**49.7**	**6.2**	**43.5**	**37.0**	**52.7**	**429.7**
Carrying amount at 31 December 2014	**282.4**	**51.7**	**7.9**	**51.8**	**42.9**	**70.5**	**507.2**

The increase of intangible assets of € 77.5 million in 2014 is mainly due to (i) capital expenditure of € 17.7 million, (ii) amortisation of € 14.1 million, (iii) the acquisitions of Skretting Nigeria, Fatec and BRNova of € 52.5 million, (iv) the adjustment related to the Skretting Ecuador acquisition of € -3.5 million (see Note 6) and (v) the positive effect of foreign exchange rates of € 22.6 million.

Amortisation of intangible assets is reported on the line 'depreciation and amortisation expenses' in the consolidated statement of comprehensive income.

Goodwill

At 31 December 2014, the carrying amount of goodwill amounts to € 282.4 million (2013: € 240.6 million). The change in goodwill relates to (i) the acquisitions of Skretting Nigeria, Fatec and BRNova of € 31.2 million, (ii) the adjustment in goodwill related to the Skretting Ecuador acquisitions of € -3.5 million, (iii) the positive effect of movement of foreign exchange rates of € 14.1 million.

The disposal of goodwill of € 4.7 million in 2013 related to the sale of animal nutrition activities in Canada (Atlantic Poultry).

In 2014 and 2013, no impairments have been recognised for goodwill.

Concessions, licenses and quotas

At 31 December 2014, the carrying amount of concessions, licenses and quotas amounts to € 51.7 million (2013: € 49.7 million) and mainly consists of a quota that has been acquired in 2007 as part of the acquisition of Maple Leaf Animal Nutrition. This is an acquired right to sell poultry products in markets in which sales of these products are regulated and limited by the government and is recognised in Animal Nutrition (Canada).

Quotas have an indefinite useful life as there is no indication of possible rescission of the quota systems.

In 2014 and 2013, no impairments have been recognised for concessions, licenses and quotas.

Development costs

At 31 December 2014, the carrying amount of development costs amounts to € 7.9 million (2013: € 6.2 million). In 2014, the internally-generated intangibles being capitalised amount to € 3.3 million (2013: € 3.9 million) and an impairment of € 0.4 million (2013: nil) has been recognised for development costs.

Software

During 2014, Nutreco has added internally-generated intangibles of € 7.1 million (2013: € 14.7 million), which mainly relate to capitalised expenditures of the Unite-programme. This programme is a key enabler to the achievement of the Nutreco Strategy 'Driving Sustainable growth' by delivering a Foundation for Better Business Performance. It will do so through standardisation and optimisation of business processes, management information and master data, supported by a single IT solution. The amortisation period of the Unite-programme is ten years. Amortisation has started for companies that have already rolled out the programme. The total amount of internally-generated intangibles that has been added under software at 31 December 2014 amounts to € 39.5 million (2013: € 32.4 million).

Brand names

The useful lives of brand names have been determined on basic factors, such as the economic environment, the expected use of an asset and related assets or groups of assets, and legal or other provisions that might limit the useful life. The main part of the brand names has an indefinite useful life.

The carrying amount of brand names at 31 December 2014 of € 42.9 million (2013: € 37.0 million) is mainly related to the acquisitions of:

- the brand names Shur-Gain and Landmark Feeds in 2007, recognised in Nutreco Canada;
- the brand name Fri-Ribe related to the Brazilian acquisition in 2009;
- the brand name related to the Vietnamese acquisition of Tomboy in 2010;
- the brand name related to the Brazilian acquisition of Bellman in 2012;
- the brand name related to the acquisition of Skretting Ecuador in 2013;
- the brand name related to the acquisition of Fatec;
- the brand name related to the acquisition of BRNova.

The change in brand names in 2014 of € 5.9 million relates to (i) the acquisitions of Fatec and BRNova of € 5.1 million, (ii) amortisation expenses for an amount of € 1.1 million and (iii) the positive effect of movement in foreign exchange rates for € 1.9 million.

In 2014 and 2013, no impairments have been recognised for brand names.

Customer relationships

The remaining average amortisation period for customer relationships is 12 years. The increase in 2014 of € 17.8 million mainly relates to (i) the acquisitions of Fatec and BRNova of € 15.7 million, (ii) amortisation expenses for an amount of € 6.0 million and (iii) the positive effect of movement in foreign exchange rates for € 3.9 million. Furthermore, capital expenditure of € 4.3 million mainly relates to the purchase of international export activities from a strategic business partner.

At 31 December 2014, the carrying amount of customer relationships of € 70.5 million (2013: € 52.7 million) mainly relates to the acquisitions of:

- Nutreco Canada of € 3.8 million (2013: € 5.4 million);
- Shihai of € 11.2 million (2013: € 11.0 million);
- Bellman of € 7.2 million (2013: € 7.5 million);
- Skretting Ecuador of € 17.4 million (2013: € 16.2 million);
- Skretting Egypt of € 6.4 million (2013: € 6.5 million);
- Fatec of € 10.6 million;
- BRNova of € 4.6 million.

In 2014, the amortisation period of customer relationships in Shihai was reduced with 5 years to 15 years. Despite challenging market circumstances in China, which has resulted in limited headroom, the valuation of the customer relationships in Shihai is still considered appropriate.

In 2014 and 2013, no impairments have been recognised for customer relationships.

There are no intangible assets whose titles are restricted or pledged as security for liabilities.

Borrowing costs

The capitalised borrowing costs in 2014 are immaterial and therefore nil (2013: € 0.2 million).

Impairment tests for assets with indefinite useful lives

The carrying amounts for assets with indefinite useful lives are allocated to the following (groups of) cash-generating units:

(€ x million)	Goodwill		Concessions, licences and quota		Brand names		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
BU Feed Additives	7.9	7.9					7.9	7.9
BU Salmon Feed	20.9	19.7	-	-			20.9	19.7
BU Americas (excl. Nutreco Canada)	113.8	82.4	-	-	-	-	113.8	82.4
Nutreco Canada	112.7	106.8	50.0	48.1	23.4	22.6	186.1	177.5
BU EMEA	12.5	10.4	-	-	0.3	0.3	12.8	10.7
BU Asia	14.6	13.4	-	-	-	-	14.6	13.4
Carrying amount of intangible assets with indefinite useful lives	**282.4**	**240.6**	**50.0**	**48.1**	**23.7**	**22.9**	**356.1**	**311.6**
Carrying amount of intangible assets with definite useful lives	-	-	1.7	1.6	19.2	14.1	20.9	15.7
Total	**282.4**	**240.6**	**51.7**	**49.7**	**42.9**	**37.0**	**377.0**	**327.3**

For impairment testing, goodwill is allocated to (groups of) cash-generating units. As at 6 February 2014 Nutreco's internal organisation changed into a business unit structure. The business unit level is representing the lowest level at which the goodwill and intangibles are monitored internally for management purposes. With respect to Nutreco Canada, the characteristics of the Canadian business (quota, farms and the significant amount of goodwill), the goodwill is allocated and monitored by management on an individual country basis. As a result, the following (groups of) CGUs are identified:

- BU Feed Additives
- BU Salmon Feed
- BU Americas (excl. Nutreco Canada)
- Nutreco Canada
- BU EMEA
- BU Asia
- BU Compound Feed & Meat Iberia

Assumptions

At each reporting date, the Group reviews whether there is an indication that any of the (groups of) cash-generating units that contain goodwill, concessions, licenses, quota and brand names may be impaired. Furthermore, the Group carries out an annual impairment test by comparing the carrying amount of the (groups of) cash-generating units that include goodwill to the recoverable amount. The recoverable amounts of the (groups of) cash generating units are determined based on the higher of the fair value less cost of disposal and value-in-use calculations. Based on the inputs for the valuation technique used, the value-in-use fair value measurement is categorised as a level 3 fair value.

The key assumptions used in the calculation are:

- the discount rate. The discount rate is a real post-tax measure and reflects a blend of country-specific weighted average cost of capital percentages calculated on the basis of an average EBITA allocation key;
- revenue Compound Annual Growth Rate;
- EBITA Compound Annual Growth Rate. EBITA is estimated taking into account past experience, adjusted as follows:
  - for 2015, EBITA is projected using the 2015 Budget, based on developments in 2014 and forecasts of the business, approved by the Executive Board;
  - the anticipated annual growth included in the cash flow projections for the years 2016 to 2019 is based on business development plans and expected volume growth;
  - revenue, EBITA and cash flows beyond 2019 until 2024 are based on no growth;
  - the terminal value for the period after ten years is determined with the assumption of no growth.

The values assigned to the key assumptions represent management's assessment of future trends and are based on historical data from both external and internal sources.

The forecasted cash flows and the blended discount rates used are on a real basis and therefore exclude future inflation.

The average key assumptions per segment are shown as follows:

%	Compound annual growth rate (CAGR) revenue*	Compound annual growth rate (CAGR) EBITA*	Blended (real) pre-tax discount rate
	2014-2024	**2014-2024**	**2014**
Animal Nutrition	0.5-5.6	0.8-7.8	10.2
Fish Feed	0.6-5.6	0.7-7.8	8.7

* The compound annual growth rate (CAGR) is the year-over-year growth rate over the forecast period.

The CAGRs from 2014 till 2024 include revenue, EBITA and cash flows beyond 2019 with no growth. The upper range of revenue and EBITA CAGR for segment Animal Nutrition is driven by BU Feed Additives; for Fish Feed the upper range is in the growth regions Asia and Americas. Reporting segment Compound Feed & Meat Iberia does not include any goodwill.

Sensitivity analysis

The outcome of impairment testing is sensitive to variations in estimates and assumptions. The outcome of a sensitivity analysis of a 1 percentage point adverse change in key assumptions (lower growth rates for EBITA or Revenue or higher discount rates respectively) did not result in a materially different outcome of the impairment test.

Last year the cash generating unit Animal Nutrition Brazil had limited headroom. Following this year's change of cash-generating units no impairment is necessary based on both the former cash generating units and the newly-defined cash generating units.

15 Investments in associates

Nutreco has the following investments in associates, directly or indirectly through subsidiaries:

(€ x million)	Ownership		Amount (€ x million)	
	2014	2013	2014	2013
Couvoir Scott Ltée, Canada (Animal Nutrition)	50%	50%	9.8	9.2
Nanta de Venezuela C.A., Venezuela (Animal Nutrition)	50%	50%	6.3	7.9
Aquafeed S.A. de C.V., Honduras (Fish Feed)	60%	60%	3.1	1.6
Nieuwland Feed and Supply Ltd., Canada (Animal Nutrition)	40%	40%	2.9	2.7
Gène-Alliance Inc., Canada (Animal Nutrition)	40%	40%	0.4	0.4
Yantzi's Feed & Seed Ltd., Canada (Animal Nutrition)	40%	40%	0.3	0.3
Dutch Feed Holding B.V., the Netherlands (Animal Nutrition)	33%	33%	3.0	3.1
Lactech Inc., Canada (Animal Nutrition)	50%	50%	-	-
Lactech L.P., Canada (Animal Nutrition)	33%	33%	3.5	3.2
Ens partnership, USA (Fish Feed)	33%	33%	1.1	1.0
Centre for Aquaculture Competence A/S, Norway (Fish Feed)	33%	33%	-	-
Beijing Dejia Honesty Livestock Import & Export Co. Ltd., China (Animal Nutrition)	20%	20%	-	-
Balance at 31 December			**30.4**	**29.4**

The change in valuation of Nanta de Venezuela C.A. of € -1.6 million is mainly due to a foreign exchange effect of € -3.2 million which is for the major part caused by the decision of Nutreco in 2014 to use the SICAD 1 foreign exchange mechanism to translate its operations in Venezuela instead of the previously used CADIVI rate. This is partly offset by the effect of inflation accounting (€ 1.3 million) and the result of this associate (€ 0.3 million).
Selecting a foreign exchange rate for the Venezuelan bolivar is based on a management estimate which will be reassessed going forward.

Nutreco only has significant influence over its participations but does not have joint control except for Aquafeed S.A. de C.V. ('Aquafeed') which qualifies as a joint venture.

No goodwill has been recognised separately in relation to these investments in associates. Nutreco is not responsible for the (contingent) liabilities of the associates.

(€ x million)	2014	2013
Balance at 1 January	**29.4**	**26.8**
Share in results	0.9	1.2
Additions	1.6	3.1
Dividends received	-0.5	-0.8
Disposals	-0.2	-
Acquisitions through business combinations	-	1.8
Effect of movement in foreign exchange	-2.1	-2.0
Other	1.3	-0.7
Balance at 31 December	**30.4**	**29.4**

Changes in investments in associates

In 2014, additions relate to an increase in share capital of Aquafeed S.A. de C.V. 'Other' mainly relates to inflation accounting for operations in Venezuela.

Breakdown of the share in results of associates

(€ x million)	2014	2013
Couvoir Scott Ltée, Canada	0.7	0.7
Nanta de Venezuela C.A., Venezuela	0.3	0.5
Aquafeed S.A. de C.V., Honduras	-0.4	-0.2
Nieuwland Feed and Supply Ltd., Canada	0.1	0.1
Gène-Alliance Inc., Canada	-	-
Yantzi's Feed & Seed Ltd., Canada	0.1	0.1
Dutch Feed Holding B.V., the Netherlands	-	-
Lactech Inc., Canada	-	-
Lactech L.P., Canada	0.1	-
Ens partnership, USA	-	-
Centre for Aquaculture Competence A/S, Norway	-	-
Beijing Dejia Honesty Livestock Import & Export Co. Ltd., China	-	-
Total	**0.9**	**1.2**

Main balance sheet items of associates

The breakdown of the main balance sheet items is as follows:

(€ x million)	Animal Nutrition	Fish Feed	Total 2014	Total 2013
Total non-current assets	41.6	8.2	49.8	45.5
Total current assets	34.6	12.5	47.1	40.2
Total assets	**76.2**	**20.7**	**96.9**	**85.7**
Equity	43.7	7.2	50.9	50.1
Total non-current liabilities	5.6	2.2	7.8	6.8
Total current liabilities	26.9	11.3	38.2	28.8
Total equity and liabilities	**76.2**	**20.7**	**96.9**	**85.7**

These figures were stated based on the latest (audited) statutory financial statements, which have several dates ranging from 30 November 2013 to 30 November 2014, with adjustments recognised to align with IFRS.

The total revenue of these associates amounted to € 157.5 million (2013: € 145.9 million) and net profit amounted to € 2.3 million (2013: € 3.3 million).

16 Other investments

(€ x million)	Equity securities		Debt securities		Total	
	2014	2013	2014	2013	2014	2013
Balance at 1 January	**2.0**	**15.6**	**34.4**	**26.8**	**36.4**	**42.4**
Share in result	-	2.3	-	-	0.0	2.3
Change in fair value[1]	-	0.2	0.3	0.2	0.3	0.4
Additions	-	-	5.9	1.4	5.9	1.4
Disposals/loans repaid	-	-13.4	-2.4	-1.4	-2.4	-14.8
Acquisitions through business combinations	-	-	-	1.0	0.0	1.0
Transfer from/(to) other balance sheet items	-	-2.7	-5.0	7.9	-5.0	5.2
Effect of movement in foreign exchange	-	-	0.6	-1.5	0.6	-1.5
Balance at 31 December	**2.0**	**2.0**	**33.8**	**34.4**	**35.8**	**36.4**

[1] The change in fair value is reflected in Net financing costs in the cash flow statement.

Equity securities

The equity securities consist of interests in several non-listed companies ranging from 1.0% up to 34.96%. The balance at 31 December 2014 includes interests in Sociedad Comercializadora de Aves, S.L. (34.96%), Aragonesa de Piensos S.A. (23.98%), Isoporc Inc. (16.67%) and other smaller equity interests. Nutreco does not participate in the management of these entities and is not able to exercise significant influence on the strategy and daily operations.

Debt securities

(€ x million)	2014	2013
Loan to Aegon	7.8	7.6
Loans to customers	36.8	33.3
Tax credits	4.7	3.7
	49.3	**44.6**
Provisions	-15.5	-10.2
Balance at 31 December	**33.8**	**34.4**

Loan to Aegon

At 1 January 2011, the subordinated loans were transferred to Aegon as part of an agreement to place the Dutch pensions plan with the insurer Aegon with an interest rate of one year Euribor plus 0.5%. The loan is initially accounted for at fair value with a subsequent measurement at amortised cost, resulting in a carrying value of € 8.1 million as of 31 December 2014. This loan is accounted for under debt securities for € 7.8 million (2013: € 7.6 million) and under trade and other receivables for € 0.3 million (2013: € 0.3 million).

Loans to customers

The loans to customers are, amongst others transfers from short-term receivables, which were not paid within one year due to the financial situation of some of our customers. To the extent possible, loans are secured by pledges on assets such as livestock. Interest is charged based on normal business conditions.

Provisions

The provisions mainly relate to loans to customers within the segment Fish Feed located in China, Ecuador and Turkey and in the segment Compound Feed & Meat Iberia in Spain. Reference is made to credit risk in Note 27.

17 Current and deferred tax assets and liabilities

Current tax receivables and liabilities

Classification of the current tax assets and liabilities, which is determined at fiscal unity level, is as follows:

(€ x million)	31 December 2014	31 December 2013
Income tax receivables	10.3	18.0
Income tax liabilities	-24.5	-34.0
Net income tax liabilities	**-14.2**	**-16.0**

The income tax receivables represent the amount of income taxes recoverable in respect of current and prior periods that exceeds taxes paid at the fiscal unity level. Income tax receivables and liabilities have been offset in cases where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the intention exists to settle on a net basis or to realise the receivable and liability simultaneously.

The movements of the net current assets and liabilities are as follows:

(€ x million)	2014	2013
Balance at 1 January	**-16.0**	**-11.8**
Recognised in profit or loss	-51.5	-59.3
Recognised in other comprehensive income	-2.2	2.5
Payments	50.3	50.2
Income tax credits	2.8	-
Transfer from other balance sheet items	5.2	-
Transfer to deferred tax (unused tax credits)	-3.0	-
Acquisitions through business combinations	-0.3	1.6
Effect of movement in foreign exchange	0.5	0.8
Balance at 31 December	**-14.2**	**-16.0**

Deferred tax assets and liabilities

Classification of the deferred tax assets and liabilities, which is determined at fiscal unity level, is as follows:

(€ x million)	31 December 2014	31 December 2013
Deferred tax assets		
Deferred tax asset to be settled after more than 12 months	23.0	22.0
Deferred tax asset to be settled within 12 months	6.3	5.7
Total deferred tax assets	**29.3**	**27.7**
Deferred tax liabilities		
Deferred tax liabilities to be settled after more than 12 months	-32.7	-25.5
Deferred tax liabilities to be settled within 12 months	-3.0	-3.7
Total deferred tax liabilities	**-35.7**	**-29.2**
Net deferred tax liabilities	**-6.4**	**-1.5**

The net deferred tax liabilities increased by € 4.9 million due to the changes presented in the table below:

(€ x million)	2014	2013
Balance at 1 January	**-1.5**	**-4.0**
Recognised in profit or loss	-1.5	9.2
Recognised in other comprehensive income	-1.6	0.9
Unused tax credits	2.3	-
Transfer from current tax (unused tax credits)	3.0	-
Acquisitions through business combinations	-8.4	-7.2
Acquisitions through business combinations previous year	3.5	-
Effect of movement in foreign exchange	-2.2	-0.4
Balance at 31 December	**-6.4**	**-1.5**

The net deferred tax relates to the following items:

(€ x million)	Assets		Liabilities	
	2014	2013	2014	2013
Property, plant and equipment	3.1	-0.1	-15.2	-11.4
Intangible assets	0.6	8.7	-23.0	-20.8
Other non-current assets	0.6	5.1	-1.0	-0.5
Inventories	1.2	0.3	-1.8	-1.9
Biological assets	-1.6	-1.3	-	-
Trade and other receivables	6.8	5.8	2.6	1.2
Employee benefits	3.7	4.9	0.9	1.1
Provisions	-	-	-	0.3
Trade and other payables	4.6	2.2	1.0	2.4
Deferred tax on valuation differences	**19.0**	**25.6**	**-36.5**	**-29.6**
Deferred tax on net operating losses	**5.0**	**2.1**	**0.8**	**0.4**
Deferred tax on unused tax credits	**5.3**	**-**	**-**	**-**
Total deferred tax assets and liabilities	**29.3**	**27.7**	**-35.7**	**-29.2**
Net deferred tax liabilities			**-6.4**	**-1.5**

The not recognised deferred tax assets at 31 December 2014 amount to € 25.1 million (2013: € 22.2 million) and are related to temporary valuation differences for an amount of € 16.0 million (2013: € 11.3 million) and to net operating losses for an amount of € 9.1 million (2013: € 10.9 million).

