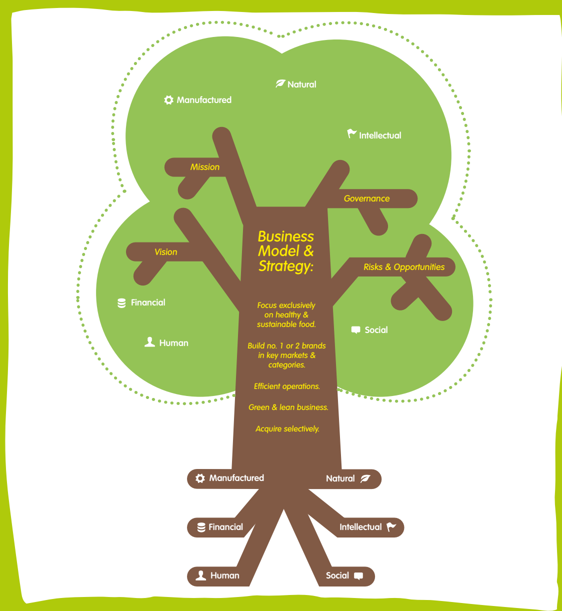
wessanen

# Annual Report
2015


# Sharing the joy of healthy food




Guus (on the right, 9) and Tom (6) van Meeuwen are two of the three children of Pim van Meeuwen (43), Vice President Tax at Wessanen's headquarters in the Netherlands. In his free time Pim van Meeuwen is Wessanen's answer to Jamie Oliver. 'I really love preparing food with just the ingredients that I have lying around or can get my hands on. Then I mix them all together to create a wholesome and mostly organic meal. My parents were busy entrepreneurs and I discovered the joy of cooking at a young age. That's why I enjoy working for Wessanen. Our organic food not only tastes great, but is authentic as well.

I share my love for healthy food with Guus and Tom and my 7-year-old daughter, Iza. At school they learn some basic principles about healthy food and what foods are not so healthy. In our kitchen at home, I challenge them by discussing the ingredients I use in our meals. For instance, I like to set up blind tasting sessions, by trying to get them to taste, say, the difference between an organic free-range chicken and a factory-farmed chicken or between a vegetarian burger and a regular hamburger. While we're cooking together, they'll ask me all kinds of questions: why, how, what, and so on. This gives me great joy and helps my children to develop into critical consumers. Together we share the joy of healthy food – at Wessanen and at home!

On the front page, Guus and Tom are drawing a tree, representing Wessanen's added value tree, which is presented on page 14 on this Annual Report. Wessanen provides consumers with organic, fair trade, vegetarian and wholesome food that contributes to people's health and a healthier planet. We chose to feature Pim and his two sons on the cover of our 2015 Annual report because they promote this mission every day.

# Contents

# Global Food issues

**Making healthier food choices has become a key issue for people and planet today. As part of our mission and vision, Wessanen aims to make a substantial contribution to helping people improve their diet on a daily basis. Beyond driving our own business this also includes creating more awareness of the issues among employees, consumers, customers and other stakeholders via talks, presentations and (scientific) articles in media.**

## Over one billion people are obese

300 million people are at a significant risk of developing diet-related illnesses such as Type 2 diabetes and cardiovascular diseases. All of our products are developed to be healthier and we encourage an overall healthier, organic and vegetarian diet.

## The rainforest is disappearing

We only source sustainable palm oil or, if relevant, replace it altogether. We aim to source as many raw materials as possible from Europe.

## Too many chemicals in food

Organic agriculture does not allow the use of synthetic fertilisers or pesticides; instead it is using Integrated Pest Management (based on using natural predators).

## Overconsumption of meat

Overconsumption of meat is a big contributor to Global climate change, can cause cancer in humans as confirmed by the WHO and has various side effects such as increasing resistance to antibiotics in humans. We support vegetarian diets and provide people with healthier alternatives.

## More food allergies

The number of people with food allergies is growing. Recent studies have confirmed a significant increase in the occurrence of food allergies, in particular among children.

## Soil degradation

Soil is the natural resource that ultimately sustains all life on land. Organic farming methods such as crop rotation, intercropping and the use of symbiotic associations are vital to maintaining and improving soil quality.

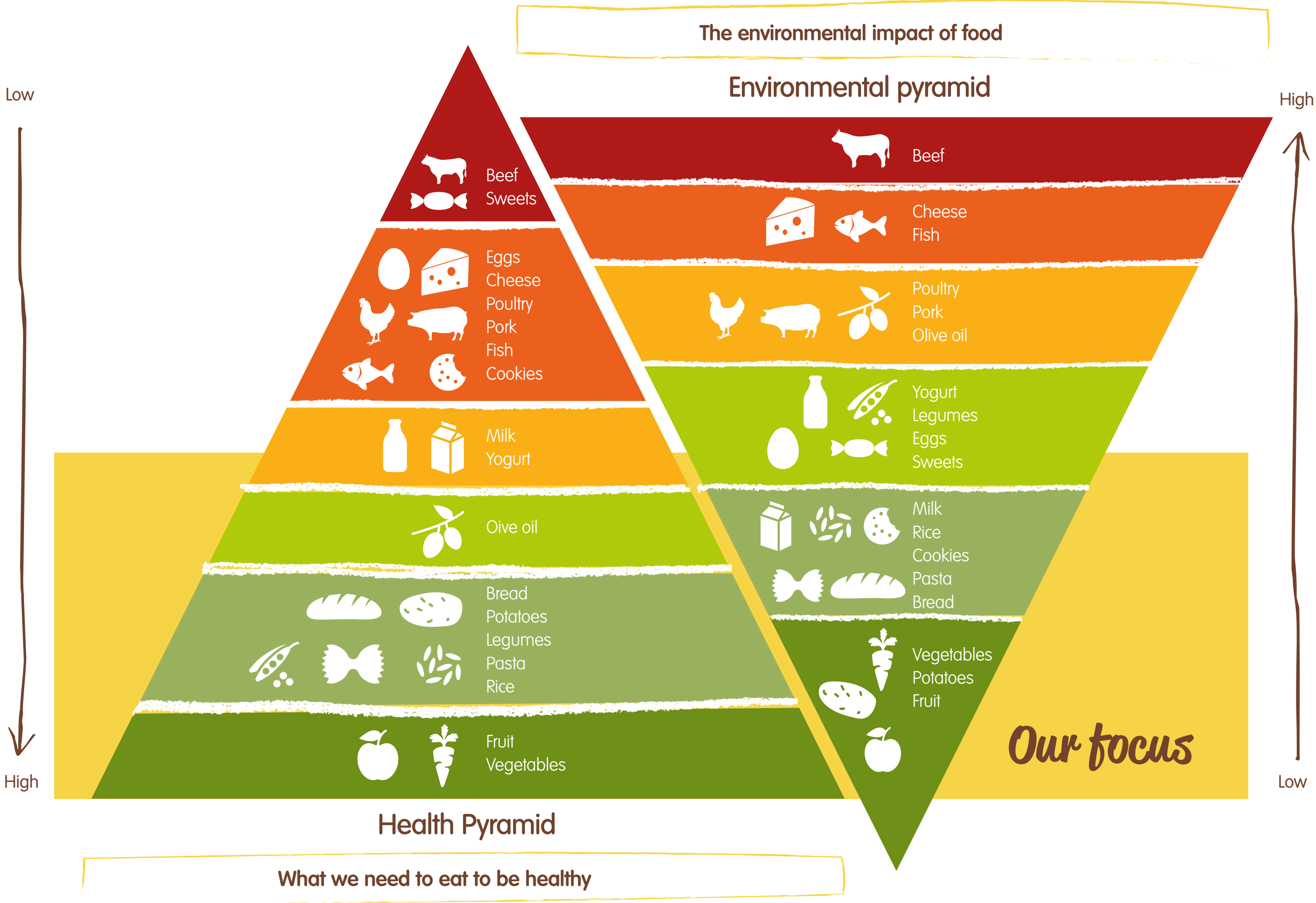
## Nine billion people by 2050

By 2050, there will be an estimated nine billion people to feed, compared to seven billion today. We believe that this will only be possible if we adopt a healthier, more sustainable diet focused on organic and vegetarian food.

## GMO in our food

Genetically modified (GM) plants endanger the environment since they can cross-contaminate other plants and transfer their new genes, resulting in possible disruption of ecosystems. We don't use any GMO in our food.

# Our focus




At Wessanen, we focus on food that is good for people and for the planet. In most cases, foods which benefit our own health are also better for the planet, and vice versa. We have therefore defined our mission as 'Healthier food, healthier people, healthier planet'. Vegetarian products – accounting for 97% of our range – have the advantage of being, by nature, more sustainable than animal products, which are resource-intensive. This is particularly true for the production of meat.

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

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

Some of our brands – including Tartex, Allos and Bjorg – have strong roots in the vegetarian foods industry, being the first in their markets to introduce products such as vegetarian pâtés, amaranth and tofu.

There is a growing body of evidence that vegetarian diets positively contribute to human health and environmental sustainability.

The International Agency for Research on Cancer (IARC), the cancer research agency of the WHO, has evaluated the carcinogenicity of the consumption of red meat and processed meat. A Working Group of 22 experts from 10 countries convened by IARC classified the consumption of red meat as probably carcinogenic to humans and processed meat as carcinogenic to humans.

This confirms once more that eating less meat is key to make people and planet healthier. That's why we are passionate about it and campaign for it as part of and beyond our immediate business.

## Letter from the CEO

# Growing strongly, sustainably

2015 was a very special year for us. We celebrated our 250th anniversary and it was the first year in which we could operate fully focused on healthy and sustainable food. After saying good bye to the last remaining non-core businesses in Q1 2015, we are now a pure player in healthy & sustainable food in Europe.

Our market has continued to grow strongly, sometimes even exceeding our own forecasts. A growing number of consumers are starting to change their diet in favour of food that is better for them, their families and the planet.

### We are achieving profitable growth

We have implemented a simple and focused strategy. First, we are growing our core brands in core categories – this has been particularly successful in 2015. Most of our core brands have recorded double-digit growth and overall our business has grown by 21.6% (9.4% autonomously).

We have gained market share on the back of strong innovation and marketing plans. Despite an increase in marketing spend, we are pleased to have achieved profitable growth as our Operating Result before Exceptional Items ('EBITE') has increased by 47% to €34.7 million.
Second, we are focusing on upgrading our operations.
In 2015, we managed to define our strategic agenda, improve our customer service level and reduce finished goods waste significantly. We have leveraged more innovation across countries than ever before.

Our third priority is to become a green and entrepreneurial company, inside and out. 94% of our electricity used is now derived from renewable sources. 71% of our portfolio is organic and 97% vegetarian. We hosted a major event to celebrate our anniversary and look to the future of healthy and sustainable food involving key thought leaders.
Since 2015 our company logo is green, the colour we like the best!

In line with our plans to make selective acquisitions, we have successfully integrated Abafoods into our family, and previous acquisitions such as Clipper and Alter Eco are also performing very well. We are increasing scale, expertise and capabilities in key categories and markets.

### The journey ahead

We do not see an end to the food revolution that has been underway for some time. The food challenges the world is facing have not diminished and public awareness is growing. There has been much debate about the WHO report published last October which stated that the consumption of processed and red meat can significantly increase the risk of cancer. At the COP21 Climate Summit in Paris, Food did not even play a major role despite the fact that it accounts for 20-30% of global greenhouse gas emissions. There will be more and more focus on it in the years to come.

We are well positioned to play a leading role in driving change in the European food market. IFOAM (the International Foundation for Organic Agriculture) Europe, of which we are a key sponsor and member, has defined its vision for Organic 2030 as 'achieving that more than half of Europe's farmland will be managed according to organic principles and that carefully processed organic food will be available to every European home'. We are excited to be part of this movement.

### The Wessanen family caring about the current generation and the next

Our people are at the core of the good results that we have achieved this year. Not only are they working very hard every day to improve our business and win in the market place. They are also the biggest ambassadors for our Mission of Healthier Food, Healthier People, Healthier Planet. That's why we have decided to make some of our people from different countries the heroes in this year's Annual Report. They are covered here on behalf of our 904 employees that make Wessanen the family of companies that we are, focused on delivering performance with purpose every day.

**Christophe Barnouin**
CEO

# (Some of) our people

# Performance Highlights

## Revenue (in € millions)

2015 523.0

2014 430.6

Autonomous: +9.4%

+21.6%

## EBITE* (in € millions)

2015 34.7

2014 23.6

+47.0%

* Operating result before exceptional items

## Net Debt/(Cash) (in € millions)

2015 (17.5)

2014 (27.3)

-35.9%

## ROCE*

2015 19.7%

2014 17.0%

* Return On Capital Employed

# Healthier food
# Healthier people
# Healthier planet

## People employed (FTE on average)

2015 904

2014 822

+10%

## Organic products (in % of revenue)

Bio

2015 71%

2014 68%

+3%pts

## Vegetarian products

2015 97%

2014 96%

+1%pts

## Renewable energy

2015 94%

2014 78%

+16%pts

# Our past, present and future


**Wessanen was founded in 1765 by Adriaan Wessanen and his cousin Dirk Laan on the banks of the River Zaan, just north of Amsterdam. Starting out as a small family business, they were trading in all sorts of seeds, especially mustard and canary seeds. Keeping canaries as pets became very popular among Dutch people around this time, and Wessanen and Laan spotted an opportunity in the market.**


The company remained in the hands of the family and kept the 'Wessanen & Laan' name until well into the twentieth century. By then, it had become a much larger, international business with its own production facilities, consisting mostly of the typical Dutch windmills. The company established itself as something of a trailblazer. In 1913, Wessanen was awarded a royal warrant for its significance to the Netherlands and became known as 'NV Wessanen Koninklijke Fabrieken' (NV Wessanen Royal Factories).

Around the 1920s Wessanen's product portfolio included all sorts of grains and seeds, rice, cocoa, margarine and cheese. The company fared well even during the economic crisis of the 1920s and provided a number of social benefits to its workers (for example, subsidised food and holiday homes). During World War II, the focus was on keeping as many workers in employment as possible to prevent them from being sent to German labour camps.

The second half of the twentieth century saw a period of rapid expansion, diversification and internationalisation. Categories such as meat, dairy, baked goods, ice cream and even alcohol were added to the portfolio. In addition to production, trading and wholesale activities as well as consumer-focused brands and products came to account

for a larger share of the business. Although Wessanen always remained in the food industry, it became clear that the business was too complex and lacked focus and synergies.

Moving into the twenty-first century, Wessanen's new core business and future direction started to become clear. Observing some of the great challenges facing the world, the company noted the trend of consumers turning to healthier and more environmentally-friendly products. It made a series of acquisitions and built a strong core portfolio of healthy and sustainable, mostly organic companies and brands. At the same time the company decided to initiate a large-scale divestment process and reduce its business to a much smaller but healthier core of future-focused activities. More sustainable food companies were added to the Wessanen family in recent years, in time for our 250th anniversary. With the last non-core activities having been sold in 2015, the company now is only active in healthy and sustainable food. Wessanen's mission is healthier food, healthier people, healthier planet. The modern-day Wessanen has, in many ways, reconnected with its original green roots. We consider ourselves a family of people and businesses that share the same values and want to change the world of food for the better. We strive to encourage more and more people to switch to foods that have been produced with respect for people and planet. Fortunately, more and more consumers share our view.

And while nobody can predict how the world will develop, we are confident that our 250-year-old business can look forward to a bright future.

# Our 250th anniversary

**The world was a radically different place in 1765. But when Wessanen first started out, it focused on simple, healthy and organic food, much like it does today. Of course, back then all food was by definition organic, as modern, industrialised agriculture had not yet been invented. Today, we see it as a conscious choice we have made, one that sets us apart from the mainstream food industry.**


After selling the last of our non-core businesses in March 2015, we decided to express Wessanen's pure green identity through a new logo and new branding, which have been received positively by people inside and outside of the business. The new logo was chosen by our employees in a democratic vote and has been rolled out across the entire organisation.

We presented our new branding at key events such as Biofach 2015, where we had the opportunity to meet many customers from around the world and interested parties from the organic world. Held in Nuremberg, Germany, Biofach is the world's leading trade fair for organic food, and we are proud to be represented there every year.

Our main anniversary celebrations took place in June. We decided that we wanted this event to connect the past, present and future of Wessanen and food in general.


We also wanted to bring people from within the business together with key partners and external stakeholders. In addition, it was important to us to take this opportunity to raise the awareness of Global Food issues with our stakeholders and present our vision for a more sustainable world of Food. Of course, this didn't stop us from having fun together as well.

On a gorgeous summer day we gathered at the Westergasfabriek venue in Amsterdam, which was the perfect backdrop for our 'Journey to a Green Future'. It is an old gasworks which has been converted into a public park for the people of Amsterdam, connecting the general public, arts, entertainment and business. Around 250 people joined us and the programme included presentations, workshops, organic and vegetarian food and an after-party with live music. Our keynote speaker, Tara Garnett of the Food Climate Research Network based at Oxford University, gave an insightful speech addressing the major global food issues of today. She told the audience that if we continue the dramatic overconsumption of meat, life on this planet will not be sustainable.

Thor Jorgensen of Danish retailer Netto International related how Denmark has become the market with the highest per-capita consumption of organic food in the world. He argued that change is possible if all partners in the chain pull together.

The event was hosted by Dutch actress and United Nations World Food Program spokesperson Hanna Verboom. Workshops on the history of food dating back to 1765, future food scenarios and trends and 'the Beautiful World of Tea' rounded out the programme.

In line with our mission and vision, all food served at the event was organic and vegetarian.

# Our mission & vision

## Vision

Our vision is to build a European Champion in healthy and sustainable food. Europe is our home and next to the United States, the European market for healthy and sustainable food is the biggest in the world. We believe we have ample opportunity to grow and add value while staying focused on our geography.

## Mission

### Healthier food

We focus on food that is healthier for people – organic, vegetarian and natural. We work hard to improve the nutritional balance of our products and will not sell products that are not healthy in some respect. By offering people healthy alternatives, we challenge our consumers and processed-food manufacturers alike to choose better.

### Healthier people

We want to help our consumers, but also our employees and other stakeholders to live healthier lives through choosing the right food. This includes education and information. Apart from food we also care about the working and living conditions of people in general. That's one of the reasons we work with labels such as Fair Trade.

### Healthier planet

We want to protect our living planet for current and future generations by promoting good food. At the same time we want to conduct our business in a sustainable way.

# Our four strategic pillars

**Our strategy has four pillars which are fundamental to our success. For all four pillars, clear targets are in place for every business year as well as for a three year period and these have been cascaded to the whole organisation.**
**All employees across all functions and geographies have personal targets which are aligned with these strategic priorities.**

## 1. Grow our core brands and categories

Brands are our key assets. We are building the leading sustainable food brands in Europe and investing into the growth of our brands and in building stronger equity with our consumers is our first priority. The quality of our products is of utmost importance for their success. We aim for the number one or two position in any market in which we operate. We manage our brands amongst others on growth, marketing spending, distribution level, market share and rate of innovation.

## 2. Upgrade our operations

Efficiently and effectively managing our entire value chain is a key driver of value. We are integrating manufacturing, supply chain and central sourcing to become more productive. We work on standardising planning processes and efficient sales and operational planning(S&OP) across Europe. We are increasing the efficiency of warehousing and transportation and are improving factory productivity through projects and insourcing. Further, we are aiming at minimising waste and creating transparency in our supply chain. We manage our performance amongst others on customer service levels, forecast accuracy, waste, cost of obsoletes and the number of consumer complaints.


## 4. Acquire selectively

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

## 3. Green and entrepeneurial culture

It all starts with our people who are the driving force behind our business and ambassadors for the world of food we believe in. By living a green and entrepeneurial culture, we improve our performance while respecting all stakeholders. Our sustainability strategy is the responsibility of the Executive Board, while our Organic Expertise Center (OEC) is in the lead regarding its implementation. The Supervisory Board's Nutrition, Food safety and Sustainability Committee supports and advises the Executive Board to ensure its nutritional policies are relevant and scientifically supported and to ensure we operate in a sustainable way.

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

# How we create value

**While we cover a broader range of products, the focus for all our brands lies on the following core categories.**

While our brands are mostly local, our aim is to leverage innovation, product expertise and marketing capabilities in our core categories across countries.

In order to facilitate this we have Category Brand Teams (CBTs) in place which are led by one lead country and include cross functional and multi country team members. As a result, we are sharing successes much quicker and best practice gets deployed across countries.

# Our core categories

## Dairy Alternatives

More and more people look for alternatives to cow's milk whether it's because of lactose intolerance or general health concerns. That's why the market for Dairy Alternatives is in strong growth. Traditionally the focus was on soy based products but nowadays the preference has shifted to other cereals and nuts, especially almond based drinks.

## Sweet in Between

In today's world, more and more people snack in between meals and that's especially sweet products. Our range of organic and fair trade products includes mainly biscuits, bars and chocolates. Our products provide nutritional benefits and we are working on reducing sugar levels.

## Bread and Biscuit Replacers

Bread and other wheat based products have developed a somewhat negative image and that is not just for people struggling with gluten intolerance (coeliac disease). Our range of mostly rice and corn based products is often used to replace bread. Our (chocolate-)coated cereal cakes are a favourite to replace biscuits and other sweet snacks.

## Veggie Meals

Overconsumption of meat is one of the biggest sustainability and health issues of our time. Fortunately, more and more people are looking for alternatives. We have a broad range of vegetarian bread spreads, meal options and meat replacers. It's a fast growing market and a future growth segment.

## Breakfast Cereals

A healthy start to the day is something very important to our conscious consumers and cereals play a key role. Our business is entirely focused on the healthier options such as mueslis, porridge and crunchies.

## Hot Drinks

We sell a range of fair trade coffees, hot chocolate and tea. Many people consider drinking tea part of a healthier life style and for our health focused markets green tea and infusions are a core category.

# Our core

Our brands are our most valuable assets and many of them are successful leaders of their respective markets. They all have strong local roots and are among the pioneers of the organic market in their country. We differentiate between core and tactical brands based on size and strategic focus. This allocation of brands is reviewed regularly.


**BJORG**

Bjorg is, with nearly 180 organic products, our leader in the French organic market. The entire assortment is GMO-free, produced without pesticides, free from preservatives and artificial colourings. Bjorg offers a wide range of tasty and organic products that allow everyone to eat organic, healthy and varied.


**Allos**

For more than 40 years now since its creation in 1974, Allos has been producing organic foods for people who want to enjoy sustainable products that they know are good for them. At the same time, Allos builds on fair, long term partnerships with farmers and other parties, and is committed to biodiversity and the protection of nature.


**kallø**

Kallø believes that eating sensibly doesn't have to mean saying no to the things you love. Life is about what you can, not what you can't have – and eating the right way is about loving food and having a nutritious, balanced diet. That's why Kallø has reinvented the rice cake and created a range of delightful foodie things that are made using the finest natural ingredients and embrace our food philosophy.

# brands

OUR CORE BRANDS
CONTINUE ON THE NEXT PAGE --›

## Bonneterre

Bonneterre is one of the first organic brands in France ever. It was founded 50 years ago by Robert Bonneterre. Today our employees manage a range of more than 500 products, covering all aspects of food. After all the developments made over the years, Bonneterre has remained true to the original philosophy of Robert Bonneterre: To offer the best of our earth.

## Isola Bio

For over thirteen years Isola Bio has devoted itself to the daily nourishment of its customers and to respecting nature's balance. It's specialised in the production of organic vegetable drinks extracted from the most precious cereals and legumes. We use an exclusive and patented method that maintains all the flavour and nutritional value of the raw materials. Isola Bio is a leading organic Dairy Alternative brand in Italy and across Europe.


## Gayelord Hauser

Gayelord Hauser is the only brand which offers a complete range of products perfectly adapted to women's nutritional requirements. Every product contains at least one of the 5 essential nutriments for women (iron, calcium, magnesium, vitamins A & E, folic acid). Gayelord Hauser proposes a whole program to help woman be happy with their body, their mind and their life.

# Our core


ALTER ECO
BIO & EQUITABLE

Created in France in 1998, Alter Eco has always been a pioneer in sustainable development. Alter Eco is an ambitious brand, deeply committed to improving and integrating all aspects of sustainable development. The entire assortment is fair-trade and includes delicious options like chocolates, juices and coffees.


Zonnatura

Responsible and good food? Leave that to mother nature. And to Zonnatura. Our founder Willem Smits already started in 1954 to sell only products based on pure natural ingredients and nothing artificial added. His conviction was that it's better for people and allows them to experience the unique flavours of nature. It's been our mantra ever since and has made Zonnatura the leading organic brand in The Netherlands.


Tartex

Our brand Tartex was launched in Germany in 1946 as the pioneer of the vegetarian bread spread market. Today, as the market for vegetarian products has grown strongly Tartex is offering a wide range of vegetarian and extremely tasty spreads. Our unique recipes, quality ingredients and proprietary production process ensure the high quality of our products. Tartex is nowadays available not just in Germany, but across a large number of countries.

# brands continued...

CLIPPER®
NATURAL, FAIR & DELICIOUS®

We're Clipper Teas and we are a different kind of tea company. Founded by Mike Brehme in 1984, we are the UK's No 1 fair trade and organic tea brand and now available in many countries. Every ingredient has been ethically sourced and naturally produced and there isn't an artificial ingredient in any of our products. We are in no doubt that our teas are the best tasting in the market. Clipper is always Natural, Fair and Delicious.


WHOLE EARTH.
DOWN-TO-EARTH GOODNESS

Founded in 1967 by Craig Sams and his brother Gregory to bring natural foods to consumers because they are 'better for body and planet'. They created Whole Earth, pioneering the production of organic & natural foods that taste great, too. These products were made available to a wider market for those who wanted to eat healthy, tasty food and also cared about the planet. We have kept those ideals with us to this day. Whole Earth products will always be made with natural ingredients sourced from responsible growers and suppliers. We love our products and hope you do, too.

## '20 innovations a year'

**Caroline Crépé (35) with daughter Coline (9 months)**
*Brand Manager, France*

Caroline Crépé is a Brand Manager for Bjorg at Distriborg in France. She is responsible for the development of new products in the Sweet in Between and Bread and Biscuit Replacers categories. '2015 was an excellent year with strong growth and constant innovation.
We have the capacity to launch 20 innovations into the market each year. Each innovation is tested and tasted by all of the people at Distriborg. This is unique. We bring the product to the market only if everybody is satisfied.
We believe that Bjorg can help consumers to change their food habits and to eat organic food, and we developed innovations to help them. An example is an organic replacement for meat in pasta and lasagne. We have some major advantages on our side: we are the market leader with great visibility, French consumers are eating more and more organic food and at the same time we also offer products for every meal, along with snack foods. Right now I'm working on a TV advert to further strengthen our brand awareness. At home I'm a strong believer in healthy food as well. Even little Coline already eats some organic baby food. I think Wessanen has a bright future ahead.'

# Our people, products and sites

## People matter

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

We aim to be a good employer to our employees. We invest in their training and education and in making them more engaged in and knowledgeable about healthy and sustainable food.

Our head office and the Wessanen Benelux team are located in Amsterdam (The Netherlands). Our other country offices are based in Lyon and Paris (France), Camberley (UK), Bremen (Germany) and Badia Polesine and Viadana (Italy). We currently also operate five production facilities in three countries.

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

We run our business through a mix of local and central decision making. In order to run our local businesses efficiently and be close to their consumers and customers, we keep a significant part of the decision making in the hands of our country General Managers and management teams. Where we can drive efficiencies and consistency, we have centralised functions and operate on a European scale.

The Executive Board, country General Managers and Functional Heads (Marketing and Operations) together form the Executive Leadership Team (ELT). The ELT drives the agenda of the business with a focus on topics of cross-country, shared relevance, providing a platform for information sharing, alignment and decisions on key strategic initiatives and programmes. The ELT meets on a regular basis to discuss and align the strategy for the business, decide on resource allocation, discuss operating activities and financial results and prepare budgets/forecasts.

## Responsible employer

Our people care passionately about healthy and sustainable food, and this is also what draws so many prospective employees to our company. We encourage our people to promote awareness of a healthy and sustainable diet within the organisation and beyond. Our Organic Day and Veggie Thursday are just two of the events we organise in this regard, along with a number of community-related activities we undertake at all our sites on an ongoing basis.

Our management development policy offers our employees plenty of scope for personal development. Retaining experienced and talented staff is a priority and we strive to hold on to our best people and keep overall staff turnover levels low.

## Equal opportunities

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

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

**55.5%**

Women in management

FAIRTRADE

**60.0%**

Fair trade products
(% of sold chocolocates and hot drinks)

ISO 14001

**78.4%**

Employees in sites with ISO 14001

## Our remuneration

We maintain a uniform, competitive and performance-based remuneration policy for the management of all operating companies and head offices. Bonus systems for senior executives are set by the head office and are based on the operating company's financial targets, individual performance and segments, and Wessanen's overall results.

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

## Employee development

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

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

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

## Employee engagement

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

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

## Whistleblower policy

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

For information about our Whistleblower policy, please go to: www.wessanen.com/en/corporate-governance/policies-procedures/confidential.

## Health@work programme

Our mission of Healthier Food, Healthier People and a Healthier Planet also serves to promote the health of our employees. We aim to provide them with an environmentally friendly and healthy work environment.

We encourage them to engage in physical exercise, either on-site, by partially refunding their gym membership, or by organising team activities (such as running events).

We provide organic drinks and/or food at several of our sites; when we organise company breakfasts, lunches or dinners we focus on organic, healthier and typically vegetarian options.


## Race for Life

We encourage and support our employees to take part in sporting activities, such as the Race for Life in Lyon or the Dam to Dam Loop in Amsterdam.

# Our products

Our aim is to always make products that are healthier for people and planet and taste great, too. We are applying great rigour in developing new products to meet the expectations of current and new consumers and ensuring ongoing high quality standards.

## Our products

**We are in the business of making high-quality products. We produce a significant number of them in our own production facilities using state-of-the-art technology and complying with common accreditations such as IFS and BRC. We also apply the relevant ISO standards. Some of our products are manufactured for us by selected third parties, and we always make sure potential suppliers are subjected to a careful auditing process.**

When we develop products, we always aim to offer the best possible taste, texture and nutritional profile to our markets and we conduct extensive internal and external tasting and testing sessions. We monitor the performance of our new products in the market to check whether they meet the consumer's expectations.

We have had a Product Quality Charter in place for our brands since 2013, containing policies and guidelines for food safety, nutrition and sustainability. This charter reflects the importance of nutrition and sustainability as building blocks for our brands. Our pyramid shows the hierarchy and policies we apply to our various brands and products.

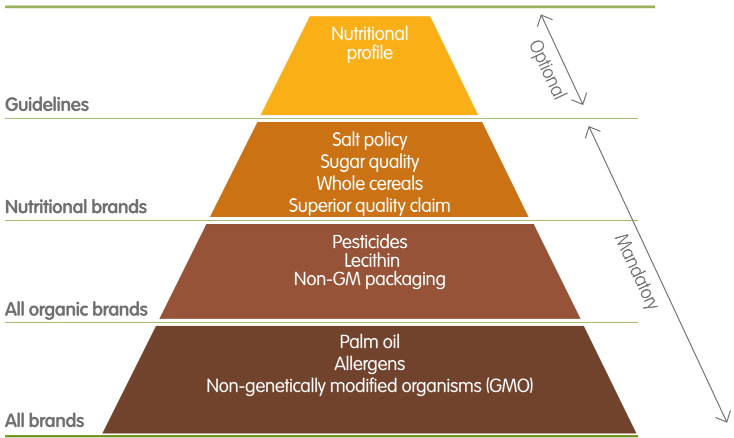
It includes policies for palm oil, allergens and non-genetically modified organisms (GMO), which apply to all our brands.

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

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

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

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



## Nutritional brands

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

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

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

Our whole cereals policy defines a minimum ratio of unrefined cereals in cereal based products. This allows to keep the intrinsic goodness from the cereal, especially fibres and minerals.

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

## Quality Management

We continually and rigorously manage the quality of our products via a risk-based monitoring system. Legal and regulatory compliance, food safety, our own quality standards and nutritional policies are key aspects we check and manage. We are in touch with consumers via our consumer care centres and investigate any issues that are brought to our attention. Extra attention is given to fraud prevention, again based on screening the risk associated with certain sourcing countries, types of commodities or supplier track record.

The mission of our Quality team is to be a proactive, effective and passionate partner from farm to fork. Our vision is to 'Delight and never disappoint our consumers'.

## Allos Hof

Many of our companies have a 'dark green' history. We are still making most of our Allos products on the farm in Northern Germany where the business started more than 40 years ago. We called it our 'Hofmanufaktur'.

## Where our products are made

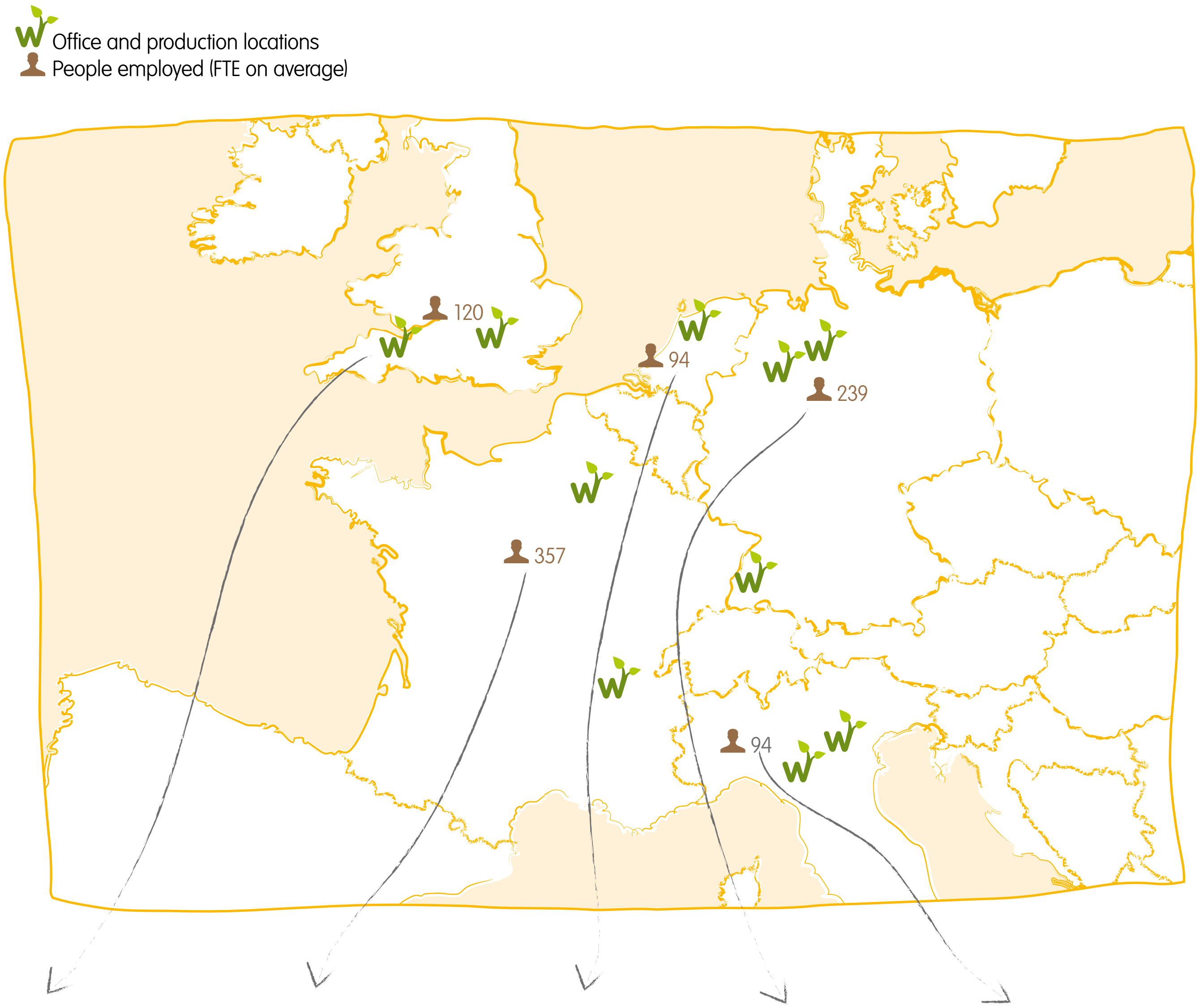
**We operate five production facilities in three countries, where we produce Tea, Dairy Alternatives, Breakfast Cereals, Sweet Spreads and Sweet Snacks, among other products.**

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

In Germany, our site in Drebber in the middle of an idyllic country side produces Breafast Cereals, Sweet Spreads and Sweet Snacks. Our factory in Freiburg is specialising in the making of vegetarian spreads.

In Italy, we have our own organic fields where, on 700 hectares of land, we grow oats, spelt and sunflowers. They go into our Dairy Alternatives drinks made in our production facility in Badia Polesine, Our second Italian site in Viadana is focused on soy- and other cereal and nut-based drinks. All the soy we use comes from Italy. Both sites are making some of the highest quality and tastiest drinks in the industry.

Passion for products is also very visible at our tea production plant in Beaminster (Dorset, UK). Our team of blenders and sourcing managers have worked there for decades, have visited many times all cooperatives that grow our tea and produce some of the best tea available in the UK and beyond.




### UK
Office: Camberley
Production: Beaminster (Tea),
Main Brands: Clipper, Kallo, Whole Earth

### France
Offices: Lyon (Distriborg), Paris (Bonneterre)
Main Brands: Bjorg, Bonneterre, Alter Eco, Gayelord Hauser

### Netherlands
Office: Amsterdam (Headoffice and Wessanen Benelux)
Main Brands: Zonnatura

### Germany
Office: Bremen
Production: Drebber (Cereals, Sweet in Between, Sweet Spreads), Freiburg (Veggie Meals)
Main Brands: Allos, Tartex

### Italy
Offices: Badia Polesine (Abafoods) and Viadana (Bioslym)
Production: Badia Polesine and Viadana (both Dairy Alternatives)
Main Brands: Isola Bio

# 'Wessanen really inspires me!'

**Debora Faiman (45, left, in the background) with her husband Ronald (46) and their twin daughters Amy and Noah (12)**
*Corporate Quality Manager, the Netherlands*

Debora Faiman is responsible for strategic quality management. She and the operating companies' quality teams develop jointly quality risk assessment, procedures and tools that are used by all the countries.

'All Wessanen countries are primarily responsible for their own operational quality performance. Of course, we leverage by sharing all our knowledge and experiences. We manage a strategic quality agenda and are working consistently on further optimising the Wessanen quality standards, procedures and tools, so that we are proactively on top of every quality and regulatory aspect of the Wessanen products.

I'm proud that Wessanen believes in making quality products and this is very much appreciated by our consumers, of course!

I've been working at Wessanen for four years now, and during this period the members of my family have really become ambassadors of healthy food. Fifty percent of our daily consumption consists of organic and natural products. Wessanen really inspires me!'

# Our market place

## A food revolution is underway

**More and more people are starting to wake up to the fact that what they eat and drink every day is important for their own health and well-being and that of their families. Many people are also starting to realise the impact the modern, Western diet has on the sustainability of the planet, animal welfare and living conditions of people in other parts of the world. We believe this will be a long term trend for the years to come, as the fundamental drivers are not likely to change.**

The European market for sustainable food such as organic, vegetarian and fair trade has been growing significantly for many years. This contrasts sharply with the conventional food market in Europe, which tends to stagnate. People cannot (and probably should not) eat more but they want to replace poor-quality food that is not good for them with higher-quality, healthier and organic food.

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

Healthy & Sustainable food accounts for 5–7% of the European food market if we define it as food covered by a certificate such as those related to animal welfare, organic, fair trade, the environment and conservation and/or fish farming and wild catch. Although this is still a small percentage of the total food market it is growing fast.

At Wessanen, we contribute to the growth of the market for healthy and sustainable food by only making and marketing food products that are vegetarian, organic, fair trade and offer health benefits.

## Vegetarians and flexitarians

Today, vegetarians and people who want to reduce meat consumption might be a minority but not so long ago meat was an occasional treat rather than an everyday commodity. Looking beyond Europe, about one billion people worldwide are vegetarians. In Europe, the number varies widely from just 2% in France and Belgium to almost 10% in Germany.

While the numbers of committed vegetarians or vegans are still small, an increasing number of people consider themselves 'flexitarians', avoiding meat three or more days a week. The World Health Organization (WHO) suggested in October 2015 that regular consumption of certain types of meat can significantly increase the risk of cancer. We believe this will further encourage people to change their habits.

## Why we believe in organic

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

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

Organic food is controlled by a unique certification system that ensures it meets strict requirements. Since 2012, all organic food produced in the European Union must carry the EU organic logo. The methods used to farm, grow and process organic ingredients and products must adhere to stringent criteria. These include no use of GMO or growth hormones and a restriction on the use of

Bio

**25 billion**
Size of European organic market

**5-7%**
Healthy & sustainable food in Europe*

**1 billion**
Number of vegetarians worldwide

* Estimated share that Healthy & Sustainable food has of total Food sales in Europe

antibiotics, fertilisers, herbicides and pesticides. Only a few additives, processing aids and food colourings are allowed and there are strict rules concerning the welfare of animals.

The organic market has doubled in size over the last 10 years and is now about €25 billion in Europe. Annual growth rates have consistently been between 5 and 10% and our belief is that the market has the potential to double yet again by 2025.

### The real price of organic

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

- Water treatment to control contamination by nitrates and pesticides
- Subsidies paid to farmers to maintain their competitiveness in the market
- Healthcare expenses related to farmers' diseases caused by the use of pesticides, as recognised by the French Institute of Health and Medical Research (INSERM)

### Organic agriculture

We believe that organic agriculture is the best way to achieve Healthier Food, Healthier People and a Healthier Planet:

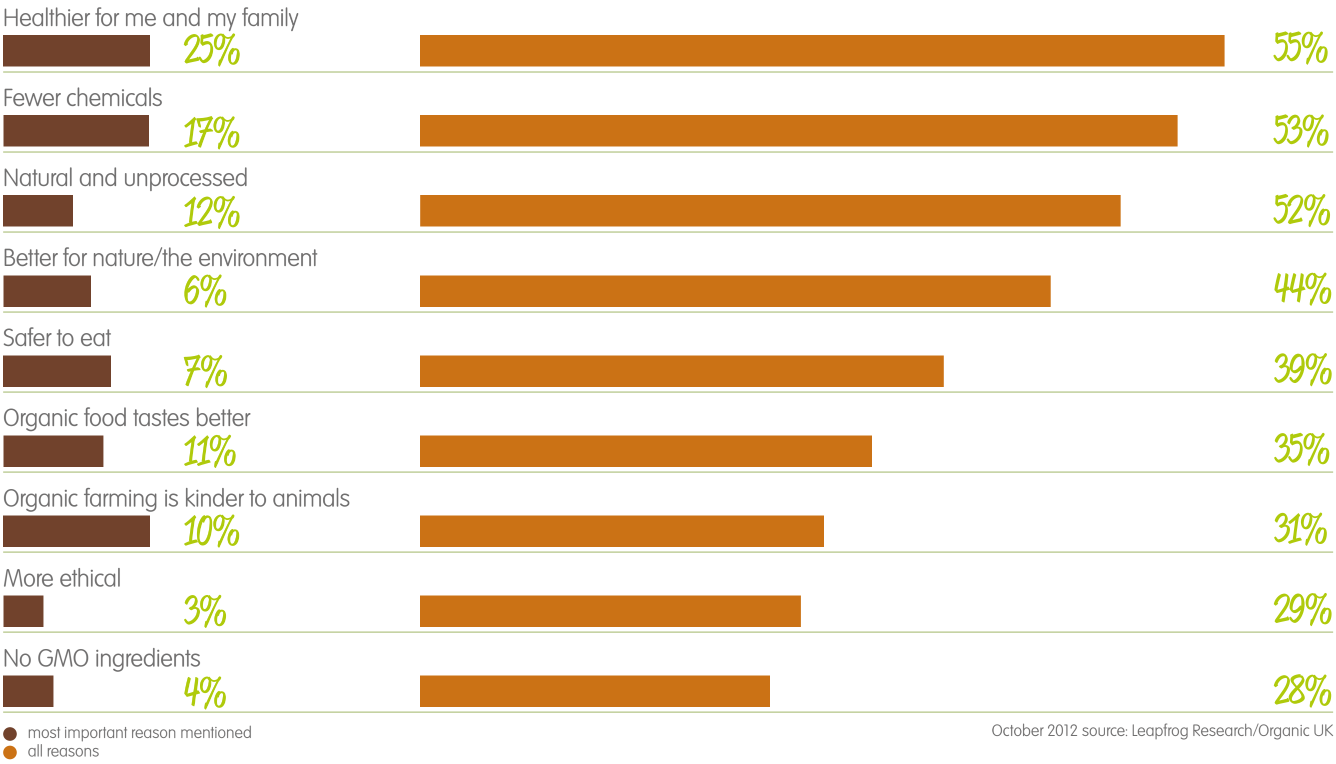
- Healthier food: because organic practices avoid the use of chemicals in agricultural production and transformation
- Healthier people: because farmers producing organic food are not exposed to chemical pesticides, recognised as increasing the risk of cancers in the farming population
- Healthier planet: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

## Why fair trade is fair

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

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

## Top reasons for buying organic food




October 2012 source: Leapfrog Research/Organic UK

## Why organic costs more

Conventional products are often cheaper as they don't include so called external costs.
That means the adverse effects they can have on environmental degradation and social costs are not taken into account.

### The real price of fair trade

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

### Fair trade markets

Fair trade products are now sold in over 125 countries. Around 80% of the 1,200 producer organisations worldwide are smallholders. This represents over 1.3 million farmers and workers in 70 countries.

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

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

The UK is by far the largest market, representing €2 billion, followed by Germany (€0.55 billion) and France (€0.35 billion).

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

Coffee and bananas are the largest categories in terms of volume, followed by cocoa and sugar.

## Our competitive landscape

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

Most organic producers are small to medium-sized, family-owned, and active in just one country. Often, they cover several product categories.

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

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

Premium brands and private labels have a symbiotic relationship in our view as they jointly help to drive the growth of the organic market versus that of conventional food products.

**1.3 million**

Fair trade farmers

**›1,200**

Fair trade producers

**›125**

Countries selling fair trade products

# Sustainability Report

### This report aims at covering information required by GRI v4, core approach.

Responsibilty for Sustainability lies with the Executive Vice President Marketing, member of the Executive Leadership Team. The Organic Expertise Centre (OEC) reports to him and centrally aligns organic expertise and quality, resulting in a more integrated European approach and an exchange of best practices in relation to the quality of our ingredients, products and processes. The OEC furthermore focuses on engaging our own people and helping them to increase their knowledge of organic and vegetarian food. It is also the driving force behind our sustainability strategy, the materiality assessment and defining all relevant KPIs. While we don't have dedicated sustainability resources, in total more than 5 FTEs are allocated to this key part of our strategy. The Organic Expertise Centre (OrganicExpertiseCentre@wessanen.com) can be contacted for any question about our approach to sustainability.

## Stakeholder dialogue

We are continuing our journey towards a fully sustainable business. After having identified Corporate Social Responsibility ('CSR') priorities with stakeholders in 2014, we have progressed action plans on the material topics. We have also reviewed some key stakeholders and added topics like emissions and waste, considered as pre-requisite even if not highlighted as material in the matrix. In the table below, we give an overview on how we dialogue with our stakeholders. The Executive Board is actively engaged in the stakeholder dialogue. They regularly discuss key aspects of our strategy and targets, for example as part of road shows and meetings with investors, shareholders and banks.

| | How we engage our stakeholders | Expectations of our stakeholders | Topics discussed/outcomes |
|---|---|---|---|
| **Employees** | – Day-to-day contacts<br>– Annual employee engagement survey<br>– Quarterly CEO meeting to share business results<br>– Regular town hall meetings with Executive Leadership Team | – Fair and principled employer<br>– Safe workplace<br>– Development opportunities<br>– Sound working conditions and fair wage package<br>– A company aligned with its values | – Investing time&money in community related activties (see page 36)<br>– Proving heatlhy food & drink in the workplace (see page 34) |
| **Consumers** | – Product labelling<br>– Information on website, flyers, etc.<br>– Advertising and promotions<br>– Consumer care<br>– Social media (Facebook, Twitter,...) | – Organic, healthy, sustainable, fair trade and tasty food<br>– Clear sound product information (e.g. labelling)<br>– Transparency | – Removal of palmoil/use of sustainable palmoil (see page 37)<br>– Further improving nutritional policies (e.g. salt, sugar) (see page 23) |
| **Customers** | – Day-to-day contacts<br>– Annual reviews<br>– Advertising and promotions<br>– Participation in trade shows (e.g. Biofach, Biobeurs) | – Fair price<br>– Quality and flexibility<br>– Attractive brands<br>– Commitment to developing the organic market | – Avoiding waste/obsolete products (see page 39)<br>– Transport efficiencies (see page 39)<br>– Optimising packaging for shelf stacking/uses of space (see page 37) |
| **Suppliers** | – Day-to-day contacts<br>– Technical visits and meetings<br>– Specifications | – Long term relationship (partnership)<br>– Fair price<br>– Support organic business | – Avoiding waste/obsolete products (see page 39)<br>– Transport efficiencies (see page 39) |
| **Shareholders** | – Annual shareholder meeting<br>– Annual report, website<br>– Quarterly road shows | – Return on investment<br>– Dividend<br>– Long term well being of the Company<br>– Timely, fair disclosure<br>– Transparency | – Further increasing transparency of information (e.g., on website)<br>– Direct access to Executive Board on key issues |
| **NGOs** | – Meetings, conferences<br>– Membership of organisations | – Promote organic, fair trade, healthy and sustainable food<br>– Transparency<br>– Sustainable practices | – Contribution to IFOAM Organic Vision 2030 |
| **Governments** | – Periodic meetings, disclosures<br>– Certification audits | – Compliance with regulation and standards | – Resolution of specific product issues (see page 34) |
| **Society** | – Annual report<br>– Various communication channels | – Act as a sustainable company<br>– Give something back | – Community related activities (see page 36) |
| **Experts** | – Consultation<br>– Conferences | – Policies based on science | – Input into vision/mission, e.g. role of meat/ vegetarian diets( see page 2, 3) |
| **Media** | – Interviews | – Transparency | – Company profile and strategy (see pages 12 ff) |
| **Investors and banks** | – Annual report website<br>– Quarterly roadshow<br>– Investors conferences | – Transparent reporting<br>– Good corporate governance<br>– Financial prudency | – Further increasing transparency of information (e.g., on website)<br>– Direct access to Executive Board on key issues |

# 'Back to my roots'

**Elisabeth Caseau (45), with her two daughters Aurane (10, on the right), and Evangeline (12, in the middle). Charlotte (12, on the left) is a friend.**
*Finance Director, France*

Elisabeth Caseau is responsible for accounting, controlling and legal for Distriborg's French operations. She is in charge of budgeting and forecasting and reporting activities and supports the general management with financial advice. On the legal side she manages contracts, litigations and intellectual property.
'2015 was a good year in France; we performed slightly better than the ambitious budget, which is a great performance. I've been with Wessanen for 17 years. The more organic the company becomes, the more I enjoy working here.
I discovered that the traditional values held by my grandparents are increasingly becoming my own values as well. When you have children, you start looking at the planet in a different way. I live in my grandparents' house, with a big garden with old trees and plants and, just like my grandfather did, we grow our own fruits and vegetables. More than 30 percent of the food we eat is organic, which is true to the Wessanen values. I love going back to my roots – it gives me power and energy!'