Movements in recognised deferred taxation during 2014

(€ x million)	Balance at 1 January 2014	Recognised in profit or loss	Recognised in other comprehensive income	Unused tax credits	Transfer from current tax (unused tax credits)	Acquired business combinations	Effect of movement in foreign exchange	Balance at 31 December 2014
Property, plant and equipment	-11.5	0.8	-	-	-	-1.3	-0.1	-12.1
Intangible assets	-12.1	-4.5	-	-	-	-3.6	-2.2	-22.4
Other non-current assets	4.6	-4.8	-	-	-	-	-0.2	-0.4
Inventories	-1.6	1.1	-	-	-	-	-0.1	-0.6
Biological assets	-1.3	-0.3	-	-	-	-	-	-1.6
Trade and other receivables	7.0	2.0	-	-	-	-	0.4	9.4
Employee benefits	6.0	-	-1.5	-	-	-	0.1	4.6
Provisions	0.3	-0.3	-	-	-	-	-	0.0
Trade and other payables	4.6	0.9	-0.1	-	-	-	0.2	5.6
Tax loss carried forward	2.5	3.6	-	-	-	-	-0.3	5.8
Unused tax credits	-	-		2.3	3.0	-	-	5.3
Total	**-1.5**	**-1.5**	**-1.6**	**2.3**	**3.0**	**-4.9**	**-2.2**	**-6.4**

Movements in recognised deferred taxation during 2013

(€ x million)	Balance at 1 January 2013	Recognised in profit or loss	Recognised in other comprehensive income	Acquired business combinations	Effect of movement in foreign exchange	Balance at 31 December 2013
Property, plant and equipment	-10.9	-1.8	-	0.3	0.9	-11.5
Intangible assets	-6.5	1.8	-	-6.8	-0.6	-12.1
Other non-current assets	4.1	0.6	-	-	-0.1	4.6
Inventories	-0.7	-0.9	-	-	-	-1.6
Biological assets	-1.5	0.2	-	-	-	-1.3
Trade and other receivables	5.6	1.8	-	-	-0.4	7.0
Employee benefits	3.5	2.9	-0.4	-	-	6.0
Provisions	-0.7	1.0	-	-	-	0.3
Trade and other payables	2.1	1.3	1.3	-	-0.1	4.6
Tax loss carried forward	1.0	2.3	-	-0.7	-0.1	2.5
Total	**-4.0**	**9.2**	**0.9**	**-7.2**	**-0.4**	**-1.5**

At 31 December 2014, the unused income tax credits amount to € 13.2 million (2013: € 5.3 million), of which € 7.9 million (2013: € 5.3 million) is mainly related to R&D tax credits in Canada and Spain and € 5.3 million (2013: nil) is related to withholding taxes in the Netherlands. From the total amount of € 13.2 million, an amount of € 4.7 million (2013: € 3.7 million) is included in other investments, € 3.2 million (€ 1.6 million) is included in trade and other receivables and € 5.3 million (2013: nil) is included in deferred tax assets.

A specification of the net operating losses is provided in the table below:

(€ x million)	31 December 2014	31 December 2013
Net operating losses not recognised	34.4	38.8
Net operating losses recognised	22.0	8.9
Net operating losses	**56.4**	**47.7**

The increase of the recognised net operating losses is mainly due to fiscal amortisation of goodwill in Brazil.

At 31 December 2014, the total of unrecognised net operating losses will expire as follows:

(€ x million)	31 December 2014	31 December 2013
Expiration < 5 years	2.8	2.3
Expiration 5-10 years	-	20.5
Expiration > 10 years	31.6	16.0
Total	**34.4**	**38.8**

Deferred tax assets have not been recognised in respect of these items, because based upon the level of historical taxable income and projections for future taxable income, management believes that it is more likely than not that no sufficient tax profits will be available against which the benefits can be utilised.

The decrease of net operating losses expiring within 5-10 years of € 20.5 million and the increase of net operating losses expiring within more than 10 years is mainly due to the fact that as a result of a change in local tax legislation in 2014, an amount of net operating losses of € 19.4 million can be carried forward indefinitely as of 2014.

18 Inventories

(€ x million)	31 December 2014	31 December 2013
Raw materials	294.4	213.0
Finished products	106.2	110.8
Total	**400.6**	**323.8**

There are no inventories pledged as security for liabilities. In 2014 inventories increased by € 76.8 million of which € 66.7 million relates to price and volume effects, € 6.9 million relates to the acquisitions of Skretting Nigeria, Fatec and BRNova and € 3.2 million relates to the effect of movement in foreign exchange rates.

In 2014 inventory days (including biological assets) are 50 days (2013: 44 days).

The write-down of inventories to net realisable value amounts to € 6.3 million (2013: € 5.7 million), which is recognised in the lines 'raw materials and consumables used' and 'changes in inventories of finished goods and work in progress' in the consolidated statement of comprehensive income.

19 Biological assets

(€ x million)	2014	2013
Balance at 1 January	**152.6**	**165.0**
Expenses capitalised	619.4	673.5
Decrease due to sales	-290.7	-331.4
Decrease due to harvest	-323.8	-353.4
Change in fair value	-0.9	-0.6
Effect of movement in foreign exchange rates	0.2	-0.5
Balance at 31 December	**156.8**	**152.6**

At balance sheet date, Nutreco has biological assets in Spain, Canada and the Netherlands related to poultry livestock, pig livestock, turkey livestock, hatching eggs and a small amount of animals for research purposes.
The table below shows the biological assets per relevant country and applied valuation method:

(€ x million)	Spain	Canada	The Netherlands	Total
Fair value less costs to sell	125.2	3.3	0.1	128.6
At cost less accumulated depreciation and impairment losses	26.9	1.3	-	28.2
Carrying amount at 31 December 2014	**152.1**	**4.6**	**0.1**	**156.8**
Fair value less costs to sell	123.4	2.7	0.2	126.3
At cost less accumulated depreciation and impairment losses	25.1	1.2	-	26.3
Carrying amount at 31 December 2013	**148.5**	**3.9**	**0.2**	**152.6**

Spain

Poultry livestock

In financial year 2014 Nutreco processed 144.2 million animals (2013: 146.9 million).

Parent stock

Parent stock refers to hens and is held for the production of hatching eggs. The eggs are transferred to hatcheries and hatched to become day-old-chicks. The day-old-chicks are transferred to the fattening farm and fattened in about 7 weeks to become a broiler. For accounting purposes parent stock is capitalised like a production asset. Parent stock is not sold and no active market exists for these birds. Other references to market prices such as market prices for similar assets are also not available. Valuation based on a discounted cash flow method is considered to be unreliable given the uncertainty with respect to mortality rates and the amount of eggs a hen will produce. Consequently, parent stock is measured at cost minus depreciation and impairment losses.
Costs include all production costs incurred during the rearing phase (e.g. cost of a day-oldchick, feed costs, medication and farmer fees). Parent stock is depreciated using a straight-line method starting from the laying phase and taking into account a small residual value (i.e. slaughter value). The depreciation period is approximately 40 weeks.

Broilers

In Spain, there is an active market for broilers which provides weekly quoted market prices ('Lonja price'). This Lonja price is by all market participants seen as a reference or target price. The actual price is established on the basis of demand and supply in the market and usually deviates from the Lonja price. Therefore, management does not consider the Lonja price a reliable estimate of fair value. In accordance with IFRS 13.72, other techniques should be used to estimate fair value. Management considers the most recent achieved price (reference price) with benchmark customers as the most reliable estimate of fair value. This reference price is used as a basis for the input costs for the poultry production process. The fair value of broilers is measured on the basis of full production costs plus a proportional share of the margin to be realised at sale. Full production costs relate to all actual costs incurred up to a certain phase of the growth cycle (e.g. cost of day-old chick, feed, medication and farmer fees). The fattening process takes about 7 weeks. The margin is derived from the reference price and the costs and is allocated to the different phases of the growth cycle on the basis of a percentage of completion method and discounted at the applicable rate.

Hatching eggs

Hatching eggs are used for the production of day-old-chicks for the fattening process. There is no active market with quoted market prices for hatching eggs. Hatching eggs are not sold to the open market and accordingly there is no recent market transaction price available. Market prices for similar assets are also not available. The fair value of hatching eggs is determined in a similar way as the fair value of broilers. The growth cycle of a broiler starts with a hatching egg and accordingly a proportional part of the broiler margin should be allocated to the egg. Management considers this proportional share of the margin to be minimal so that the fair value of the egg is best reflected by the full production costs. The production costs of an egg include all costs incurred for parent stock in the laying phase e.g. depreciation, feed, medication and farmer fees.

Pig livestock

In financial year 2014 Nutreco sold 1.1 million fattening pigs (2013: 1.5 million).

Parent stock

Parent stock refers to sows (grandmothers and mothers) and a limited number of boars (male pigs). Grandmothers are held for the production of piglets that become sows. Sows are held for the production of piglets that are transferred to the fattening process. For accounting purposes parent stock is capitalised like a production asset. Parent stock is not sold and no active market exists for these pigs. Other references to market prices such as market prices for similar assets are also not available.
Valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to mortality rates and the amount of piglets a sow will produce. Consequently, parent stock is measured at cost minus depreciation and impairment losses. Cost includes all costs during the growth cycle (e.g. cost of a piglet, feed costs, medication, and farmer fees). Parent stock is depreciated using a straight-line method starting from the reproduction phase and taking into account a residual value (i.e. slaughter value). The depreciation period is approximately 30 months.

The offspring of a sow is initially recognised when the birth has proven successful and the piglets are healthy. The value of a piglet before birth is therefore reflected in the value of the pregnant sow. The value of the unborn piglets is based on the costs incurred for the sow mother during her pregnancy. At balance sheet date, the value of the unborn piglets amounts to € 6.3 million (2013: € 5.0 million) and is presented in the gross carrying amount of the parent stock.

Fattening pigs

In Spain, there is an active market for fattening pigs which provides weekly quoted market prices ('Lonja price'). However, these quoted market prices are only used by a limited number of market participants and can only be interpreted as a reference price. In general, pig prices are established on the basis of negotiation between pig producers and pig meat processors. Therefore, management does not consider the Lonja price a reliable estimate of fair value. In accordance with IFRS 13.72, other techniques should be used to estimate fair value. Management considers the most recent achieved transaction price (reference price) with major customers as the most reliable estimate of fair value.
The fair value of fattening pigs is measured on the basis of full production costs plus a proportional share of the margin to be realised at sale. Full production costs relate to all actual costs incurred up to a certain phase of the growth cycle (e.g. cost of piglet, feed, medication and farmer fees). The fattening process takes about 19 weeks.
The margin is derived from the reference price and the costs and is allocated to the different phases of the growth cycle on the basis of a percentage of completion method and discounted at the applicable rate.

Canada

Poultry livestock

Parent stock

Parent stock refers to chicken breeders and laying hens. Chicken breeders are held for the production of hatching eggs in order to produce day-old chicks. Laying hens are held for the production of embryonated eggs. For accounting purposes parent stock is capitalised like a production asset. Parent stock is not sold and no active market exists for these birds. Other references to market prices such as market prices for similar assets are also not available. Valuation based on a discounted cash flow method is considered to be unreliable given the uncertainty with respect to mortality rates and the amount of eggs a hen will produce. Consequently, parent stock is measured at cost minus depreciation and impairment losses. Costs include all production costs incurred during the rearing phase (e.g. cost of a day-old chick, feed costs, medication and farmer fees). Parent stock is depreciated using a straight-line method starting from the laying phase and taking into account a small residual value (i.e. slaughter value). The depreciation period for chicken breeders and laying hens is 28 weeks and 44 weeks respectively.

Broilers & turkeys
In Canada, there is an active market for broilers and turkeys. Market prices for broilers & turkeys are established by provincial marketing boards who act as sales agents for the poultry producers. The fair value of broilers and turkeys is measured on the basis of full production costs plus a proportional share of the margin to be realised at sale. Full production costs relate to all actual costs incurred up to a certain phase of the growth cycle and include cost of day-old chick, feed, medication and other direct production costs. Broilers are marketed at about 6 weeks and turkeys at about 13 or 17 weeks dependent on the bird's type. The margin is derived from the market price as set by the provincial marketing boards and cost is allocated to the different phases of the growth cycle on the basis of a percentage of completion method and discounted at the applicable rate.

Hatching eggs
Hatching eggs are used both for the production of day-old chicks and for the production of embryonated eggs, which are sold to the pharmaceutical industry. There is no active market with quoted market prices for hatching or embryonated eggs. Hatching eggs are not sold to the open market and accordingly there is no recent market transaction price available. Market prices for similar assets are also not available. The fair value of hatching eggs is determined in a way similar to the fair value of broilers & turkeys. The growth cycle of a broiler or turkey starts with a hatching egg and accordingly a proportional part of the broiler or turkey margin should be allocated to the egg. Management considers this proportional share of the margin to be minimal so that the fair value of the egg is best reflected by the full production costs. The production costs of an egg include all costs incurred for parent stock in the laying phase (e.g. depreciation, feed, medication and farmer fees). Embryonated eggs are sold to the open market and therefore a recent market transaction price is available. The fair value of embryonated eggs is measured on the basis of full production costs plus a proportional share of the margin to be realised at sale.

Other biological assets
In Canada, a limited number of animals (i.e. dairy cows and hogs) is held for research purposes and is measured at cost and revalued to slaughter value.

The Netherlands
The biological assets in the Netherlands amount to € 0.1 million (2013: € 0.2 million). These assets are held for research purposes and are measured at cost and revalued to slaughter value.

The table below shows the carrying amount of the different types of biological assets:

(€ x million)	2014	2013
Fair value less cost to sell		
Broilers	23.1	24.9
Hatching eggs	3.4	3.3
Fattening pigs	101.0	97.2
Turkeys	0.8	0.7
Other	0.3	0.2
Total	**128.6**	**126.3**
At cost less accumulated depreciation and impairment losses		
Parent stock:		
Gross carrying amount	41.6	39.9
Accumulated depreciation and impairment losses	-13.4	-13.6
Total	**28.2**	**26.3**
Carrying amount at 31 December	**156.8**	**152.6**

The volumes of the biological assets can be summarised as follows:

(Volumes x million)	2014	2013
Broilers	17.8	17.4
Hatching eggs	14.6	15.0
Fattening pigs	0.9	0.8
Turkeys	0.1	0.1
Parent stock	2.0	1.7
Number of animals at 31 December	**35.4**	**35.0**

Fair value measurement

The following table presents the Group's biological assets that are measured at fair value at 31 December 2014:

(€ x million)	Level 1	Level 2	Level 3	Total
Broilers	-	1.6	21.5	23.1
Hatching eggs	-	0.7	2.7	3.4
Fattening pigs	-	-	101.0	101.0
Turkeys	-	0.8	-	0.8
Other	-	0.3	-	0.3
Total	**0.0**	**3.4**	**125.2**	**128.6**

There were no transfers between any levels during the year. Based on the inputs for the valuation techniques, the fair value measurement for broilers, hatching eggs, turkeys and other biological assets in Canada and the Netherlands are categorised as level 2. The fair value measurement for broilers, fattening pigs and hatching eggs in Spain are categorised as level 3.

The movement in fair value of the assets within level 3 of the hierarchy is as follows:

	2014		
(€ x million)	Poultry livestock (incl. hatching eggs)	Pig livestock	Total
Balance at 1 January	**26.4**	**98.2**	**124.6**
Expenses capitalised	327.1	186.8	513.9
Decrease due to sales	-5.6	-182.9	-188.5
Decrease due to harvest	-323.8	-	-323.8
Total (unrealised) gains and losses recognised in profit or loss[1]	0.1	-1.1	-1.0
Balance at 31 December	**24.2**	**101.0**	**125.2**

[1] Reflected on the line 'change in fair value of biological assets' in the consolidated statement of comprehensive income.

The following table shows the valuation techniques used in measuring the most important level 3 biological assets, as well as the significant unobservable inputs used:

	Valuation technique	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Spain-Broilers	Discounted cash flows	• Number of animals (16.7 million) • Percentage of completion (18% - 95%) • Mortality rate (3.9% - 6.0%) • Discount rate (8.5%) • Average weight (2.6kg - 3.0kg)	The estimated fair value would increase if: • the number of animals were higher • the percentage of completion were higher • the mortality rate was lower • the discount rate was lower • the average weight was higher
Spain-Fattening pigs	Discounted cash flows	• Number of animals (0.9 million) • Percentage of completion (10% - 100%) • Mortality rate (4.3%) • Discount rate (8.5%) • Average weight (116.9kg)	The estimated fair value would increase if: • the number of animals were higher • the percentage of completion were higher • the mortality rate was lower • the discount rate was lower • the average weight was higher

20 Trade and other receivables

(€ x million)	31 December 2014	31 December 2013
Trade receivables – third parties	742.5	713.3
Trade receivables – related parties	2.9	4.9
Trade receivables	**745.4**	**718.2**
Prepayments	20.6	14.8
Tax receivable (no income tax)	29.1	29.2
Fair value foreign exchange derivatives	23.5	9.3
Fair value cross-currency interest rate derivatives	0.6	0.9
Fair value interest rate derivatives	1.0	1.6
Other	31.1	34.8
Total other receivables	**105.9**	**90.6**
Total trade and other receivables	**851.3**	**808.8**

In 2014, trade and other receivables increased by € 42.5 million of which € 22.8 million relates to the effect of movement in foreign exchange rates, the impact of the acquisitions of Skretting Nigeria, Fatec and BRNova amounts to € 11.9 million and € 7.8 million is due to an increase in days sales outstanding.

Trade receivables are shown net of impairment, amounting to € 64.0 million (2013: € 65.4 million). In 2014, € 10.0 million (2013: € 3.3 million) was charged through profit or loss, of which € 18.2 million (2013: € 13.5 million) was recognised as impairment losses and € 8.2 million (2013: € 10.3 million) was recognised as a reversal of impairment losses. See also Note 27.

Days sales outstanding are 60 days (2013: 59 days).

Nutreco's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 27. Nutreco has credit insurance in a number of countries, to mitigate the credit risk on customers. In some countries, mainly Spain, part of credit risk on customers is mitigated by non-recourse factoring for an amount of € 82.5 million (2013: € 85.3 million).

Receivables that will be due after one year are presented as debt securities, as part of other investments.

The following table shows the fair value of derivative financial instruments per hedge category:

(€ x million)	Total	Fair value through profit or loss	Cash flow hedge accounting	Net investment hedge accounting	Fair value hedge accounting
Derivative financial instruments at 31 December 2014					
Fair value foreign exchange derivatives	23.5	16.0	1.2	6.3	-
Fair value cross-currency interest rate derivatives	0.6	-	0.6	-	-
Fair value interest rate derivatives	1.0	-	-	-	1.0
Total fair value	**25.1**	**16.0**	**1.8**	**6.3**	**1.0**
Derivative financial instruments at 31 December 2013					
Fair value foreign exchange derivatives	9.3	4.3	0.6	4.4	-
Fair value cross-currency interest rate derivatives	0.9	-	-	0.9	-
Fair value interest rate derivatives	1.6	-	-	-	1.6
Total fair value	**11.8**	**4.3**	**0.6**	**5.3**	**1.6**

21 Cash and cash equivalents

(€ x million)	31 December 2014	31 December 2013
Deposits	2.1	25.9
Bank accounts	125.5	120.3
Transit/cheques	8.4	5.6
In hand	0.2	0.2
Cash and cash equivalents	**136.2**	**152.0**
Bank overdrafts	-104.8	-19.7
Cash and cash equivalents in the cash flow statement	**31.4**	**132.3**

Cash and cash equivalents are at Nutreco's free disposal (see Note 27). Bank overdrafts are included in the interest-bearing borrowings (current) in the statement of financial position (see Note 23).

22 Equity attributable to the owners of Nutreco

Share capital

	Number of shares (x million)		Amount (€ x million)	
	2014	2013	2014	2013
Authorised share capital				
Ordinary shares	142	142	17.0	17.0
Cumulative preference shares 'D'	142	142	17.0	17.0
Cumulative preference shares 'E'	62	62	7.5	7.5
Balance at 31 December	**346**	**346**	**41.5**	**41.5**

The authorised capital of Nutreco amounts to € 41,520,000, divided into 142,000,000 ordinary shares, 142,000,000 cumulative preference 'D' shares and 62,000,000 cumulative preference 'E' shares, all with a nominal value of € 0.12.

During the year under review, no shares (2013: nil) were issued while 3,080,553 (2013: 1,400,000) ordinary shares were repurchased at an average price of € 30.06 per share. At 31 December 2014, no cumulative financing preference shares 'D' or 'E' were outstanding (2013: nil).

At 31 December 2014, a total of 70,237,364 (2013: 70,237,364) ordinary shares had been issued, consisting of 70,237,364 (2013: 70,237,364) shares that are fully paid up and listed on the NYSE Euronext Amsterdam, of which 3,098,933 ordinary shares (2013: 1,368,956) were held in treasury.

Special rights regarding Nutreco's shares are disclosed in 'Other information' of the Company financial statements.

Treasury shares

Treasury shares are accounted for as a reduction of the equity attributable to the owners of the parent. Treasury shares are recorded at cost, representing the market price on the acquisition date. When issued, shares are removed from treasury stock on a First In First Out (FIFO) basis.
Any difference between the cost and the cash received at the time treasury shares are issued is recorded in retained earnings.

To cover future stock dividends and employee share participation plans, Nutreco acquired 3,080,553 (2013: 1,400,000) of its issued ordinary shares through purchases on the Euronext Stock Exchange. In addition, Nutreco acquired 88,083 (2013: 174,956) of its issued ordinary shares to cover the tax effects on the vesting of the shares.

The total amount paid to acquire these shares was € 95.5 million (2013: € 56.5 million) at an average price of € 30.14 (2013: € 35.88) per share and these shares are held as treasury shares.