## Process of determining materiality

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

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

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

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

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

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

## Our materiality matrix


## Healthier Food, Healthier People, Healthier Planet

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

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

### Healthier Food

We believe that a healthier food is by essence a food cultivated without chemicals, a food which favours vegetal origin rather than animal origin and which is not refined to keep the intrinsic goodness of the plant.

**True price**

Healthy organic food is more expensive than conventional because it requires more manual work and usually gives lower yields, but in the meantime organic does not generate external costs to the society. On the opposite, conventional food is not paid at the right price because external costs are not included. These costs are:

- water treatment, polluted by nitrates and pesticides
- subsidies paid to farmers to maintain their competitiveness on the market
- health expenses linked to farmers' diseases caused by the use of pesticides.

Part of our $CO_2$-emissions are compensated (Wessanen UK, Wessanen Benelux and Alter Eco). So despite the fact that we did not carry out a full true price assessment, we believe that the price paid for our organic products is approaching the true price.

**Animal welfare**
97% of our products are vegetarian and our small range of animal based products is organic. Organic farming sets the highest standards for animal welfare that are available throughout the EU. Organic animals must have access to pasture and overcrowding and stress are limited. So animal welfare is not an issue in our supply chain.

Organic represented in 2015 71% of our total sales. It was 68% in 2014. Our goal is to double the number of organic products sold by 2020.

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

An article published on November 2014 in Nature magazine entitled: 'Global diets link environmental sustainability and human health' compared an omnivorous diet to three alternative diets (vegetarian, Mediterranean and pescatarian diets. They report that 'Alternative diets that offer substantial health benefits could, if widely adopted, reduce global agricultural greenhouse gas emissions, reduce land clearing and resultant species extinctions, and help prevent such diet-related chronic non-communicable diseases.'

**Organic Day**

Every year, all Wessanen employees in all sites are taking part in the Organic Day. The 2015 event was dedicated to The Year of the Soil.

The great majority of our sales are vegetarian products, meaning products produced without meat or meat by-products[1]. Some of our brands like Tartex, Allos or Bjorg have vegetarian roots as they were the first ones to introduce vegetal pates, amaranth or tofu on their markets.

Since June 2014, we have the Veggie Thursday throughout all Wessanen sites. On Thursday we encourage our employees to eat vegetarian food and we also animate campaigns for our consumers. Bjorg has a strong campaign on veggie (recipes, benefits) in social media (website, Facebook, Twitter).

1 Meat by-products such as gelatin.
Vegetarian products may contain animal products such as eggs and dairy.

The percentage vegetarian in our sales is 97%. It was 96% in 2014. It remains an essential criterion in our assortment. Our goal is to further increase the percentage of vegetarian sales.

**Nutritional policies**
Healthier food is one of the main motivations to buy organic. On top of organic certification requirements, we have also adopted nutritional policies for our own brands.

Nutritional policies cover salt content, quality of sugar and unrefined cereals. Thresholds for salt are determined for our core categories. Our policies are presented in chapter 'Who we are/Nutritional brands' and fully accessible on our website.

In 2015 84% of our portfolio of six nutritional brands is conform to these policies. It was 83% in 2014. Our goal is to reach 85% by 2017.

**Regulatory compliance**
We pay extreme attention to guaranteeing the regulatory compliance of our products. This includes providing clear, transparent and responsible information on our product labelling and is the responsibility of our Marketing and R&D teams. It is also a key requirement for our suppliers, specified in our Supplier Quality Booklet (SQB) and in our raw material and packaging specifications. Our pesticides and GMO policies go beyond organic regulation requirements.

We monitor closely the change of regulation, conduct risk assessment on products and carry out monitoring plans to manage risks. In 2015, we carried out close to 14,600 analyses on finished products, of which 99.8% were compliant with regulation. Non-compliant products were not put on the market.

We also act as a responsible company and participate actively in discussions with authorities and stakeholders on regulatory evolution. We are sponsors and members of IFOAM EU group (IFOAM is the International Federation of Organic Agriculture Movements) and participate in the different stakeholders' meetings on the new organic regulation. We also are members of organic associations in the countries where we operate as well and participate in working groups. The Quality Director of Distriborg is a member of CNAB (National Committee of Organic Agriculture). For more details see the illustration below.

Our range of products does not cover forbidden or controversial products (alcohol).

We did not have any incident of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship.

Our goal is to stay fully compliant with all organic regulation and forbidden or controversial products requirements.

**Consumer health & safety**

Food safety is our priority as it is a pre-requisite for healthy food. It is covered in our policies (Wessanen Product Quality Charter) and the Supplier Quality Booklet. It is monitored via supplier's selection and evaluation and on a risk-based approach.

- Our factories are certified according to a GFSI standard.
- 63% of our purchase turnover ('PTO') is covered by 3rd party suppliers certified according to a GFSI standard. Suppliers which are not certified according to GFSI are submitted to an on-site evaluation by the quality department before being selected.

## Healthier People

One of the key aims of making healthier food is obviously to allow people to live healthier lives. But beyond the products we make we want to also directly affect the healthiness of people. This includes in particular our employees but also looks beyond.

**Our people: Health@work program**

Because Healthier People starts with our employees we have in each location different activities providing a healthy and green place to work. The program is called Health@work. Each site is:

- providing free organic drinks and/or food to all employees
- encouraging the practice of a physical activity by proposing activities on site or re-funding minimum 50% of subscription fees
- developing the knowledge on organic food by organising every year for all employees on site an Organic Day
- encouraging people to do a "Veggie Thursday" every week.

Currently 98% of our employees work in sites applying the Health@work program.

**Organic Day 2015**

In line with the international year of soil, our 4th Organic Day was organised on the topic 'Celebrating soil'. The event took place on October 9th in nine locations.

The goal was to raise the awareness that soil is the beginning of all food we eat and is under risk. But there are solutions to improve its quality and organic agriculture plays a key role.

**Our organic key stakeholders**

| | |
|---|---|
| Europe | **IFOAM EU** (European umbrella organisation for organic in Europe) |
| France | **SYNABIO** (association of organic producers and distributors) |
| | **CNAB** (Comité National de l'Agriculture Biologique) |
| Germany | **AOEL** (Association of Organic Food Producers) |
| | **BNN** (Association of Organic Processors, Wholesalers and Retailers) |
| | **BÖLW** (Bund Ökologische Lebensmittelwirtschaft) |
| | **FIBL** (Agricultural Research Institute) |
| Netherlands | **Bionext** (Association of Organic Producers) |
| | **VBP** (Association for Trade & Producers of Organic Products) |
| United Kingdom | **Soil Association** |
| Italy | **ICEA** (Istituto per la Certificazione Etica ed Ambientale) |


## Fattoria Verde

As part of our international management conference in June 70 of our managers renovated a centre for disabled children in Italy that works with organic agriculture.

The program was:
- conferences by soil experts like Marc Dufumier (agronomy Professor) and Inka Sakse (consultant, Soil & More)
- workshops to analyse soil from people's garden and explanations of how to produce compost
- a company game 'Celebrating Soil' to learn about soil in a funny way
- planting activities.

In addition, we encouraged people to come by eco-friendly transport on that day (public transportation, bike, car-pooling). For every employee having done the challenge, we are planting trees in a planting program. The program is now taking place in in the cooperative ORFSC in Thailand supplying rice for Alter Eco. As a result of the challenge, Wessanen gave €5,000 to the cooperative for the tree plantation project.

A survey carried out immediately after the event showed 93% of satisfaction (event judged interesting to very interesting).

Our 5th Organic Day will be organised in Q4 2016.

**Our suppliers: Fair trade**
Farmers in Southern countries can have difficult living conditions due to price volatility. Fair trade aims at offering them better trading conditions and promoting sustainability. Our core categories coffee, tea and cocoa are most at risk in terms of this issue.

Brands Alter Eco and Clipper have always been engaged in the respect of agricultural producers and applied from the start the Fair Trade model to their supply chain. Fair trade prices include a premium, used by the cooperative for projects to develop the community. Premium allocation, decided by the farmers, goes to community projects.

Fair trade represents 60% of our 2015 sales in Hot Drinks and Chocolates. Some herbal drinks cannot be fair trade certified so we cannot reach 100%. Our goal was to grow it to 50% by 2017.

**Human rights in the supply chain**
This topic did not appear as a material one for all stakeholders but was mentioned as a key one for some of them (VBDO, bank) and for internal stakeholders. So we have included it. It is of course important to ensure that we have a Responsible Supply Chain Management in place.

The highest risks are for raw materials sourced from southern countries, which correspond to the category Hot Drinks. This is why we are striving at growing the fair trade part of this category (see the chapter fair trade).

For the rest of the portfolio, we ask our suppliers to commit to our suppliers code, which follows ILO based principles. Our code is available on the website.

To date, suppliers representing 81% of our PTO have accepted our code.

If suppliers refuse to sign, we will start a process of replacing this supplier. So far this did not happen.

Our goal is that suppliers representing 90% of our PTO will accept our code by 2017.

## Giving Something Back

As a company, we have a role to play in the communities that we are a part of. In 2015 many activities were conducted and support was given by the Wessanen family. Here are some key ones:

**La Fattoria Verde:** In June, we gathered 70 Wessanen managers near Rome in Italy for an annual strategy meeting. As a team building exercise, we did repairs and improvements in a centre using organic agriculture to help disabled children. We repaired the kitchen ceiling, built an irrigation system, created a drain to avoid flooding and put up 250 meters of fence for the animals. All this in a very good mood and team spirit. The total amount of money that went into the activity and the improvements is €8,500.

**Syrian refugees:** A shelter for many hundred refugees has been opened in the neighbourhood of our office in Amsterdam.
Our employees have collected winter clothing and toiletries and the company has donated €2,500 to the Red Cross to help people through their first winter here.

**Sponsoring a movie:** Distriborg has financially supported a documentary 'Demain', presenting sustainability citizen initiatives around the world. This movie was presented at the COP 21 meeting in Paris in December.

**Running for trees:** Wessanen Benelux and Head office participated in the Dam to Dam race, one of the biggest running festivals in the world. Not only did people push themselves to participate in a challenging physical activity but they also raised money for charity.

**Cooking for the less privileged:** In December as part of the Wessanen Marketing Conference 55 Wessanen Marketeers spent an afternoon shopping and cooking for and having dinner with more than 250 people living in shelters of the Amsterdam Salvation Army and HVO Querido. We invested a total of €2,000 into this activity.

**Responsibility**

In November 55 international Marketeers went shopping, cooked dinner and ate with 250 people living in shelters of HVO Querido and Salvation Army in Amsterdam.

## Healthier Planet

We only have one planet. It needs to currently provide a home to 7 billion, in the near future 9 billion people. Sustainability is often mis-understood to be about protecting the planet as such when infact it is about making sure it can remain a safe and livable home for humans. The way we live, consume and eat needs to change for this to be possible.

### Genetically Modified Organism

Absence of Genetically Modified Organism (GMO) is a strong expectation from our internal and external stakeholders.

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

We consider GM plants as a danger for the environment for the following reasons:

- cross contamination of other crops or plants by exchanging genetic material (according to experts, this is unavoidable because of pollen transportation by bees, wind or water)
- pollution by herbicides (for herbicide tolerant crops) and pesticides (for crops producing their own pesticide)
- eco systems disruption: GM plants producing insecticide appear toxic for other insects tother han the ones targeted, insects develop resistance. There is a risk of disruption of current ecosystems.

GMOs are forbidden in organic products, but unfortunately cross contamination may occur. Our non-GM policy goes beyond regulation and requires specific measures for at risk ingredients (soybean, corn and rapeseed). We ask suppliers to carry out an analysis on each batch before using it.
Our approach is to engage our suppliers in making controls along the chain to avoid any contamination of our products.

> Our goal is to maintain the scores of lower than 0.1% of GM material for organic products and 0.9% for conventional products.

### Palm oil

Palm oil was used traditionally in alternative diets as a replacer of dairy fat. It has many technical benefits (stability versus oxidation, melting properties, neutral taste), however its huge development has led to deforestation in some tropical areas. As a result, palm oil has a negative image for many of our consumers.

We have defined our palm oil policy already in 2010 with the ambition to remove palm oil in products where it was relevant and to get the rest certified Roundtable Sustainable Palm Oil (RSPO).
We compensate with Green palm certificates by exception.

We are very proud to have been ranked in 3rd position by WWF Netherlands on our use of palm oil.

More information: www.wnf.nl/wat-wnf-doet/onze-aanpak/grondstoffen-en-keurmerken/palmolie-rspo.htm.

# Palm oil

We aim to remove palm oil where relevant and get the rest of our products certified RSPO. We compensate with Green Palm certificates only by exception.

In 2015 84% of our palm oil is identity preserved, seggregated or mass balance CSPO (Certified Sustainable Palm Oil). 100% are CSPO including compensation by Green Palm certificates (Book and Claim model). We work continuously with our suppliers to reduce the compensation part.

Our goal is to further increase the percentage of Certified Sustainable Palm Oil and so reduce the amount we compensate through Green Palm certificates.

**Packaging**
In a world were non-renewable resources become scarce, it is essential to preserve them. Packaging is always seen as the visible waste of food. What we forget is that the primary function of the packaging is to protect the product inside and avoid food waste. Indeed, the carbon footprint of packaging represents (only) 10 to 30% of the total product impact. So reduction of the packaging environmental impact is important but should not be at the expense of the product quality and shelf life.

In addition to this environmental impact, packaging can also represent a chemical risk, when chemical contaminants migrate into the product. When France banned the use of Bisphenol A as of beginning of 2015, we took this opportunity to remove Bisphenol A from all products sold in France but also in other countries. Absence of Bisphenol A is a requirement in our policy on innovations.

But Bisphenol A is not the only chemical risk. The mineral oils risk from cardboard has been at the heart of a Food watch campaign in 2015. This risk is not yet regulated but there is consensus on the hazardous effects of mineral oils. Consumer associations like Food watch are monitoring it. We have carried out a risk assessment on these emerging hazards and are managing specific issues.

We have finalised our packaging policy for our innovations to address both environmental and chemical risk. This policy will be published on our website and covers generic items like preferring recyclable material, using preferably FSC cardboard and specific ones like avoiding PVC.

In 2015, we put 19,855 tons of packaging on the market (versus 30,150 tons in 2014), which represented a ratio of 0.12kg per Kg of product (0.17 in 2014).

Our goal is to further reduce the packaging ratio per Kg of product in 2016.

**Biodiversity/sustainable agricultural practices**
Biodiversity is an essential topic for a company engaged in organic. We operate in Europe and none of our locations are located in protected areas. So our impact on biodiversity is mainly indirect, through the production of our products.

We are convinced that growing and promoting organic and vegetarian food are our best contribution to the protection of biodiversity. Our Organic Day on Soil has further convinced us that the type of agriculture has a big impact not only on the quality of food but also the environment and the resilience of the soil. This is why we have decided to look at the topic from the angle of agricultural practices.

Our brand Alter Eco has been engaged since 2008 in in-setting activities. The brand has consistently measured its carbon footprint and compensated it in its cocoa production fields through tree plantation. Agroforestry practices have various benefits.They work towards land protection and conservation through more effective protection of stock, control of soil erosion, salinity and water tables and a higher quality control of timber. A denser, more-dependable tree covering can provide shelter to birds and animals. That same tree covering helps block out wind, helping to boost water retention levels that can help produce a more robust crop yield. On top of these benefits, they offer complementary revenue to the farmer.

Our goal is to take more initiatives regarding biodiversity and/or sustainable agricultural practices.

**Environmental impacts of suppliers**
All our operations have environmental management systems, mainly certified according to ISO 14001 standard. Though we prefer suppliers having a certified environment management program like ISO 14001 (cf. SQB), this is not a mandatory requirement. In reality, though most suppliers of organic products have implemented good environmental practices, only a small number is certified ISO 14001.

## Our organic agriculture

In Italy (La Goccia), we manage 700ha of own organic agriculture to produce the grains we use in our Dairy Alternatives.

**Material sourcing and origin**
Seven consumers out of ten rate transparency as very important when buying a brand (Deloitte Sustainability – make it Märkbar).

39% of French consumers want clear information about the geographic origin of products (+4% in 1 year) (Source: Opinion Way; n=1006, Q1-2015)
Given the complexity of our portfolio, we cannot provide a full overview on the origins of raw materials used. The main points are:
- We are fully transparent to consumers regarding origin of raw materials. Our consumer care executives always provide the information on country of origin upon request
- 100% of the soy used for our dairy alternatives produced in the Bio Slym and Abafoods factories comes from Italy
- Sourcing organic raw materials from Western Europe is not always possible, due to availability issues. The Organic market is growing faster than organic production in most countries in Western Europe.

Our goal is to provide more information on geographic origin on some key ingredients.

**Emissions and energy/carbon footprint**
Emissions and energy were not identified as a material topic by our stakeholders, but they are essential to be addressed in a sustainability strategy in link with a Healthier planet.

We can consider two levels of emissions for Wessanen:
- Direct impact through our activities (buildings, transportation, travel, factories)
- Indirect through the production and supply chain of our products.

Direct impact: we have started initatives in each location to move to 100% renewable electricity.

94% of the electricity used in 2015 was from renewable sources (compared to 78% in 2014). Our target is 100% by 2017.

**ISO 50001**
Our German company with two factories has successfully moved to an energy efficiency program by getting its 3 locations certified ISO 50001.

They have set up the target of reducing their energy consumption by 1.3% in 2015. They achieved 6%.

**Carbon compensation**
Three companies have measured their emissions of carbon in 2014 and compensated: Alter Eco, Wessanen UK and Wessanen Benelux.

Alter Eco measured its carbon impact all along the chain (from the field to the customer) and its emissions have been calculated and compensated at the level of 5,220 tons of $CO_2$. This is compensated by in-setting projects in the Alta Huyabamba project resulting in the planting of 15,600 trees.

Wessanen UK is engaged for many years with the Carbon neutral Company to measure $CO_2$ emissions and compensate.
The calculation applies to the office of Camberley and the factory of Beaminster and covers scope 1, 2 and part of 3 (upstream transportation). The emissions have been estimated at the level of 4,596 tons $CO_2$. It is compensating its emissions with Carbon Smart in 3 projects: Andipatti Wind Project in India, rainforest conservation projects in Brazil and Madagascar.

Wessanen Benelux has also measured its carbon footprint of 2014 and the emission of 365 tons was compensated by planting 1,125 trees by Trees For All in a project in Bolivia.

For the annual meeting held in Italy, we also compensated all emissions generated by employee's transportation. They have been estimated as 118 tons of $CO_2$ and were compensated in a project of agroforestry in Alto Huayabamba in Peru.

**Efficiency in Abafoods factory**
Our Dairy Alternatives plant of Abafoods has implemented a very efficient system of energy usage to recycle energy. For example the heat produced by the steam generator is used for general heating of offices and production area. 22% of the electricity used is co-generated and 2% is produced by photovoltaic panels.

**Solarpanels in Clipper factory in Beaminster**
We have installed solar panels on the roof of our factory in the UK and thereby reduced our use of energy from the grid by 12.4%.

### Waste

Waste was not highlighted as a material topic but we also consider that this is an essential topic for any food company given the amount of wasted food in the world.

Waste can occur at different levels in our supply chain from the farm to the consumer home, see the illustration below.

We will implement a task force to track and reduce all the waste under our control in 2016.

Factories apply best practices to limit waste material. Abafoods and Bio Slym dry the by-products from cereal extraction and produce animal feed out of it. Clipper sends the tea bags to a methanisation site, Allos and Allos Schwarzwald also recycle all their waste.

Operating companies track and reduce products not suitable for sale (out of date). Bonneterre's warehouse has reduced product destruction by 50% in Q1 versus the same period in 2014.

We apply the principle of not wasting products which cannot be sold by donating them to food banks, unless they are no longer suitable for consumption. In 2015, we have donated the equivalent of €0.516 million to food banks.

### Water

The water topic is relevant only for Wessanen factories, except the tea factory Clipper, which applies a dry process.

The ISO 14001 certified factories have systems in place to monitor and limit their usage of water.

Our Dairy Alternatives factory Abafoods uses water in a very ecological way, as it purifies water. The water for production is taken from artesian wells (independent from municipal water). The plant purifies the water via a biological treatment to use it in production. They have official permission to release the wastewater in superficial waters as it is cleaner than the water extracted. Abafoods has purified 109 000 m³ of water in 2014.

### ISO 14001

Though this is not a material topic, we encourage our sites (factories and offices) to be certified ISO 14001. On this topic, we support the position of IFOAM EU and anticipate regulatory changes as environmental management systems may be a requirement for organic certification in the future.

In 2015, 78.4% of employees worked in ISO 14001 certified sites. There are plans in each location to reduce emissions and waste.

### Sustainability in remuneration

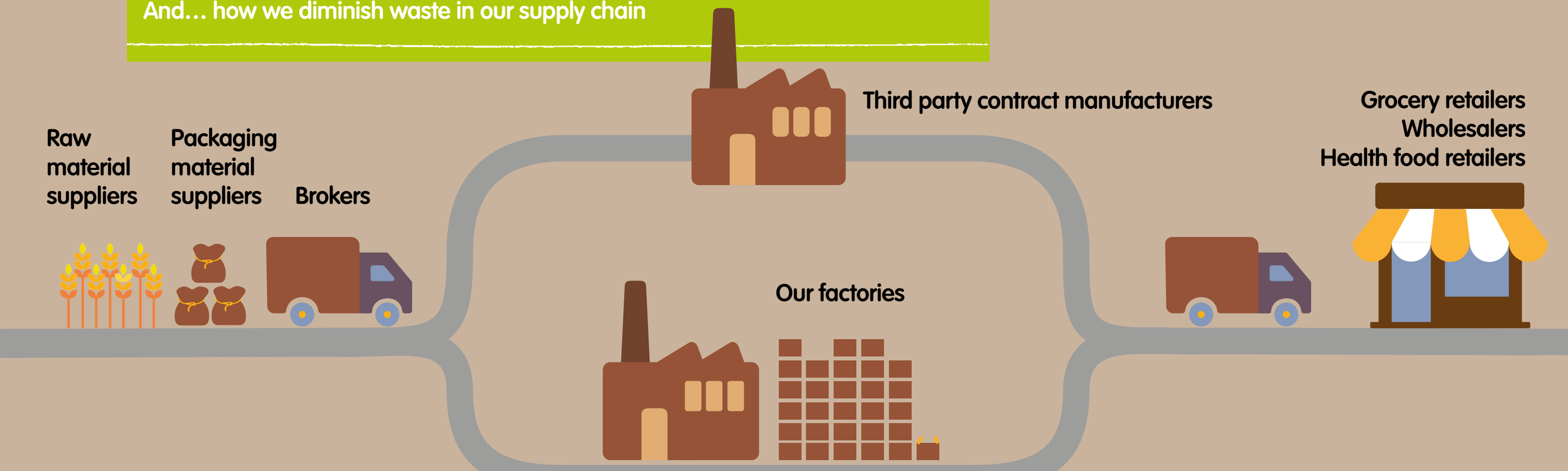
All employees working for Wessanen across all countries and sites have a target related to sustainability. This can be a very personal target for people working in close relation to sustainability (for example managing a specific improvement project) or a group target relating to, for example, avoidance of waste.

### Circular economy

We following the EU action plan for the Circular Economy. At this point, we will focus our efforts on food waste and packaging weight.

## Our value chain

**And… how we diminish waste in our supply chain**




Waste diminishing (for our factories only)

- Damage during transport

- Raw material out of date
- During production (overweight, low quality, rework, switches)
- Finished product (obsoletes)
- Packaging (printed)

- Damage during transport

**Waste = Material not used for its intended purpose**

# Sustainability summary

## KPIs – Healthier Food

| Indicator | 2015 | 2014 | 2013 |
|---|---|---|---|
| Organic products[1]<br>% of sales volume | **71%** | 68% | 69% |
| Vegetarian products<br>% of branded segment, by sales volume | **97%** | 96% | 94% |
| Products respecting nutritional policies[2]<br>% of branded segment, by sales volume | **84%** | 83% | n.d. |
| Non-GMO content<br>% of positive results on non-GMO content | **100%** | 100% | n.d. |
| Suppliers of end products certified GFSI<br>% purchased turnover | **63%** | 55% | n.d. |

Healthier Food
Healthier People
Healthier Planet

## KPIs – Healthier People

| Indicator | 2015 | 2014 | 2013 |
|---|---|---|---|
| Fair trade products[2,3]<br>% of sold hot drinks and chocolate | **60%** | 48% | n.d. |
| Employees working on sites with health@work programme<br>% of total workforce | **98%** | 92% | n.d. |
| Employee training hours<br>Hours per FTE | **25.0** | 11.4 | 11.2 |
| % of women in management positions[5]<br>% of total | **55.5%** | 49.2% | 52.3% |
| % of women[5]<br>% of total workforce | **52.4%** | 54.2% | 56.3% |
| Lost time injury frequency ratio[7]<br>Injury per 100 FTEs | **3.1** | 2.5 | 3.6 |

[1] 2013 included sales of our branded products only; from 2014 onwards included all sales.
[2] Our way of measuring our performance was adapted in 2014.
[3] Fair trade products are certified by a third party to standards for the development of disadvantaged producers and workers. Standards are set by Fair-trade Labelling Organisations Internationalsee: www.fairtrade.net).
[4] Distriborg was included as of 2014, Bonneterre not included in all years.
[5] The 2013-2014 figures are recalculated.
[6] The 2014 figure is revised.
[7] 2013 and 2014 are re-categorised and recalculated. In 2015 Abafood is included.
[8] The 2015 scope 3 emissions are extended with business travel and the 2013 figure is recalculated.

Unit of measurement

# 2013–2015

## KPIs – Healthier Planet

| Indicator | 2015 | 2014 | 2013 |
|---|---|---|---|
| % of renewable electricity consumption<br>% of total | **94%** | 78% | 75% |
| $CO_2$ emissions own operations[7]<br>Ton $CO_2$ scope 1 & 2 | **6,140** | 3,050 | 2,481 |
| $CO_2$ emissions outsourced transport[4, 8]<br>Ton $CO_2$ | **25,549** | 7,871 | 3,778 |
| Waste<br>Tons | **801.7** | 675.5 | 621.3 |
| Waste<br>% of volume sold | **0.5%** | 0.7% | 0.7% |
| Packaging versus product weight[6]<br>Consumer unit packaging vs net weight | **0.12** | 0.17 | 0.17 |
| Products donated to food bank<br>€ in million | **0.516** | 0.224 | n.d. |
| % of operations with ISO 14001 certification<br>% of employees | **78.4%** | 77.7% | 75.0% |
| Sustainable Palm Oil Identity Preserved, segregated or Mass balance<br>% of finished products with CSPO palmoil | **84%** | 79% | 61% |
| Sustainable Palm Oil including Book and Claim<br>% of finished products with CSPO palmoil | **100%** | 100% | 100% |
| Suppliers having signed our suppliers' Code of Conduct<br>% purchased turnover | **81%** | 47% | n.d. |

## External benchmarks and ratings

### Global Reporting Initiative (GRI)

Wessanen reports according to the Global Reporting Initiative guidelines (GRI-G4) in accordance with the core application level.

More information at www.wessanen.com/en/what-we-care-for/data-performance

### Carbon Disclosure Project (CDP)

We annually participate in the Carbon Disclosure Project (www.cdproject.net), which is intended to inform investors, legislators and other stakeholders on global $CO_2$ emissions and climate change.

In 2014 we scored 83 out of 100 points, performance band C (2013: 70 points, performance band D) .

The disclosure score (0-100) measures the level of transparency being achieved through responding. The performance band ( A, A-, B, C, D or E) measures how effectively climate risk is being addressed.

### Dutch Transparency Benchmark

The Transparency Benchmark of the Dutch Ministry of Economic Affairs, Agriculture and Innovation (EL&I) offers insight into the way over 400 largest Dutch companies report on their CSR activities. It charts transparency in sustainability reporting and also measures trends in the quality and quantity of CSR reporting.

The survery is conducted annually. Wessanen attained a 39th position in 2014 (42nd in 2013) with a score of 161 points (out of a total of 200)

# Connectivity matrix

| Mission (page 12) | KPI (page 40, 41) | Target |
|---|---|---|
| **Healthier food** | Organic products (% of sales volume) | Double the number of organic products sold by 2020. |
| | Vegetarian products (% of branded segment, by sales volume) | Further increase the percentage of vegetarian sales. Target: ›95% |
| | Products respecting nutritional policies (% of branded segment, by sales volume) | 85% by 2017 |
| | | No incidences - fully compliant with all organic regulation, forbidden or controversial products requirements. |
| | Non-GMO content (% of positive results on non-GMO content) | › 99.8% |
| | Suppliers of end products certified GFSI (% purchased turnover) | 85% by 2017 |
| **Healthier people** | Fair trade products (% of sold hot drinks and chocolate) | 50% by 2017 |
| | Employees working on sites with health@work programme (% of total workforce) | 100% by 2017 |
| | Employee training hours (Hours per FTE) | ›15 |
| | % of women in management positions (% of total) | ›50% |
| | % of women (% of total workforce) | ›50% |
| | Lost time injury frequency ratio (Injury per 100 FTEs) | No targets |
| **Healthier planet** | % of renewable electricity consumption (% of total) | 100% by 2017 |
| | $CO_2$ emissions own operations (Ton $CO_2$ scope 1 & 2) | No targets |
| | $CO_2$ emissions outsourced transport (Ton $CO_2$) | No targets |
| | Waste (Tons) | No targets |
| | Waste (% of volume sold) | Further reduce |
| | Packaging versus product weight (Consumer unit packaging vs net weight) | Further reduce the packaging ratio per Kg of product in 2016 |
| | Products donated to food bank (€ in million) | No target |
| | % of operations with ISO 14001 certification (% of employees) | Target ›90% by 2017 |
| | Sustainable Palm Oil Identity Preserved, segregated or Mass balance (% of finished products with CSPO palmoil) | Further increase the % of sustainable palm oil integrity preserved, segregated or mass balance; Target ›90% by 2017 |
| | Sustainable Palm Oil including Book and Claim (% of finished products with CSPO palmoil) | Maintain overall level of 100% while reducing compensation via Book and Claim; Target ‹10% by 2017 |
| | Suppliers having signed our suppliers' Code of Conduct (% purchased turnover) | Target ›90% of PTO will accept our code by 2017 |

**At Wessanen, Sustainability is not an extra aspect of our business, it is right at the core of what we do. That's why we believe in integrated thinking, planning and execution. In the following table we aim to give insight into the way our Sustainability KPIs connect to our mission, strategy and risk management approach. We are working on further defining and detailing these connections.**

| Result 2015 | Material topic (page 32) | Related risks (page 64 - 71) | Strategic pillar (page 13) |
|---|---|---|---|
| 71% | Organic<br>Biodiversity<br>Healthy food | Food safety risks & Food Scandals | 1<br>3 |
| 97% | Vegetarian<br>Biodiversity<br>Healthy food | | |
| 84% | Product regulatory compliance<br>Responsible product labelling<br>Fair & ethical advertising | Food safety risks & Food Scandals<br>Government – laws and regulations | 1 |
| 0 | | | |
| 100% | GMO, Healthy food, Organic | Food safety risks & Food Scandals, sustainability of our strategy | 1<br>3 |
| 63% | Consumer health & safety | Interruption in our Supply Chain<br>Strategic position of suppliers | 2 |
| 60% | Fair trade | Food safety risks & Food Scandals | 1<br>3 |
| 98% | n.a. | People and talent management | 4 |
| 25.0 | n.a. | | |
| 55.5% | n.a. | | |
| 52.4% | n.a. | | |
| 3.1 | n.a. | | |
| 94% | n.a. | Sustainability of our strategy | 2<br>4 |
| 6,140 | n.a. | | |
| 25,549 | n.a. | | |
| 801.7 | n.a. | | |
| 0.5% | n.a. | | |
| 0.12 | Packaging | | |
| 0.516 | n.a. | | |
| 78.4% | n.a. | | |
| 84% | Use of (sustainable) palm oil<br>Material sourcing | Food safety risks & Food Scandals | 1<br>4 |
| 100% | | | |
| 81% | Environmental evaluations suppliers | Interruption in our Supply Chain<br>Strategic position of suppliers | 4 |

# Stakeholder interviews

## Maurits van Beek

### Category Manager Coffee & Tea Albert Heijn, the Netherlands (Customer of Wessanen)

**What makes Wessanen a sustainable business?**
Wessanen is a model of how we would like to work together with our suppliers. They show great flexibility, question our objectives to really understand what we need as a business and are willing to take the first step and invest into new opportunities. Our strategies are very much aligned – to bring more consumers to healthier, more value added food. We have developed a real partnership in developing our categories.

**What should be our main battles in the next years?**
Wessanen's role is to bring strong innovation to the category in order to attract new consumers to value added propositions. They have done this very well especially with Clipper but also with Zonnatura and this needs to continue to be a strong focus. They have a good assortment of healthier and tasteful products and brands.

**In which domain do you think we should improve?**
In order to be the most trustworthy company Wessanen needs to make sure all of its assortment is consistent with its mission and philosophy – there is still a remaining 2% that needs to be sorted out. I would also like Wessanen to be more confident and proud. They have a strong track record and a role to play in driving my categories in the future and I would like to hear their views in a more impactful way.

## Rolf Rubin

### Director Rubin Muehle GmbH, Germany (Supplier to Wessanen)

**What makes Wessanen a sustainable business?**
What I can say is that we have been working together for many years. During that time sales of products which have been developed together years ago have increased constantly and are today the main pillars of the product portfolio. Products which have been launched later have done well and are strengthening the sales of the brand whereas new items are promising. Over time an important product portfolio has been created together.

**What should our main battles be in the next years?**
It will be important to keep the quality of the products and by observing the markets add constantly new items which are likely to succeed.

**In which domain do you think we should improve?**
Coordination on procurement will get more and more important. Sometimes the date where the prices for the coming year have to be submitted is not the best to close contracts for all of the required ingredients. Sometimes it will be necessary to discuss the more and more volatile market of ingredients during the year. Packaging decisions of Wessanen have an important impact on Rubin's investment decisions. Potential increase of productivity in the packaging process can only be achieved by coordinated decisions between Rubin and Wessanen. This will also need the horizon of a more long term relationship.


## Vicky van Heck

### Manager Sustainability and Responsible Investment, Dutch Association of Investors for Sustainable Development (VBDO) (NGO stakeholder in Wessanen)

**What makes Wessanen a sustainable business?**
Wessanen is a sustainable business if in the long term it would add economic, social and environmental value to society. Responsible sourcing practices which take into account the well-being of consumers, production workers and the natural environment in the long term are part of this.

**What should our main battles be in the next years?**
A main challenge for Wessanen is the growing global demand for food. Can Wessanen maintain a leading position in organic, fairly sourced products while there is a need for increasing yields to feed a growing world population and for reducing resource dependency?

**In which domain do you think we should improve?**
- Determine your impact on ecosystem services (degradation) on regional level, e.g. by identifying natural capital risks and taking mitigating actions.
- Stimulate (second-tier and beyond) suppliers to meet Wessanen's social and environmental standards going beyond regulation, e.g. by paying a 'living wage'. Mapping the entire supply chain could be a first step.
- Measurable, realistic and time-related targets can help Wessanen to achieve its sustainability goals.

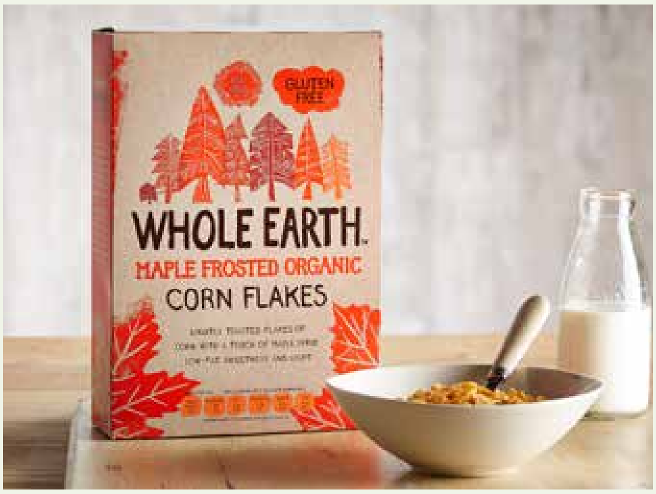
# Dilemmas

**As we are driving towards our mission of healthier food, healthier people, healthier planet we are dealing with a number of dilemmas. Two key ones are explained here.**

## Packaging dilemma

The essential function of packaging is to protect the product and avoid it to be wasted. Individual plastic films in a biscuit box can be seen as unnecessary, except that once the box is opened, the biscuits can become stale very fast.

Packaging also protects the product from contamination by micro-organisms or allergens and provides traceability information. Reduction of packaging must therefore always be balanced vs negative impact on creating unwanted food waste. Our strategy is to address this issue pro-actively, minimise packaging material and make sure that as much as possible it is made from renewable materials and recyclable. It's an ongoing process for us to get better at this issue.





## Nutritional policies vs taste dilemma

We aim to further improve the nutritional profile of our products and tighten our nutritional policies. When it comes to reducing for example the level of sugar it has to be done in such way that the consumer still likes the taste of the product. This is especially relevant in categories such as Sweet in Between. Further optimising the balance between nutritional profile and taste will be a key topic for us in coming years.


# About this sustainability report

**We report additional (non-) financial information according to the GRI guidelines version 4, option core. The aim is to inform our stakeholders about our (non-) financial developments, covering the calendar year 2015. In this report we present our progress on the material topics. The material topics, boundary and scope were determined in conjunction with our stakeholders. In addition we complemented these topics with some topics required by environmental standards (such as waste and water). The process for defining the material topics and report content, as well as the list of material topics, is described in the materiality determination (chapter Healthier Food, Healthier People, Healthier Planet).**

## Reporting process sustainability information

Sustainability data is collected on an annual basis. The collection process takes place in January. Some data have been collected in each location, others have been collected centrally. Once collected, the data was consolidated and submitted to trend analyses. Where necessary, data was verified with the relevant data provider. The data for this report was measured. Where no data was available, it was estimated. No uncertainties or inherent limitations to the data were identified as a result of measurement, estimation or calculation of data.

Our sustainability KPIs are presented in a table (page 40-41). Significant changes in definitions and measurement methods versus previous reporting periods are explained at the bottom of this table. In 2015 no changes regarding our sustainability policy and objectives were made. The main change this year concerns the external verification. For the first time we have mandated a third party to provide limited assurance on our five most important KPIs, namely: organic, vegetarian, nutritional, fair trade and RSPO. We aim to provide our stakeholders with reliable data. As part thereof, our ambition is to expand the external audit on our report in the coming years.

## Reporting scope

The scope of our CSR performance includes all entities for which Wessanen holds management responsibility. Unless stated otherwise, the scope of our sustainability data encompasses all the Wessanen activities. This also means that subcontractors are not included, unless stated otherwise. In our sustainability reporting new acquisitions are included as of the first full year of ownership. Divestments that occurred during the reporting year are excluded for the full year. This means that we have incorporated Abafoods data in 2015.

SGS

## SUMMARY ASSURANCE STATEMENT

### SGS NEDERLAND BV'S ASSURANCE OPINION ON SELECTED SUSTAINABILITY KPIs IN THE WESSANEN ANNUAL REPORT FOR 2015

NATURE AND SCOPE OF THE ASSURANCE

SGS Nederland BV was commissioned by Wessanen to conduct an independent assurance of selected sustainability KPI data in their 2015 Annual Report. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the 2015 data in for the following KPIs, contained in the table on page 40 and 41 of this report:

Organic products: % of sales volume
Vegetarian products: % of branded segment, by sales volume
Products respecting nutritional policies: % of branded segment, by sales volume
Fair trade products: % of sold hot drinks & chocolate
Sustainable Palm Oil Identity preserved, segregated or mass balance: % of finished products with CSPO palm oil
Sustainable Palm Oil including Book and Claim: % of finished products with CSPO palm oil

ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, nothing has come to our attention that causes us to believe that the KPI data within the scope of our verification as reported by Wessanen in the 2015 Annual Report is not, in all material respects, fairly stated. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

Our full Assurance Statement can be accessed here:
http://wessanen.com/en/what-we-care-for/data-performance/assurance-statement/


**C.P.J. (Christophe) Barnouin**
1968 French nationality

**Executive Board member and CEO**

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

**Ownership of Wessanen shares**
**118,804**

**Experience**
Joined Wessanen in April 2006. Became CEO on 25 January 2014. Former positions include managing director of Wessanen's French and Italian operations, marketing director at Mars and marketing and sales positions at Reckitt Benckiser and Orangina.


**R.J.J.B. (Ronald) Merckx**
1967 Dutch nationality

**Executive Board member and CFO**

**Current term of appointment**
2015–2019; first appointment in 2011.

**Ownership of Wessanen shares**
**47,766**

**Experience**
Joined Wessanen in June 2011 as CFO.
Former positions include CFO Europe for Britax Childcare International and financial positions in internal audit, controlling, investor relations and financial management at Unilever in the Netherlands, the UK and Germany.

# 71%

% of revenue from organic certified products

# 97%

% of revenue from vegetarian products

| In € millions, unless stated otherwise | 2015 | 2014 | % change |
|---|---|---|---|
| **Income statement** | | | |
| Revenue | 523.0 | 430.6 | 21.6% |
| Operating result before exceptional items (EBITE) | 34.7 | 23.6 | 47.0% |
| Operating result (EBIT) | 34.6 | 20.6 | 68.0% |
| Profit for the period[2] | 37.3 | 45.3 | (17.7)% |
| **Cash flow** | | | |
| Generated from operations | 39.2 | 31.9 | 22.9% |
| From operating activities | 26.3 | 23.7 | 11.0% |
| From investing activities | (51.5) | (4.8) | |
| From financing activities[2] | (18.3) | (68.7) | |
| Net cash flow[2] | (4.7) | 12.4 | |
| **Statement of financial position** | | | |
| Average capital employed | 175.8 | 121.0 | 45.3% |
| Shareholders' equity[2] | 183.4 | 154.2 | 18.9% |
| Net debt/(cash)[2] | (17.5) | (27.3) | (35.9)% |
| **Ratios** | | | |
| EBITE as a % of revenue | 6.6% | 5.5% | |
| EBIT as a % of revenue | 6.6% | 4.8% | |
| Return on average capital employed (ROCE)[3] | 19.7% | 17.0% | |
| Return on shareholders' equity[2, 4] | 18.9% | 13.4% | |
| Leverage ratio (net debt/EBITDAIE)[2] | (0.4) | (0.7) | |
| Debt to equity[2] | (9.5)% | (17.7)% | |
| Capital expenditure to revenue | 1.5% | 1.1% | |

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| **Employees** (in FTE) | | | |
| Average number | 904 | 822 | 842 |
| Number at year end | 937 | 824 | 822 |

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

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| **Sustainability** | | | |
| **Healthier Food** | | | |
| Organic products | 71% | 68% | 69% |
| Vegetarian products | 97% | 96% | 94% |
| Products respecting nutritional policies | 84% | 83% | n.d. |
| **Healthier People** | | | |
| Fair trade (hot drinks & chocolate) | 60% | 48% | n.d. |
| **Healthier Planet** | | | |
| Renewable energy | 94% | 78% | 75% |
| Palm oil (RSPO certified) | 100% | 100% | 100% |
| **Share price** (in €) | | | |
| Highest share price | 10.21 | 5.54 | 3.19 |
| Lowest share price | 5.04 | 2.84 | 2.07 |
| At year end | 9.35 | 5.25 | 2.84 |
| **Market capitalisation** (in € millions, at year end) | | | |
| Market capitalisation[2] | 706 | 399 | 216 |
| Enterprise value[2] | 688 | 372 | 267 |
| **Per share** (in €) | | | |
| Profit for the period[2] | 0.49 | 0.60 | 0.00 |
| Dividend[2] | 0.11 | 0.10 | 0.05 |
| Equity at year end[2] | 2.43 | 2.03 | 1.39 |
| **Shares in issue (basic)** (in thousands) | | | |
| Average number | 75,582 | 75,901 | 75,723 |
| Number at year end | 75,468 | 75,973 | 75,736 |

# 'Conscious career choice to work for Wessanen'

**Laurence Favier (41)**
*Business Developer, France*

Laurence Favier has been employed at Wessanen for four years, first as Brand Marketing Manager for Bjorg and now as Business Developer for Distriborg Group. She is responsible for developing product ranges that would fit new distribution channels, such as air companies, trains, petrol stations. At the same time she is responsible for identifying and developing new business opportunities for Distriborg brands. The result of her dedicated work is higher brand visibility and revenue growth.

Four years ago she made a conscious career choice to work for Wessanen. 'Ninety percent of the food I buy is organic, I try to eat in a more sustainable way and to preserve my family's health. And running is a complementary way to keep fit and active. At Wessanen I can combine my private values with the company's corporate values. That makes me very happy and serene.'

# Report of the Executive Board

## Our brand performance

In 2015, market growth was healthy across all the countries in which we operate. A food revolution is taking place, bringing more and more people into healthy and sustainable food. Organic food grew high single digit figures and fair trade and other sustainable labels are all achieving solid growth, too. We can also see a growing appreciation for a vegetarian lifestyle in many countries which positively impacts our markets.

All channels benefited from this growth, including grocery and health food stores but the exact proportions differed between countries.

### Growing our core brands

In 2015, our core brands grew by 14.8% and many of them grew their market share in their markets. Apart from Bonneterre, Gayelord Hauser and Tartex all core brands grew double-digits.

Bjorg has extended its leadership of the organic market in France and achieved double-digit growth in 2015. While this was broad-based, we saw especially positive results in Breakfast Cereals, Bread and Biscuit Replacers, Dairy Alternatives and Veggie Meals. Support by TV advertising and other media was strong, as well as promotions at POS.

Bonneterre fared well overall in a fast-growing HFS channel in France. The strategy to focus on a core assortment and on extending its presence in HFS chains is producing good results. Bonneterre became the first French HFS brand to ever do TV advertising in 2015. The new tea range was well received.

Clipper showed double-digit growth, driven largely by the success of the brand outside the UK. The roll-out to the Netherlands, France and Germany is working very well and also in our export countries Clipper is building a strong base. In the UK results were more mixed, given the overall decline of the tea market in the country and the increased price competition in green tea.

Allos recorded its strongest year in more than a decade, growing by double digits and gaining share in a buoyant German HFS market. Main reason behind it was the success of strong innovation such as Allos Hofgemuese Veggie Spreads and Frucht Pur Sweet Spreads and Bars. Sales and consumer activation of these was also stronger than before, with broader listings achieved.

Zonnatura grew by double digits and made it into the IRI list of the top 100 food brands in the Netherlands this year. Innovation activity was strong across the brand, we have achieved more and better customer listings and the brand was supported through a mix of TV advertising, consumer activation and promotion.

Gayelord Hauser was relaunched in 2015 with a new proposition and packaging design and went back on TV. We managed to stop the decline we had suffered in previous years and achieved a low level of growth vs 2014.

Kallø continued to deliver strong growth numbers this year. The new mix introduced late 2013 is performing well and we have gained extra listings on our range of bread replacers. Innovation pipeline was strong and discounter listings further accelerated growth.

After a difficult year in 2014 Alter Eco came back with strong levels of growth. Two years after the acquisition we have completed the cutting of the tail and our marketing/sales team are up and running at full speed. Growth was strong especially in chocolates.

Whole Earth was re-launched in 2015 with new packaging and continued to focus on its positioning of "power fuel for active people". Growth was strong and we are challenging for market leadership of Peanut Butter in the UK. Its range of drinks continues to do well across our Export countries.

Isola Bio has done very well in its first year as part of the Wessanen family. Growth was double digit in both its Italian home market and beyond. Dairy Alternatives continues to be a fast-growing market.

In the fast changing market of vegetarian spreads Tartex had to fundamentally relaunch its entire range of products. We are confident in the new mix ('Brotzeit') but as a result of the transition the brand has declined at double-digit rates.

## Our other own brands

Our smaller, tactical brands did well overall and produced single-digit growth numbers. Many of these brands, including De Rit and Evernat, are sold in the HFS channel.

## Third-party brands

In some countries, we manage a limited number of third-party brands. Due to the end of some contracts this business declined for us overall. Where contracts remained unchanged brands did very well such as Almond Breeze in the UK and Schaer and Krisprolls in France.

## Private label

We have a very limited private-label business in order to optimise the utilisation of our factories. In line with our strategy of focussing on our own brands, this business declined in 2015.

## Less sugar

We are working on reducing sugar levels in products where relevant. Allos Hof Roastie launched in Germany in 2015 uses 30% less sugar than other crunchies.

## Our category performance

Across most of our brands we focus on a limited number of core categories. This gives us focus in product development and allows us to leverage successful mixes across countries and brands.

### Growth of our categories

Our core categories have performed well, showing double digit growth (autonomous) versus 2014.

**Dairy Alternatives**

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

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

The overall trend is from soy- to nut- and cereal-based drinks. Especially almond-based drinks did very well this year.

With the integration of Abafoods into our family at the start of 2015, our focus on this category has further increased. We have seen strong growth of our own brands in France and Italy, have extended our presence in other markets and also Almond Breeze in the UK has performed well.

Our strengthened expertise allows us to continue to bring innovative drinks to the market and further improve the efficiency of our operations.

**Sweet in Between**

Within this category the main segments are biscuits, bars and chocolates. The overall growth rate was high single digit, based on strong innovation. In line with market dynamics in France (Bjorg, Bonneterre, Alter Eco and Gayelord Hauser), our focus has been more on biscuits and chocolates, whereas for Zonnatura and Allos we have pushed healthier bars in particular.

We have continued to replace palm oil where this is relevant and focused on the nutritional profile or our products.

**Bread and Biscuit Replacers**

We have seen strong growth in this category which is mainly about rice cakes and corn cakes. The category is expanding rapidly both in plain and topped cakes. We have been able to drive the trend towards more value-added mixes with grains such as amaranth, quinoa and buckwheat.

**Veggie Meals**

We see a growing demand for meat replacements and alternatives and have focused on this trend with some of our brands (Bjorg, Zonnatura, Allos, Tartex). Apart from veggie spreads, we have also invested in meal solutions and meat replacers, and the overall category growth has been good.

**Breakfast Cereals**

We saw very strong double-digit growth in this category. More and more people are looking to start their day with a healthy breakfast and our range of healthy mueslis and crunchies is benefiting from this trend. Bjorg, Zonnatura and Allos have extended their ranges with relevant innovation.

**Hot Drinks**

Our hot drinks category has been growing at double-digit rates and most of this is due t o the step change in capabilities that we have brought in with Clipper in 2012. The roll-out of Clipper across countries is performing above expectations and we have also been able to leverage our tea production facility for the benefit of other brands such as Bonneterre, Alter Eco and Bjorg. We have continued to invest in our manufacturing capabilities in the Beaminster factory.