In 2014 Nutreco re-issued 1,438,659 (2013: 1,243,838) treasury shares for stock dividend, performance shares and employee share participation scheme for a total consideration of € 51.8 million (2013: € 36.4 million).

Nutreco holds treasury shares to cover for its liabilities for performance plans.

The movement in the treasury shares can be summarised as follows:

	Number of shares[1]		Amount (€ x 1,000)	
	2014	**2013**	**2014**	**2013**
Balance at 1 January	**1,368,956**	**1,037,838**	**49,493**	**29,397**
Employee share participation scheme	-22,938	-21,070	-810	-583
Share repurchase/re-issuance	3,168,636	1,574,956	95,507	56,510
(Interim) stock dividend	-1,197,832	-819,202	-43,249	-24,501
Performance shares	-217,889	-403,566	-7,733	-11,330
Balance at 31 December	**3,098,933**	**1,368,956**	**93,208**	**49,493**

[1] For comparison reasons the share numbers before the share split on 2 May 2013 have been amended (doubled) to retrospectively reflect the effect of the share split.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. As at 31 December 2014, the hedging reserve amounted to € -2.8 million (2013: € -3.7 million).
Cash flow hedges have been defined for foreign exchange deals related to forecast transactions which will mature within 12 months and for (cross-currency) rate swaps. The change in fair value related to the foreign exchange derivatives amounted to € 1.3 million as at 31 December 2014 (2013: € 0.2 million) and the change in fair value related to the (cross-currency) interest rate swaps amounted to € -0.4 million as at 31 December 2014 (2013: € 0.1 million).
All cash flow hedges are highly effective as at 31 December 2014. During 2014 no material ineffectiveness is recognised in profit or loss.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of net investments in foreign operations, including intercompany loans with a permanent nature, and liabilities that are used as hedging instrument in a net investment. As at 31 December 2014, the translation reserve amounted to € -56.3 million (2013: € -55.8 million). The change in the translation reserve was mainly caused by fluctuations of the US dollar, the Russian ruble, the Norwegian krone and the Canadian dollar.

Non-controlling interest

At 31 December 2014, the non-controlling interest mainly consists of Gisis S.A. in Ecuador (25%), Productos Mixtos, S.A. de C.V. ('Promix') in Honduras (25%), Piensos Nanfor S.A. (50%) and Piensos Nanpro S.A. (50%) in Spain. For disclosure on the change of non-controlling interest, reference is made to Note 6 Acquisitions.

The following tables summarise the financial information for each subsidiary that has material non-controlling interests, before intercompany eliminations.

(€ x million)	Skretting Ecuador (incl. Promix)		Piensos Nanpro		Piensos Nanfor	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Summarised balance sheet						
NCI percentage	25%	25%	50%	50%	50%	50%
Non-current assets	67.9	61.9	2.0	2.1	7.4	7.8
Current assets	100.4	67.4	10.5	10.2	18.9	19.5
Non-current liabilities	65.4	51.8	-	-	0.9	0.9
Current liabilities	34.9	21.3	7.8	7.7	20.1	19.6
Net assets	**68.0**	**56.2**	**4.7**	**4.6**	**5.3**	**6.8**
Accumulated non-controlling interests	**16.7**	**13.7**	**2.4**	**2.3**	**2.7**	**3.4**

(€ x million)	Skretting Ecuador (incl. Promix)		Piensos Nanpro		Piensos Nanfor	
	2014	2013	2014	2013	2014	2013
Summarised income statement						
Revenue	187.9	90.2	39.9	46.7	68.2	72.5
Net result	4.3	1.5	0.7	0.8	0.6	0.6
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	4.3	1.5	0.7	0.8	0.6	0.6
Profit allocated to NCI	**1.0**	**0.6**	**0.4**	**0.4**	**0.3**	**0.3**
Dividends paid to NCI	-	-	0.3	0.5	1.0	0.8

(€ x million)	Skretting Ecuador (incl. Promix)		Piensos Nanpro		Piensos Nanfor	
	2014	2013	2014	2013	2014	2013
Summarised cash flow statement						
Cash flows from operating activities	7.0	5.1	3.0	-1.6	0.5	-0.1
Cash flows from investing activities	-4.4	-0.7	0.0	-0.1	-0.1	-0.1
Cash flows from financing activities	3.0	3.4	-3.3	2.1	-2.0	-0.6

23 Interest-bearing borrowings

Total interest-bearing borrowings are as follows:

(€ x million)	31 December 2014	31 December 2013
Interest-bearing borrowings (non-current)	418.6	361.4
Interest-bearing borrowings (current)	132.4	139.5
Total	**551.0**	**500.9**

The specification of interest-bearing borrowings (non-current) is as follows:

(€ x million)	31 December 2014	31 December 2013
Private placement	283.6	253.6
Syndicated loans	124.9	100.1
Other long-term loans	10.1	7.7
Total	**418.6**	**361.4**

The breakdown of interest-bearing borrowings (non-current) by currency:

(€ x million)	31 December 2014	31 December 2013
US dollar	259.9	227.8
Canadian dollar	106.4	102.4
Euro	47.1	26.4
Other currencies	5.2	4.8
Total	**418.6**	**361.4**

The specification of interest-bearing borrowings (current) is as follows:

(€ x million)	31 December 2014	31 December 2013
Bank overdrafts	104.8	19.7
Short-term loans	28.6	24.9
Current portion private placement	-	96.1
Capitalised refinancing costs	-1.0	-1.2
Total	**132.4**	**139.5**

Syndicated loan

In December 2013, Nutreco extended the maturity of the revolving credit facility from September 2017 to December 2018. The facility amount is € 500.0 million and may be used for loans in various currencies. The facility is granted by a group of international banks.

The interest rates are based on Euribor or Libor of the applicable currency, whereas the interest margin is a function of the ratio of net senior debt to earnings before interest, tax, depreciation and amortisation (EBITDA). As a result of the amendment in December 2013, interest margin and fees have slightly improved compared to the former conditions.

At 31 December 2014, an amount of € 124.9 million (2013: € 100.1 million) was drawn under the € 500.0 million revolving credit facility.

Private placements

In July 2012, Nutreco issued senior notes in a private placement in the United States of America and Europe for a total amount of $ 218.0 million and € 25.0 million. The senior notes consist of four tranches of $ 78.0 million, $ 45.0 million, $ 95.0 million and € 25.0 million, which mature in respectively 2017, 2019, 2022 and 2019.

In April 2009, Nutreco issued senior notes in a private placement in the United States of America for a total amount of $ 150.0 million. The senior notes consist of three tranches of which the first tranche of $ 54.2 million matured in 2014. The second tranche of $ 37.3 million and third tranche of $ 58.5 million will mature in respectively 2016 and 2019.

In May 2004, Nutreco issued senior notes in a private placement in the United States of America for a total amount of $ 204.0 million. The senior notes consist of three tranches of $ 46.0 million, $ 80.0 million and $ 78.0 million which matured in respectively 2009, 2011 and 2014.

Interest rates on the private placements are fixed for the life of each of the six outstanding tranches.

At 31 December 2014, the private placements amounted to $ 313.8 million and € 25.0 million (2013: $ 446.0 million and € 25.0 million).

Uncommitted facilities

In addition to the syndicated loan facility and the private placements, credit facilities of € 374.5 million (2013: € 366.0 million) are available to Nutreco.

Of the total facilities of € 1,157.6 million (2013: € 1,214.9 million), an amount of € 551.0 million (2013: € 500.9 million) had been used as of 31 December 2014. Reference is made to liquidity risk in Note 27.

The average fixed interest rate on the non-current interest-bearing borrowings was 4.07% as at 31 December 2014 (2013: 4.05%) and the average variable interest rate on the non-current interest-bearing borrowings was 3.69% as at 31 December 2014 (2013: 5.30%). The interest rates of the major facilities ranged from 0.72% to 8.22% (2013: 2.59% to 8.22%) depending on the currency of the non-current interest-bearing borrowings. Reference is made to interest rate risk in Note 27.

(Non) Financial covenants

The financial covenants of the syndicated loan facility and private placements are related to net senior debt compared to EBITDA and EBITDA compared to net financing costs. EBITDA and net financing costs are calculated on a 12-month rolling basis. Nutreco remained well within the financial covenants agreed upon with the syndicated loan facility and private placements. Reference is made to chapter capital risk management in Note 27.
The Group expects that the impact of change of control clauses in the loan agreements does not significantly impact the classification of non-current interest bearing borrowings. Furthermore the Group expects that it is more likely than not that waivers will be obtained in case required.

Securities

All credit facilities are unsecured except for some standalone credit facilities of not fully-owned subsidiaries. Most of the credit facility agreements contain negative pledge and pari passu clauses. Several Group companies are jointly and severally liable for the amounts due to credit institutions.

24 Employee benefits

Pensions

Employee pension plans have been established in a number of countries in accordance with legal requirements and the local situation in the countries involved.

Defined benefit plans

The Company operates a number of defined benefit pension plans in Belgium, Canada, France, Germany, Italy, Mexico, Norway and the United Kingdom. The largest pension plans are in Canada and the United Kingdom, which together account for 88 percent of our defined benefit obligations. The benefits provided by all these plans are based on employees' years of service and compensation levels. The measurement date for all defined benefit plans is 31 December 2014.

In Canada, the Company operates 3 defined benefit plans, which can be described as follows:

- The Nutreco Canada Inc. Employees' Retirement Plan 200 ('Plan 200') is a defined benefit pension plan registered with the Office of the Superintendent of Financial Institutions Canada and the Canada Revenue Agency and is administered in compliance with their regulations. This plan is currently open to central and east region hourly employees of Nutreco Canada. Plan 200 is structured to be a career average earnings plan, where the majority of members accrue an annual benefit payable at age 65, equal to a percentage of employee contributions as well as a flat dollar benefit per year.
- The Nutreco Canada Inc. Employees' Retirement Plan 300 ('Plan 300') is a combination defined benefit/defined contribution pension plan registered with the Financial Services Commission of Ontario and the Canada Revenue Agency and is administered in compliance with their regulations. The defined benefit provisions are closed to new employees, while the defined contribution provisions are open to salaried employees of Nutreco Canada. The defined benefit provision of Plan 300 is structured to be a final average earnings plan, where all members accrue an annual benefit payable at age 65, equal to a percentage of their best average earnings, offset by government benefits, for all services. The defined contribution provision of Plan 300 allows members to accumulate an individual account balance through annual contributions based on a percentage of earnings by both members and the company.
- The Nutreco Canada Inc. Supplemental Employee Retirement Plan ('SERP') is an unfunded pension plan secured by a Letter of Credit. Members of Plan 300 are eligible to join the SERP if their accrued benefits exceed the maximum limitations prescribed by the Canada Revenue Agency. The SERP provides members with benefits in excess of the Income Tax Act limitations in order to keep their benefits whole.

In the United Kingdom the Company operates the Nutreco (UK) pension scheme, which is structured to provide benefits based on final pensionable pay. The Nutreco (UK) pension scheme is closed to new and existing members since 30 June 2005, which effectively results in the fact that the members of the scheme no longer accrue benefits.
The benefits on retirement of the plan participants is based on the salary at the time the scheme closed, adjusted for inflation, and their service up to the time of closure. The Nutreco (UK) Pension Scheme is managed by a trustee that is independent of the company.

The overall plans cover 1,658 (2013: 1,630) persons currently or previously employed within the Group. These plans require detailed reporting and disclosure information for the financial statements.

The actual 2014 pension expense of € 2.9 million (2013: € 3.1 million) is € 0.2 million higher than expected. The 2015 estimated expense of € 3.0 million is higher than the 2014 expense, primarily due to the decrease of the discount rate.
In 2014, the only special event is a plan amendment in Germany, resulting in a small increase of the liability of € 0.1 million.

In 2013 there were two special events in Belgium to highlight. First, following the divestment of the Hendrix business in 2012, the accrued benefits of 22 former Belgian participants were transferred to ForFarmers, which resulted in a settlement gain of € 0.1 million. Secondly, one company was closed, causing the lay-off of 6 employees that resulted in a curtailment gain of € 0.1 million.

In 2013, the accrued benefits in Canada for 52 former participants were transferred out and as a result of the sale of activities from Atlantic Poultry, 49 members of Plan 200 and 8 members of Plan 300 stopped accruing credited service under their respective Canada pension plans and transferred employment to the purchaser. Assets and liabilities in respect of past service benefits have not been transferred. Following the elimination in future service accruals for the members, curtailment accounting was triggered and resulted in a curtailment gain of € 0.1 million.

Risks related to pension plans

The volatility of the financial markets requires Nutreco to closely monitor the development of the funded status of the defined benefit pension plans in order to forecast the financial consequences hereof and to take actions in time.

During 2014 the financial position of the pension plans in Canada have deteriorated primarily due to a fall in the discount rates, offsetting a reduction in salary increase assumptions and higher than expected investment returns. However, uncertainty on the development of the financial markets and the discount rates to be applied could result in higher contributions by the employer. Initiatives have been started to update the ALM study to review the asset allocation in relation to the pension obligations and to evaluate the possibility to close one of the defined benefit plans by offering other arrangements to participants.
Further, on 20 July 2007, Nutreco acquired Maple Leaf Foods (MLF) in Canada. The actual asset transfer following the acquisition of Plan 200 took place on 16 December 2013. The actual transfer for Plan 300 has not yet taken place.
The transfer of assets from the MLF plans to the Nutreco plan is subject to the approval of the regulatory authorities.
In Canada this approval process can take several years, in which time the actual transfer of assets will not take place.
A material change in the asset value arising from this event, however, is not expected.

On 1 April 2011, the Company agreed to make payments of £ 2.0 million per annum to the trustee of the Nutreco (UK) Pension Scheme, for a ten-year period. In the course of 2013, the three-year actuarial evaluation of the UK pension scheme's funding position has been conducted, which confirmed the adequacy of the recovery plan. Uncertainty on the development of the funding shortfall for this pension plan could lead to an increase of the payment arrangement with the trustee of the Nutreco (UK) Pension Scheme.

Defined contribution plans

In addition to defined benefit plans, Nutreco is engaged in defined contribution agreements with local pension funds or with insurance companies.
During 2014, the Company contributed € 14.8 million (2013: € 16.5 million) to defined contribution plans.
These contributions were recognised as personnel costs in profit or loss and related entirely to continuing operations in 2014 and 2013.

The components of the employee benefits in the consolidated statement of financial position for the financial years 2014 and 2013 are shown in the following table:

(€ x million)	31 December 2014	31 December 2013
Net defined benefit asset	-	-0.2
Total employee benefit asset	**-**	**-0.2**
Liability for net defined benefit obligations	19.2	18.2
Liability for defined contribution obligations	1.6	2.3
Liability for long-term service obligations	2.7	1.9
Liability for wages and variable payments to be paid	31.9	28.0
Accrued holiday entitlements	8.0	7.6
Total employee benefit liabilities	**63.4**	**58.0**
The total employee benefit liabilities are recorded under:		
Non-current employee benefit liabilities	21.2	29.0
Current employee benefit liabilities	42.2	29.0

The following table shows the reconciliation from the opening balance for net defined liability (asset) and its components.

(€ x million)	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Balance at 1 January	**133.5**	**144.0**	**-115.5**	**-109.3**	**18.0**	**34.7**
Included in profit or loss						
Current service cost	1.7	2.0	-	-	1.7	2.0
Past service credit	0.1	-0.2	-	-	0.1	-0.2
Interest cost (income)	6.0	5.7	-5.3	-4.6	0.7	1.1
Loss (gain) on settlement	-	-0.1	-	-	0.0	-0.1
Administrative expenses and taxes	0.4	-	-	0.3	0.4	0.3
	8.2	**7.4**	**-5.3**	**-4.3**	**2.9**	**3.1**
Included in OCI						
Remeasurements loss (gain):						
- Actuarial loss (gain) arising from:						
- demographic assumptions	0.3	2.3	-	-	0.3	2.3
- financial assumptions	15.6	-6.6	-	-	15.6	-6.5
- experience adjustment	0.7	-1.7	-	-	0.7	-1.7
- Return on plan assets excluding interest income	-	-	-11.7	-5.0	-11.7	-5.0
- Effect of movement in exchange rates	7.0	-7.9	-6.6	6.3	0.4	-1.7
	23.6	**-13.9**	**-18.3**	**1.3**	**5.3**	**-12.6**
Other						
Contributions paid by the employer	-0.3	-0.5	-6.7	-6.7	-7.0	-7.2
Contributions paid by the participants	0.3	0.3	-0.3	-0.3	0.0	0.0
Settlement payments from plan	-	-0.3	-	0.3	0.0	0.0
Benefits paid	-3.8	-3.5	3.8	3.5	0.0	0.0
	-3.8	**-4.0**	**-3.2**	**-3.2**	**-7.0**	**-7.2**
Balance at 31 December	**161.5**	**133.5**	**-142.3**	**-115.5**	**19.2**	**18.0**

	2014	**2013**
Represented by:		
Net defined benefit asset (France)	-	-0.2
Net defined benefit asset	**0.0**	**-0.2**
Net defined benefit liability (Canada)	8.3	5.6
Net defined benefit liability (Germany)	3.2	2.5
Net defined benefit liability (Belgium)	3.0	1.2
Net defined benefit liability (Italy)	2.1	1.9
Net defined benefit liability (Mexico)	2.1	1.6
Net defined benefit liability (Norway)	0.3	0.2
Net defined benefit liability (UK)	0.1	5.2
Net defined benefit liability (France)	0.1	-
Net defined benefit liabilities	**19.2**	**18.2**
	19.2	**18.0**

Expenses and income recognised in profit or loss

The expenses and income are recognized in personnel cost in profit or loss (see Note 8) and can be summarised as follows:

(€ x million)	2014	2013
Expenses related to defined benefit obligations	2.9	3.1
Expenses related to defined contribution obligations	14.8	16.5
Expense / income arising from long-term service obligations	1.0	-0.1
Expense arising from share-based payments	4.2	4.0
Expense arising from employee share participation scheme	0.2	0.2
Total expenses and income recognised in profit or loss	**23.1**	**23.7**

The table below provides a summary of the number of employees participating in a defined benefit pension plan:

(Number of participants)	Active		Deferred		Pensioners		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Canada	427	418	23	26	36	31	486	475
Germany	75	73	12	13	41	38	128	124
Belgium	42	42	91	89	-	-	133	131
Italy	143	131	-	-	-	-	143	131
Mexico	261	262	-	-	-	-	261	262
Norway	-	-	-	-	13	12	13	12
United Kingdom	-	-	281	281	140	140	421	421
France	73	74	-	-	-	-	73	74
Total	**1,021**	**1,000**	**407**	**409**	**230**	**221**	**1,658**	**1,630**

Plan assets related to defined benefit obligations

At 31 December 2014, the plan assets consist of the following:

(€ x million)	United Kingdom		Canada		Other defined benefit plans		Total	
	Amount	in %	Amount	in %	Amount	in %	Amount	in %
Equity instruments								
UK Company stock	8.4	11.0	0.9	1.6	-	-	9.3	6.5
US Company stock	5.8	7.6	4.5	7.9	0.4	4.7	10.7	7.5
Eurozone Company stock	3.8	5.0	1.8	3.1	2.2	25.9	7.8	5.5
Japan Company stock	2.5	3.3	1.0	1.7	-	-	3.5	2.5
Canadian Company stock	-	-	18.8	32.9	-	-	18.8	13.2
Other Company stock	1.2	1.6	7.9	13.8	0.3	3.5	9.4	6.6
Total equity instruments	**21.7**	**28.5**	**34.9**	**61.0**	**2.9**	**34.1**	**59.5**	**41.8**
Debt instruments								
Corporate debt instruments	-	-	13.3	23.3	-	-	13.3	9.3
A Corporate debt instruments	6.0	7.8	-	-	-	-	6.0	4.2
AA Corporate debt instruments	3.0	3.9	-	-	-	-	3.0	2.1
AAA Corporate debt instruments	1.4	1.8	-	-	-	-	1.4	1.0
Fixed Interest Government bonds	-	-	8.4	14.7	2.5	29.4	10.9	7.7
Index-Linked Government bonds	44.1	57.5	-	-	-	-	44.1	31.0
Total debt instruments	**54.5**	**71.0**	**21.7**	**38.0**	**2.5**	**29.4**	**78.7**	**55.3**
Assets held by insurance company	**-**	**-**	**-**	**-**	**3.1**	**36.5**	**3.1**	**2.2**
Cash and cash equivalents	**0.4**	**0.5**	**0.6**	**1.0**	**-**	**-**	**1.0**	**0.7**
Total plan assets	**76.6**	**100.0**	**57.2**	**100.0**	**8.5**	**100.0**	**142.3**	**100.0**

At 31 December 2013, the plan assets were as follows:

(€ x million)	United Kingdom		Canada		Other defined benefit plans		Total	
	Amount	in %	Amount	in %	Amount	in %	Amount	in %
Equity instruments								
UK Company stock	7.5	12.5	-	-	-	-	7.5	6.5
US Company stock	4.5	7.5	5.6	11.9	-	-	10.1	8.7
Eurozone Company stock	3.3	5.5	-	-	-	-	3.3	2.9
Japan Company stock	2.1	3.5	-	-	-	-	2.1	1.8
Canadian Company stock	-	-	11.1	23.5	-	-	11.1	9.6
Other Company stock	1.0	1.7	5.6	11.9	-	-	6.6	5.7
Total equity instruments	**18.4**	**30.7**	**22.3**	**47.3**	**0.0**	**0.0**	**40.7**	**35.2**
Debt instruments								
A Corporate debt instruments	4.5	7.5	8.7	18.4	-	-	13.2	11.4
AA Corporate debt instruments	2.2	3.7	-	-	-	-	2.2	1.9
AAA Corporate debt instruments	1.7	2.8	-	-	-	-	1.7	1.5
AAA Government debt instruments	33.1	55.1	14.8	31.3	-	-	47.9	41.5
Total debt instruments	**41.5**	**69.1**	**23.5**	**49.7**	**0.0**	**0.0**	**65.0**	**56.3**
Assets held by insurance company	**-**	**-**	**-**	**-**	**8.3**	**100.0**	**8.3**	**7.2**
Cash and cash equivalents	**0.1**	**0.2**	**1.4**	**3.0**	**-**	**-**	**1.5**	**1.3**
Total plan assets	**60.0**	**100.0**	**47.2**	**100.0**	**8.3**	**100.0**	**115.5**	**100.0**

Actuarial assumptions

%	Discount rate		Salary increase rate		Inflation rate	
	2014	2013	2014	2013	2014	2013
Canada	3.9	4.7	3.0	3.5	2.0	2.0
Germany	1.9	3.5	2.5	2.5	2.0	2.0
Belgium	1.9	3.5	3.5	3.5	2.0	2.0
Italy	1.9	3.5	-	-	2.0	2.0
Mexico	6.1	7.2	5.0	5.0	4.0	4.0
Norway	2.6	3.7	-	3.5	-	2.5
United Kingdom	3.6	4.4	-	-	3.0	3.4
France	1.9	3.5	2.3	2.3	2.0	2.0
Average	**3.7**	**4.5**	**3.5**	**3.5**	**2.5**	**2.7**

Sensitivity analysis

Assuming discount rates can have a significant effect on the defined benefit obligation reported for the employee benefit plans, a sensitivity analysis was performed. A 0.5% change in the main assumptions would have the following effects on the defined benefit obligation as at 31 December 2014:

(€ x million)	Discount rate		Salary increase rate		Inflation rate	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Canada	-5.1	5.8	1.2	-1.2	1.3	-1.2
Germany	-0.3	0.3	0.1	-0.1	0.1	-0.1
Belgium	-0.6	0.6	0.6	-0.5	0.3	-0.3
Italy	-0.1	0.1	n.a.	n.a.	0.1	-0.1
Mexico	-0.1	0.1	0.1	-0.1	-	-
Norway	-0.1	0.1	n.a.	n.a.	n.a.	n.a.
United Kingdom	-6.3	7.0	n.a.	n.a.	5.2	-4.7
France	-	-	0.1	-0.1	0.1	-0.1
Total	**-12.6**	**14.0**	**2.1**	**-2.0**	**7.1**	**-6.5**

Cash flows

Nutreco expects to contribute € 4.9 million to the defined benefit pension plans in 2015. This includes a payment of £ 2.0 million following the arrangement with the trustees of the UK pension scheme, during a 10-year period which started 1 April 2011.