## Our country performance

### France
In France, revenue grew by 17.2% to €293 million, driven by a good performance across both the grocery channel and at health food stores.

We have increased revenue and market share in our grocery operations and Bjorg, our biggest brand, continued to perform strongly, extending its position as market leader in the organic market. Upon completion of the integration of the Alter Eco business, we have seen the brand return to significant growth.

In the health food stores channel, we have also grown our revenue and Bonneterre, the market leader of the HFS channel, has achieved strong growth numbers backed by innovation and stronger brand support. It also launched its first-ever TV advertising campaign this year.

### United Kingdom
The UK reported a 12.8% increase in revenue to €80 million, partly helped by a favourable currency effect of €7.9 million due to a strengthening British pound and despite the full year effect of the expiry of the Rice Dream third-party distribution contract in late 2014.

Growth was broad-based across all categories and we have challenged for market leadership in both Peanut Butter and Bread and Biscuit Replacers.

### Veggie today

More and more people are looking to reduce their meat consumption for the sake of their own health and the health of the planet. Our biggest brand Bjorg is actively driving this trend in France.


### Germany
In Germany, revenue reached €51 million. After years of moderate performance we grew strongly with the Allos brand, based on winning innovation in Veggie Spreads, Sweet Spreads, Bars and Cereals.

Tartex had a more difficult year due to the diminishing relevance of our marketing mix which we fundamentally relaunched in Q4. This has also affected our Private Label business in Germany.

### The Netherlands
2015 was a good year for our Dutch organisation and we achieved revenues of €42 million. Zonnatura continued to grow strongly and made it into the list of IRI's top 100 brands in the country. Clipper grew exceptionally and has become one of the top tea brands in the country.

Our business in the HFS channel produced more mixed results but at the end of the year it is well positioned for further growth.

### Italy
The integration of Abafoods into the Wessanen family was very successful and has now given us a combined business of €50 million in the country. We have seen very healthy growth and have started to leverage the extra expertise and manufacturing capability this has given us across countries. The Bio Slym and Abafoods operations are now under the same leadership and we believe this will give us further opportunities in Italy and beyond.

The Isola Bio brand has continued its strong growth track record in the Italian HFS channel and has also grown well across a number of other countries. It has become one of our core brands.

### Export
Our export activities in 2015 produced moderate growth overall, mixed between different brands and countries. We were affected to some extent by geopolitical and economic issues, e.g. in Russia and Greece. Most of our core brands, including Bjorg, Clipper and Whole Earth, achieved strong growth rates. At the end of the year we have decided that Austria will no longer be an Export country for us and will be managed from our German operation in the future given strong synergies between these markets.

## Operations

We are managing operations on the full value chain, ie. from raw materials to our final customer. This includes managing centrally our suppliers, our 5 factories and our warehousing and transportation network.

In order to drive the 2nd pillar of our overall strategy (see page 13 – Upgrade Operations) we have articulated 3 main objectives that also directly support the 1st (grow core brands and categories) and 3rd (become a green business) strategic pillar.

1. Support to Growth:
Our first focus is to continue to improve customer service through the development and professionalisation of our Sales&Operations planning (S&OP) in order to orchestrate effectively our activities and growth. We have an objective to continuously improve maturity and effectiveness of our teams and supporting tools.

2. Protect margin:
We are developing and implementing a productivity agenda based on operational excellence and focusing on a category approach. Our main actions involve:
- productivity improvement in our factories
- define make or buy on our core categories involving in and outsourcing decisions
- define suppliers
- understand and manage our raw materials and commodity supplies.

3. Develop sustainable operations:
Our aim is to make sure our operations are sustainable:
- for our planet:
  - reducing our footprint
  - reducing waste throughout the chain
- for our people:
  - develop our teams' expertise
  - implement continuous improvement and involvement from our teams
- for our business:
  - secure saw material and commodity supply
  - develop partnership with our key suppliers with a long term view.

Our major successes in 2015 include improving Customer Service and reducing finished goods waste.

### Our sourcing

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

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

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

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

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

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

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

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

### Origin of materials

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

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

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

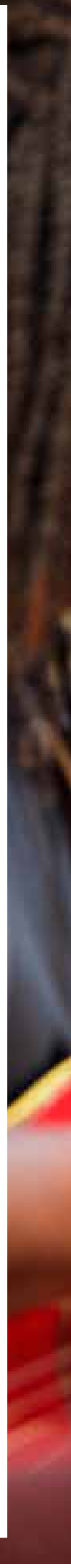
100% of soy used at our Dairy Alternatives factories come from Italy.

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

Abafoods also owns organic farms plus co-manages some with a combined total area of around 700 hectares across Italy. Part of our raw materials are grown here. We are conscious that full transparency on the origin of raw materials is an expectation from our consumers. Our consumer care executives always provide the information on country of origin upon request and are transparent regarding the origin of our raw materials.

### Our suppliers

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



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

We will progressively and formally assess each supplier, via a Supplier Quality Declaration (SQD), to understand their capability to meet our requirements and we will evaluate these proportionally, based on the level of business and food safety risks. By end of 2015 suppliers representing 80% of our purchase turnover have been covered.

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

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

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

## Our manufacturing

We have a number of factories in core categories located in different countries. We aim to leverage these for the benefit of our entire business and have put them under the leadership of our European Operations Director. Whether we produce a product internally or have it made to our specification by a third party follows a number of commercial, operational and strategic criteria.

## Human rights in the supply chain

It is important to ensure that we have a responsible supply chain management in place.

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

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

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

To date, suppliers representing 81% of our PTO have accepted our code. We are still in the process of consulting suppliers. So far one supplier refused to sign and we are currently working on alternatives to delist this supplier.

## Product Quality management

We rigorously monitor the quality of our products in the market place through ongoing contact with our consumers and customers and regular product testing. Overall, we have had 25,368 consumers contacting our consumer care centers. 9,082 of these contacts were classified as consumer complaints. Number of complaints were up versus 2014, mostly due to specific issues with distribution brands.

## Regulatory compliance

We pay much attention to guarantee the regulatory compliance of our products. This is a key requirement for our suppliers, specified in our Supplier Quality Booklet and in specifications.
Our pesticides and GMO policies go beyond organic regulation requirements. For example, we have a non-GMO packaging policy in place.

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

In 2015, we carried out close to 14,600 analyses on finished products, of which 99.8% were compliant with regulation. Non-compliant products were not put on the market.

# 'I want the world to be a better place'

**Mark Williams (48), with daughters Eva (left, 17) and Floor (16) and wife Marijke (49)**
*Office System Consultant ICT, the Netherlands*

Mark Williams is an avid singer-songwriter in his free time. His dream is to share his poems and music with others and inspire them to make the world a better place. Wessanen and Mark share the same ideas about healthy food. 'We shorten the food chain and by eating natural foods we help our planet and improve people's health.

In my role, I help to lower Wessanen's carbon footprint and make it easy for our people to communicate. With our collaborative networks SharePoint and Lync we share websites, data, files, MS Word and Excel documents, and other items. We facilitate the sharing of information and make video conferencing possible in all our countries.

I help by providing a professional technical and functional IT infrastructure and training. Despite our different backgrounds and cultural differences, this really speeds up Wessanen's efficiency. The results? A better work/life balance, more time to enjoy life, happier people, and more time for me to write songs. I like it!'

# Financial Review

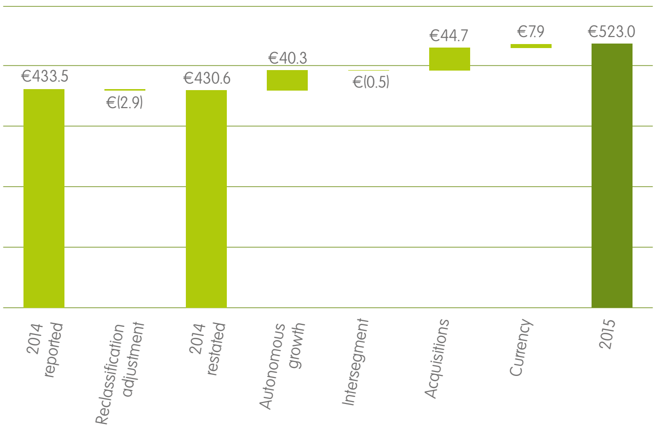
**In 2015, continuing operations have realised revenue of €523.0 million and increased the operating result to €34.6 million. Net profit amounted to €37.3 million, resulting in earnings per share of €0.49. A dividend of €0.11 per share will be proposed to the AGM.**

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

## Revenue

In 2015, revenue amounted to €523.0 million, an increase of 21.6% compared to last year's (restated) revenue of €430.6 million. Autonomous growth was €40.3 million, or 9.4%. The acquisition of Abafoods in 2015 added €44.7 million, or 10.4%. A strengthening of the British pound exchange rate impacted revenue positively with €7.9 million or 1.8%. Lower inter-segment revenue to discontinued operations impacted revenue by €(0.5) million. The termination of three distribution contracts in previous periods impacted revenue by €10.5 million, or 2.4%, negatively.

**Revenue development** in € millions




## Operating costs

Gross contribution margin increased from 40.2% to 41.0% in 2015, supported by the strenghtening of the British pound exchange rate.

Personnel expenses increased €9.9 million to €(72.1) million (2014: €(62.2) million). Excluding Abafoods, personnel expenses increased by 6.4% or €4.0 million; this increase is mainly the result of higher costs related to long term incentive plans (share-based payment expenses) of €2.1 million, as Wessanen's share price increased during 2015.

Other operating expenses, excluding Abafoods, were up 8.3% to €(90.9) million, partly due to a marked increase in advertising and promotion expenses.

### Financial overview per segment

| In € millions | Branded | Non-allocated | Eliminations | Continuing operations | Discontinued operations | Total |
|---|---|---|---|---|---|---|
| **2015** | | | | | | |
| Revenue third parties | 523.0 | – | – | 523.0 | 21.7 | 544.7 |
| Inter-segment revenue | – | – | – | – | – | – |
| Revenue | 523.0 | – | – | 523.0 | 21.7 | 544.7 |
| Operating result before exceptional items (EBITE) | 38.3 | (3.6) | – | 34.7 | 1.0 | 35.7 |
| EBITE margin as a % of revenue | 7.4% | – | | 6.6% | 4.6% | 6.6% |
| Operating result (EBIT) | 38.5 | (3.9) | – | 34.6 | (1.5) | 33.1 |
| Average capital employed | 163.9 | 11.9 | – | 175.8 | | |
| Return on average capital employed (ROCE) | 23.5% | – | | 19.7% | | |
| **2014** | | | | | | |
| Revenue third parties[1] | 430.1 | – | 0.5 | 430.6 | 176.3 | 606.9 |
| Inter-segment revenue | 0.5 | – | (0.5) | – | – | – |
| Revenue[1] | 430.6 | – | – | 430.6 | 176.3 | 606.9 |
| Operating result before exceptional items (EBITE) | 27.2 | (3.6) | – | 23.6 | 5.3 | 28.9 |
| EBITE margin as a % of revenue | 6.3% | – | | 5.5% | – | 4.8% |
| Operating result (EBIT) | 26.4 | (5.8) | – | 20.6 | 5.2 | 25.8 |
| Average capital employed | 115.1 | 5.9 | – | 121.0 | | |
| Return on average capital employed (ROCE) | 22.9% | – | | 17.0% | | |

1 Restated for a reclassification adjustment of €(2.9) from 'Other operating expenses' to 'Revenue'. Reference is made to Note 2 of the Consolidated Financial Statements.

## Operating result and EBITE

Wessanen's operating result increased to €34.6 million (2014: €20.6 million). Excluding non-recurring items, EBITE increased 47% to €34.7 million from €23.6 million last year, representing a 6.6% margin (2014: 5.5%).

**EBITE development** in € millions


### Operating result Branded

The operating result of Branded increased to €38.5 million (2014: €26.4 million). Excluding non-recurring items, EBITE amounted to €38.3 million versus €27.2 million last year. Non-recurring items totalled €0.2 million, mainly including a release from the Alter Eco restructuring provision, partly offset by provisions for severance payments (2014: €(0.8) million, mainly including costs for restructuring the warehouse infrastructure in France of €(0.5) million and additional Alter Eco integration expenses of €(0.3) million).

### Non-allocated costs

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

In 2015, these non-allocated costs amounted to €(3.9) million, compared to €(5.8) million in 2014. Excluding non-recurring items, non-allocated costs amounted to €(3.6) million in line with last year.

Non-recurring items in 2015 of €(0.3) million mainly consist of (a) severance payments and termination benefits of €(1.2) million, (b)contract termination expenses of €(0.5) million related to Mr Merckens (former CEO of Wessanen), partly offset by (c) a settlement gain of €1.4 million as a pension plan for former employees of one of the Dutch companies, divested in 2014, was amended in 2015. After this amendment the pension plan no longer qualifies as a defined benefit scheme.

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

## Net financing costs

Net financing costs were €(2.3) million (2014: €(1.6) million). Interest expenses halved to €(0.4) million (2014: €(0.7) million). Other financial income and expenses increased to €(1.9) million (2014: €(0.9) million) as a result of a net foreign exchange loss of €(1.0) million, mainly relating to the revaluation of intercompany loans (2014: €0.1 million, net foreign exchange gain).

## Income tax expenses and paid

Income tax expense decreased to €(4.5) million (2014: €(7.6) million) mainly as a result of the recognition of previously unrecognised income tax losses in the Netherlands and Italy of €6.6 million, a decrease of the enacted income tax rate in Italy of €0.6 million and a net release from the provision for uncertain tax positions of €0.3 million, partly offset by the write-down of a deferred tax asset related to tax carry forward losses of €(0.4) million.

The effective tax rate of 14% (2014: 40%) deviates from the weighted average statutory income tax rate of 35%, mainly as a result of the aforementioned reasons.

Income tax paid in 2015 amounted to €(12.0) million (2014: €(6.8) million).

### Corporate tax policy

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

- Tax is not limited to corporate income tax but also entails VAT, wage withholding tax, social securities, stamp duties, packaging tax, dividend withholding tax, sales and use tax, crisis levies, (exceptional) solidarity surcharges, real estate tax, excise duties and any other taxes that Wessanen pays annually in multiple jurisdictions;
- Wessanen is tax compliant and pays the tax that is due and owed;
- Tax should be aligned with our commercial business and we therefore do not establish artificial tax driven structures that are not in line with (the spirit of) any tax regulations. This means that we do not maintain or implement aggressive tax planning structures or have entities located in tax haven jurisdictions solely for tax optimisation purposes;
- Wessanen has a limited tax risk appetite. With the strategic focus to build the most desired brands in healthy and sustainable food, Wessanen is aware of its brand and corporate reputational importance. Wessanen also believes that a high tax risk appetite may jeopardise this objective;
- The Tax department KPIs are not based on the effective tax rate of Wessanen or any of its affiliated companies;
- Wessanen is transparent towards tax authorities and participates in a cooperative compliance program (horizontal monitoring ruling with the Dutch tax authorities);
- Wessanen has identified key controls related to taxes that are part of the company's Internal Control Framework ('ICF'). The effectiveness of the tax controls is also subject to review by our Internal Audit department;
- Wessanen monitors and tests its tax control framework on a regular basis. Errors detected will be corrected within the fiscal year;
- Tax systems are often complex and the application of tax law to the facts of a particular case may be unclear. For material transactions, independent external tax advice is generally sought and, if appropriate, approval from tax authorities can be obtained in relation to the application of specific tax legislation;
- A tax exposure report is presented to the Audit Committee at least twice a year;

- The legal entities of our continuing operations are solely domiciled in EU countries, which at the fiscal year end 2015 are: the Netherlands, France, Germany, Italy and the UK.

Our entities are subject to the following (effective) corporate income tax rates for 2015: the Netherlands 25%, France 38%, Germany 31%, Italy 31%, the UK 20% (as from April 2015) and USA 37%.

## Discontinued operations

The result from discontinued operations, net of income tax of €9.5 million (2014: €33.9 million) includes:
- The operating result of ABC for the three-month period ending 31 March 2015 of €(1.5) million (2014: €3.6 million, including the operating result of IZICO, Natudis, Bio-Distrifrais-Chantenat and ABC);
- An after tax gain recognised on the divestment of ABC and Bio-Distrifrais-Chantenat of €11.0 million (2014: after tax gain on the divestment of Natudis and IZICO of €31.5 million);
- In 2015, no remeasurement loss has been incurred (2014: €(1.2) million related to Bio-Distrifrais-Chantenat).

### American Beverage Corporation

Early March 2015, we signed an agreement with Harvest Hill Beverage Company, a portfolio company of the U.S.-based firm Brynwood Partners VII L.P., for the sale of the U.S. cocktail and fruit drink business American Beverage Corporation (ABC). The sale was completed on 31 March 2015.

Total cash proceeds, net of cost to sell, amounted to €51.4 million of which €4.5 million is still to be received respectively paid in escrow as at 31 December 2015. The escrow is held for potential claims in case of breach of contractual representations and warranties, and will expire by the end of September 2016. As no cash outflow of economic resources is deemed probable in respect of the representations and warranties provided, no provision has been recognised as at 31 December 2015.

The net result on divestment amounted to €11.0 million, including (a) a gain of €4.0 million from the recycling of the cumulative exchange rate differences relating to ABC from equity to the income statement, (b) a release from the provision for uncertain tax positions of €1.4 million.

For the three-month period ending 31 March 2015, ABC reported an operational loss of €(1.5) million (full year 2014: €4.9 million profit, net of cost to sell incurred of €(1.2) million).

### Bio-Distrifrais-Chantenat

In December 2014, we signed an agreement with French entrepreneur Box66 for the sale of the French wholesale activities Bio-Distrifrais-Chantenat. The sale was completed on 2 January 2015.
Valuation of the business at fair value less cost to sell resulted in the recognition of a remeasurement loss of €(1.2) million in 2014.

## Net profit

Net profit from continuing operations was €27.8 million, a marked improvement compared to €11.4 million in 2014. Net income of discontinued operations (net of income tax) amounted to €9.5 million (2014: €33.9 million). Net profit amounted to €37.3 million (2014: €45.3 million).

## Earnings per share

Despite the increase in net profit from continuing operations, earnings per share decreased from €0.60 in 2014 to €0.49 in 2015. This decrease is caused by the decrease in net income from discontinued operations. The average number of shares outstanding slightly decreased to 75.6 million (2014: 75.9 million).

## 2015 dividend proposal

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

As the 2015 net result of Wessanen, adjusted for non-recurring items, represents a profit, a dividend of €0.11 per share (2014: €0.10 per share) will be proposed to the Annual General Meeting of Shareholders. This represents a pay-out of 40.7% (2014: 37.4%) of the net result excluding major non-recurring effects.

## Capex and depreciation/amortisation

The acquisition of property, plant and equipment amounted to €6.5 million (2014: €3.5 million), which represents 1.2% of revenue (2014: 0.8%) and 116% of depreciation (2014: 65%). The acquisition of intangible assets amounted to €1.6 million (2014: €1.3 million).

Depreciation was €(5.6) million (2014: €(3.7) million) and amortisation was €(2.4) million (2014: €(2.7) million). Impairments were recognised in the amount of €(0.7) million in 2015, mainly including an impairment of capitalised costs for a building construction project i n France of €(0.5) million as the project was put on hold (2014: no impairments).

## Working capital

At year end 2015, working capital increased to €43 million, being 8.2% of revenue (2014: €23 million, representing 5.3% of revenue), partly caused by the acquisition of Abafoods (€10 million) and ABC related divestment proceeds held in escrow (€4.5 million). This escrow account will expire end of September 2016.

The cash outflow following changes in working capital amounted to €(6.2) million (2014: inflow of €3.9 million). Inventories and trade receivables both increased, and were only partly compensated by an increase in trade payables.

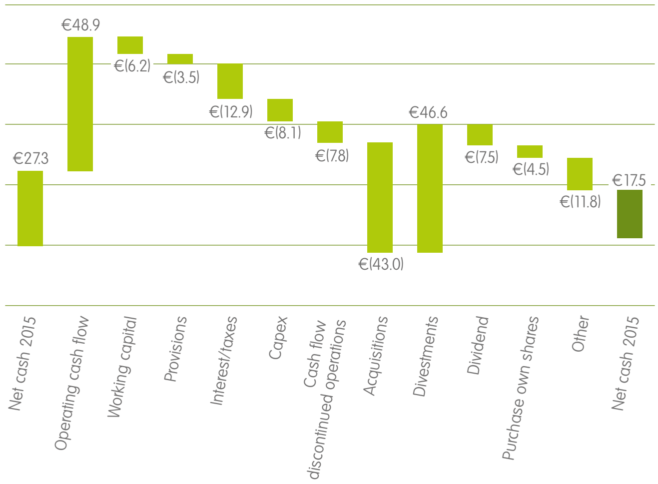
## Cash flow from operating activities

Cash generated from operations increased to €39.2 million (2014: €31.9 million), mainly as a result of a €16.3 million higher EBITDAI, lower provisions paid, partly offset by aforementioned outflow of working capital.

Interest paid amounted to €(0.9) million (2014: €(1.4) million), while income tax paid increased to €(12.0) million (2014: €(6.8) million).

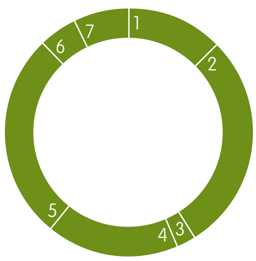
Operating cash flow from continuing operations therefore amounted to €26.3. million (2014: €23.7 million). Operating cash flow from discontinued operations was €(3.4) million compared to €8.5 million in 2014. Accordingly, net cash from operating activities decreased to €22.9 million (2014: €32.2 million).

**Net (debt)/cash development** in € millions



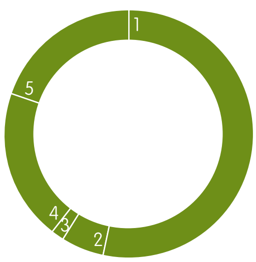

## Balance sheet

**Total assets at year end 2015** in € millions




| | |
|---|---|
| 1 Property, plant and equipment | €43.8 |
| 2 Intangible assets | €97.5 |
| 3 Other non-current assets | €9.2 |
| 4 Inventories | €59.0 |
| 5 Trade receivables | €92.0 |
| 6 Other current assets | €16.9 |
| 7 Cash and cash equivalents | €24.7 |

**Total equity and liabilities at year end 2015** in € millions



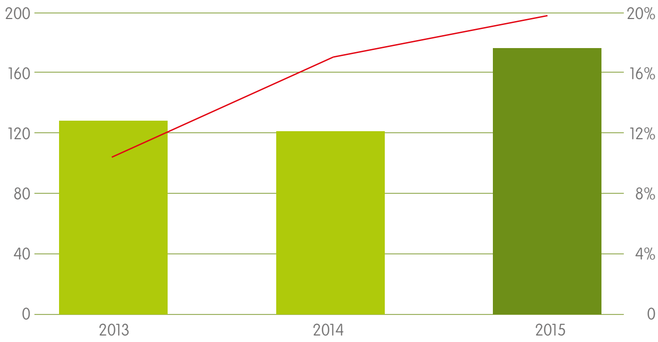

| | |
|---|---|
| 1 Total equity | €183.4 |
| 2 Non-current liabilities | €19.1 |
| 3 Bank overdrafts, interest-bearing loans and borrowings | €5.7 |
| 4 Trade payables | €67.9 |
| 5 Other current liabilities | €67.0 |

Total equity increased by €29.2 million to €183.4 million as at 31 December 2015, mainly due to the net profit of €37.3 million realised, dividends paid (€7.5 million) and own shares repurchased (€4.5 million). Intangible assets, property plant and equipment and working capital all mainly increased due to the acquisition of Abafoods.

## Average capital employed

To create economic value, we aim to achieve a return (= Operating result) on capital employed (= Return on Capital Employed ('ROCE')) in excess of our pre-tax weighted average cost of capital over the medium term. Average capital employed increased by €55 million, from €121 million last year to €176 million, mainly following the acquisition of Abafoods. Average capital employed yielded a 20% return (2014: 17%).

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

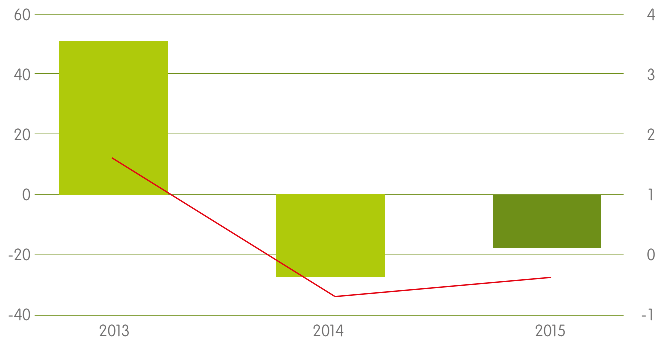



## Net debt, debt funding and liquidity

### Net debt development

The surplus of cash at year end 2014 of €27.3 million decreased €9.8 million to a surplus of cash of €17.5 million at year end 2015 mainly due to the acquisition of Abafoods, dividend pay-out and repurchase of own shares, offset by the proceeds from divestment of ABC and the cash generated from operations.

**Net debt/cash in € millions and leverage ratio** ——




### Revolving credit facility

The Group has a committed €100 million revolving credit facility in place. In June 2015, we have refinanced the existing facility with ABN AMRO and ING. The new credit facility is unsecured and the maturity is 2020 plus two extension options of both one year. The pricing grid over the relevant floating rate (EURIBOR or LIBOR) based on the leverage ratio (Net debt to EBITDAIE of total Wessanen) of the facility has been reduced to 60-155 (85–195 basis points over Euribor). Next to this, the maximum aggregate amount which can be drawn under the "accordeon facility" (optional increase of the credit facility) increased from €25 million to €50 million.