The weighted average duration for all defined benefit plans is 17.2 years. For the most significant defined benefit plans the weighted average duration is as follows:

- UK Nutreco Pension fund – 18.0 years,
- Canadian Retirement Plan 200 – 20.1 years,
- Canadian Retirement Plan 300 – 16.5 years,
- Canadian Supplemental Employee Retirement Plan – 18.5 years.

Share-based compensation

To stimulate the realisation of long-term Company objectives and goals, Nutreco has the following share-based incentive plans:

Long-term incentive plan 2007

At the Annual General Meeting of Shareholders of 26 April 2007, a long-term incentive plan for the year 2007 and beyond was approved. The long-term incentive plan (LTI Plan) is designed to enhance the alignment between the remuneration and the implementation of the Company's strategy over the longer term. The key terms of the approved LTI Plan applying as from 2007 are as follows:

- On an annual basis, where the grant date is the first business day of that plan year, performance shares will be granted conditionally. The conditional grant will vest three years and two months as of grant date.
- Vesting is subject to whether the Company achieves a pre-set level of the Total Shareholders' Return (TSR) relative to a peer group that was proposed to and approved by the General Meeting of Shareholders and that consists of all companies, except for Nutreco, listed on the NYSE Euronext Amsterdam AEX, AMX and AScX segments. The achievement of the performance conditions shall be audited by an independent advisor.
- No vesting takes place if the TSR achieved during the three-year performance period is below the median position of the peer group. Vesting of 50% of the initial granted number of shares takes place when the Company's TSR is at the median position, linearly up to a maximum of 150% of the initially granted number of shares if the Company achieves the number one position within the peer group.
- For members of the Executive Board a lock-up will be effective for a period of five years after grant date or until the end of employment term as Executive Board member, whichever is the shortest, with the allowance to sell shares as from vesting date in order to satisfy taxes due.
- Participants of the plan are entitled to cash dividends each year on the number of shares granted, but these are only paid out in case of vesting.

In 2014 the number of performance shares conditionally awarded to the Executive Board amounted to 40,772 (2013: 63,818), of which the number of shares granted to the CEO amounted to 26,988 (2013: 25,432) and to the CFO 13,784 (2013: 12,990). Furthermore in 2013, 12,698 shares were granted to the COO Animal Nutrition and 12,698 to the COO Aquaculture (members of the Executive Board until 6 February 2014).

In addition, a total of 167,172 (2013: 127,218) performance shares were awarded to a number of senior executives and senior staff of the Company. These performance shares were subject to similar terms and conditions as those applying to the Executive Board, with the exception of the lock-up period after vesting, which is not applicable for non-Executive Board participants.

For the grants made under the 2012 Performance Share Plan, for which the performance period runs from 1 January 2012 until 31 December 2014, the Total Shareholders Return has resulted in a 15th position (2013: 19th position) within the ranking of the peer companies. Therefore this ranking will result in a vesting of 106% (2013: 90%) of the initial grant. The vesting date will be 1 March 2015 (three years and two months after the grant date).

Movements in LTI shares of the (former) members of the Executive Board

The movements in the number of LTI shares outstanding of the members of the Executive Board can be summarised as follows:

(Number of shares)	Vesting	Expiration – restricted until	Balance at 1 January 2014	Granted in 2014	Vested in 2014 [1]	Balance at 31 December 2014 To be vested	Balance at 31 December 2014 Locked-up [2]
K. Nesse							
2010	2013	2015	11,864				11,864
2011	2014	2016	15,844		14,260		8,613
2012[3]	2015	2017	20,872			20,872	
2013[3]	2016	2018	25,432			25,432	
2014[3]	2017	2019		26,988		26,988	
G. Boon							
2011	2014	2016	15,844		14,260		7,220
2012[3]	2015	2017	14,176			14,176	
2013[3]	2016	2018	12,990			12,990	
2014[3]	2017	2019		13,784		13,784	

1 Vesting percentage in 2014: 106%.
2 After income tax.
3 If performance targets are met, vesting of the 2012, 2013 and 2014 performance shares will take place on 1 March 2015, 2016 and 2017, respectively. The shares are entitled to dividend and the dividend is restricted until 1 March 2015, 2016 and 2017, respectively.

The economic value per share of the LTI shares in the year when granted was: 2010 € 12.95, 2011 € 15.71, 2012 € 17.56, 2013 € 20.55 and in 2014 € 19.37.

In 2014, the share price on vesting date for LTI shares granted in 2011 was € 32.99 (2013: € 36.60). All shares that vest are subject to income tax.

For comparison reasons, the share values of shares granted before 2 May 2013 have been amended to retrospectively reflect the effect of the share split.

Bonus conversion plan

A bonus conversion plan was introduced in 2007 for a range of senior executives and staff. Under the terms of the plan, the eligible managers, with the exclusion of the members of the Executive Committee, are entitled, but not obliged, to invest part of the proceeds of the annual performance payment which is awarded to them, if any, in shares of the Company. After a three-year period, the Company will match the eligible managers' investment in a ratio ranging from a guaranteed 25% linearly up to a maximum of 300% depending on the Company's TSR performance over the three-year period. In the year under review, 78 (2013: 76) managers opted to invest in a total of 22,028 (2013: 20,682) shares. The bonus conversion plan, which started in 2012 will be matched for 180% on 1 March 2015 (2013: 135%).

Employee share participation scheme

On 15 March 1999, the Company introduced an employee share participation scheme. Each year, the Supervisory Board decides whether the Company's performance allows execution of the employee share participation scheme. In any year in which the employee share participation scheme is allowed, each employee of a Nutreco company is granted the opportunity to buy Nutreco shares up to a maximum of € 1,800 during a defined period. Every employee who subscribes also receives a bonus of 25% (or less, depending on restrictions imposed by national legislation for certain foreign staff) on the subscription in the form of additional shares. Bonus conditions may change from one year to another. The purchase price per share equals the closing market price 21 days after the publication of the annual results. The shares bought under the employee share participation scheme are put in a stock deposit during a period of three years. During this period, these shares cannot be sold or transferred.

In February 2014, the Supervisory Board decided that the 2013 results of the Company allowed the execution of the employee share participation scheme. Under this plan, 374 employees (2013: 376) bought (including ESP bonus) 22,938 shares (2013: 21,070 shares).

Remuneration of (former) members of the Executive Board and of the Supervisory Board

Remuneration of (former) members of the Executive Board 2014

(in €)	Salary costs	Performance bonus [1]	LTI shares [2]	Pension costs	Other compensation [3]	Total 2014
K. Nesse	629,617	398,520	470,766	73,389	79,915	1,652,207
G. Boon	457,867	288,360	261,034	91,920	33,316	1,132,497
V. Halseth [4]	43,156	27,014	21,895	10,251	2,517	104,833
J.A. Vergeer [5,6]	46,033	-	16,295	10,325	751,137	823,790
Total	**1,176,673**	**713,894**	**769,990**	**185,885**	**866,885**	**3,713,327**

1 The performance bonus relates to the performance in the year reported and is to be paid in the subsequent year.
2 The valuation of the LTI shares is based on IFRS accounting principles and does not reflect the value of vested LTI shares.
3 Other compensation mainly includes insurances, private use of company cars, allowances for expenses and housing.
4 Mr V. Halseth was member of the Executive Board until 6 February 2014; the 2014 figures relate to the period 1 January until 6 February 2014.
5 Mr J.A. Vergeer was member of the Executive Board until 6 February 2014; the 2014 figures relate to the period 1 January until 6 February 2014.
6 Other compensation J.A. Vergeer includes severance payment of € 739,500.

Remuneration of (former) members of the Executive Board 2013

(in €)	Salary costs	Performance bonus [1]	LTI shares [2]	Pension costs	Other compensation [3]	Crisis tax [4]	Total 2013
K. Nesse	601,958	330,809	379,453	67,926	78,886	104,098	1,563,130
G. Boon	457,045	239,366	255,000	69,948	33,318	95,618	1,150,295
V. Halseth	415,799	233,987	175,439	68,771	21,753	-	915,749
J.A. Vergeer	446,608	233,987	252,999	94,269	40,540	43,887	1,112,290
Total	**1,921,410**	**1,038,149**	**1,062,891**	**300,914**	**174,497**	**243,603**	**4,741,464**

1 The performance bonus relates to the performance in the year reported and is to be paid in the subsequent year.
2 The valuation of the LTI shares is based on IFRS accounting principles and does not reflect the value of vested LTI shares.
3 Other compensation mainly includes insurances, private use of company cars, allowances for expenses and housing.
4 The crisis tax of 16% as imposed by the Dutch government is payable by the employer on the part of the salaries exceeding € 150,000.

Remuneration of (former) members of the Supervisory Board 2014

	Board remuneration	Committee remuneration			Total 2014
(in €)		Remuneration	Audit	Sustainability	
J.M. de Jong	55,000	5,000	-	-	60,000
R.J. Frohn [1]	10,750	-	2,500	-	13,250
P. Overmars [2]	43,000	-	7,500	-	50,500
A. Puri	43,000	7,500	-	7,500	58,000
H.W.P.M.A. Verhagen	43,000	5,000	-	-	48,000
J.A.J. Vink [3]	43,000	-	9,375	5,000	57,375
Total	**237,750**	**17,500**	**19,375**	**12,500**	**287,125**

1 Mr R.J. Frohn was member of the Supervisory Board and Chairman of the Audit Committee until 27 March 2014.
2 Mr P. Overmars was appointed member of the Supervisory Board and Audit Committee on 27 March 2014.
3 Mr J.A.J. Vink was appointed Chairman of the Audit Committee on 27 March 2014.

Remuneration of (former) members of the Supervisory Board 2013

(in €)	Board remuneration	Committee remuneration			Total 2013
		Remuneration	Audit	Sustainability	
J.M. de Jong	55,000	5,000	-	-	60,000
R.J. Frohn	43,000	-	10,000	-	53,000
A. Puri	43,000	7,500	-	7,500	58,000
H.W.P.M.A. Verhagen	43,000	5,000	-	-	48,000
J.A.J. Vink	43,000	-	7,500	5,000	55,500
Total	**227,000**	**17,500**	**17,500**	**12,500**	**274,500**

Shares owned by the Executive Board and Supervisory Board

(Number of shares)	31 December 2014	31 December 2013
Unrestricted shares		
K. Nesse	19,094	5,644
G. Boon	7,066	3,651
Total	**26,160**	**9,295**
Vested but locked-up shares under the LTIP		
K. Nesse	20,477	25,314
G. Boon	7,220	-
Total	**27,697**	**25,314**
Unvested performance shares under the LTIP		
K. Nesse	73,292	62,148
G. Boon	40,950	43,010
Total	**114,242**	**105,158**

None of the Supervisory Board members held any ordinary shares in 2014 or 2013.

25 Provisions

(€ x million)	Restructuring	Claims	Total
Balance at 1 January 2014	**3.5**	**0.6**	**4.1**
Additions charged	3.5	0.8	4.3
Release	-	-0.5	-0.5
Utilised	-4.8	-2.7	-7.5
Transfer from other balance sheet items	-	2.5	2.5
Balance at 31 December	**2.2**	**0.7**	**2.9**
Non-current	0.3	0.6	0.9
Current	1.9	0.1	2.0

Restructuring

Provisions for restructuring include costs related to certain compensation to staff and costs that are directly associated with plans to execute specific activities and closing of facilities. For all restructuring provisions a detailed plan exists and the implementation of the plan has started or the plan has been announced before the balance sheet date.

The 2014 additions charged of € 3.5 million mainly relate to restructuring in Spain and Corporate. An amount of € 1.0 million is recognised as other operating expenses and an amount of € 2.5 million is recognised as personnel expenses in the statement of comprehensive income.

Claims and litigation

A number of claims as a result of normal course of business are pending against the Group. These claims, justified or not, were issued by suppliers, customers, former employees and consumers. The major part of the provision for claims as at 31 December 2014 consists of exposures from several customers of Nutreco that relate to discussions about past supplies.

In consultation with in-house and outside legal counsels, management regularly evaluates relevant facts and circumstances of those claims.
Nutreco has global liability insurance coverage with a self-insured retention and a maximum pay-out level.

While the outcome of these disputes cannot be predicted with certainty, management believes that, based upon legal advice and information received, the provisions recorded at 31 December 2014 reflect the best estimate about the outcome of the claims. These provisions are reviewed periodically and adjusted if necessary to the extent that cash-outflow of related proceedings is probable, including defense costs and reimbursements by our insurance policies. Since the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty, final settlement can differ from this estimate and could require revisions to the estimated provision, which could have a material adverse effect on Nutreco's consolidated financial position and consolidated results of operations for a particular period.

Most claims are expected to be completed within two years from the balance sheet date.

26 Trade and other payables

(€ x million)	31 December 2014	31 December 2013
Trade creditors – third parties	792.5	741.4
Taxes and social security contributions	17.6	18.4
Other liabilities	111.3	71.8
Deferred income and accrued expenses	218.1	177.8
Fair value foreign exchange derivatives	4.1	5.2
Fair value cross-currency interest rate derivatives	0.4	13.5
Fair value interest rate derivatives	2.2	3.2
Total trade and other payables	**1,146.2**	**1,031.3**
Recorded under:		
Trade and other payables (non-current)	38.3	21.3
Trade and other payables (current)	1,107.9	1,010.0
Total	**1,146.2**	**1,031.3**

Trade and other payables (current)

In 2014, trade and other payables increased by € 97.9 million which consists of € 87.8 million due to an increase in trade creditor days, € 18.3 million relates to the effect of movement in foreign exchange rates, € -33.6 million relates to price and volume effects and € 25.4 million relates to the acquisitions of Skretting Nigeria, Fatec and BRNova.
Trade creditor days in 2014 are 95 days (2013: 88 days).

Trade and other payables (non-current)

The amount under non-current trade and other payables of € 38.3 million mainly consists of put-call arrangements related to the acquisition of Skretting Ecuador and Skretting Nigeria and the non-current part of the deferred considerations related to the acquisitions of Fatec and BRNova.

Nutreco notices that suppliers sell, factor or confirm their trade receivables on Nutreco companies, which enables these suppliers to maintain or extend the payment terms. As of 31 December 2014, Nutreco was aware of € 207.5 million (2013: € 209.9 million) usage of such solutions mainly within Fish Feed and Compound Feed & Meat Iberia.

The exposure of Nutreco to currency and liquidity risk related to trade and other payables is disclosed in Note 27.

The following tables show the fair value of derivative financial instruments per hedge category.

(€ x million)	Total	Fair value through profit or loss	Cash flow hedge accounting	Net investment hedge accounting	Fair value hedge accounting
Balance at 31 December 2014					
Fair value foreign exchange derivatives	4.1	1.6	0.7	1.8	-
Fair value cross-currency interest rate derivatives	0.4	-	0.4	-	-
Fair value interest rate derivatives	2.2	-	2.2	-	-
Total	**6.7**	**1.6**	**3.3**	**1.8**	**0.0**

(€ x million)	Total	Fair value through profit or loss	Cash flow hedge accounting	Net investment hedge accounting	Fair value hedge accounting
Balance at 31 December 2013					
Fair value foreign exchange derivatives	5.2	3.5	1.2	0.5	-
Fair value cross-currency interest rate derivatives	13.5	-	7.3	6.2	-
Fair value interest rate derivatives	3.2	-	3.2	-	-
Total	**21.9**	**3.5**	**11.7**	**6.7**	**0.0**

27 Financial instruments and risk management

Financial risk management

The Group is exposed to a variety of financial risks, such as credit risk, interest rate risk, foreign currency risk, liquidity risk and capital risk. These risks are inherent to the way the Group operates as a multinational with a large number of local operating companies. The Group's overall risk management policy is to identify, assess, and if necessary mitigate these financial risks in order to minimise potential adverse effects on financial performance. The treasury risk management policy includes the use of derivative financial instruments to hedge certain exposures. The Executive Board is ultimately responsible for risk management. Financial risk management is, except for commodities risk and credit risk of non-financial counterparties, carried out by Group Treasury in line with clearly formalised treasury risk management policies.

Group Treasury identifies, evaluates and hedges financial risks at corporate level, and monitors compliance with the treasury risk management policies within the Group. Nutreco has a Risk Management Advisory Board that advises the Executive Board on risk management.

The capitalisation and funding of subsidiaries is a joint responsibility of Group Treasury and Group Tax, whereas the combination of equity and short-term intercompany loans is mostly used as financing structure. Decisions regarding the debt to equity ratio are based on various aspects including minimum regulatory requirements and the flexibility to change the structure. Except for dividend withholding tax in some countries and the currency control restrictions in Venezuela, the Group has no restrictions in paying intercompany cash dividends or in repaying intercompany loans.

The operating companies are primarily responsible for identifying and managing financial risks, especially in relation to transactions in foreign currencies, commodities and credit risk for non-financial counterparties.

Within the boundaries set forth by the treasury risk management policy, the operating companies execute appropriate foreign currency risk management activities. Nutreco does not allow for extensive treasury operations to be executed by operating companies with external parties, unless approved by Group Treasury. To the extent possible, derivative financial transactions are executed through Group Treasury.

Group Treasury is responsible for reporting to the Executive Board on the Group's exposures to a number of financial risks, including liquidity, foreign exchange, interest rate and credit risk on financial counterparties.

As a consequence of the challenging economic conditions, the Group analysed the impact on its operations and corporate functions. Contingency planning and other measures have been taken to mitigate adverse impact to the extent possible. The measures taken consist of, amongst others, counterparty risk analyses for treasury and analyses of operational risks.

Financial instruments by class and by category

Financial assets 31 December 2014

(€ x million)	Note	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Held to maturity	Available for sale	Carrying amount	Fair value
Equity securities	16	-	2.0	-	-	-	2.0	2.0
Debt securities	16	33.8	-	-	-	-	33.8	33.8
Trade receivables	20	745.4	-	-	-	-	745.4	745.4
Other receivables	20	60.2	-	-	-	-	60.2	60.2
Fair value foreign exchange derivatives	20	-	16.0	7.5	-	-	23.5	23.5
Fair value cross-currency interest rate derivatives	20	-	-	0.6	-	-	0.6	0.6
Fair value interest rate derivatives	20	-	1.0	-	-	-	1.0	1.0
Cash and cash equivalents	21	136.2	-	-	-	-	136.2	136.2
Total		**975.6**	**19.0**	**8.1**	**0.0**	**0.0**	**1,002.7**	**1,002.7**

Financial liabilities 31 December 2014

(€ x million)	Note	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Carrying amount	Fair value
Interest-bearing borrowings (non-current)	23	-	-	-418.6	-418.6	-440.0
Interest-bearing borrowings (current)	23	-	-	-132.4	-132.4	-132.4
Trade payables	26	-	-	-792.5	-792.5	-792.5
Other payables	26	-38.3	-	-90.6	-128.9	-128.9
Fair value foreign exchange derivatives	26	-1.6	-2.5	-	-4.1	-4.1
Fair value cross-currency interest rate derivatives	26	-	-0.4	-	-0.4	-0.4
Fair value interest rate derivatives	26	-	-2.2	-	-2.2	-2.2
Total		**-39.9**	**-5.1**	**-1,434.1**	**-1,479.1**	**-1,500.5**

Financial assets 31 December 2013

(€ x million)	Note	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Held to maturity	Available for sale	Carrying amount	Fair value
Equity securities	16	-	2.0	-	-	-	2.0	2.0
Debt securities	16	34.4	-	-	-	-	34.4	34.4
Trade receivables	20	718.2	-	-	-	-	718.2	718.2
Other receivables	20	64.0	-	-	-	-	64.0	64.0
Fair value foreign exchange derivatives	20	-	4.3	5.0	-	-	9.3	9.3
Fair value cross-currency interest rate derivatives	20	-	-	0.9	-	-	0.9	0.9
Fair value interest rate derivatives	20	-	1.6	-	-	-	1.6	1.6
Cash and cash equivalents	21	152.0	-	-	-	-	152.0	152.0
Total		**968.6**	**7.9**	**5.9**	**0.0**	**0.0**	**982.4**	**982.4**

Financial liabilities 31 December 2013

(€ x million)	Note	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Carrying amount	Fair value
Interest-bearing borrowings (non-current)	23	-	-	-361.4	-361.4	-383.1
Interest-bearing borrowings (current)	23	-	-	-139.5	-139.5	-141.7
Trade payables	26	-	-	-741.4	-741.4	-741.4
Other payables	26	-21.3	-	-68.9	-90.2	-90.2
Fair value foreign exchange derivatives	26	-3.5	-1.7	-	-5.2	-5.2
Fair value cross-currency interest rate derivatives	26	-	-13.5	-	-13.5	-13.5
Fair value interest rate derivatives	26	-	-3.2	-	-3.2	-3.2
Total		**-24.8**	**-18.4**	**-1,311.2**	**-1,354.4**	**-1,378.3**

The following methods and assumptions were used to estimate the fair value of financial instruments:

Equity securities
Equity securities consist of Nutreco's participation in several companies in which Nutreco does not have control or significant influence. The financial statements of these investments for the financial year 2014 have not been approved and received before publication of the Nutreco results. As the fair value can therefore not be measured reliably, the participations are valued at cost.

Debt securities
The Aegon loan is initially accounted for at fair value with a subsequent measurement at amortised cost. For all other debt securities the carrying amounts approximate fair value.

Cash and cash equivalents

The carrying amounts approximate fair value because of the short maturity of those instruments.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at actual market rates at the reporting date.

Interest-bearing borrowings (current and non-current)

The fair value is estimated on the basis of discounted cash flow analyses, including interest for the current year, based upon Nutreco's incremental borrowing rates for similar types of borrowing arrangements and interest rate contracts with comparable terms and maturities.

Trade and other payables

The fair value of trade and other payables is calculated at the present value of future cash flows, discounted at actual market rates at the reporting date.

Fair value foreign exchange derivatives, interest rate derivatives and cross-currency interest rate derivatives

The fair value calculation of the foreign exchange derivatives, interest rate derivatives and cross-currency interest rate derivatives is based on the discounted cash flow method of future cash flows. The discounted calculation is based on actual market foreign exchange rates and actual market yield curves on the reporting date.

Credit risk

Credit risk represents the accounting loss that has to be recognised on the reporting date if other counterparties fail to perform as contracted. To reduce credit risk, Nutreco performs ongoing credit analysis of the financial condition of its counterparts, including creditworthiness and liquidity. Following the financial crisis, continued attention is paid to the liquidity of other parties such as banks, insurance companies, customers and strategic suppliers.

Nutreco has strong positions in mature markets such as Canada, Norway and the US. The increased focus on geographical regions and markets like Brazil, China, Russia, South East Asia and Africa has resulted in a wider international spread of customers thus affecting the credit risk from emerging markets. The risk profile of Nutreco's customers differs per business segment:

- Animal Nutrition has, due to the geographical presence, a widely spread portfolio of customers in all continents and, due to its growth strategy towards emerging markets, an increased exposure to emerging markets;
- Fish Feed: as a consequence of the concentration in the salmon farming industry, Nutreco observes a concentration of risk, which has been partly mitigated by credit insurance. As a consequence of the growth strategy towards emerging markets and towards feed for other aquaculture species, the exposure to a more widely spread portfolio of customers in emerging markets will increase;
- The activities of Compound Feed & Meat Iberia are in Spain and Portugal. This business segment has a widely spread portfolio of customers, mostly farmers.

The outstanding amount of Nutreco's largest customer Marine Harvest accounts for approximately 4% (2013: 8%) of the total outstanding amount as per 31 December 2014.

As part of an agreement to place the Dutch pension plans with the insurer Aegon as of 1 January 2011, the former sub-ordinated loans to the Dutch Nutreco Pension Fund of € 12.1 million have been transferred to Aegon. The interest rate is one year Euribor plus 0.5%. The loan is initially accounted for at fair value with a subsequent measurement at amortised cost, resulting in a carrying value of € 8.1 million as of 31 December 2014 (2013: € 7.9 million). This loan is accounted for under debt securities for € 7.8 million (2013: € 7.6 million) and under trade and other receivables for € 0.3 million (2013: € 0.3 million).

Nutreco has an exposure to banks created by cash balances and the usage of cash investments and derivative financial instruments. The exposure created by cash balances and cash investments equals the notional amount; the exposure created by the derivative financial instruments equals the fair value of these instruments.

Nutreco has an exposure to reputable banks that have a sufficient credit rating. Banks are carefully selected, monitored and credit limits are (temporarily) reduced in the event of uncertainty. Generally, cash and cash deposits and derivative financial instruments are held with banks with a credit rating being the lower of A- (Standard & Poor's) or one notch below the applicable country credit rating. The maximum exposure as well as the maximum maturity of such exposure is a function of the credit rating of the counterparty. The maturity of the exposure is, except for (cross-currency) interest rate derivatives, short-term and spread over various banks to reduce the counterparty risk. Nutreco is exposed to credit losses in the event of non-performance by other parties to derivative financial instruments but, given the credit ratings, management does not expect this to happen. Allowances are recognised when necessary.

The maximum amount of credit risk of all financial assets is € 994.2 million (2013: € 968.0 million).

Rating cash and bank

Cash at banks and short-term bank deposits

(€ x million)	31 December 2014	31 December 2013
AA-	1.3	22.8
A+	12.4	16.1
A	85.5	56.4
A-	1.9	31.2
BBB+	-	-
BBB	14.8	3.5
< BBB	17.1	21.5
Not classified	3.2	0.5
Total	**136.2**	**152.0**

The cash at banks includes an amount of € 75.4 million (2013: € 6.7 million), which is part of notional cash pools and a corresponding amount is reported as bank overdrafts. Banks with a rating below A- are located in countries with low sovereign credit ratings. Locally registered banks are not able to have ratings higher than their host country's sovereign credit rating. The cash at banks with a rating below A- is mainly related to cash positions in Brazil, Ecuador, Honduras and Spain.

All derivative financial instruments are concluded with counterparties that have a credit rating of at least A-.

Ageing of trade and other receivables

(€ x million)	Gross amount		Impairment	
	2014	2013	2014	2013
Before due date	744.0	676.7	11.6	12.4
0 < 3 months after due date	94.5	110.3	8.7	4.6
3 < 6 months after due date	14.9	16.2	6.5	1.0
6 months and longer after due date	61.9	71.0	37.2	47.4
Total trade and other receivables at 31 December	**915.3**	**874.2**	**64.0**	**65.4**

Movements in impairment of trade and other receivables

(€ x million)	2014	2013
Balance at 1 January	**65.4**	**69.4**
Additions charged	18.2	13.5
Release	-8.2	-10.3
Utilised	-7.1	-6.1
Acquisitions through business combinations	0.1	2.9
Transfer to other investments – debt securities	-5.7	-1.5
Effect of movement in foreign exchange	1.3	-2.5
Balance at 31 December	**64.0**	**65.4**

Interest rate risk

Nutreco is partly financed with interest-bearing borrowings in order to obtain an optimal capital structure. The specification of the total interest-bearing borrowings is disclosed in Note 23. It is Nutreco's long-term policy to manage its interest rate risk exposure by fixing 50-70% of interest rates of interest-bearing borrowings. Nutreco has agreed fixed interest rates for the private placements. In addition, part of the floating syndicated loan has been fixed by means of an interest rate swap. Any short-term debt is at floating interest rates, resulting in a cash flow interest rate risk. The interest rate risk is measured on the mix of fixed and floating debt including the effects of derivative financial instruments.

In July 2012, Nutreco issued senior notes in a private placement in the United States of America and Europe for a total amount of $ 218.0 million and € 25.0 million. The senior notes consist of four tranches of $ 78.0 million, $ 45.0 million, $ 95.0 million and € 25.0 million that mature in respectively 2017, 2019, 2022 and 2019.

Cross-currency interest rate swaps, with a fixed interest, have been contracted to swap interest and future repayment liabilities of $ 91.0 million to Euro, which for $ 46.0 million mature in 2017 and for $ 45.0 million in 2019.

In April 2009, Nutreco issued senior notes in a private placement in the United States of America for a total amount of $ 150.0 million. The senior notes consist of three tranches of which the first tranche of $ 54.2 million matured in 2014.

The second tranche of $ 37.3 million and third tranche of $ 58.5 million will mature in respectively 2016 and 2019.

A fixed-to-floating interest rate swap has been contracted to swap interest of the $ 37.2 million private placement, which matures in 2016.

In May 2004, Nutreco issued senior notes in a private placement in the United States of America for a total amount of $ 204.0 million. The senior notes consist of three tranches of $ 46.0 million, $ 80.0 million and $ 78.0 million which matured in respectively 2009, 2011 and 2014.

The interest rate risk of a loan drawn under the syndicated loan agreement has been hedged by a floating-to-fixed interest rate swap of Canadian $ 150.0 million which matures in 2016.

With the private placements and these derivative financial instruments, 85% of the interest on Nutreco's interest-bearing borrowings has been fixed (2013: 66%).

The average fixed interest rate on the interest-bearing borrowings (non-current) as at 31 December 2014 is 4.07% (2013: 4.05%) and the average variable interest rate on the interest-bearing (non-current) borrowings as at 31 December 2014 is 3.69% (2013: 5.30%). The interest rates of the major currencies are ranging from 0.72% to 8.22% (2013: 2.59% to 8.22%) depending on the currency of the interest-bearing borrowing (non-current).

Sensitivity analysis

(€ x million)	2014	2013
Exposed interest-bearing borrowings (non-current)	-0.6	-0.3
Exposed interest-bearing borrowings (current) and cash and cash equivalents	0.0	0.1
Total	**-0.6**	**-0.2**

At the balance sheet date, € 61.5 million (2013: € 33.0 million) of interest-bearing borrowings (non-current) is exposed to interest rate fluctuations. The exposure on the sum of interest-bearing borrowings (current) and cash and cash equivalents amounts to € 3.8 million net cash (2013: € 12.5 million) at the reporting date.

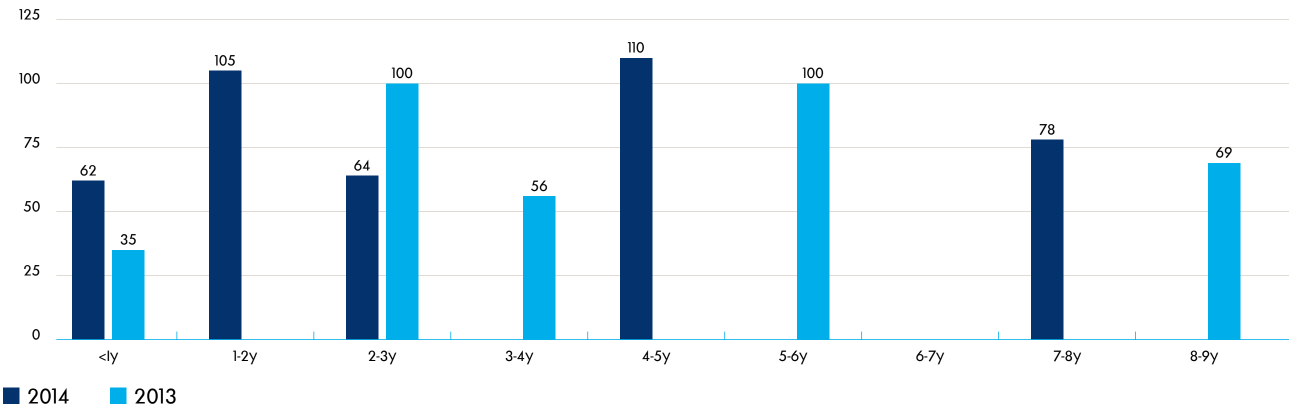
An increase of 100 basis points of all floating interest rates at the reporting date would have increased the net financial expenses in profit or loss by € 0.6 million (2013: increase of € 0.2 million). A decrease of 100 basis points in interest rates at 31 December 2014 would have had the equal but opposite effect. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

An increase of 100 basis points of all floating interest rates at the reporting date would have increased the fair value of the outstanding interest rate swaps by € 1.4 million per 31 December 2014 (2013: € 2.1 million). As a consequence of applying cash flow hedge accounting for the interest rate swaps, the hedging reserve in equity would decrease by € 1.9 million (2013: € 2.8 million) and the net financing costs would increase by € 0.5 million (2013: € 0.7 million).

Repricing analysis

The following graph shows the repricing calendar for non-current interest-bearing borrowings as recognised at the balance sheet date.

(€ x million)



Foreign currency transaction risk

Foreign currency transaction risks within Nutreco mostly relate to the purchase of raw materials. In both Animal Nutrition and Fish Feed, price changes as a result of foreign currency movements generally can be passed through to customers. Additionally, in some markets, sales contracts include price clauses to cover foreign currency movements. The possibility and time to pass foreign currency movements through to customers vary per market and are regularly assessed.

Nutreco's foreign currency transaction exposure is determined by foreign currency movements that are not likely to be passed through to customers. This foreign currency exposure is managed by means of derivative financial instruments like forward foreign exchange contracts and swaps as well as short-term bank balances in foreign currencies. Consistent with the average pass through period, the average maturity of derivative financial instruments is 3 months, generally with a maximum of 12 months.

Per 31 December 2014, foreign currency transaction risks for trade receivables mainly comprise the currencies Euro and US dollar for respectively € 20.4 million (2013: € 32.4 million) and € 43.1 million (2013: € 23.1 million). The foreign currency transaction risks for trade payables are, depending on the functional currency of an operating company, in the currencies Euro and US dollar for respectively € 62.0 million (2013: € 90.7 million) and € 107.1 million (2013: € 114.9 million).

Nutreco's risk management policy describes that recognised exposures of operating companies, mainly consisting of working capital and monetary items in non-functional currencies, are generally fully hedged. These exposures are offset internally as much as possible and only the remaining exposure is hedged using derivative financial instruments. The monthly revaluation of recognised items and the revaluation of the related derivative financial instruments are, according to the fair value accounting principles, recorded on the line 'raw materials and consumables used' in the consolidated statement of comprehensive income of operating companies.

Unrecognised exposures, like highly probable forecasted payments and receipts in non-functional currencies in the coming 3 months, are hedged on the basis of pass through possibilities and probability of occurrence. These exposures are offset internally as much as possible and only the remaining exposure is hedged using derivative financial instruments. These are mainly used in cash flow hedge relationships.

The impact of unhedged transactions and balances in foreign currencies resulted in a gain recognised in cost of sales of € 0.3 million in 2014 (2013: € 0.9 million gain).

The revaluation of derivative financial instruments for which hedge accounting is applied is reported, for the effective part, in equity. The amount recognised in the cash flow hedge reserve in equity is recycled through profit or loss at the same moment the underlying hedge item is recognised in profit or loss. At 31 December 2014, derivative financial instruments with a negative fair value of € 2.8 million (2013: negative € 3.7 million) are reported in the hedging reserve, as part of equity.

On a monthly basis, operating companies report their recognised and unrecognised exposures as well as the related derivative financial instruments to Group Treasury. This report is used to determine compliance with the treasury risk management policy and to determine the need for additional hedging transactions.

Group Treasury is the counterparty for derivative financial instruments of the operating companies, resulting in a foreign currency exposure for Group Treasury which is, together with the exposure from corporate transactions, hedged through derivative financial instruments externally.

The revaluation of corporate monetary items and internal and external derivative financial instruments is reported separately as part of net financing costs to the extent not recognised in equity. In 2014, the foreign currency exposure of Nutreco Corporate resulted in a foreign currency effect of nil (2013: positive € 0.6 million).

At 31 December 2014, the notional amount of outstanding foreign exchange derivative financial instruments related to foreign exchange transaction risk totalled € 630.4 million (2013: € 565.9 million), mainly relating to US dollar, British pound, Norwegian krone and Canadian dollar. The net fair value of the outstanding foreign exchange derivative financial instruments related to foreign exchange transaction risk hedging amounted to positive € 14.9 million (2013: positive € 0.2 million).

Foreign currency translation risk

Nutreco is exposed to foreign currency translation risks of investments in foreign operations, including long-term loans to foreign subsidiaries, and the net income of these foreign operations. Nutreco aims to minimise any direct impact on its other comprehensive income as a consequence of foreign currency risk related to net investments. The objective is to restrict the annual and cumulative impact on its equity as a consequence of foreign currency risk related to net investments.

The translation exposure is measured on currency limits, a portfolio limit and the investment limit for specific net investments. The currency limit is defined as the maximum exposure to a certain foreign currency as a percentage of the capital invested in that foreign currency. The risk that the total value of the portfolio of net investments changes significantly in a year is managed by a portfolio limit. The probability of a significant change is calculated by the weighted exposure per currency and the volatility per currency. Within the framework of these risk limits, hedging decisions are weighting the costs and risks of hedging for each of the currencies.

Nutreco measures the translation exposure by the total amount of the capital invested per foreign currency reduced by the amount of net investment hedges in the same foreign currency. At the balance sheet date € 289.7 million (2013: € 365.6 million) of interest-bearing borrowings in foreign currencies are effectively used as net investment hedge for investments in Canadian dollar and US dollar.

Revaluation of these interest-bearing borrowings and related cross-currency interest rate swaps is recognised in the translation reserve.

To mitigate the foreign currency exposure of foreign operations, the currency of Nutreco's external funding is matched with the required financing of foreign operations, either directly by external foreign currency interest-bearing borrowings or by derivative financial instruments such as foreign exchange swaps and cross-currency interest rate swaps.

In addition, Nutreco has used foreign currency exchange swaps to further reduce the exposure to translation risks of shareholders' equity of foreign Group companies or non-consolidated companies. At 31 December 2014, the notional amount of outstanding foreign exchange derivative financial instruments related to translation risk totalled € 320.2 million (2013: € 291.2 million), mainly relating to Australian dollar, Canadian dollar, British pound and Norwegian krone. The net fair value of the outstanding foreign exchange derivative financial instruments related to translation risk amounted to positive € 4.5 million (2013: positive € 3.9 million).

Translation exposure for foreign currencies

(€ x million)	Capital invested		Net investment hedge		Exposure	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Australian dollar	45.2	51.8	23.6	22.7	21.6	29.1
Brazilian real	105.2	67.4	17.0	12.0	88.2	55.4
British pound	50.4	50.8	26.7	25.0	23.7	25.8
Canadian dollar	304.6	293.7	209.3	290.0	95.3	3.7
Chinese yuan renminbi	47.5	44.9	18.6	16.8	28.9	28.1
Norwegian krone	145.0	167.3	88.7	68.7	56.3	98.6
US dollar	323.5	239.7	183.3	174.5	140.2	65.2
Other currencies	128.5	129.1	38.7	40.7	89.8	88.4
Balance at 31 December	**1,149.9**	**1,044.7**	**605.9**	**650.4**	**544.0**	**394.3**

Sensitivity analysis foreign currency translation risk

A 10% strengthening of the main foreign currencies, as listed in the table below, against the Euro at the reporting date would have increased equity by € 45.3 million (2013: € 30.6 million). A 10% weakening of these same main foreign currencies against the Euro at the reporting date would have had the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

The impact on equity of a 10% strengthening of the main foreign currencies on the exposure is as follows:

(€ x million)	31 December 2014	31 December 2013
Australian dollar	2.2	2.9
Brazilian real	8.8	5.5
British pound	2.4	2.6
Canadian dollar	9.5	0.4
Chinese yuan renminbi	2.9	2.8
Norwegian krone	5.6	9.9
US dollar	14.0	6.5
Total	**45.4**	**30.6**

Liquidity risk

The primary objective of liquidity management is providing sufficient cash and cash equivalents at all times to enable Nutreco to meet its payment obligations. Management monitors forecasts of the Group's liquidity reserve on the basis of expected cash flows. Nutreco aims for sufficient committed credit facilities, a well-spread maturity schedule of its non-current interest-bearing borrowings and a strong liquidity position. Of the total facilities of € 1.157,6 million an amount of € 793.1 million matures in more than 1 year.