Under its financial covenants, Wessanen has to ensure that total net debt does not exceed 3.0 times consolidated EBITDAIE. A spike up to 3.5 times consolidated EBITDAIE is allowed under specific conditions for a maximum duration of two (consecutive) quarters. At 31 December 2015 our net debt level amounted to (0.4) times consolidated EBITDAIE as we had a cash surplus of €17.5 million (2014: €27.3 million). The facility has various other general and financial covenants that are customary for its type, amount and tenor. For example, Wessanen is not permitted to declare or pay a dividend exceeding 45% of its net results, excluding any non-recurring items, and there are certain restrictions in place in case of acquisitions. A violation of any of these covenants constitutes an event of default under our credit facility, which would, unless waived

by our lenders, provide our lenders with the right to request for immediate repayment of the outstanding loan without the requirement of notice or any other formality. The Group has the ability to draw loans from the syndicated credit facility with maturities ranging between 1 week and 9 months. When a loan expires, this is, ceteris paribus, refinanced with a new loan drawn from the facility. The average interest rate on drawings for 2015 was 0.9% (2014: 1.6%).

### Other loans and facilities
Other loans and liabilities as per year end 2015 mainly consist of loan financing, finance lease liabilities and reverse factoring at Abafoods.

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

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

The Company's capital structure balances the following objectives in order to meet its strategic and operational needs:
- Ongoing access to debt and equity markets;
- Sufficient flexibility to fund add-on acquisitions;
- Optimal weighted average cost of capital;
- Mitigating financial risks.

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

## Compliance statement

As required by Section 5:25c, paragraph 2 of the Dutch Act on Financial Supervision, the members of the Executive Board confirm that to the best of their knowledge:
- The 2015 financial statements included in this Annual Report give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The report of the Executive Board (pages 48–73) included in this Annual Report gives a true and fair view of the position of the Company and the undertakings included in the consolidation taken as a whole as of 31 December 2015 and of the development and performance of the business for the financial year then ended; and
- The report of the Executive Board (pages 48-73) includes a description of the principal risks and uncertainties that the Company faces.

Amsterdam, 18 February 2016

**Executive Board**

# 'As neighbours and colleagues, we believe in the Wessanen values'

**Xavier van Box Som (35, in the middle) with baby boy Lubin (6 months) and son Ethan (4)**
**Brigitte Hilbold (42, on the right) with daughter Maya (5) and son Milo (3)**
*Xavier: Purchaser, Brigitte: Purchasing Assistant, France*

Xavier van Box Som has been working for Wessanen as a purchaser for the past nine years. Some years ago Brigitte Hilbold became his neighbour. They got along well with each other and their expanding families. Brigitte, who has more than twenty years of experience in purchasing, including food, was inspired by Xavier's stories about Wessanen and its drive to create healthier food. With the help of Xavier she applied with success for the job of Purchasing Assistant. Xavier is specialised in buying all kinds of materials, ranging from oil to semi-finished products and roasted coffee. Xavier: 'My job is to offer our suppliers a really fair price, but still be competitive. A good example is Max Havelaar coffee. We are fully transparent and promote fair trade, two terms which, on a wider level, essentially embody my job.' As a market scanner specialist, Brigitte tracks the markets on a daily basis and is a specialist in raw materials and watching the price evolution of global trends, for instance for products such as almonds and sugar. She even developed a special software application to support her in this process. Brigitte: 'I am a frontrunner in the Wessanen chain. By refining our knowledge of market and price trends, we always keep the satisfaction of our consumers, in mind.' Both believe strongly in the power of organic food and love spending time with their families in their spare time.

# Principal risks and opportunities

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

## Doing business and risk management

At Wessanen risk management is not an isolated activity but is integrated in regular business processes. Doing business implies dealing with risks attached to the decisions we make. By creating transparency about roles and responsibilities within the organisation, we clarify to all our employees what the rules are in using business opportunities and taking risks.

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

## Assessing Wessanen's control environment

Our ICF is structured along our main processes and identifies clear reporting and accountability structures. Various key policies apply to all entities in our organisation, such as authority limits, dual signing policy, financial reporting manual, Company code, whistle blower policy and fraud policy. Internal control procedures for all core processes (e.g. purchasing, sales, and financial close process) have been defined based on key risks. This set-up represents minimum requirements operating companies have to comply with. However, at operating company level procedures may have local characteristics.

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

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

## Risk response and appetite

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

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



## 'Easy to fall in love with Bjorg'

**Marie Belmont (32), with daughter Agathe (2)**
*Brand Manager Bjorg and Clipper, France*

As a Brand Manager, Marie Belmont deals with a variety of stakeholders every day: in the supply chain, with sourcing and commercial teams, and with quality control. She studies the markets and knows exactly how Wessanen products perform against competitors. She is responsible for the brand strategy and 'renovates' products if necessary. 'Bjorg is our best brand and Clipper is our fastest-growing brand. I am proud to work for both of them – Bjorg, especially, is easy to fall in love with. Our consumers really love the healthy Bjorg products and they are all ambassadors in their own way. The proof is our Facebook page, which has more than 40,000 fans. I feel that people are the centre of our success. Without dedicated people, it is impossible to create a healthy planet with healthy food. At Wessanen we are one big family. My colleagues are ambitious, dynamic, young and eager. What we share is cooperation and dedication to our food revolution, combined with an excellent work/life balance.'

In 2015, the board reviewed again the company's key risks as well as fraud risks. Although the review did not reveal any new risks, we gained a better understanding of the risks and controls in place. As a result follow-up actions have been defined and implementation is being monitored by the Executive Board and the Audit Committee. Special attention was also paid to cyber security risks. We have defined some improvement points but don't perceive it to be one of our top risks.

## Top risks

We have seen that the overall risk profile of the company has significantly reduced since 2013 which was when the last full risk management review was performed. The main reasons are the sale of ABC, IZICO and other non-core businesses, such as Natudis and Bio-Distrifrais-Chantenat, as well as the completion of the reorganisation *Wessanen 2015*. This has also been recognised by the markets and we believe this is one of the reasons explaining the share price re-rating, as confirmed by our investors.

In 2015, the following risks are seen as our top risks which we have linked to our strategic pillars. These risks score relatively higher on vulnerability and potential impact than other risks identified. Although these risks may have a negative connotation, adequately dealing with the risks should support us in reaching our strategic objectives. Hence, they can be seen as opportunities as well.

### 1. Innovation to create revenue growth

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

### 2. Food Safety Risks & Food Scandals

The risk that food safety related problems and issues at our products might damage our brands and reputation, e.g. via social media and other channels. There is a risk that such problems and issues damage the credibility of the certifications (such as organic and fair trade) we trust on and build upon. On the other hand, our reputation may benefit from flawless operations and the authenticity of our products. Lastly, it goes without saying that we do not take any risk in food quality that could harm the health of our consumers in any way. Hence, we have very high quality standards which we also impose on our suppliers.

### 3. Interruption in our Supply Chain

There is a risk of business interruption issues in case of default of key suppliers ('Strategic position of suppliers'). Not being able to execute a back-up plan in such case could harm our business. We also need to manage dependencies on external service providers responsible for warehousing and transportation. If needed we need to be able to switch, without causing customer service levels heavily. Our internal supply chain needs to operate smoothly as well ('Leverage of operations'). It is one of our four strategic pillars, for which we have several projects in place. This to continuously improve efficiency and effectiveness of our operations. We also have back-up and recovery plans in place which are tested regularly.

In the section 'Principal risks and opportunities' we present a more comprehensive list of risks and opportunities and their potential impact, including these three risks, that are specific to our business and important in achieving our goals. These strategic and operational risks are also linked to Wessanen's strategic areas. In addition, the main risk responses are mentioned.
See note 25. *Financial instruments and risk management* for the following finacial risks: liquidity risk, currency risk, interest rate risk, commodity risk and credit risk.

## Wessanen's risk profile and main developments in 2015

1. The disentanglement of Natudis and the sale of ABC and Bio-Distrifrais-Chantenat have further reduced the complexity of our business.
2. In 2016, SAP will be implemented at Abafoods. This should complete the integration project which started early 2015.
3. Various improvements projects to strengthen our business and internal processes, such as the Sales & Operations Planning project, master data governance and the implementation of a new Financial consolidation tool.

With respect to our control self-assessments of ICF, teams in operating companies and at Head Offices have tested the effectiveness of the key controls throughout the year. Both the test work and the action plans made to improve controls were reviewed by Internal Audit and our External Auditor's teams. In some cases, Internal Audit performed the test work instead of reviewing a self-assessment. With these tests, we covered close to 100% of our operations.

For Abafoods we have made an assessment of the key internal control gaps and are remediating those where necessary. With the upcoming implementation of SAP at Abafoods in the course of 2016, the internal control framework will be further strengthened. Overall, we will benefit from our new SAP tool (GRC) which enables better and more efficient internal control testing.

## Management Letter: main conclusions and status

Based on their audit procedures and outcome, our External Auditor concluded positive results on all of the significant risk areas in Wessanen's system of internal controls identified for their audit of the financial statements of Wessanen. More specifically, their test procedures focused on relevant controls that address the significant risks of any material error or omission in Wessanen's financial reporting in the following business processes: Sales-to-Cash, Source-to-Pay, and Record-to-Report.

The following observations are the main management letter issues reported by our External Auditor in 2015, which were identified in the control self-assessments as well. The auditor concluded that:
- There is improvement of the effectiveness of the ICF at component level, with specific attention for ineffective controls and remediation planning;
- A number of IT control related improvement projects were initiated and finalised during the year. For the 2015 audit the auditors could not rely on these improvements as they were not operational during the whole year;
- Progress was made with the remediation of segregation of duty conflicts and mutiple observations on general IT controls, but they have not all been fully resolved. Compensation controls have mitigated the risks;

– The balance between preventive and detective controls has to be efficient and effective and fit for purpose for a company of Wessanen's size.

Action plans are being executed and monitored by the Executive Board and Audit Committee.

## Statement of Internal Control

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

The Executive Board is responsible for achieving the Company's strategy, objectives, goals and results as well as for establishing and maintaining adequate internal risk management and control systems consistent with our business. With respect to financial reporting, we have assessed whether the risk management and control systems provide reasonable assurance that the 2015 financial statements do not contain any material misstatements.

Our assessment included the review of the Company's principal risks and uncertainties (as outlined on pages 64-71), evaluation of the design and effectiveness of entity-level controls and detailed assessments of key controls at process level in our operating companies. Any control weaknesses not fully remediated at year-end were evaluated. Based on this assessment, the Executive Board determined that the Company's financial reporting and risk management systems are adequately designed and operated effectively in 2015 and that there are no indications that these systems will not continue to perform adequately in 2016.

Amsterdam, 18 February 2016

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

## Strategic and market risks & opportunities

| Risks & opportunities and potential impact | Actions | Strategic objective[1] | Risk Appetite/ Response | Key developments 2015 |
|---|---|---|---|---|
| **Strategy development and market risks**<br>Ability to timely respond to changes in consumer preferences for our core product categories.<br>Missing or responding too late to changes in consumer preferences could lead to loss of revenue and profitability of the company in the long term. | We measure the performance of our strategic plans and take corrective actions when necessary, by means of:<br>– Annual strategic reviews both at central and operating company level.<br>– Detailed and measurable objectives throughout the entire Company based on our strategic objectives. On at least quarterly basis, operating companies and central departments report progress in the ELT and to the Executive Board.<br>– Continuous monitoring of latest market developments. | 1 4 | Treat | – This year again we have made a lot of progress on our strategic plan. However, we review annually to what extent changes need to be made. This is part of our regular planning and control cycle. |
| **Sustainability of our strategy**<br>Strong shifts in the success and credibility of our products in the niche segments we operate in and Wessanen's ability to respond to these adequately.<br>In case there are external or internal developments negatively affecting the credibility of our products and/or segments Wessanen's strategy and reputation could be adversely affected, leading to a poorer overall financial position. | – Periodic assessment of our strategy by the Executive Board with the business leaders of our company.<br>– Clear communication to our stakeholders of the added value of our vision and our products.<br>– Increased marketing spend on our core brands, categories and products.<br>– Market research and investigating market developments in order to identify opportunities for (new) brands, categories and/or products. | 1 3 4 | Treat | – We see strong growth in all key areas we operate in.<br>– Within the CBTs across Europe we aim for growth and further improvement of the positioning of core categories.<br>– The acquisition of Abafoods has strengthened our position in the Dairy Alternatives market in Europe and more specifically Italy.<br>– Rolling out our plans related to the green & entrepreneurial culture brings us closer to creating a healthier planet, healthier food and healthier people. |
| **Increased competition from new entrants and private label**<br>Operating in interesting markets may attract new entrants to the market. On one hand this means more attention for the area we work in, on the other hand it could result in increased pressure on our market share, and potentially affect our revenue and profitability. | – Being in a branded business, we focus on our own core brands by creating products that our consumers believe in and love.<br>– Product innovation, renovation and activation to keep and grow our unique position in the market.<br>– Acquire selectively. | 1 3 4 | Treat and Tolerate | – We invested more in marketing to build our brands and strengthen their positions in our markets.<br>– There has been on-going renovation of our brands, such as Tartex, Allos and Zonnatura. |
| **Innovation to create revenue growth**<br>The ability to realise long term growth through innovation power. This depends on our internal competencies and capacity and to an extent also on our key suppliers and our position with them. Not being able to introduce successful innovations could lead to a decline of revenue growth. | – Product innovation, renovation and activation in core brands and categories to keep and to grow our unique position in the market.<br>– Building strong relationships with our key suppliers in order to jointly come to new innovations.<br>– Successful products are introduced under key brands in other countries and where necessary adjusted to local preferences.<br>– The success of innovations and product improvement projects are evaluated through our Innovation Boards. | 1 | Treat | – Key innovations for brands such as Allos and Zonnatura, as well as in core categories (e.g. Breakfast Cereals and Sweet in Between) and in markets (France HFS). |

[1] 1 2 3 4 See page 13

| Risks & opportunities and potential impact | Actions | Strategic objective[1] | Risk Appetite/ Response | Key developments 2015 |
|---|---|---|---|---|
| **Key customers/distributors** Like in any commercial business, contracting or losing large customers could have a material impact on our profitability. Too much dependency on key markets, products, segments and customers could make our business vulnerable. In this respect our negotiation power towards key customers is relevant for our profitability. | – Creating and maintaining a large customer base. Fact-based monitoring of dependencies in different markets and countries.<br>– Establishing customer intimacy, understanding the needs of our customers and markets.<br>– Monitoring and managing customer service levels through KPIs.<br>– Motivated and competent sales force that functions well within our commercial and procedural boundaries.<br>– Expanding our family of brands and companies as and when the right opportunity presents itself. | 1 2 4 | Treat | – The acquisition of Abafoods has strengthened our position in the Dairy Alternatives market in Europe and more specifically Italy.<br>– In other key markets we managed to realise strong organic growth. We saw some decline in the Third Party brands business. |

## Operational risks & opportunities

| Risks & opportunities and potential impact | Actions | Strategic objective[1] | Risk Appetite/ Response | Key developments 2015 |
|---|---|---|---|---|
| **Strategic position of suppliers** Wessanen has outsourced many of its activities related to production and logistics when we believe these suppliers can do it better and cheaper than us. Subsequently, we can focus on what we are good at. With too much dependency we may not be able to switch to another party if needed. This could negatively affect our position and reputation with our customers and consumers and have a material adverse effect on our financial position. | – Close relationship with our suppliers/service providers who are subject to quality audits. Specific controls have been implemented to detect (operational and fraud) risks.<br>– Quality managers in all operating companies perform inspections on products and processes.<br>– Balancing concentration for scale economies and overdependence on a limited number of suppliers or service providers.<br>– Insurance contracts to manage the financial consequences of risks. | 2 4 | Treat and Transfer | – Risk and opportunity analyses of our key suppliers, including agreed upon improvement plans.<br>– With the acquisition of Abafoods we have become less dependent on suppliers in the Dairy Alternatives category. |
| **Food safety issues in our business** Operating in the food industry, implies running risks related to production failure, product quality issues and product recalls. It is of utmost importance to maintain a flawless reputation by having effective preventive controls and excellent and rapid reaction in case of issues. Next to potential health issues for our consumers, food safety problems could harm the reputation of our brands and company with our consumers and customers and eventually have a material impact on our financial position. | – Following strict food and product safety procedures.<br>– Business continuity procedures to act in case of emergency. This includes effective and swift communication plans (e.g. via social media and other channels) to inform our stakeholders and protect our reputation and brands.<br>– NFSC reviewing food safety systems.<br>– Insurance contracts to manage potential financial consequences. | 2 3 | Terminate, Treat and Transfer | – We had to manage a few recalls in 2015, which did not cause health issues to our consumers. Action plans have been implemented to solve these defaults. |

[1] 1 2 3 4 See page 13

| Risks & opportunities and potential impact | Actions | Strategic objective[1] | Risk Appetite/ Response | Key developments 2015 |
| --- | --- | --- | --- | --- |
| **People and talent management**<br>Without our people there is no business. Highly motivated and competent staff make the difference. Not having people with the right skills and competence in our organisation could adversely affect our ability to execute our strategy. In addition, a poor working environment could result in difficulties in attracting and retaining qualified staff. | – Leading by example. Living our values and principles.<br>– Frequent performance and appraisal processes, including execution of personal development plans.<br>– Providing equal opportunities: decisions on recruitment, employment, promotion and termination are based on objective and non-discriminatory criteria. | 2 3 | Treat | – Our performance and reward management system is in place and functions as intended.<br>– Staff wide and local initiatives to establish the company-wide green & entrepreneurial culture being is one of our four strategic pillars.<br>– Refer also to paragraph People Matter |
| **Leverage of operations**<br>We manage our operations on the full value chain i.e. from raw materials to our final customer. This includes managing centrally our suppliers, our 5 factories and our warehousing and transportation network. Our factories should create interesting economies of scale. However, there is a risk of retaining excessive fixed costs if factory production is not competitive and similar products are sourced in the market, leading to under utilisation. | – Make-or-buy decisions based on our strategic vision and objectives.<br>– Strong supply chain teams in our factories and with our third party suppliers focusing our efficiency of our logistical processes, while not compromising any quality standards. | 2 | Treat | – We are integrating manufacturing, supply chain and central sourcing to become more productive. We work on standardising planning processes and efficient sales and operational planning across Europe; while we are increasing the efficiency of warehousing and transportation, improving factory productivity through projects and insourcing that is fully aligned with central sourcing.<br>– We are further aiming at minimising waste and creating transparency in our supply chain.<br>– We manage our performance amongst others on customer service levels, forecast accuracy, scrapping costs and the number of consumer complaints. |
| **Business interruptions – IT continuity management**<br>Major disruptions to our ICT systems may have a serious impact on both primary and supporting business processes. Our service levels with our customers may be at risk. This is a risk that could potentially lead to penalties and eventually risk of losing customers. | – Continuously improving our ERP system (SAP) and supporting ICT infrastructure in order to enhance the stability and security.<br>– Follow and test the effectiveness of security policies and Business Continuity Planning for the ICT infrastructure. | 2 | Terminate, Treat and Transfer | – We have taken further improvement steps with SAP in order to get efficiency benefits and execute our business more effectively.<br>– Our IT audits and a detailed cyber security risk assessment did not reveal any significant issues in terms of continuity risk. However, we have identified some points of improvement. The resulting action plans are executed and follow-up is monitored among others by the Audit Committee. |

[1] 1 2 3 4 See page 13

## Legal and compliance risks & opportunities

| Risks & opportunities and potential impact | Actions | Strategic objective[1] | Risk Appetite/ Response | Key developments 2015 |
|---|---|---|---|---|
| **Government – laws and regulations**<br>New government measures could have a major impact on our business and financial position, and can present a threat to activities within a relatively short time frame. However, this could also be an opportunity. For instance, we could benefit from regulations related to food quality and healthier products. | – Monitoring European and local governmental developments in laws and regulations by our specialists on e.g. food quality, financial reporting and tax. | 2 3 | Terminate, Treat and Transfer | – There have been no major changes in laws or regulations affecting our business.<br>– In various jurisdictions, we notice tax authorities to take a more determined approach towards tax payers. Recently introduced tax legislation is not always viewed to be in line with (the spirit of) international tax standards. As well, we expect a further increase in new tax legislation that will increase the administrative burden of the Group and may lead to higher tax (related) costs. |

[1] 1 2 3 4 See page 13

# Corporate governance report

## Compliance with Dutch Corporate Governance Code

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

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

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

## Corporate Governance statement

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

This corporate governance statement, which describes Wessanen's corporate governance structure in detail, is incorporated by reference in Wessanen's 2015 Annual Report and Financial Statements and as such cannot be amended.

### Information required pursuant to article 10 of the Takeover Directive Decree

**Capital structure** (article 1, paragraph 1a)
As of 31 December 2015, Wessanen's authorised share capital amounted to €300 million divided into 300 million shares, with a nominal value of €1.00 per share each. Each share entitles the holder to cast one vote and to dividend payments. All shares are registered shares and can be included in the deposit system of the Act on deposit securities transactions ('Wet giraal effectenverkeer'). As of 31 December 2015, the issued share capital was divided into 75,992,275 shares all of which have been fully paid up.

**Restrictions on transfer of shares or depository receipts** (article 1, paragraph 1b)
The Company does not impose under contract or in its Articles of Association any limitation on the transfer of shares or their depositary receipts issued with the cooperation of the Company.

**Substantial participating interests** (article 1, paragraph 1c)
Pursuant to Section 5.3 of the Financial Markets Supervision Act ('Wet op het Financieel Toezicht') shareholders having (potential) ownership of and (potential) voting rights on the issued capital in excess of 3% are required to disclose their interest to the Authority Financial Markets (AFM). As per 31 December 2015 the following entities had reported a direct or indirect substantial holding of shares in the issued capital of Wessanen:

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

**No special controlling rights** (article 1, paragraph 1d)
There are no special controlling rights attached to the shares into which the Company capital is divided.

**No share schemes** (article 1, paragraph 1e)
The Company does not have any employee participation plan or employee share option plan and hence no mechanism for monitoring such scheme.

**No limitations on voting rights** (article 1, paragraph 1f)
There are no limitations on the exercising of the voting rights attached to ordinary shares or the depositary receipts for ordinary shares.

**No agreements limiting transfer of shares or depository receipts** (article 1, paragraph 1g)
The Company is not aware of any agreements with shareholders which might give rise to a limitation on the transfer of ordinary shares or depositary receipts for ordinary shares issued with the cooperation of the Company, or in a limitation on voting rights. Appointment and removal of members of Executive Board and Supervisory Board.

**Appointment and removal of members of Executive Board and Supervisory Board. Amendment of Articles of Association** (article 1, paragraph 1h)
The members of the Executive Board are appointed and removed by the General Meeting of Shareholders. The full procedure of appointment and removal of members of the Executive Board is set out in articles 15 and 16 of Wessanen's Articles of Association. The members of the Supervisory Board are appointed by the General Meeting of Shareholders. The full procedure of appointment and dismissal of members of the Supervisory Board is set out in article 23 and 24 of Wessanen's Articles of Association. A resolution to amend the Articles of Association can only be adopted by the General Meeting of Shareholders on a motion of the Executive Board acting with the approval of the Supervisory Board. The full procedure of the amendment of the Articles of Association is set out in article 43 of Wessanen's Articles of Association.

**Issue of shares and repurchase of shares** (article 1, paragraph 1i)
Shares are issued pursuant to a resolution of the Executive Board, subject to the prior approval of the Supervisory Board. The authority vested in the Executive Board relates to all unissued shares in the authorised capital. The duration of this authority is determined by a resolution of the General Meeting of Shareholders and shall amount to a maximum of five years. If no authorisation is given, the issue of shares requires a resolution of the General Meeting of Shareholders. Such resolution may only be taken upon a proposal by the Executive Board that has been approved by the Supervisory Board. Currently, the Executive Board is not authorised to resolve the issuance of shares. Therefore, the issuance of shares requires the approval of the General Meeting of Shareholders.

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

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

A repurchase of shares may be effected by the Executive Board if the Executive Board has been so authorised by the General Meeting of Shareholders, which authorisation may not be granted for a period of more than 18 months. Most recently, the General Meeting of Shareholders granted this authorisation until 17 October 2016 by resolution dated 16 April 2015.

**Change of control** (article 1, paragraph 1k and 1j)
In the event of a change of control our senior debt facility becomes immediately due and payable. Also, in the event of a change of control the members of the Executive Board and a small group of senior executives are entitled to a severance payment in case their employment agreement would end following such change of control, their annual short term incentive will be paid out on the fixed assumption of at least an 'at target' performance and outstanding long term incentive rights will vest. There are no other agreements that come into existence or may be amended or terminated in the case of a change of control and whose effect could reasonably be expected to have a material adverse effect on Wessanen's business, operations, property and condition (financial or otherwise).

## Gender balance

With regard to the compositions of its Supervisory Board and Executive Board, Wessanen aims for a balance in experience, nationality, gender and age. For 2015, the Dutch Act on Management and Supervision ('Wet Bestuur en Toezicht') requires that at least 30% of the seats of the Supervisory Board should be taken by men and at least 30% by women. The current composition of the Supervisory Board is in line with this requirement. After the resignation of Mrs Van Zuijlen and the appointment of Mr Mispolet, 25% of the Supervisory Board members will be female.
The Executive Board currently consists of two men. Wessanen will continue to have an active and open attitude with regard to selecting female candidates for future appointments.

From left to right: Rudy Kluiber, Frank van Oers, Ivonne Rietjens and Patrick Mispolet (nominated for appointment to the Supervisory Board at the AGM on 14 April 2016). Absent at time of photographing: Marjet van Zuijlen.