In December 2013, Nutreco extended the maturity of the revolving credit facility from September 2017 to December 2018. The facility amount is € 500.0 million and may be used for loans in various currencies.

The facility is granted by a group of international relationship banks. Nutreco issued senior notes in private placements in 2004, 2009 and 2012 and consist of six outstanding tranches of $ 37.2 million (2016), $ 78.0 million (2017), $ 58.5 million, $ 45.0 million, € 25.0 million (2019) and $ 95.0 million (2022).

The tranches of $ 78.0 million and $ 54.3 million respectively that matured in 2014 were part of interest-bearing borrowings (current) at 31 December 2013.

Of the total facilities of € 1.157,6 million, an amount of € 551.0 million had been used as at 31 December 2014 (2013: € 1,214.9 million and € 500.9 million, respectively). In addition, Nutreco has € 136.2 million (2013: € 152.0 million) of cash and cash equivalents available as at 31 December 2014.

Terms and debt repayment schedule

Terms and conditions of outstanding non-current interest-bearing borrowings are as follows:

(€ x million)	Currency	Effective interest rate at 31 December 2014 (%)	Effective interest rate at 31 December 2013 (%)	Year of maturity	Interest reprising	Carrying amount at 31 December 2014	Carrying amount at 31 December 2013
Syndicated loan	CAD	3.3	3.43	2018	Fixed	105.1	100.1
Syndicated loan	EUR	0.7	-	2018	Floating	19.8	-
Private placement	USD	5.2	5.22	2016	Semi Annual	31.6	28.5
Private placement	USD	8.2	8.22	2019	Fixed	48.1	42.3
Private placement	USD	2.9	2.85	2017	Fixed	64.1	56.5
Private placement	USD	3.0	3.04	2019	Fixed	36.9	32.6
Private placement	EUR	3.1	3.13	2019	Fixed	24.9	24.9
Private placement	USD	4.2	4.22	2022	Fixed	78.0	68.8
Other non-current interest-bearing borrowings	Var.	5.3	5.63	Var.	Floating	10.1	7.7

Maturity profile financial liabilities 2014

The following tables show the maturity of Nutreco's contractually agreed (undiscounted) cash flows, including interest, as at the balance sheet date:

(€ x million)	Total amount	6 months or less	6-12 months	1-5 years	More than 5 years
Financial liabilities at 31 December 2014					
Interest-bearing borrowings (non-current)	-488.5	-8.0	-8.2	-384.3	-88.0
Interest-bearing borrowings (current)	-132.4	-132.4	-	-	-
Trade payables	-792.5	-792.5	-	-	-
Other payables	-128.9	-90.6	-	-38.3	-
Outflow non-derivative financial liabilities	**-1,542.3**	**-1,023.5**	**-8.2**	**-422.6**	**-88.0**
Foreign exchange derivatives inflow	344.9	344.9	-	-	-
Foreign exchange derivatives outflow	-349.4	-349.4	-	-	-
Cross-currency interest rate derivatives inflow	43.8	0.7	0.7	42.4	-
Cross-currency interest rate derivatives outflow	-41.8	-0.6	-0.6	-40.6	-
Interest rate derivatives inflow	2.8	0.7	0.9	1.2	-
Interest rate derivatives outflow	-4.9	-1.4	-1.4	-2.1	-
Net inflow/outflow derivative financial liabilities	**-4.6**	**-5.1**	**-0.4**	**0.9**	**0.0**

Maturity profile financial liabilities 2013

(€ x million)	Total amount	6 months or less	6-12 months	1-5 years	More than 5 years
Financial liabilities at 31 December 2013					
Interest-bearing borrowings (non-current)	-432.5	-7.3	-7.5	-233.2	-184.5
Interest-bearing borrowings (current)	-141.8	-141.8	-	-	-
Trade payables	-741.4	-741.4	-	-	-
Other payables	-90.2	-68.9	-	-21.3	-
Outflow non-derivative financial liabilities	**-1,405.9**	**-959.4**	**-7.5**	**-254.5**	**-184.5**
Foreign exchange derivatives inflow	438.1	437.8	0.3	-	-
Foreign exchange derivatives outflow	-436.6	-436.3	-0.3	-	-
Cross-currency interest rate derivatives inflow	118.4	42.0	1.1	41.4	33.9
Cross-currency interest rate derivatives outflow	-130.9	-48.1	-1.0	-44.4	-37.4
Interest rate derivatives inflow	4.3	0.6	0.8	2.9	-
Interest rate derivatives outflow	-7.4	-1.3	-1.4	-4.7	-
Net outflow derivative financial liabilities	**-14.1**	**-5.3**	**-0.5**	**-4.8**	**-3.5**

The following table shows the (undiscounted) cash flows, including interest, as at the balance sheet date of foreign exchange derivatives classified as financial liability per hedge category at 31 December 2014:

(€ x million)	Total amount	6 months or less	6 – 12 months
Fair value accounting – inflow	162.2	162.2	-
Fair value accounting – outflow	-163.8	-163.8	-
Net investment hedge accounting – inflow	134.2	134.2	-
Net investment hedge accounting – outflow	-136.3	-136.3	-
Cash flow hedge accounting – inflow	48.6	48.6	-
Cash flow hedge accounting – outflow	-49.2	-49.2	-

The following table shows the (undiscounted) cash flows, including interest, as at the balance sheet date of foreign exchange derivatives classified as financial liability per hedge category at 31 December 2013:

(€ x million)	Total amount	6 months or less	6 – 12 months
Fair value accounting – inflow	238.9	238.9	-
Fair value accounting – outflow	-235.5	-235.5	-
Net investment hedge accounting – inflow	98.7	98.7	-
Net investment hedge accounting – outflow	-99.4	-99.4	-
Cash flow hedge accounting – inflow	100.5	100.2	0.3
Cash flow hedge accounting – outflow	-101.8	-101.5	-0.3

Fair value of financial assets and liabilities

The financial assets and liabilities at fair value have been disclosed by the level of the following fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2);
- inputs for the asset or liability that are not based on observable market data (level 3).

The estimated fair value of financial assets and liabilities by the level of fair value hierarchy is as follows:

(€ x million)	31 December 2014	31 December 2013
Assets		
- Level 2		
Fair value foreign exchange derivatives	23.5	9.3
Fair value cross-currency interest rate derivatives	0.6	0.9
Fair value interest rate derivatives	1.0	1.6
Liabilities		
- Level 2		
Fair value interest-bearing borrowings (non-current)	-440.0	-383.1
Fair value interest-bearing borrowings (current)	-132.4	-141.7
Fair value foreign exchange derivatives	-4.1	-5.2
Fair value cross-currency interest rate derivatives	-0.4	-13.5
Fair value interest rate derivatives	-2.2	-3.2
- Level 3		
Trade and other payables (non-current)	-33.0	-21.3

During 2014 there were no transfers between level 1, level 2 and level 3.

Level 3 financial instruments include put/call arrangements which cannot be valued directly from quoted market prices or by using valuation techniques supported by observable market prices or other market data.

The following tables show the movements of the fair value measurements in Level 3 of the fair value hierarchy for financial assets and liabilities:

(€ x million)	2014	2013
Financial assets - level 3		
Balance at 1 January	**-**	**13.2**
Total gains and losses recognised in profit or loss (Net financing costs)	-	0.2
Disposals	-	-8.8
Other changes	-	-4.6
Balance at 31 December	**0.0**	**0.0**

(€ x million)	2014	2013
Financial liabilities - level 3		
Balance at 1 January	**-21.3**	**0.0**
Aquisitions through business combinations	-4.8	-20.7
Total gains and losses recognised in profit or loss (Net financing costs)	-3.5	-2.1
Effect of movement in foreign exchange results	-3.4	1.5
Balance at 31 December	**-33.0**	**-21.3**

Level 3 sensitivity information

The table below presents the level 3 financial instruments carried at fair value as at the balance sheet date for which fair value is measured using valuation techniques based on assumptions that are not supported by market-observable inputs. There may be uncertainty about a valuation, resulting from the choice of the valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market-observable, or as a result of other elements affecting the valuation technique or model.

The Group did perform a sensitivity analysis to assess the range of reasonably possible alternative assumptions that would have a significant impact (i.e. increase and decrease) on the fair value of non-current trade and other payables. In the case that the EBITDA multiples differ 1-5% from the current valuation, the fair value of the non-current trade and other payables would increase/decrease with a range between € 0.1 million and € 0.6 million.

(€ x million)	Valuation technique	Main assumptions	Carrying value
Level 3 financial liabilities			
Trade and other payables (non-current)	Discounted cash flows	EBITDA multiples	-33.0

Capital risk management

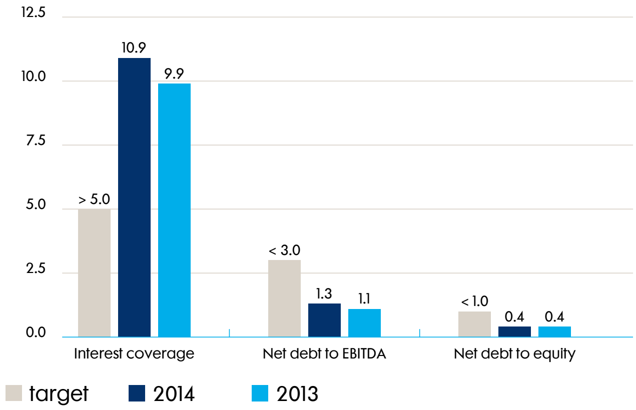
An optimal capital structure contributes to Nutreco's objective to create shareholder value as well as the objective to satisfy its capital providers. Nutreco maintains a conservative financial strategy targeting a net debt to equity ratio of approximately 1.0, a maximum net debt to EBITDA ratio of 3.0 and a minimum interest coverage ratio of 5.0. The capital structure, in relation to the mentioned targets, is reported monthly. The strategic targets are evaluated regularly taking Nutreco's business profile and the objectives of Nutreco's capital providers into account. The capital of Nutreco consists of issued and paid-up share capital, share premium, retained earnings and other reserves (translation and hedging).

The financial covenants of Nutreco's core financing facilities, being the syndicated loan and the private placements, are net senior debt compared to EBITDA of maximum 3.5 and EBITDA compared to net financing costs of at least 3.5 EBITDA with net financing costs calculated on a 12-month rolling basis. The interest rates of the syndicated loan facility are based on Euribor or Libor of the optional currency, whereas the interest margin is a function of the ratio of net senior debt to EBITDA.

During 2014, Nutreco remained well within the financial covenants agreed upon for both the syndicated loan and the private placements. As at 31 December 2014, the interest coverage ratio amounts to 10.9 (2013: 9.9), the net debt to EBITDA ratio amounts to 1.3 (2013: 1.1) and the net debt to equity ratio amounts to 0.4 (2013: 0.4).
As at 31 December 2014, Nutreco has a net debt position of € 414.8 million (2013: € 348.9 million).

Capital risk management ratios

(per 31 December)



These ratios have been calculated based on continuing and discontinued operations, before exceptional items.

Commodity risk management

Risks relating to derivative financial instruments

The Group uses raw materials that are subject to price volatility caused by weather, supply conditions, political and economic variables and other unpredictable factors.

As part of the Group's commodity risk management strategy, contracts have been concluded for the purchase of raw materials in line with the Nutreco Procurement Risk Management Policy.

28 Contingent assets and liabilities

At 31 December 2014, the total lease and rental commitments amount to € 189.7 million (2013: € 235.9 million).

The annual operating lease and rental commitments and contingencies are:

(€ x million)	31 December 2014	31 December 2013
Year 1	42.4	44.7
Year 2	38.5	40.8
Year 3	36.1	37.2
Year 4	35.8	35.4
Year 5	36.6	35.7
After five years	0.3	42.1
Total lease and rental commitments	**189.7**	**235.9**
Other contingencies		
Capital commitments	2.9	0.6
Guarantees	55.5	34.9

For certain operating lease and rental commitments guarantees have been issued in favour of its suppliers.

At 31 December 2014, a part of the total lease and rental commitments relates to a Skretting contract with a strategic fish feed transporter on outbound logistics and includes the extension option.

In the normal course of business, certain group companies issued guarantees totalling € 55.5 million (2013: € 34.9 million). Included are guarantees of € 12.4 million (2013: € 7.6 million) that are issued on behalf of Nutreco Insurance N.V., a 100% owned captive reinsurance company, in favour of its general and products liability insurer in relation to potentially incurred but not reported nor provided liability claims in the years 2014 and 2013.

Following the agreement of 2011, Trouw UK reconfirmed in October 2013 to make payments of £ 2.0 million per annum to the trustees of the UK pension scheme till 31 March 2021. The total amount is based on the valuation per 31 December 2012 and subsequent discussions with the trustees, in order to compensate for the funding shortfall as per 31 December 2012.

In 2012 Nutreco signed a contract to outsource IT services until 2017 with an option to extend by three years. The commitment is estimated at an amount of € 33.6 million (2013: € 39.9 million) at 31 December 2014, including the extension option.

Regarding the public offer from SHV, Nutreco has entered into customary undertakings not to actively solicit competing offers. Upon termination of the merger agreement as the result of a competing offer, Nutreco will forfeit a termination fee to SHV equal to € 25 million by way of compensation for loss of management time, opportunity costs and other costs and expenses SHV has already incurred and will continue to incur in connection with the (preparation of the) Offer. Nutreco shall pay SHV within two business days after the date of the written termination notice.

At 31 December 2014 Nutreco has no significant contingent assets that meet the disclosure requirements.

29 Related party transactions

Nutreco has a related party relationship with its subsidiaries, associates, equity investments, joint ventures, pension funds and key management. For an overview of Nutreco's participations, see page 201-203.

Transactions between related parties are subject to conditions that usually govern comparable sales and purchases with other parties. The details for related party transactions are as follows:

(€ x million)	2014	2013
Revenue to related parties	26.7	27.5
Amounts owed from related parties	2.9	4.9

The revenue and amounts owed from related parties are mainly related to associates in Canada. There were no significant changes during the year in the nature of the transactions.

Nutreco considers the members of the Supervisory Board and the Executive Board as key management (see Note 24). No loans, advances or guarantees have been provided to current or former members of the Supervisory Board and/or Executive Board.

Members of the Executive Board or their related parties, hold (board) positions in external companies giving them significant influence over the financial or operating policies of these companies. In 2014 and 2013, none of these companies had transactions with the Group.

30 Subsequent events

In addition to what was mentioned in Note 1 about the public offer of SHV, on 30 January 2015 SHV increased its recommended full public offer for Nutreco to € 45.25 (cum dividend) in cash per issued and outstanding ordinary share of Nutreco.

31 Notes to the consolidated cash flow statement

General

The consolidated cash flow statement is drawn up on the basis of a comparison of the financial positions as at 1 January and 31 December. Changes that do not involve cash flows, such as effects of movement in foreign exchange rates, revaluations and transfers to other balance sheet items, are eliminated. Changes in working capital due to the acquisition or sale of consolidated companies are included under investing activities.

Net cash from operating activities

Cash used for the payment of interest and income taxes reflects the actual amounts paid during the year.

Net cash used in investing activities

Cash used in the purchase of long-lived assets consists of the capital expenditures during the year.

Dividends paid

In 2014, € 32.0 million (2013: € 41.7 million) dividends were paid to the shareholders of Nutreco with ordinary shares.

Sundry

Most of the movements in the cash flow statement can be reconciled to the movement schedules for the balance sheet items concerned. For those balance sheet items for which no detailed movement schedule is included, the table below shows the relation between the changes according to the financial position and the changes according to the cash flow statement:

(€ x million)	Working capital [1]	Employee benefits	Provisions	Interest-bearing debt [2]
Balance at 31 December 2013	275.2	-57.8	-4.1	-481.2
Balance at 31 December 2014	300.8	-63.4	-2.9	-446.2
Balance sheet movement	**-25.6**	**5.6**	**-1.2**	**-35.0**
Adjustments				
Effect of movement in foreign exchange	7.9	-0.9	-	-35.5
Acquisition through business combinations	8.9	-1.9	-	-2.1
Reclassification	6.5	-	-2.5	-
Change in fair value of biological assets	-0.9	-	-	-
Other	-1.3	-4.8	-	-1.2
Change in cash flow	**-4.5**	**-2.0**	**-3.7**	**-73.8**

[1] Inventories, biological assets, trade and other receivables, and current trade and other payables.
[2] Non-current interest-bearing borrowings and current interest-bearing borrowings excluding bank overdrafts.

The adjustment 'Other' for Working capital mainly comprises changes in fair value of foreign exchange derivatives and other payables. The adjustment 'Other' for employee benefits mainly relates to the movement of the defined benefit plans reflected in Other Comprehensive Income.

The change in cash flow of interest-bearing debt of € -73.8 million (2013: € -23.8 million) can be split in € -100.3 million (2013: € -25.6 million) for repayment of borrowings and € 26.5 million (2013: € 1.8 million) for proceeds from borrowings.

The settlement of foreign exchange derivatives of € 15.2 million (2013: € 24.0 million) and € -4.6 million (2013: € 28.1 million) reflects the cash settlement of foreign exchange derivatives which are used for respectively hedging foreign exchange transaction risk and net investment hedging activities.

Company balance sheet

(€ x million)	Note	31 December 2014	31 December 2013
Assets			
Financial fixed assets	2	1,945.4	1,630.7
Total non-current assets		**1,945.4**	**1,630.7**
Deferred tax assets		5.3	3.7
Income tax receivables		-	3.4
Receivables from Group companies	3	378.1	385.7
Trade and other receivables		28.9	11.1
Cash and cash equivalents		-	75.2
Total current assets		**412.3**	**479.1**
Total assets		**2,357.7**	**2,109.8**
Equity			
Issued and paid-up share capital		8.4	8.4
Share premium		159.5	159.5
Treasury shares		-93.2	-49.5
Retained earnings		745.2	694.5
Undistributed result		152.0	150.2
Legal reserve		-11.7	-20.9
Total shareholders' equity	4	**960.2**	**942.2**
Liabilities			
Interest-bearing borrowings	5	408.5	353.7
Total non-current liabilities		**408.5**	**353.7**
Interest-bearing borrowings	5	1.5	94.9
Liabilities to Group companies	3	973.6	691.1
Income tax liabilities		2.1	-
Trade and other payables		11.8	27.9
Total current liabilities		**989.0**	**813.9**
Total liabilities		**1,397.5**	**1,167.6**
Total equity and liabilities		**2,357.7**	**2,109.8**

Company income statement

(€ x million)	Note	2014	2013
Net result from Group companies		143.5	152.4
Other net result	6	8.5	-2.2
Net result		**152.0**	**150.2**

Notes to the Company financial statements

1 Accounting policies for the Company financial statements

General

The Company financial statements are part of the 2014 consolidated financial statements of Nutreco N.V. With reference to the Company income statement of Nutreco N.V., use has been made of the exemption pursuant to section 402 of Book 2 of the Netherlands Civil Code.

Basis of preparation and measurement

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company financial statements, Nutreco N.V. makes use of the option provided in section 2:362 (8) of the Netherlands 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 Nutreco N.V. are the same as those applied for the consolidated IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the net asset value method. These consolidated IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as IFRS) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. Please see Note 1 of the consolidated financial statements for a description of these (changes in) principles.

The share in the results of participating interests consists of the share of Nutreco N.V. in the result of these participating interests. Results on transactions where the transfer of assets and liabilities between Nutreco N.V. and its participating interests and mutually between participating interests themselves are not incorporated insofar can be deemed to be unrealised.

2 Financial fixed assets

(€ x million)	2014	2013
Balance at 1 January	**1,630.7**	**1,215.6**
Net result from Group companies	143.5	152.4
Additions	171.2	262.7
Balance at 31 December	**1,945.4**	**1,630.7**

Additions mainly relate to inter-company loans granted in 2014. In 2013, intercompany-loans were transferred to Nutreco N.V. as part of the transfer of in-house bank activities from Nutreco Nederland B.V. to Nutreco N.V.

3 Receivables from/liabilities to Group companies

The receivables from Group companies and liabilities from Group companies have a maturity shorter than one year and relate to the in-house bank activities of Nutreco N.V. which were transferred from Nutreco Nederland B.V. in the course of 2013.

4 Shareholders' equity

Treasury shares

The shares held in treasury are accounted for as a reduction of the equity attributable to the equity holders.

The treasury shares are deducted from other reserves.

Legal reserve

The legal reserve consists of the following:

(€ x million)	31 December 2014	31 December 2013
Hedging reserve	-2.8	-3.7
Translation reserve	-56.3	-55.8
Participations	47.4	38.6
Total legal reserve	**-11.7**	**-20.9**

The legal reserve can not be used for dividend distribution.

5 Interest-bearing borrowings

Interest-bearing borrowings consist of the private placements and syndicated loans.
See Note 23 of the consolidated financial statements.

6 Other net results

Other net results mainly represent the interest expenses related to the interest-bearing borrowings and the interest income from subsidiaries and associates. Furthermore, it includes remuneration of the members of the Supervisory Board (see Note 24 of the consolidated financial statements).