### F. (Frank) Van Oers
1959 Dutch nationality

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

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

**Ownership of Wessanen shares**
none.

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

### R.K. (Rudy) Kluiber
1959 American nationality

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

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

**Ownership of Wessanen shares**
none.

**Experience**
Co-founder and managing director of GRT Capital Partners LLC. Former Senior Vice-President and portfolio manager at State Street Research & Management Company.

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

**Supervisory Board member**
**Chairman of the NFSC**

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

**Ownership of Wessanen shares**
none.

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

### M.M. (Marjet) Van Zuijlen
1967 Dutch nationality

**Supervisory Board member**
**Chairman of the SARC; Member of the NFSC**

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

**Ownership of Wessanen shares**
none.

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

# Report of the Supervisory Board

## Board activities

During 2015, the Supervisory Board held 6 regular meetings and 7 ad hoc conference calls with the Executive Board. Operating company managers and corporate staff frequently attended the meetings to update the Supervisory Board on local matters and specific projects. In addition, the Supervisory Board visited the German production facility of Allos in Drebber, and Distriborg in Lyon, France. As in previous years, representatives of the Supervisory Board met with the Central Works Council.

The Supervisory Board's agenda included subjects such as Wessanen's financial and operational results, acquisitions, Wessanen's rolling three-year strategic plan, the 2016 budget, Wessanen's ICT strategy, amendment and extension of the credit facility and the nominations for (re)appointment of three Supervisory Board members. The Supervisory Board closely monitored the disposal process of ABC and carefully assessed its valuation. The Supervisory Board kept close track of the integration of Abafoods, which was acquired in January 2015. The Chairman of the Supervisory Board paid a visit to Abafoods.

Acquiring selectively is part of Wessanen's growth strategy. The Executive Board informed the Supervisory Board on all pending acquisition activities. The Supervisory Board gladly approved of the acquisition of the Piramide tea brand, which strenghtens Wessanen's leadership in organic tea in the Benelux and Wessanen's overall leadership in the Dutch Health Food Store channel.

## Audit Committee

In 2015, the Audit Committee met 4 times. Messrs Barnouin and Merckx, the VP Corporate Accounting & Control, the VP Internal Audit and the External Auditor attended all meetings. At the end of these meetings the Audit Committee spoke with the External Auditor in the absence of Messrs Barnouin and Merckx and the corporate staff.

The Audit Committee discussed amongst other topics the 2015 financial statements, the semi-annual and quarterly results, the External Auditor's findings (including the management letter), internal controls, litigation, tax planning and whistleblower reports. Where deemed necessary other staff directors were invited to discuss specific topics, such as tax matters and IT (improvement) projects. Also Wessanen's assessments on and potential actions for enterprise, fraud and cyber security risks were discussed and assessed in the Audit Committee.

In all meetings, both Wessanen's Internal Auditor and the External Auditor reported to the Audit Committee on Wessanen's Internal Control Framework. The Audit Committee assessed the effectiveness of the Internal Control Framework. The Internal Control Framework improved further compared to the previous years; more controls were tested as 'effective'.

In 2015, various IT projects were initiated and completed. Key projects were the replacement of the software package for corporate financial consolidation and the implementation of the SAP module for governance, risk and compliance (SAP GRC) which enables better monitoring and remediation of potential internal control issues (such as segregation of duties).

With regard to the integration of Abafoods, an interim audit was conducted by the Internal Auditor and the External Auditor to assess key controls. Improvement plans were defined to further align Abafoods with Wessanen's policies and procedures.

The Audit Committee analysed various options related to the possibility to extend Wessanen's revolving credit facility which was scheduled to mature in 2017 and approved of an amendment and extension of the credit facility until 2020 with an extension option of two additional years.

In 2015, Wessanen reviewed and redefined its (management) reporting on product categories within its branded reportable segment. Based on this review, the Audit Committee approved of the revised segmentation in 'core categories', 'other categories' and 'other revenue'.

The Audit Committee evaluated the performance of Wessanen's External Auditor Deloitte. It concluded that Deloitte continued to display a critical and challenging attitude, coupled with a practical approach and at times acts as the sparring partner for the CFO and Wessanen's wider finance team. Also, the communication and cooperation between Deloitte and Wessanen continued to improve. Inquiries were well structured and in line with the audit plan and issues tended to get resolved quickly. Furthermore, the Audit Committee assessed that Deloitte is independent. In view of Deloitte's continued satisfactory performance the Supervisory Board will propose to appoint Deloitte as Wessanen's External Auditor for 2017.

## Composition of committees

Member

Member and chairman

| | Audit Committee | SARC | NFSC | Supervisory Board | Audit Committee | SARC | NFSC |
|---|---|---|---|---|---|---|---|
| F. Van Oers | Member | Member | – | 13/13 | 4/4 | 3/4 | |
| R.K. Kluiber[1] | Member and chairman | Member and chairman | – | 13/13 | 4/4 | | |
| I.M.C.M. Rietjens | – | – | Member and chairman | 13/13 | | | 3/3 |
| M.M. Van Zuijlen[2] | – | Member and chairman | Member | 11/13 | | 4/4 | 3/3 |

1 Member and chairman of SARC as of 27 November 2015

2 Member and chairman of SARC until 27 November 2015

## Selection, Appointment and Remuneration Committee (SARC)

The Selection, Appointment and Remuneration Committee met 4 times in 2015. These meetings were attended by Mr Barnouin and either the EVP Human Resources or HR Director.

The SARC discussed and proposed an amendment to the remuneration policy, which was adopted by the AGM on 16 April 2015.

The SARC discussed the remuneration of the Executive Board. For the Short Term Incentive Plan, it verified the achievement of the 2014 targets and set the personal and financial targets for 2015. The SARC reviewed the items included in the profit for the period which for the purpose of determining the 2015 incentive pay-out were proposed by the Executive Board to be treated as exceptional.

The SARC approved the grant of long term incentive rights and established that the TSR-performance hurdle for the 2012 long term incentive plans were achieved (TSR ranking: 2nd). Accordingly, the performance shares and incentives rights granted under these plans vested at 125%.

## Nutrition, Food safety and Sustainability Committee (NFSC)

The Nutrition, Food safety and Sustainability Committee supports and advises the Executive Board in matters related to nutrition, food safety and sustainability. In 2015, the NFSC held 3 meetings.

Topics that were discussed by the NFSC were amongst others Wessanen's Food Fraud Policy and Wessanen's Packaging Policy. The NFSC gave input on a research and development plan and a quality roadmap. The NFSC reviewed the sustainability strategy, how sustainability targets were implemented and the progress made on the achievement of the sustainability KPIs. Recommendations were made on the nutritional value of Wessanen's products and how to externally communicate on these benefits.

## Remuneration report

The Remuneration report can be found on pages 78-80.

## Board evaluation

The Supervisory Board assessed its functioning and that of its members, the Audit Committee, SARC and NFSC. The assessment was conducted with the support of an outside assessor, who separately interviewed the Supervisory Board members, the Executive Board members, the EVP Human Resources and the Company Secretary. The results of the interviews were first discussed with the Chairman of the Supervisory Board and then discussed in a plenary meeting of the Supervisory Board.

The evaluation mainly focused on the composition of the Supervisory Board and the collaboration with the Executive Board. Recommendations were made to improve the Supervisory Board's rotation plan to avoid simultaneous retirement of its members. To optimise the Supervisory Board's role in strategic discussions, it was suggested to occasionally invite external speakers to provide the Supervisory Board with information and their view on particular subjects and developments.

## Composition of the Supervisory Board

In 2016, the first terms of 3 members of the Supervisory Board, Mr R.K. Kluiber, Mrs I.M.C.M. Rietjens and Mrs M.M. Van Zuijlen will expire.

Both Mr Kluiber and Mrs Rietjens are available for re-appointment. After careful consideration, the Supervisory Board resolved to nominate both Mr Kluiber and Mrs Rietjens for re-appointment by the Annual General Meeting of Shareholders which will be held on 14 April 2016.

Mrs Van Zuijlen is not available for re-appointment and has decided to resign after the Annual General Meeting of Shareholders in April 2016. The Supervisory Board would like to thank Mrs Van Zuijlen for her active involvement and contribution as a Supervisory Board member during the past four years.

The Supervisory Board actively searched for a new member and is pleased to have found Mr P. Mispolet prepared to accept a seat on the Supervisory Board. Mr Mispolet has broad managerial experience in the French FMCG sector, as well as international experience. The Supervisory Board resolved to nominate Mr Mispolet for appointment by the Annual General Meeting of Shareholders which will be held on 14 April 2016.

According to the Dutch Corporate Governance Code, simultaneous retirement of Supervisory Board members should be avoided as far as possible. To meet this requirement, the Supervisory Board nominated Mr Mispolet for a four-year term, Mr Kluiber for a three-year term and Mrs Rietjens for a two-year term. The second term of Mr Van Oers will expire in 2017.

## Competence matrix

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

## Independence

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

## No conflict of interest

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

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

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

No conflicts of interest were reported in 2015.

Amsterdam, 18 February 2016

**Supervisory Board**

# Remuneration report

## Summary Remuneration Policy

During the Annual General Meeting of Shareholders of 16 April 2015, amendments to the Remuneration Policy were approved, incorporating corporate governance developments, best practices of other companies and moving the focus of the incentives from short term to long term. The full text of the approved Remuneration Policy can be found on the Company's website.
The objective of Wessanen's Remuneration Policy is to attract, motivate and retain experienced executives with an international outlook, and reward them appropriately for their ability to achieve stretched targets for short term and long term performance.

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

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

Incentive targets and performance conditions reflect the key drivers for value creation and medium to long term growth in shareholder value and are closely aligned with Wessanen's strategy.

## Share Ownership Guideline

In order to increase the alignment of members of the Executive Board with the interests of shareholders, members of the Executive Board will be required to build up share ownership of Wessanen, equal to the value of 100% of their annual gross base salary, within 4 years after election as a member of the Executive Board. The current members of the Executive Board have four years after the adoption of the Remuneration Policy to comply with the aforementioned share ownership requirement.

Best practice provision II.2.5, which provides that shares granted without financial consideration must be retained for at least 5 years or until at least the end of the employment, will not be applied. In view of the parallel requirement to build up and hold on to a significant portfolio of Wessanen shares under Wessanen's amended remuneration policy, members of the Executive Board may, at all times sell shares provided that the share ownership guidelines are met.

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

## Remuneration components

The remuneration for Executive Board members comprises the following components:

- A base salary, which is reviewed annually;
- A short term cash incentive, ranging from 0%-100% of the base salary depending on the achievement of performance targets (Short Term Incentive Plan: "STIP");
- A long term incentive, ranging from 0%-50% of the base salary at grant date depending on the achievement of performance hurdles (Long Term Incentive Plan: "LTIP");
- Share Matching, ranging from 0 – 150% of the mandatory and/or voluntary investment in Wessanen Shares, depending on the achievement of performance conditions;
- Pension contributions;
- Benefits in kind such as a contribution to health and medical insurance premium, a company car, a contribution to telephone costs and a fixed expense allowance for business purposes.

## Base Salary

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

## Short Term Incentive Plan (STIP)

The Wessanen STIP rewards the Executive Board for sound operational performance in Wessanen's competitive environment, focusing on achieving Operating result before exceptional items ('EBITE'), annual sales growth and working capital targets.

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

In order to enhance the alignment of the performance conditions for the STIP with Wessanen's strategy and best practices, the personal agenda of the members of the Executive Board includes at least one target related to sustainability.

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

The STIP related to financial targets will only be paid if the minimum EBITE target has been achieved.

## Performance targets 2015

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

| | | Realised % and pay-out per component | |
|---|---|---|---|
| | Relative weighting | C.P.J. Barnouin | R.J.J.B. Merckx |
| **Performance targets and relative weighting** | | | |
| Personal agenda | 30% | 45.0% | 45.0% |
| Wessanen (Consolidated) | | | |
| Sales growth | 30% | 66.4% | 66.4% |
| EBITE | 30% | 66.4% | 66.4% |
| Net working capital | 10% | 5.8% | 5.8% |
| **Total** | | **183.6%** | **183.6%** |
| **Realised pay-out % of base salary** | | **91.8%** | **73.4%** |

## Long Term Incentive Plan (LTIP)

Under the LTIP, the Executive Board members are rewarded with performance shares based on a three-year horizon with a review date at the end of the third year.
The actual number of performance shares granted to Executive Board members is determined by the Supervisory Board. The target value at grant date is set at a maximum of 50% of the base salary. At the review date at the end of the third year, two equally weighted specific performance targets are measured: (i) Relative Total Shareholder Return ("TSR") and (ii) Return on Invested Capital ("ROIC").

### TSR

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

### ROIC

50% of the actual number of performance shares that will vest depends on the ROIC performance. The ROIC is the second financial performance condition for the LTIP, in order to put more emphasis on Wessanen's value creation as such. At the review date the performance of Wessanen is measured on the basis of performance versus the targeted ROIC for the 3 year performance period and ranges between 0% to 150% of the initial number of performance shares granted.

The awarded performance shares must be retained by Executive Board members for a period of at least five years (including the three-year vesting period, or at least until termination of employment if this period is shorter) as long as they have not yet met the number of shares as required by the share ownership guidelines.
During the three-year vesting period, the costs of these shares (determined according to IFRS) will be recognised in the profit and loss statement as personnel costs.

Performance shares that depend on the TSR performance will not vest if the TSR performance is below the median of the peer group. For the 2013–15 period, Wessanen has ended first, resulting in a 150% pay-out. Performance shares that depend on the ROIC performance will not vest if the ROIC performance is less than a minimum target.

### Share matching

In order to stimulate share ownership, the members of the Executive Board may participate in a Share Matching plan. Members of the Executive Board have to invest at least 25% (as long as they have not yet met the number of shares as required by the share ownership guideline), and might voluntarily choose to invest up to 100%, of the (after tax) STIP pay-out in Wessanen shares. These investment shares will be matched in accordance with a share matching plan, subject to performance, after a 3-year vesting period. The target is focused on achieving an EBITE percentage of the revenue realised in the third year of the Share Matching plan. For on-target performance, the shares will be matched one on one, with a maximum of 1.5 for every share in case of stretch performance. For threshold performance, a matching of 0.5 share for each share will vest. Below threshold performance will result in no matching.

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

## Adjustment of remuneration

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

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

## Change of control

In the event of a change of control, the current Executive Board members are entitled to a severance payment in case their employment agreement would end following such change of control, their annual short term incentive will be paid out on the fixed assumption of at least an 'at target' performance and outstanding long term incentive will vest. With regard to performance shares awarded under the share matching plan, the vesting of the matching shares will however be time pro-rated.

## Remuneration of the Executive Board 2015

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

## Remuneration of the Supervisory Board 2015

In 2015, each member of the Supervisory Board received a fixed fee of €45,000 and a fixed cost allowance of €3,176. The Chairman of the Supervisory Board was awarded an additional fee of €20,000 and an additional cost allowance of €454. The Chairman of the Audit Committee was awarded an additional fee of €10,000 and the Chairmen of the SARC and NFSC were each awarded an additional fee of €5,000.

Further details of the remuneration of the members of the Executive Board and Supervisory Board in 2015 can be found in Note 7 of the Financial Statements.

# Contents

# Consolidated income statement

| In € millions, unless stated otherwise | Notes | 2015 | 2014 [1] |
|---|---|---|---|
| **Continuing operations** | | | |
| **Revenue** | | **523.0** | **430.6** |
| Raw materials and supplies | | (308.6) | (257.5) |
| Personnel expenses | 7, 8 | (72.1) | (62.2) |
| Depreciation, amortisation and impairments | 13, 14 | (8.7) | (6.4) |
| Other operating expenses | | (99.0) | (83.9) |
| **Operating expenses** | | **(488.4)** | **(410.0)** |
| **Operating result** | | **34.6** | **20.6** |
| Interest income | | – | – |
| Interest expenses | | (0.4) | (0.7) |
| Other financial income and expenses | | (1.9) | (0.9) |
| **Net financing costs** | 9 | **(2.3)** | **(1.6)** |
| **Profit before income tax** | | **32.3** | **19.0** |
| **Income tax expense** | 10 | **(4.5)** | **(7.6)** |
| **Profit after income tax from continuing operations** | | **27.8** | **11.4** |
| **Discontinued operations** | | | |
| **Profit/(loss) from discontinued operations, net of income tax** | 11 | **9.5** | **33.9** |
| **Profit/(loss) for the period** | | **37.3** | **45.3** |
| **Attributable to equity holders of Wessanen** | | **37.3** | **45.3** |
| **Earnings per share attributable to equity holders of Wessanen** (in €) | 12 | | |
| Basic | | 0.49 | 0.60 |
| Diluted | | 0.49 | 0.59 |
| **Earnings per share from continuing operations** (in €) | 12 | | |
| Basic | | 0.37 | 0.15 |
| Diluted | | 0.37 | 0.15 |
| **Earnings per share from discontinued operations** (in €) | 12 | | |
| Basic | | 0.12 | 0.45 |
| Diluted | | 0.12 | 0.44 |
| **Average number of shares** (in thousands) | 12 | | |
| Basic | | 75,582 | 75,901 |
| Diluted | | 76,163 | 76,386 |
| Average USD exchange rate (USD per Euro) | | 1.1046 | 1.3211 |
| Average GBP exchange rate (GBP per Euro) | | 0.7242 | 0.8031 |

[1] 2014 'Revenue' and 'Other operating expenses' have been restated for a reclassification of €(2.9) from 'Other operating expenses' to 'Revenue' (see Note 2).

# Consolidated statement of comprehensive income

| In € millions | Notes | 2015 | 2014 |
|---|---|---|---|
| **Profit/(loss) for the period** | | **37.3** | **45.3** |
| **Other comprehensive income** | | | |
| Remeasurements of post employment benefit obligations, net of income tax | 10 | (0.5) | (0.7) |
| **Other comprehensive income that will not be reclassified to profit or loss** | | **(0.5)** | **(0.7)** |
| Foreign currency translation differences, net of income tax | 10 | 3.8 | 7.4 |
| Effective portion of changes in fair value of cash flow hedges, net of income tax | 10 | 0.1 | – |
| **Other comprehensive income that may be reclassified to profit or loss** | | **3.9** | **7.4** |
| **Total other comprehensive income/(loss)** | | **3.4** | **6.7** |
| **Total comprehensive income/(loss)** | | **40.7** | **52.0** |
| **Attributable to equity holders of Wessanen** | | **40.7** | **52.0** |

# Consolidated statement of financial position

| In € millions, unless stated otherwise | Notes | 31 December 2015 | 31 December 2014 |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 13 | 43.8 | 22.7 |
| Intangible assets | 14 | 97.5 | 64.7 |
| Other investments | 15 | 0.9 | 0.7 |
| Deferred tax assets | 16 | 8.3 | 3.3 |
| **Total non-current assets** | | **150.5** | **91.4** |
| Inventories | 17 | 59.0 | 49.9 |
| Income tax receivables | | 0.1 | – |
| Trade receivables | 18 | 92.0 | 70.2 |
| Other receivables and prepayments | 18 | 16.8 | 12.2 |
| Cash and cash equivalents | 19 | 24.7 | 29.8 |
| Assets classified as held for sale | 11 | – | 42.2 |
| **Total current assets** | | **192.6** | **204.3** |
| **Total assets** | | **343.1** | **295.7** |
| **Equity** | | | |
| Share capital | | 76.0 | 76.0 |
| Share premium | | 102.9 | 102.9 |
| Reserves | | (14.4) | (14.2) |
| Retained earnings | | 18.9 | (10.5) |
| **Total equity** | 20 | **183.4** | **154.2** |
| **Liabilities** | | | |
| Interest-bearing loans and borrowings | 21 | 1.5 | – |
| Employee benefits | 22 | 6.7 | 6.4 |
| Provisions | 23 | 3.9 | 3.3 |
| Deferred tax liabilities | 16 | 7.0 | 2.7 |
| **Total non-current liabilities** | | **19.1** | **12.4** |
| Bank overdrafts | 19 | 1.5 | 2.5 |
| Interest-bearing loans and borrowings | 21 | 4.2 | – |
| Provisions | 23 | 6.7 | 4.2 |
| Income tax payables | | 3.3 | 5.2 |
| Trade payables | 24 | 67.9 | 61.7 |
| Non-trade payables and accrued expenses | 24 | 57.0 | 47.6 |
| Liabilities classified as held for sale | 11 | - | 7.9 |
| **Total current liabilities** | | **140.6** | **129.1** |
| **Total liabilities** | | **159.7** | **141.5** |
| **Total equity and liabilities** | | **343.1** | **295.7** |
| End of period USD exchange rate (USD per Euro) | | 1.0887 | 1.2141 |
| End of period GBP exchange rate (GBP per Euro) | | 0.7339 | 0.7789 |

# Consolidated statement of changes in equity

| In € millions | Issued and paid-up share capital | Share premium | Reserves: Treasury shares | Reserves: Translation reserve | Reserves: Hedging reserve | Reserves: Other legal reserves | Retained earnings | Total equity |
|---|---|---|---|---|---|---|---|---|
| **2014** | | | | | | | | |
| Balance at beginning of year | 76.0 | 102.9 | (1.8) | (22.2) | – | 1.3 | (50.8) | 105.4 |
| **Total comprehensive income and expense for the period** | | | | | | | | |
| Profit/(loss) for the period | – | – | – | – | – | – | 45.3 | 45.3 |
| Foreign currency translation differences [1] | – | – | – | 7.4 | – | – | – | 7.4 |
| Remeasurements of post employment benefit obligations [1] | – | – | – | – | – | – | (0.7) | (0.7) |
| Effective portion of changes in fair value of cash flow hedges [1] | – | – | – | – | – | – | – | – |
| **Total comprehensive income and expense for the period** | **–** | **–** | **–** | **7.4** | **–** | **–** | **44.6** | **52.0** |
| **Contributions by and distributions to owners** | | | | | | | | |
| Shares delivered | – | – | 1.7 | – | – | – | (1.7) | – |
| Dividends | – | – | – | – | – | – | (3.8) | (3.8) |
| Share-based payments | – | – | – | – | – | – | 0.6 | 0.6 |
| Transfer to other legal reserves | – | – | – | – | – | (0.6) | 0.6 | – |
| **Total contributions by and distributions to owners** | **–** | **–** | **1.7** | **–** | **–** | **(0.6)** | **(4.3)** | **(3.2)** |
| **Balance at year end** | **76.0** | **102.9** | **(0.1)** | **(14.8)** | **–** | **0.7** | **(10.5)** | **154.2** |
| **2015** | | | | | | | | |
| Balance at beginning of year | **76.0** | **102.9** | **(0.1)** | **(14.8)** | **–** | **0.7** | **(10.5)** | **154.2** |
| **Total comprehensive income and expense for the period** | | | | | | | | |
| Profit/(loss) for the period | **–** | **–** | **–** | **–** | **–** | **–** | **37.3** | **37.3** |
| Foreign currency translation differences [1,2] | **–** | **–** | **–** | **3.8** | **–** | **–** | **–** | **3.8** |
| Remeasurements of post employment benefit obligations [1] | **–** | **–** | **–** | **–** | **–** | **–** | **(0.5)** | **(0.5)** |
| Effective portion of changes in fair value of cash flow hedges [1] | **–** | **–** | **–** | **–** | **0.1** | **–** | **–** | **0.1** |
| **Total comprehensive income and expense for the period** | **–** | **–** | **–** | **3.8** | **0.1** | **–** | **36.8** | **40.7** |
| **Contributions by and distributions to owners** | | | | | | | | |
| Shares delivered | **–** | **–** | **1.1** | **–** | **–** | **–** | **(1.1)** | **–** |
| Dividends | **–** | **–** | **–** | **–** | **–** | **–** | **(7.5)** | **(7.5)** |
| Purchase of own shares | **–** | **–** | **(4.5)** | **–** | **–** | **–** | **–** | **(4.5)** |
| Share-based payments | **–** | **–** | **–** | **–** | **–** | **–** | **0.5** | **0.5** |
| Transfer to other legal reserves | **–** | **–** | **–** | **–** | **–** | **(0.7)** | **0.7** | **–** |
| **Total contributions by and distributions to owners** | **–** | **–** | **(3.4)** | **–** | **–** | **(0.7)** | **(7.4)** | **(11.5)** |
| **Balance at year end** | **76.0** | **102.9** | **(3.5)** | **(11.0)** | **0.1** | **–** | **18.9** | **183.4** |

1 Net of income tax.

2 Foreign currency translation differences of €3.8 comprise translation differences in 2015 related to the appreciation of the GBP and US dollar in the amount of €7.8 million and the recycling of the accumulated translation differences following the divestment of ABC in the amount of €(4.0).