7 Contingent assets and liabilities

Guarantees as defined in Book 2, section 403 of the Netherlands Civil Code have been given by Nutreco N.V. on behalf of several Group companies in the Netherlands and filed with the Chamber of Commerce in 's-Hertogenbosch. The liabilities of these companies to third parties and to investments in associates totalled € 106.3 million as at 31 December 2014 (2013: € 110.9 million).

Nutreco N.V. has guaranteed several obligations of its subsidiaries and providers of credit facilities.
Nutreco N.V. is the parent company of the fiscal unity for both corporate income taxes and value-added taxes. The Company is therefore jointly and severally liable for the debts of these taxes of the subsidiaries belonging to the fiscal unity.

8 Average number of employees

The Company employed 2 employees in 2014 (2013: nil).

9 Other disclosures

Audit fees

For a summary of audit fees, please see Note 9 of the consolidated financial statements.

Participations

For an overview of participations please see page 201-203.

10 Subsequent events

In addition to what was mentioned in Note 1 of the consolidated financial statements about the public offer of SHV, on 30 January 2015 SHV increased its recommended full public offer for Nutreco to € 45.25 (cum dividend) in cash per issued and outstanding ordinary share of Nutreco.

Amersfoort, 4 February 2015

The Supervisory Board
The Executive Board

Other information

Profit appropriation

Distribution of net profit is stipulated in the Company's Articles of Association, articles 29 and 30.

Nutreco may distribute profits only if, and to the extent that, its shareholders' equity is greater than the sum of the paid and called-up part of the issued capital and the reserves which must be maintained by virtue of the law. Any distribution other than an interim dividend may be made only after adoption of the consolidated financial statements that show that they are justified.

Cumulative preference shares 'D' and 'E' (none of which have been issued) carry special rights in respect of the distribution of the net profit.

Of the profit remaining after payment to holders of preference shares, such amount will be allocated to the reserves as the Executive Board shall decide, subject to the approval of the Supervisory Board and subject to the adoption of the annual accounts at the Annual General Meeting of Shareholders. The profit remaining shall be at the disposal of the General Meeting of Shareholders.

The General Meeting of Shareholders shall be authorised to resolve, at the proposal of the Executive Board subject to the approval of the Supervisory Board, to make distributions to shareholders from the general reserves. The Executive Board, subject to the approval of the Supervisory Board, may resolve to declare interim dividends on the other classes of shares.

Subject to the approval of the Supervisory Board and after appointment of the General Meeting of Shareholders, the Executive Board shall be authorised to determine that a profit distribution, in whole or in part, shall be made in the form of shares in the capital of the Company rather than cash, or that the shareholders, wholly or partly, shall have the choice between distribution in cash or in the form of shares in the capital of the Company. The Executive Board, subject to the approval of the Supervisory Board, shall determine the conditions on which such a choice may be made. If the Executive Board is not appointed as the authorised body to resolve to issue such shares, the General Meeting of Shareholders will have the authority as mentioned before on the proposal of the Executive Board and subject to the approval of the Supervisory Board.

Dividends are payable as from a date to be determined by the Supervisory Board. Dividends that have not been collected within five years of the start of the second day on which they became due and payable shall revert to the Company.

Dividend policy

The dividend policy of Nutreco on additions to reserves and on dividends was discussed and adopted by the Annual General Meeting of Shareholders held in May 2006. In that meeting, the General Meeting of Shareholders approved the proposal to change the dividend policy by increasing the payout ratio from a range of 30-35% to 35-45% of the net profit for the year attributable to holders of ordinary shares, excluding impairment charges and book results on disposed activities. The dividend will be distributed in cash or as a stock dividend at the shareholder's option.

No change in dividend policy has occurred since that date. Proposals to pay a dividend are dealt with as a separate agenda item at the General Meeting of Shareholders.

Dividends

On 22 April 2014, the Company delivered 803,874 shares as a final stock dividend over the year 2013. The cash dividend was paid out on the same date and amounted to € 22.4 million (2013: € 30.3 million).

On 18 August 2014, the Company paid out a cash interim dividend over the year 2014 of € 9.6 million (2013: € 11.4 million), which is € 0.30 per ordinary share (2013: € 0.30) and 393,958 shares have been delivered as an interim stock dividend.

Proposal profit appropriation 2014

The Annual General Meeting will be held on 26 March 2015 and a total dividend of € 1.05 (2013: € 1.00) per share for the 2014 financial year will be recommended. This represents a payout of 45% (2013: 45%) of the total result, excluding impairment and the book result on disposed activities, attributable to holders of ordinary shares of Nutreco between 1 January 2014 and 31 December 2014. In August 2014, Nutreco distributed an interim dividend of € 0.30 (2013: € 0.30) per ordinary share. Following the adoption of the dividend proposal, shareholders will receive the final dividend of of € 0.75 per ordinary share in cash. The cash dividend will be made payable to shareholders on 2 April 2015.

Cumulative preference (antitakeover construction) 'D' shares

The objective of the 'Stichting Continuïteit Nutreco' (Foundation), established in 1997, is to care for and protect the interests and continuity of the Company, its enterprise(s) connected therewith and all of those involved by, amongst other things, preventing as much as possible influences which would threaten the continuity, independence and identity of the Company in a manner contrary to such interests.
A call-option agreement has been entered into between the Foundation and Nutreco N.V., which enables the Foundation to acquire Nutreco preference shares 'D' up to a maximum equal to the number of outstanding shares issued at the date in question. In the case of a (gradual) acquisition of or an offer by a third party for the Nutreco shares, the Foundation may exercise the call option only in case such build-up of shares or offer has not received the support of the Executive Board and the Supervisory Board of Nutreco N.V.

At balance sheet date, the Board of the Foundation consisted of the following members:

- Mr J.G. van der Werf (chairman)
- Mr A.A.M. Deterink
- Mr C.J.A. van den Boogert
- Prof J.B. Huizink

The Executive Board of Nutreco and the Board of the Foundation are both of the opinion that, regarding the independence of management, there is full compliance with the requirements stipulated in article 5:71c of the Dutch Act on Financial Supervision (Wet op het Financieel Toezicht) and section 2:118a par. 3 of the Dutch Civil Code.

Cumulative preference (financing) 'E' shares

The Articles of Association incorporate the possibility to issue cumulative preference shares 'E' for financing purposes. The authorisation to issue cumulative preference shares 'E' is dependent on a specific authorisation that will be submitted to the approval of the General Meeting of Shareholders when the need arises to issue shares of this class.

Issuance of shares and pre-emptive rights

Shares may be issued following a resolution by the General Meeting of Shareholders with the approval of the Supervisory Board. The General Meeting of Shareholders may designate the Executive Board as the authorized body to resolve to issue shares, for a period of time not exceeding five years. Upon the issuance of new ordinary shares, holders of Nutreco's ordinary shares have a pre-emptive right to subscribe to ordinary shares in proportion to the total amount of their existing holdings of Nutreco' s ordinary shares. This pre-emptive right does not apply to any issuance of shares to employees of Nutreco or a group company of Nutreco. The General Meeting of Shareholders may decide to restrict or exclude pre-emptive rights and may also resolve to designate the Executive Board as the corporate body authorised to restrict or exclude pre-emptive rights for a period not exceeding five years.

The General Meeting of Shareholders of 27 March 2014 approved a designation of the Executive Board, to resolve the issuance and/or granting of rights to acquire common shares up to a maximum of 10% (and 20% in case of mergers, acquisitions or strategic partnerships) of the issued common shares for a period of 18 months, starting on April 1, 2014 subject to the approval of the Supervisory Board. In the same meeting, the Executive Board, subject to approval of the Supervisory Board, was designated the authority to restrict or exclude the pre-emptive rights of holders of ordinary shares upon the issuance of ordinary shares and/or upon the granting of rights to subscribe for ordinary shares for a period of 18 months, starting on April 1, 2014.

Repurchase of shares

Nutreco may acquire fully paid up shares of any class in its capital for a consideration only following authorisation by the General Meeting of Shareholders and subject to certain provisions of Dutch law and the Company's Articles of Association, if shareholders' equity minus the payment required to make the acquisition is not less than the sum of paid-in and called-up capital and any reserves required by Dutch law or Nutreco's Articles of Association.
The Executive Board has been authorised for a period of 18 months, starting 1 April 2014 to acquire ordinary shares in the Company up to a maximum of 10% of the issued share capital, subject to the approval of the Supervisory Board. Such acquisition of shares, at the stock exchange or otherwise, will take place at a price between the nominal value and 110% of the average price of the shares on NYSE Euronext Amsterdam during the five trading days prior to the acquisition as published in the Officiële Prijscourant of NYSE Euronext Amsterdam.

The authorisation to acquire shares provides Nutreco with the required flexibility to fulfil its obligations deriving from employee-related share plans, (interim) stock dividend or for other purposes. The Company has the right to re-issue these shares at a later date.

Legal transparency obligations (Article 10 of the Takeover Directive)

Most of the information that needs to be disclosed under Article 10 Takeover Directive Decree 2004/25/EC, and section 391 sub-sections 5, book 2 of the Dutch Civil Code is available in various sections of the annual report. Nutreco N.V. wishes to include the following explanatory notes:

- The Articles of Association do not provide for any limitation of the transferability of the (registered) ordinary shares. The transfer of cumulative preference shares 'D' and 'E' is subject to the approval of the Executive Board in accordance with the provisions of Article 13 of the Articles of Association.
- No agreement has been concluded with any shareholder that could give rise to any limitation of shares or any limitation of the voting rights.

- No agreements have been made with any Executive Board member and/or employee providing for a payment in the event of termination of employment following a public takeover bid.
- Nutreco N.V. has financial agreements, such as its syndicated loan facility and its US Private Placement Note Purchase Agreements, that have change of control clauses due to which they can be altered or terminated on condition of a change in control of the Company after a public takeover bid has been made.
- Nutreco Nederland B.V. and Nutritional Ingredients B.V., both subsidiaries of Nutreco N.V., have a raw materials purchase agreement with DSM Nutritional Products AG, which can be terminated in the case of a change of ownership of the Company.

Appointment of the external auditor

At the Annual General Meeting held on 27 March 2014, KPMG Accountants N.V. was appointed as the Company's external auditor for a period expiring at the closure of the financial year 2015. Based on the new Dutch Auditor's Law (Wet op het accountantsberoep) that will take effect on 1 January 2016, and which introduces mandatory rotation of the audit firm every eight years, and since KPMG has been the Company's auditor since 1994, during 2014 the Company initiated and completed a selection process to nominate another external registered audit firm. The proposal for appointment of an external audit firm succeeding KPMG as from the financial year 2016 will be made to the General Meeting in March 2015.

Ten years of Nutreco income statement [1]

(€ x million)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenue	5,253	3,867	5,229	4,721	4,940	4,512	4,943	4,021	3,009	3,002
Raw materials	4,136	3,085	4,133	3,705	3,907	3,567	3,976	3,153	2,286	2,185
Gross margin	**1,118**	**782**	**1,096**	**1,016**	**1,033**	**945**	**967**	**868**	**723**	**817**
Personnel costs	488	338	481	457	487	442	428	368	308	381
Depreciation of property, plant and equipment	61	42	58	54	56	53	51	42	40	57
Other operating expenses	319	193	308	296	291	280	305	303	260	248
Total operating expenses	**868**	**573**	**847**	**807**	**834**	**775**	**784**	**713**	**608**	**686**
Operating result before amortisation (EBITA)	250	209	249	209	199	170	183	155	115	131
Amortisation expenses	14	14	14	13	13	12	11	6	2	3
Amortisation of goodwill	-	-	-	-	-	-	-	-	-	7
Operating result (EBIT)	**236**	**195**	**235**	**196**	**186**	**158**	**172**	**149**	**113**	**121**
Net financing costs	-30	-29	-26	-27	-36	-32	-31	-10	8	-17
Share in results of associates and other investments	1	4	3	3	2	1	2	1	-	48
Result before tax	**207**	**170**	**212**	**172**	**152**	**127**	**143**	**140**	**121**	**152**
Taxation	-53	-42	-54	-45	-39	-35	-37	-26	-16	-11
Result after tax	**154**	**128**	**158**	**127**	**113**	**92**	**106**	**114**	**105**	**141**
Result after tax from discontinued operations	-	23	19	5	-	-	11	7	415	-4
Total result for the period	**154**	**151**	**178**	**132**	**113**	**92**	**117**	**121**	**520**	**137**
Non-controlling interest	2	1	1	1	2	3	2	2	1	3
Result for the period attributable to owners of Nutreco	**152**	**150**	**177**	**131**	**111**	**89**	**115**	**119**	**519**	**134**
Number of employees in FTE as at year-end	11,005	7,307	9,654	9,565	9,913	9,690	9,278	9,090	7,919	6,993
Operating result (EBITA) as a % of revenue	5.1%[2]	5.6%	4.8%	4.4%	4.0%	3.8%	3.7%	3.8%	3.8%	4.3%
Turnover rate of weighted average capital employed [3]	3.9	3.2	4.4	4.4	5.0	4.5	5.0	5.2	3.6	2.8
Return (EBITA) on weighted average capital employed	20% [2]	18%[2]	21%	19%	20%	17%	19%	20%	14%	11%
Interest cover	10.9	9.9	11.8	9.6	7.1	7.0	7.5	19.5	-19.4	10.8
Dividend (€ x million)	70	69	71	63	52	46	49	56	359	52
Dividend per share	1.05	1.00 [4]	2.05	1.80	1.50	1.32	1.43	1.64	1.60	1.52

1 Initially reported figures
2 EBITA excluding exceptional items
3 Revenue divided by average capital employed
4 Based on shares after share split (1:2) on 2 May 2013.

Ten years of Nutreco balance sheet [1]

(€ x million)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Property, plant and equipment	649	500	640	583	565	517	478	429	281	287
Intangible assets	507	429	408	361	347	310	286	319	91	84
Financial non-current assets	96	84	96	100	88	90	77	95	82	553
Non-current assets	**1,252**	**1,013**	**1,144**	**1,044**	**1,000**	**917**	**841**	**843**	**454**	**924**
Inventories/biological assets	557	290	535	437	437	356	385	342	235	204
Financial current assets	-	-	-	-	-	-	-	-	-	156
Trade and other receivables	862	712	869	751	685	620	734	600	531	416
Cash and cash equivalents	136	147	263	177	231	233	228	208	579	90
Assets held for sale	-	462	7	140	11	-	-	-	-	-
Current assets	**1,555**	**1,611**	**1,674**	**1,505**	**1,364**	**1,209**	**1,347**	**1,150**	**1,345**	**866**
Total assets	**2,807**	**2,624**	**2,818**	**2,549**	**2,364**	**2,126**	**2,188**	**1,993**	**1,799**	**1,790**
Equity attributable to the owners of Nutreco	960	942	972	875	810	730	655	643	744	698
Non-controlling interest	23	20	9	8	10	11	11	8	6	13
Total equity	**983**	**962**	**981**	**883**	**820**	**741**	**666**	**651**	**750**	**711**
Interest-bearing borrowings	419	360	481	370	282	414	467	410	250	280
Provisions / employee benefits	22	30	14	14	11	15	14	25	37	29
Other non-current liabilities	74	50	27	31	25	15	12	19	2	10
Non-current liabilities	**515**	**440**	**522**	**415**	**318**	**444**	**493**	**454**	**289**	**319**
Current interest-bearing borrowings	132	139	43	58	156	42	128	87	92	166
Current portion of provisions / employee benefits	44	26	43	42	49	57	37	45	31	22
Other current liabilities	1,133	740	1,229	1,074	1,021	842	864	756	637	572
Liabilities held for sale	-	317	-	77	-	-	-	-	-	-
Current liabilities	**1,309**	**1,222**	**1,315**	**1,251**	**1,226**	**941**	**1,029**	**888**	**760**	**760**
Total equity & liabilities	**2,807**	**2,624**	**2,818**	**2,549**	**2,364**	**2,126**	**2,188**	**1,993**	**1,799**	**1,790**
Capital employed[2]	1,398	1,314	1,242	1,134	1,027	964	1,033	984	552	1,106
Net debt[3]	415	349	261	251	207	223	367	290	-237	356
Current assets divided by non-interest-bearing debt	1.29	1.46	1.33	1.27	1.29	1.41	1.54	1.49	2.01	1.49
Solvency ratio (equity of the parent divided by total assets)	34%	36%	35%	34%	34%	34%	30%	32%	41%	39%
Net debt[3] divided by equity of the parent	42%	37%	27%	29%	26%	31%	56%	45%	-27%	51%

1 Initially reported figures
2 Total assets less cash and cash equivalents and non-interest-bearing liabilities, except dividends payable
3 Non-current interest-bearing borrowings and current interest-bearing borrowings less cash and cash equivalents for continuing and discontinued operations

Other information

Independent auditor's report

To: The General meeting of Shareholders of Nutreco N.V.

Report on the audit of the financial statements 2014

Our opinion

We have audited the accompanying financial statements 2014 of Nutreco N.V. (the Company), based in Boxmeer. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the consolidated financial statements as set out on pages 93-184 give a true and fair view of the financial position of Nutreco N.V. as at 31 December 2014, its result and its cash flows for 2014 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code.
- the company financial statements as set out on pages 185-188 give a true and fair view of the financial position of Nutreco N.V. as at 31 December 2014 and of its results for 2014 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2014;
- the following consolidated statements for 2014 of: comprehensive income, consolidated statement of changes in equity and cash flows; and
- the notes comprising a summary of the accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2014;
- the company profit and loss account for 2014; and
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Nutreco N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Misstatements can arise from fraud or errors and will be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 12 million, with reference to a benchmark of consolidated result before tax and exceptional items and amounts to 5% for 2014. We consider the benchmark of consolidated result before tax and exceptional items to be the most relevant benchmark given the nature and business of the Company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Audits of group entities (components) were performed using materiality levels determined by the judgment of the Group audit team, having regard to the materiality for the consolidated financial statements as a whole and the reporting structure within the group. Component materiality did not exceed EUR 6 million and is typically based on local statutory materiality levels.

We agreed with the Supervisory Board that misstatements in excess of EUR 600,000, 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

Nutreco N.V. is the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Nutreco N.V.

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 components. Decisive were the size and/or risk profile of the components or operations. On this basis, we selected components for which an audit or review had to be carried out on the complete set of financial statements or specific items.

Based on these scoping criteria, we selected 43 components, covering 19 countries. This resulted in a coverage of 88% of total Group revenue, 88% of total Group assets. The remaining 12% of total Group revenue and 12% of total Group assets results from a number of components, none of which individually represented more than 1% of total Group revenue or total Group assets. For these remaining components, where considered necessary, we performed analytical procedures to corroborate our assessment that there are no significant risks of material misstatement. Furthermore, additional procedures were performed on significant risk areas by the Group audit team.

The Group audit team sent detailed instructions to all component auditors, covering the significant areas that should be covered (which included the relevant risks of material misstatement) and set out the information required to be reported back to the Group audit team. The Group audit team visited component locations in Norway, Spain, Russia, Ecuador and the Netherlands. Telephone meetings were also held with the auditors of these components and part of the other in-scope components that were not physically visited. At these visits and meetings, the planning, risk assessment, procedures performed, findings and observations reported to the Group audit team were, where considered necessary, reviewed and discussed in more detail, and any further work deemed necessary by the Group audit team was then performed by the component auditor.

By implementing 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 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.

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Sensitivities with respect to the valuation of goodwill

Goodwill represents 10% of the total of the consolidated statement of financial position and 29% of total equity of the Company. Management's annual impairment test was significant to our audit because the assessment process is complex and judgmental. Nutreco's goodwill is allocated to groups of cash generating units (CGU's) in all parts of the world. In 2014 the composition of CGU's was changed. The Company used assumptions in respect of future market and economic conditions such as the forecasted animal and fish feed growth in tonnes. For our audit we evaluated and tested the assumptions, methodologies, CGU determination, the Weighted Average Cost of Capital and data used by the Company, for example by comparing them to external data and by analysing sensitivities. We assessed that the revised CGU structure is aligned with the new organisational structure. We included in our team a valuation expert to assist us with these procedures. We specifically focused on the sensitivity in the available headroom of the CGU's, where a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount. We also assessed the historical accuracy of management's estimates.
We evaluated the adequacy of the Company's disclosures included in Note 14 about those assumptions to which the outcome of the impairment test is most sensitive.

Estimates with respect to the valuation of trade receivables

Trade receivables balances were significant to the Company as these represent approximately 27% of the total of the consolidated statement of financial position of the Company. Assessing the trade receivables impairment requires judgment due to the specific risks. Component auditors were involved in the audit of trade receivables. They were instructed to evaluate the reasonableness of the impairments recognised taking into account the local facts and circumstances. We challenged the assumptions used to calculate the trade receivables impairment amount, notably through detailed analyses of aging of receivables and assessing specific local risks. Furthermore, we focused on the adequacy of the Company's disclosures about the trade receivable impairment and the related risks such as credit risk, liquidity risk and the aging of trade receivable in Note 20 and 27 of the financial statements.

Purchase price allocations of acquisitions in Brazil in 2014 involve significant judgment of management

Estimating the fair value of intangible assets of the acquisitions in Brazil of EUR 50.7 million at the date of obtaining control involves the use of complex valuation techniques and the estimation of future cash flows over a considerable period of time. On 1 December 2014 the Company acquired a 100% stake in Fatec Indústria de Nutrição e Saúde Animal Ltda (Fatec) and BRNOVA Sistemas Nutriconais S.A. (BRNOVA) in Brazil for a total consideration of respectively EUR 36.4 million and EUR 18.3 million. Valuing the intangible assets was significant to our audit. The Company performed the purchase price allocation internally. We engaged a KPMG specialist as part of the audit team to confirm the reasonableness of management's valuation methodologies and assumptions, using source data and market data. Furthermore, we evaluated the sensitivity of management's estimates and assumptions used in the purchase price allocation and evaluated the adequacy of the related disclosures in Note 6. We note that the purchase price allocation is provisional with potential further refinements to be recorded in 2015.

SHV cash offer on the outstanding shares

On 20 October 2014, SHV Holdings N.V. ("SHV") and Nutreco announced a public offer on the shares of Nutreco. On 5 December 2014 an Offer Memorandum was issued which included a public share offer of EUR 44.50. On 30 January 2015, the public share offer was increased to EUR 45.25. The pulic share offer primarily had an effect on the disclosures in the financial statements. Management assessed the impact on the financial statements.

Our procedures focused on the Offer Memorandum, challenging managements representations and evaluating the adequacy of the disclosures made in the financial statements. Refer to Note 1, 23, 28 and 30.

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Netherlands Civil Code and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern 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.

We have exercised professional judgement and have maintained professional scepticism 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 errors or fraud, 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 errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  1) 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.
  2) We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Report on other legal and regulatory requirements

Report on the management board report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the management board report and other information):

- We have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed.
- Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Engagement

We were appointed before 2008 for the first time as auditor of Nutreco N.V. and operated as auditor since then. We have been re-appointed by the General Meeting of Shareholders on 27 March 2014 as auditor of Nutreco N.V. for the year 2015.

Amstelveen, 4 February 2015

KPMG Accountants N.V.
R.P. Kreukniet RA

Independent auditor's assurance report

To the Readers of the Nutreco Integrated Report 2014

Our opinion

We have audited the Sustainability Chapter in the Nutreco Integrated Report 2014 (further 'the Sustainability Chapter') of Nutreco N.V. (further 'Nutreco').

In our opinion, the information in the Sustainability Chapter is presented, in all material respects, in accordance with the Sustainability Reporting Guidelines G3 of the Global Reporting Initiative supported by internally developed guidelines as described in 'About these Sustainability pages'.

Basis for our opinion

We conducted our reasonable assurance engagement in accordance with the Dutch Standard 3810N: "Assurance engagements relating to sustainability reports". We do not provide any assurance on the achievability of the objectives, targets and expectations of Nutreco. Our responsibilities under Standard 3810N and procedures performed have been further specified in the paragraph titled "Our responsibility for the audit of the Sustainability Chapter.

We are independent of Nutreco in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence requirements in The Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key assurance matters

Key assurance matters are those matters that, in our professional judgment, were of most significance in our assurance approach for the Sustainability Chapter. We have communicated the key assurance matters to Nutreco's management. The key assurance matters are not a comprehensive reflection of all matters discussed. These assurance matters were addressed in the context of our audit on the Sustainability Chapter as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Judgment in assessing the completeness of the material aspects

To ensure that the stakeholders of Nutreco can base their decisions on the information provided, the information in the Sustainability Chapter should be a comprehensive reflection of Nutreco's policies, activities and achieved results in all material aspects. Material aspects are defined as aspects of which the omission can have a substantial impact on the decisions of stakeholders.

This area was significant to our assurance as the assessment of material aspects is inherently subject to judgment and qualitative evaluation. Also identifying material aspects is a low-frequent process which increases the risk of omissions.

To assess whether the Sustainability Chapter contains all material aspects we analysed Nutreco's process to determine material aspects, taking into account Nutreco's strategy and operating environment. We discussed the process and the results with Nutreco. To identify any topics that could potentially be material for Nutreco to report upon we conducted a media search and an analysis of comparable companies' reports and compared the results with the material aspects identified by Nutreco.

Balance in results presented

To ensure that the stakeholders of Nutreco can obtain a fair picture on progress made in the reporting period, the information in the Sustainability Chapter should be sufficiently balanced. In this respect we considered amongst others how Nutreco strategically approaches the areas related to the objectives set, how progress for these objectives is measured and whether the presentation of the results is sufficiently balanced. The latter relates to the level of detail provided, quantitative information as available and sharing of achievements alongside dilemmas.

This area was significant to our assurance as in general there could be a tendency to favor achievements over challenges, while a report should contain a balanced representation of the sustainability performance.

Amongst others we therefore evaluated Nutreco's data collection and reporting process in terms of comprehensiveness with regards to including achieved as well as challenging aspects. Furthermore we interviewed staff and management involved in the topics reported on achievements as well as challenges encountered and inspected underlying documentation for selected claims.

Responsibilities of the Executive Board for the Sustainability Chapter

The Executive Board is responsible for the preparation and fair presentation of the Sustainability Chapter in accordance with the Sustainability Reporting Guidelines G3 of the Global Reporting Initiative supported by internally developed guidelines as described in 'About these Sustainability pages'. It is important to view the information in the Sustainability Chapter in the context of these criteria.

Our responsibility for the audit of the Sustainability Chapter

Our objective is to plan and perform the reasonable assurance assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion. Our assurance engagement has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

The following procedures were performed:

- A risk analysis, including a media search, to identify relevant sustainability issues for Nutreco in the reporting period
- Evaluating the design and implementation, and testing the operating effectiveness, of the systems and processes for collecting and processing the qualitative and quantitative information in the Sustainability Chapter
- Evaluating internal and external documentation, based on sampling, to determine whether the information in the Sustainability Chapter is supported by sufficient evidence

During the assurance process we discussed the necessary changes to the reported information and reviewed the final version of the Sustainability Chapter to ensure that it reflects our findings.

Amsterdam, 4 February 2015

KPMG Sustainability,
Part of KPMG Advisory N.V.

W.J. Bartels RA, Partner

Participations of Nutreco

(100% unless mentioned otherwise)

Animal Nutrition

Belgium
- Nutreco Belgium N.V. | Ghent

Brazil
- Fatec Indústria de Nutrição e Saúde Animal Ltda | São Paulo
- BRNova Sistemas Nutricionais S.A. | Hortolândia
- Nutreco Brasil Nutriçao Animal Ltda | São Paulo

Canada
- 138324 Canada Ltée | Upton
- 2542-1462 Quebec Inc. | St-Jean sur Richelieu
- 2969-1821 Quebec Inc. | St-Felix de Valois
- 6804373 Canada Inc. | Montreal
- Agriplacement J2M Inc. | Upton
- Couvoir Scott Ltée | Scott Junction | 50%[2]
- Ferme Baril de St.-Félix Inc. | St-Felix de Valois
- Ferme Berthier Inc. | Berthier
- Ferme Gaston Inc. | St-Felix de Valois
- Ferme Léo Henault Inc. | St-Felix de Valois
- Gène-Alliance Inc. | Yamachiche | 40%[2]
- Isoporc Inc. | St-Hugues | 16.67%[3]
- Lactech Inc. | Lévis, Quebec | 50%[2]
- Lactech L.P. | Lévis, Quebec | 32.95%[2]
- Les Produits Agricoles Norelco Inc. | Upton
- Newtech Feed Inc. | Montréal | 54.95%[1]
- Newtech Feed L.P. | Saint Hyacinthe | 54.95%[1]
- Nieuwland Feed & Supply Limited | Drayton | 40%[2]
- Poirier Berard Ltée | St-Felix de Valois
- Shur-Gain Holding Inc. | Toronto
- Willie Dorais Inc. | Upton
- Yantzi's Feed & Seed Ltd. | Tavistock | 40%[2]

Czech Republic
- Trouw Nutrition Biofaktory, s.r.o. | Prague

Germany
- Sloten GmbH | Diepholz
- Trouw Nutrition Deutschland GmbH | Burgheim

Greece
- Trouw Nutrition Hellas S.A. | Athens

Guatemala
- Trouw Nutrition Export S.A. | Guatemala City
- Trouw Nutrition Guatemala S.A. | Guatemala City

Hungary
- Trouw Nutrition Környe Kft. | Környe

India
- Hifeed India Pvt. Ltd. | Chennai

Indonesia
- PT Trouw Nutrition Indonesia | Jakarta

Italy
- Nutreco Italy S.p.A. | Mozzecane

Mexico
- Nutreco México S.A. de C.V. | Zapopan, Jalisco
- Trouw Nutrition México S.A. de C.V. | Zapopan, Jalisco

Netherlands
- DutchFeed Holding B.V. | Amsterdam | 33.33%[2]
- Hifeed Russia B.V. | Boxmeer
- Nutreco Procurement B.V. | Boxmeer
- Selko B.V. | Goirle
- Sloten B.V. | Deventer
- Trouw Nutrition Hifeed B.V. | Boxmeer
- Trouw Nutrition International B.V. | Boxmeer
- Trouw Nutrition Nederland B.V. | Putten
- Trouw Nutrition Russia B.V. | Boxmeer

Paraguay
- Trademan Latinoamerica S.A. | Assunción

Poland
- Trouw Nutrition Polska Sp. Z o.o. | Grodzisk Mazowiecki

People's Republic of China
- Beijing Dejia Honesty Livestock Import & Export Co. Ltd. | Beijing | 20%[2]
- Taigao Nutrition Technology (Beijing) Co. Ltd. | Beijing
- Taigao Nutrition Technology (Hunan) Co. Ltd. | Xiangtan
- Trouw Nutrition Technology (Beijing) Co. Ltd. | Beijing

Romania
- Hifeed Romania Srl | Bucharest

Russian Federation
- Techkorm LLC | Moscow
- Trouw Nutrition C.I.S. | Moscow (in liquidation)
- Trouw Nutrition Voronezh LLC | Belgorod

Slovak Republic
- Trouw Nutrition Slovakia, s.r.o. | Bratislava

Spain
- Trouwfarma S.A. | Madrid
- Trouw Nutrition España S.A. | Madrid

[1] Fully consolidated.
[2] Investment in associates (see Note 15).
[3] Other investments (see Note 16).

Fish Feed

Turkey
- Trouw Nutrition TR Gida Tarim Hayvancilik Sanayi Ve Ticaret A.S. | Ankara

Ukraine
- Trouw Nutrition UKR LLC | Kiev

United Kingdom
- Frank Wright Ltd. | Ashbourne

United States of America
- Trouw Nutrition USA LLC | Highland, Illinois

Venezuela
- Nanta de Venezuela C.A. | Aragua | 50%[2]

Australia
- Gibson's Ltd. | Launceston, Tasmania
- Tassal Ltd. | Hobart, Tasmania | 11.27%[3] (in liquidation)

Canada
- Skretting Canada Inc. | Toronto

Chile
- Comercializadora Nutreco Chile Ltda. | Santiago
- Inversiones Nutreco Limitada | Santiago
- Nutreco Chile Participations SpA | Santiago
- Portuaria Pargua Ltda. | Santiago

Ecuador
- Gisis S.A. | Duran | 75%[1]

Egypt
- Skretting Egypt for Animal Nutrition (Skretting Egypt) S.A.E. | Cairo

France
- Trouw France S.A.S. | Vervins

Honduras
- Aquafeed, S.A. de C.V. | San Francisco de Yojoa | 60%[2]
- Productos Mixtos, S.A. de C.V. | San Pedro Sula | 75%[1]

Hong Kong
- Nutreco Asia Co. Ltd. | Hong Kong

Ireland
- Trouw Aquaculture Limited | Roman Island, Westport

Italy
- SC Italia S.p.A. | Mozzecane (VR)
- Skretting Italia S.p.A. | Mozzecane (VR)

Japan
- Skretting Co. Ltd. | Fukuoka

Nigeria
- Skretting Nigeria Ltd. | Lagos

Norway
- Centre for Aquaculture Competence A/S | Stavanger | 33%[2]
- Gastronomisk Institutt A/S | 1%[3]
- Norwegian Cargosurvey A/S | Oslo | 12%[3]
- Skretting Aquaculture Research Centre A/S | Stavanger
- Skretting A/S | Stavanger
- Skretting Eiendom A/S | Stavanger
- Skretting Investment A/S | Stavanger
- Skretting Russia A/S | Stavanger

Netherlands
- Skretting Nigeria Holding B.V. | Boxmeer | 60%[1]

People's Republic of China
- Skretting China Co. Ltd. | Shanghai
- Zhuhai Shihai Feed Co., Ltd. | Doumen Town

Spain
- Skretting España S.A. | Burgos

Sweden
- Skretting AB | Stockholm

Turkey
- Skretting Yem Uretim Anonim Sirketi | Bodrum

United Kingdom
- Trouw (UK) Limited | Wincham, Northwich

United States of America
- Moore-Clark USA Inc. | Seattle, Washington
- Nelson and Sons, Inc. | Utah
- ENS LLC Partnership | Utah | 33%[2]

Vietnam
- Nutreco International (Vietnam) Co. Ltd. | Ho Chi Minh City

[1] Fully consolidated.
[2] Investment in associates (see Note 15).
[3] Other investments (see Note 16).

Compound Feed & Meat Iberia

Portugal
- Alimentação Animal Nanta, S.A. | Marco de Canaveses
- Nutreco Portugal SGPS, Lda. | Marco de Canaveses
- Sada Portugal, Lda | Rio de Galinhas

Spain
- Agrovic Alimentación, S.A. | Madrid
- Alimentación Animal Nanta, S.L. | Madrid
- Aragonesa de Piensos, S.A. | Utebo (Zaragoza) | 23.98%[3])
- Comore Directorship S.L. | Madrid
- Grupo Sada p.a. S.A. | Madrid
- Inga Food S.A. | Madrid
- Nanta S.A. | Madrid
- Nutreco España S.A. | Madrid
- Nutreco Servicios S.A. | Madrid
- Piensos Nanfor S.A. | La Coruña | 50%[1]
- Piensos Nanpro S.A. | Segovia | 50%[1]
- Sada p.a. Andalucia, S.A. | Alcalá de Guadaira
- Sada p.a. Canarias S.A. | Santa Cruz de Tenerife
- Sada p.a. Castilla-Galicia, S.A. | Valladolid
- Sada p.a. Catalunya S.A. | Lleida
- Sada p.a. Producciones Ganaderas S.A. | Madrid
- Sada p.a. Tenerife S.A. | Santa Cruz de Tenerife
- Sada p.a. Valencia, S.A. | Sueca
- Sada Portugal, Lda | Rio de Galinhas
- Sociedad Comercializadora de Aves, S.L. | Madrid | 34.96%[3]

Corporate

Belgium
- Hendrix N.V. | Ghent
- Nutreco Feed Belgium N.V. | Ingelmunster
- Nutreco Capital N.V. | Ghent

Canada
- Nutreco Canada Inc. | Guelph

Curaçao
- Nutreco Insurance N.V. | Willemstad

France
- Nutreco France S.A.S. | Vervins

Germany
- Nutreco Deutschland GmbH | Burgheim

Netherlands
- Nutreco Africa B.V. | Boxmeer
- Nutreco Asia Support B.V. | Amersfoort
- Nutreco Assurantie N.V. | Boxmeer
- Nutreco Brasil B.V. | Boxmeer
- Nutreco Chile Holding B.V. | Boxmeer
- Nutreco International B.V. | Boxmeer
- Nutreco Investments B.V. | Amersfoort
- Nutreco Nederland B.V. | Boxmeer
- Nutreco North America B.V. | Boxmeer
- Nutritional Ingredients B.V. | Amersfoort
- Trouw International B.V. | Boxmeer

Portugal
- Nutreco Portugal SGPS Limitada | Marco de Canaveses

United Kingdom
- Nutreco Limited | Northwich
- Trouw (UK) Pension Trust Limited | Wincham, Northwich

United States of America
- Anchor USA Inc. | Delaware
- Nutreco USA Inc | Delaware

[1] Fully consolidated.
[2] Investment in associates (see Note 15).
[3] Other investments (see Note 16).

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Application level B+

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APPLICATION LEVEL
NUTRECO
FEB 2015
SERVICE

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Glossary

AgriVision
Biennual conference organised for the agriculture industry

Animal health products
Products that have positive influence on the health of animals

AquaVision
Biennual conference organised for the aquaculture industry

ARC
Skretting Aquaculture Research Centre headquartered in Stavanger, Norway

ASC
Aquaculture Stewardship Council

Book & Claim palm oil
Palm oil or palm oil derivatives certified by the Roundtable on Sustainable Palm Oil (RSPO) can be purchased through three supply chain systems: 'Segregated', 'Mass Balance' and 'Book and Claim'. Book & Claim is a certificate trading system separate from the physical trade in palm oil. The retailer or manufacturer purchases palm oil from an established supplier, along with a certificate for each tonne of palm oil being used. A payment from each certificate goes directly to the producer of Certified Sustainable Palm Oil

Compound feed
Compound feeds are blended feeds of various ingredients to match the nutritional requirement of farmed animals. The main ingredients are macro-ingredients such as grains and soya, and micro-ingredients such as premixes, vitamins and minerals. Other ingredients include natural health components, organic acids, aromatic substances and pigments

Concentrates
Premixes to which high protein feedstuffs have been added. Suitable for supplying to farmers to blend with macro-ingredients such as grain available on the farm

EBITA
Earnings Before Interest, Tax and Amortisation

EBITDA
Earnings Before Interest, Tax, Depreciation and Amortisation

EMS
Early mortality syndrome, a type of disease affecting shrimp

Extruders
Equipment to force a mix of feed ingredients through the round holes of a die plate. The extruded material is cut at set distances to form pellets. Pellet size is controlled by the diameter of the holes and distance between cuts

Farm minerals
All premixes contain farm minerals. Farm minerals can include things such as calcium, phosphorus, magnesium, sulphur, sodium, copper, manganese, zinc, iodine, cobalt, selenium and fluorine

Feed specialties
Feed specialties are low-volume, high-precision and high-value products. They include special feeds for transitional phases such as gestation and weaning, farm minerals, feed ingredients and animal health products and feeds to complement home-grown cereals

Fishmeal
Meal made from ground fish such as anchovies which is then fed to carnivore fish (e.g. salmon)

Fish feed
Fish feed consists of proteins, oil and fats, cereals, vitamins and minerals. These nutrients are ground, mixed and either pellted or extruded. The extrusion process binds and forms the product, which is subsequently dried. The fish feed is used by fish farms and there are also formulations for shrimp farms. The fish feed product range can vary from broodstock diets, juvenile feed and grower diets to special (medicated) diets

Fish oil
Oil made from ground fish such as anchovies which is then fed to carnivore fish (e.g. salmon) and contains omega-3 fatty acids

GMO
Genetically Modified Organism

Go-to-market
Nutreco strategy which is intended to bring products to our customers in a more structured manner

GRI
Global Reporting Initiative

Grower feed
Feed for fish specifically formulated for their early growing phase

Home-mixers
Farmers that grow their own bulk feed and mix premix on the farm itself

Integrator
Large farmer that mixes together grains and premix to create compound feed for own use

ISA
Infectious salmon anemia is a viral disease of Atlantic Salmon that affects fish farms in Canada, Norway, Scotland and Chile

LifeStart
LifeStart focuses on nutrition for young animals in both agriculture and aquaculture and the influence that these protocols can have in terms of vitality and later life performance

Marine species
Fish living in seawater such as sea bass, sea bream, yellowtail and barramundi

MicroBalance
Fish feed concept of using micro nutrients to replace fishmeal with other raw material sources such as soymeal

Model
Used to help farmers make decisions on their feed choices. For example Watson, Newton, Novolec and Rumenac

NIR
Platorm using near infrared reflectance imaging for rapid assessment of feed ingredients and finished feed

Non-salmonid
Species other than salmonid including, tuna, tilapia, tambaqui, pangasius, sea bass, sea bream and snakehead

Nutrace
Nutrace is Nutreco's company-wide proactive programme to assure feed-to-food quality. Nutrace is specified in five standards: Certified Quality, Ingredient Assessment and Management, Monitoring, Risk Management and Tracking & Tracing

NutrECO-line
A programme to assess the sustainability of Nutreco's portfolio of nutritional solutions

Premix
Premixes are a blend of feed additives. There are feed additives for different purposes, for example, nutritional (vitamins, minerals, etc.), technological (emulsifiers, antioxidants, etc.), sensory (flavours and colourants) and zootechnical (digestion enhancers)

Proterra certification
The ProTerra Standard is acknowledged as the B2B benchmark for social responsibility and environmental sustainability in the food industry

Ruminants
Cattle, sheep, goats and deer

Salmonid
Salmonid species such as Atlantic and chinook salmon, trout

Sustainability Action Plan
Internal plan for developing sustainability within Nutreco

Sustainable Economic Aquafeeds (SEA)
Skretting's programme for developing sustainable feed solutions for aquaculture that take into account environmental considerations and business economics

Trace minerals
Minerals that animals (and humans) need in very small amounts, but that are very important to function properly

Unite
Nutreco project to harmonise business processes and systems

Young animal feed
Specialised feed tailored to the needs of young animals

Nutreco is a global leader in animal nutrition and fish feed

Our advanced feed solutions are at the origin of food for millions of consumers worldwide.

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