# Consolidated statement of cash flows

| In € millions | Notes | 2015 | 2014 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating result | | 34.6 | 20.6 |
| Adjustments for: | | | |
| – Depreciation, amortisation and impairments | | 8.7 | 6.4 |
| – Provisions created | | 5.1 | 5.2 |
| – Equity-settled share-based payments | | 0.5 | 0.6 |
| – Result on disposals | | – | 0.1 |
| **Cash generated from operations before changes in working capital and provisions** | | **48.9** | **32.9** |
| Changes in working capital | 29 | (6.2) | 3.9 |
| Payments from provisions | | (3.2) | (4.9) |
| Changes in employee benefits | | (0.3) | – |
| **Cash generated from operations** | | **39.2** | **31.9** |
| Interest paid | | (0.9) | (1.4) |
| Income tax paid | | (12.0) | (6.8) |
| **Operating cash flow from continuing operations** | | **26.3** | **23.7** |
| **Operating cash flow from discontinued operations** | 11 | **(3.4)** | **8.5** |
| **Net cash from operating activities** | | **22.9** | **32.2** |
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | | (6.5) | (3.5) |
| Acquisition of intangible assets | | (1.6) | (1.3) |
| Acquisition of other investments | | (0.4) | – |
| Acquisition of subsidiaries, net of cash acquired | 5 | (43.0) | – |
| **Investing cash flow from continuing operations** | | **(51.5)** | **(4.8)** |
| **Investing cash flow from discontinued operations** | 11 | **42.2** | **53.7** |
| **Net cash from investing activities** | | **(9.3)** | **48.9** |
| **Cash flows from financing activities** | | | |
| Repayments of interest-bearing loans and borrowings | | (5.5) | (65.5) |
| Net payments of finance lease liabilities | | (0.3) | – |
| Cash receipts/(payments) derivatives | | (0.5) | 0.6 |
| Purchase of own shares | | (4.5) | – |
| Dividends paid | | (7.5) | (3.8) |
| **Financing cash flow from continuing operations** | | **(18.3)** | **(68.7)** |
| **Financing cash flow from discontinued operations** | | **–** | **–** |
| **Net cash from financing activities** | | **(18.3)** | **(68.7)** |
| **Net cash flow** | 29 | **(4.7)** | **12.4** |

# Notes to the consolidated financial statements

## 1. The Company and its operations

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

Next to our healthier and sustainable food businesses, that represent Wessanen's continuing operations, we had two non-core businesses during the first quarter of 2015, that are part of Wessanen's discontinued operations: (1) US-based American Beverage Corporation ('ABC'), one of the leading producers of single-serve bottled fruit drinks (Little Hug) and ready-to-drink cocktail pouches and non-alcoholic cocktail mixers (Daily's) and (2) Distribution-France (Bio-Distrifrais-Chantenat), a French wholesaler of fresh products. These businesses were divested on 8 March 2015 and 2 January 2015 respectively.

The consolidated financial statements of Wessanen for the year ended 31 December 2015, comprise Wessanen and its subsidiaries (together referred to as 'the Group'). Wessanen's subsidiaries as at 31 December 2015 are listed in Note 30. The address of the Company's registered office is Hoogoorddreef 5, Amsterdam Zuidoost, the Netherlands.

## 2. Basis of preparation

### Statement of compliance

The consolidated financial statements for the year ended 31 December 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The financial statements were signed and authorised for issuance by the Supervisory Board and the Executive Board on 18 February 2016, and will be submitted for adoption to the Annual General Meeting of Shareholders on 14 April 2016.

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

### Reclassification

The accounting treatment for customer incentives has been aligned as from 2015 onwards. For comparison purposes, 'Revenue' and 'Other operating expenses' for the year 2014 have been restated by a reclassification of EUR (2.9) from 'Other operating expenses' to 'Revenue'.

### Discontinued operations

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

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

Accordingly:
- Results from operations and remeasurements of assets of IZICO, Natudis, Bio-Distrifrais-Chantenat and ABC in 2014 and 2015, the result on divestment of IZICO and Natudis in 2014, and the result on divestment of Bio-Distrifrais-Chantenat and ABC in 2015 are presented as a single amount in the income statement as 'Profit/(loss) from discontinued operations, net of income tax';
- Assets and liabilities of ABC and Bio-Distrifrais-Chantenat as at 31 December 2014 are presented separately in the statement of financial position as 'assets' respectively 'liabilities' held for sale;
- Cash flows from the discontinued operations, including proceeds on divestments, are presented separately.

### Basis of measurement

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

### Functional and presentation currency

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

### Use of estimates and judgements

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

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

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

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

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

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

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

See Note 23 and 26 for specifc information on provisions and contingencies.

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

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

See note 10 and 16 for specific information on income tax and deferred tax assets and liabilities.

### New and revised IFRSs applied
A number of amendments is effective for annual periods that begin on or after 1 January 2015 and have been adopted in preparing these consolidated financial statements. None of these amendments had a significant effect on the consolidated financial statements.

## 3. Significant accounting policies
The accounting policies set out below have been consistently applied to all periods presented in these consolidated financial statements, and have been applied consistently by all Group entities, except for a change in the cost formula for raw materials and trade goods. As from the fourth quarter of 2015, Wessanen decided to change the cost formula for raw materials and trade goods from 'first-in-first-out' to 'moving average'. As the impact of this change is not material, no restatements have been made to any prior-period results reported.

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

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

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

### Financial statements of foreign operations

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

### Net investment in foreign operations

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

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

| Currency per € | Statement of financial position | | Income statement | |
|---|---|---|---|---|
| | 31 December 2015 | 31 December 2014 | 2015 | 2014 |
| US$ | 1.0887 | 1.2141 | 1.1046 | 1.3211 |
| £ | 0.7339 | 0.7789 | 0.7242 | 0.8031 |

## Derivative financial instruments

Wessanen uses derivative financial instruments to hedge its exposure to foreign exchange, interest rate and commodity risks arising from operating, investing and financing activities. These instruments are initially recognised in the statement of financial position at fair value on a settlement date basis and are subsequently remeasured at their fair value. Gains and losses resulting from the fair value remeasurement are recognised directly in the income statement, unless the derivative qualifies and is effective as a hedging instrument in a designated hedging relationship. Derivatives that are designated as hedges are accounted for as either cash flow hedges or fair value hedges. In both 2015 and 2014 Wessanen did not enter into any fair value hedges.

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

## Hedging

### Cash flow hedges

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

The ineffective part of any gain or loss is immediately recognised in the income statement.

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

### Hedge of net investment in a foreign operation

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

## Segment reporting

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

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

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

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

## Property, plant and equipment

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

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

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

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

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

| | |
|---|---|
| Buildings and offices | 15 – 30 years |
| Machinery and equipment | 5 – 20 years |
| IT equipment | 3 – 5 years |
| Other | 3 – 5 years |

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

## Intangible assets

### Goodwill

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

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

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

### Brands and customer lists

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

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

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

### Research and development

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

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

### Other intangible assets

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

### Subsequent expenditure

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

### Amortisation

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

## Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle as from the fourth quarter 2015 (priorly the first-in first-out principle), and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

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

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

## Trade and other receivables

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

## Cash and cash equivalents and bank overdrafts

Cash and cash equivalents comprise cash and bank balances and call deposits with original maturities of three months or less.

Cash equivalents are only recognised when control over the possibility to convert to cash is transferred to or from Wessanen.

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

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

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

## Impairment of assets

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

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

### Calculation of recoverable amount

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

### Reversal of impairment

An impairment loss in respect of goodwill is not reversed.

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

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

## Non-current assets held for sale and discontinued operations

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

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

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

## Equity

### Issued and paid-up capital

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

### Dividends

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

## Interest-bearing borrowings

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

## Employee benefits

### Defined contribution plans

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

### Defined benefit plans

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

Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:
- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

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

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

### Long term service benefits

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

### Share-based payment transactions

The performance shares and matching shares programme grants conditional rights to receive shares to members of the Executive Board and other designated senior executives of Wessanen (equity-settled share-based payment transactions).
The performance incentive rights programme grants conditional share appreciation rights, which are settled in cash, to eligible employees of Wessanen (cash-settled share-based payment transactions).

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

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

## Provisions

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

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

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

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

## Trade and other payables

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

## Revenue

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

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

## Expenses

### Operating lease payments

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

### Net financing costs

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

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

## Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to current tax payable in respect of previous years. Provisions for uncertain tax positions are reported under the income tax payables.

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

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

Deferred tax assets and liabilities are not discounted.

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

Deferred tax assets and liabilities are offset in the balance sheet when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax is levied by the same fiscal authority.

## Statement of cash flows

### Cash flows from operating activities

Cash flows from operating activities are calculated by the indirect method, by adjusting the consolidated operating result of Wessanen for expenses that are not cash flows (such as amortisation, depreciation and impairments), and for autonomous movements in consolidated working capital (respectively excluding the impact from acquisitions, divestments and foreign currency differences). Cash payments to employees and suppliers are all recognised as cash flows from operating activities. Operating cash flows also include the costs of financing of operating activities, income tax paid on all activities, and spending on restructuring and other provisions.

### Cash flows from investing activities

Cash flows from investing activities are those arising from net capital expenditure and from the acquisition and sale of subsidiaries and businesses. Cash and cash equivalents available at the time of acquisition or sale are deducted from the related payments or proceeds.

### Cash flows from financing activities

Cash flows from financing activities comprise the cash receipts and payments from dividend, debt instruments and derivatives. Cash flows from short term financing are also included.

Cash receipts and payments from derivative financial instruments are classified in the same manner as the cash flows of the hedged items. Cash flows in foreign currencies are translated into Euro at foreign exchange rates ruling at the date of transaction.

## New standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations is effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of Wessanen.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, earlier application is permitted. IFRS 9 could change the classification and measurement of financial assets. Wessanen does not plan to adopt this standard early and the extent of the impact has not yet been determined.

In May 2014, the IASB issued IFRS 15 'Revenue form contracts with customers'. According to the new standard, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognised when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. In addition, the new standard requires a set of quantitative and qualitative disclosures to enable users of the Company's consolidated financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 supersedes IAS 11 'Construction contracts' and IAS 18 'Revenue' as well as related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018; early application is permitted. Wessanen does not plan to adopt this standard early and the extent of the impact has not yet been determined.

## 4. Determination of fair value

A number of the Group's accounting policies and disclosures requires the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

### Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

### Intangible assets

The fair value of brands acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the brand being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

### Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

### Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

### Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

### Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

### Share-based payment transactions

The fair value of performance shares and incentive rights granted is recognised as personnel expense over the vesting period of the performance shares and incentive rights with a corresponding increase in equity for equity-settled plans respectively provisions for cash-settled plans. For equity-settled plans, the fair value of performance shares is measured at grant date and spread over the period during which the employees become unconditionally entitled to the performance shares. For cash-settled plans the fair value of the performance incentive rights is remeasured at each balance sheet date. The fair value of the performance shares granted is measured using a Monte Carlo simulation model, taking into account the terms and conditions upon which the instruments were granted.

## 5. Acquisitions

In 2015 Wessanen made the following acquisition:

### Branded

On 8 January 2015, Wessanen acquired 100% of the shares of the Italy-based organic vegetal drinks company Abafoods S.r.l. ('Abafoods') and its 100% subsidiary Societa Agricola La Goccia. Abafoods is part of the Branded segment. Its 2014 revenue amounted to €39. In the year to 31 December 2015 Abafoods contributed €44.7 to the consolidated revenue and €4.9 to the consolidated operating profit for the period, including exceptional items of €(0.1) (mainly consisting of an impairment of software).

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

| In € millions | Acquired values | Fair value adjustments | Carrying amounts |
|---|---|---|---|
| Property, plant and equipment | 16.4 | 4.0 | 20.4 |
| Intangible assets | 0.3 | 13.5 | 13.8 |
| Other investments | 0.2 | – | 0.2 |
| Inventories | 4.4 | 0.3 | 4.7 |
| Trade and other receivables, and prepayments | 11.9 | – | 11.9 |
| Cash and cash equivalents | 7.7 | – | 7.7 |
| Interest-bearing loans and borrowings | (11.5) | – | (11.5) |
| Employee benefits | (1.0) | – | (1.0) |
| Deferred tax liabilities | 0.1 | (5.6) | (5.5) |
| Bank overdrafts | (10.2) | – | (10.2) |
| Income tax payables | (0.7) | – | (0.7) |
| Trade and non-trade payables, and accrued expenses | (7.8) | – | (7.8) |
| **Net identifiable assets and liabilities** | **9.8** | **12.2** | **22.0** |
| Goodwill on acquisition | | | 18.5 |
| **Considerations paid** | | | **40.5** |
| Net cash and cash equivalents and bank overdrafts acquired | | | (2.5) |
| **Net cash outflow** | | | **43.0** |

The fair value adjustment related to intangible assets of €13.5, includes trademarks (indefinite life) and customer lists in the amount of €8.6 and €4.9 respectively. The customer lists are amortised over 15 years.

The total consideration of €43.0 (including cash and cash equivalents and bank overdrafts acquired of €(2.5)) was fully paid in cash. The total consideration of €43.0 is excluding interest-bearing loans and borrowings of €11.5. Acquisition costs amounted to €0.9, which costs were fully incurred in 2014.

The goodwill recognised on the acquisition of Abafoods is attributable mainly to Abafoods' unique expertise in dairy alternatives which will strengthen the Group's R&D and production capabilities to fuel the growth of our brands in Europe in this core category. None of the goodwill recognised is expected to be deductible for tax purposes. In 2015, Abafoods is considered to be a separate cash-generating unit.

Abafoods has been acquired on 8 January 2015, but it has been included in the Group's consolidation as from 1 January 2015 onwards. As the transaction volumes between these two dates were limited the impact on the Group's consolidation is considered not material.

In 2014 Wessanen made no acquisitions.

## 6. Segment information

The accounting policies used for the segments are the same as the accounting policies applied in the consolidated financial statements as described in Note 3.

| Segment | Significant operating companies |
|---|---|
| Branded | Distriborg France, R. Bonneterre, Wessanen Benelux, Kallø Foods, Bio Slym, Abafoods[1], Allos Hof-Manufaktur, Allos Schwarzwald, Allos |
| Non-allocated | Corporate entities |
| Discontinued operations | American Beverage Corporation[2], Bio-Distrifrais-Chantenat[3] |

1 Acquired as per 8 January 2015.

2 Classified as discontinued operation as from 30 September 2014.

3 Classified as discontinued operation as from 31 December 2013.

| 2014<br>In € millions | Branded | Non allocated[3] | Eliminations[4] | Continuing operations | American Beverage Corporation[5] | Distribution[6] | IZICO[6] | Discontinued operations | Total Wessanen |
|---|---|---|---|---|---|---|---|---|---|
| **Income statement information** | | | | | | | | | |
| Total revenue third parties | 430.1 | – | 0.5 | **430.6** | 94.0 | 43.2 | 39.1 | **176.3** | **606.9** |
| Inter-segment revenue to discontinued operations | 0.5 | – | (0.5) | **–** | – | – | – | **–** | **–** |
| **Total segment revenue** | **430.6** | **–** | **–** | **430.6** | **94.0** | **43.2** | **39.1** | **176.3** | **606.9** |
| Operating result (EBIT) | 26.4 | (5.8) | – | **20.6** | 4.9 | (1.7) | 2.0 | **5.2** | **25.8** |
| Net financing costs | | | | **(1.6)** | | | | **(0.1)** | **(1.7)** |
| **Profit/(loss) before income tax** | | | | **19.0** | | | | **5.1** | **24.1** |
| **Statement of financial position** | | | | | | | | | |
| **Assets** | | | | | | | | | |
| Assets related to operations | 218.8 | 31.4 | – | **250.2** | | | | | **250.2** |
| Deferred and current income tax | 3.3 | – | – | **3.3** | | | | | **3.3** |
| **Assets related to continuing operations** | **222.1** | **31.4** | **–** | **253.5** | | | | | **253.5** |
| Assets classified as held for sale | – | – | – | **–** | 40.2 | 2.0 | – | **42.2** | **42.2** |
| **Total assets** | **222.1** | **31.4** | **–** | **253.5** | **40.2** | **2.0** | **–** | **42.2** | **295.7** |
| **Liabilities** | | | | | | | | | |
| Liabilities related to operations | 112.2 | 13.5 | – | **125.7** | | | | | **125.7** |
| Deferred and current income tax | 5.5 | 2.4 | – | **7.9** | | | | | **7.9** |
| **Liabilities related to continuing operations** | **117.7** | **15.9** | **–** | **133.6** | | | | | **133.6** |
| Liabilities classified as held for sale | – | – | – | **–** | 5.5 | 2.4 | – | **7.9** | **7.9** |
| **Total liabilities** | **117.7** | **15.9** | **–** | **133.6** | **5.5** | **2.4** | **–** | **7.9** | **141.5** |
| **Other information** | | | | | | | | | |
| Investments in PP&E and IA[1] | 2.9 | 1.9 | – | **4.8** | 0.6 | – | 3.5 | **4.1** | **8.9** |
| Depreciation, amortisation | 3.2 | 3.2 | – | **6.4** | 2.6 | – | – | **2.6** | **9.0** |
| Impairments | – | – | – | **–** | – | – | – | **–** | **–** |
| Total other non-cash items[2] | 0.9 | 5.0 | – | **5.9** | 0.1 | – | 0.1 | **0.2** | **6.1** |
| Average capital employed | 115.1 | 5.9 | – | **121.0** | | | | | |
| Average number of employees | 769 | 53 | – | **822** | 337 | 101 | 161 | **599** | **1,421** |

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

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

3 Non-allocated consists of corporate entities.

4 Inter-segment revenue from Branded to Discontinued operations is represented as third party revenue in accordance with IFRS 5: 'Non-current assets held for sale and discontinued operations' as the inter-segment revenue will not cease to be earned upon divestment of either of these segments.

5 American Beverage Corporation qualifying as discontinued operation as from 30 September 2014.

6 Distribution and IZICO qualifying as discontinued operations as from 31 December 2013.

| 2015<br>In € millions | Branded | Non allocated[3] | Eliminations[4] | Continuing operations | American Beverage Corporation[5] | Distribution[6] | IZICO[6] | Discontinued operations | Total Wessanen |
|---|---|---|---|---|---|---|---|---|---|
| **Income statement information** | | | | | | | | | |
| Total revenue third parties | 523.0 | – | – | **523.0** | 21.7 | – | – | **21.7** | **544.7** |
| Inter-segment revenue to discontinued operations | – | – | – | – | – | – | – | – | – |
| **Total segment revenue** | **523.0** | – | – | **523.0** | **21.7** | – | – | **21.7** | **544.7** |
| Operating result (EBIT) | 38.5 | (3.9) | – | **34.6** | (1.5) | – | – | **(1.5)** | **33.1** |
| Net financing costs | | | | **(2.3)** | | | | – | **(2.3)** |
| **Profit/(loss) before income tax** | | | | **32.3** | | | | **(1.5)** | **30.8** |
| **Statement of financial position** | | | | | | | | | |
| **Assets** | | | | | | | | | |
| Assets related to operations | 303.8 | 30.9 | – | **334.7** | | | | | **334.7** |
| Deferred and current income tax | 4.2 | 4.2 | – | **8.4** | | | | | **8.4** |
| **Assets related to continuing operations** | **308.0** | **35.1** | – | **343.1** | | | | | **343.1** |
| Assets classified as held for sale | – | – | – | – | – | – | – | – | – |
| **Total assets** | **308.0** | **35.1** | – | **343.1** | – | – | – | – | **343.1** |
| **Liabilities** | | | | | | | | | |
| Liabilities related to operations | 136.4 | 13.0 | – | **149.4** | | | | | **149.4** |
| Deferred and current income tax | 9.9 | 0.4 | – | **10.3** | | | | | **10.3** |
| **Liabilities related to continuing operations** | **146.3** | **13.4** | – | **159.7** | | | | | **159.7** |
| Liabilities classified as held for sale | – | – | – | – | – | – | – | – | – |
| **Total liabilities** | **146.3** | **13.4** | – | **159.7** | – | – | – | – | **159.7** |
| **Other information** | | | | | | | | | |
| Investments in PP&E and IA[1] | 6.4 | 1.7 | – | **8.1** | 4.4 | – | – | 4.4 | **12.5** |
| Depreciation, amortisation | 5.8 | 2.2 | – | **8.0** | – | – | – | – | **8.0** |
| Impairments | 0.7 | – | – | **0.7** | – | – | – | – | **0.7** |
| Total other non-cash items[2] | 0.5 | 5.1 | – | **5.6** | 2.3 | – | – | 2.3 | **7.9** |
| Average capital employed | 163.9 | 11.9 | – | **175.8** | | | | | |
| Average number of employees | 857 | 47 | – | **904** | 153 | – | – | 153 | **1,057** |

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

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

3 Non-allocated consists of corporate entities.

4 Inter-segment revenue from Branded to Discontinued operations is represented as third party revenue in accordance with IFRS 5: 'Non-current assets held for sale and discontinued operations' as the inter-segment revenue will not cease to be earned upon divestment of either of these segments.

5 American Beverage Corporation qualifying as discontinued operation as from 30 September 2014.

6 Distribution and IZICO qualifying as discontinued operations as from 31 December 2013.

## Geographical information

| In € millions | Revenue | | Average number of FTEs | | Non-current assets[1] | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 31 December 2015 | 31 December 2014 |
| The Netherlands (country of domicile) | 41.7 | 41.8 | 94 | 98 | 9.1 | 9.6 |
| France | 293.0 | 250.1 | 357 | 360 | 24.2 | 24.5 |
| United Kingdom | 80.4 | 71.3 | 120 | 109 | 33.2 | 30.6 |
| Germany | 51.4 | 47.7 | 239 | 237 | 19.2 | 19.1 |
| Italy | 50.4 | 5.4 | 94 | 18 | 55.6 | 3.6 |
| Other countries | 6.1 | 14.3 | – | – | – | – |
| **Total continuing operations** | **523.0** | **430.6** | **904** | **822** | **141.3** | **87.4** |
| **Total discontinued operations** | **21.7** | **176.3** | **153** | **599** | **–** | **26.9** |
| **Total Group** | **544.7** | **606.9** | **1,057** | **1,421** | **141.3** | **114.3** |

1 Property, plant and equipment and intangible assets.

## Revenue by product category

| In € millions | 2015 | 2014 |
|---|---|---|
| Core categories | 383.6 | 300.4 |
| Other categories | 136.2 | 128.3 |
| Other revenue | 3.2 | 1.9 |
| **Total continuing operations** | **523.0** | **430.6** |
| **Total discontinued operations** | **21.7** | **176.3** |
| **Total Group** | **544.7** | **606.9** |

Wessanen defined the following six core product categories: Dairy Alternatives, Sweet in Between, Bread and Biscuit Replacers, Veggie Meals, Breakfast Cereals and Hot Drinks. Core categories have been defined to give focus in product development and to allow to leverage successful mixes across countries and brands. In both 2015 and 2014 the following (core) product categories represent more than 10% of Wessanen's total revenue from continuing operations: Dairy Alternatives, Sweet in Between, Hot Drinks and Veggie Meals.

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

# 7. Personnel expenses and remuneration key management

## Personnel expenses

| In € millions | 2015 | 2014 |
|---|---|---|
| Salaries and wages | 49.1 | 42.2 |
| Severance payments and termination benefits[1] | 0.4 | 1.3 |
| Social security[2] | 11.3 | 10.2 |
| Defined contribution plans[2,3] | 4.0 | 3.5 |
| Defined benefit plans[3] | (1.1) | 0.1 |
| Share-based payment expenses[4] | 4.8 | 2.7 |
| Other personnel expenses | 3.6 | 2.2 |
| **Total personnel expenses** | **72.1** | **62.2** |

1 Severance payments and termination benefits mainly comprise additions to restructuring provisions as described in Note 23.
2 2014 restated for a reclassification adjustment of €1.4 from 'Social security' to 'Defined contribution plans'.
3 See Note 22.
4 See Note 8.

The average number of full-time employees in 2015, for continuing operations, amounted to 904 (2014: 822). In the Netherlands, Wessanen employed on average 94 (2014: 98) full-time employees. The increase in the average number of full-time employees relates almost entirely to the acquisition of Abafoods.

## Remuneration of key management

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company determined that key management consist of the members of the Executive Board and the members of the Supervisory Board. The total remuneration of key management in 2015 amounts to €2,714 thousand (2014: €3,189 thousand). This includes additional tax provided for of €502 thousand (2014: €1,035 thousand) relating to contract termination benefits provided to Mr Merckens (former CEO of Wessanen), which became excessive in 2014 upon Dutch tax legislation as a result of share price appreciation and improved TSR-performance. The total remuneration of the members of the Executive Board and Supervisory Board is specified in the tables below.

## Executive Board remuneration expenses

Mr Barnouin was appointed by the Extraordinary General Meeting of Shareholders on 24 January 2014 as member of the Executive Board for a term of four years, effective 25 January 2014. He also became Chief Executive Officer as per 25 January 2014. Mr Merckens stepped down as Chief Executive Officer as per 24 January 2014.

| In € thousands | Direct remuneration | | | | Deferred remuneration | | Total |
|---|---|---|---|---|---|---|---|
| **2014** | Salary | Short term bonuses [1] | Other [2] | Total direct remuneration | Share-based compensation [3] | Pension costs | |
| **Remuneration expenses** | | | | | | | |
| C.P.J. Barnouin [4] | 374 | 283 | 63 | 720 | 365 | 72 | 1,157 |
| R.J.J.B. Merckx | 350 | 198 | 49 | 597 | 109 | 74 | 780 |
| **Sub-total** | **724** | **481** | **112** | **1,317** | **474** | **146** | **1,937** |
| Former employee expenses [5] | – | – | 999 | 999 | – | – | 999 |
| Other employer expenses | – | – | 17 | 17 | – | – | 17 |
| **Total** | **724** | **481** | **1,128** | **2,333** | **474** | **146** | **2,953** |
| **2015** | | | | | | | |
| **Remuneration expenses** | | | | | | | |
| C.P.J. Barnouin | 405 | 371 | 95 | 871 | 122 | 66 | 1,059 |
| R.J.J.B. Merckx | 354 | 260 | 42 | 656 | 172 | 92 | 920 |
| **Sub-total** | **759** | **631** | **137** | **1,527** | **294** | **158** | **1,979** |
| Former employee expenses [5] | – | – | 502 | 502 | – | – | 502 |
| **Total** | **759** | **631** | **639** | **2,029** | **294** | **158** | **2,481** |

1 Short term bonuses relate to the performance in the year reported and are to be paid in the subsequent year. As from 2015, each member of the Executive Board may choose to invest part of the short term bonus in shares; these shares will be matched in accordance with the newly introduced Share Matching plan.

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

3 Share-based compensation represents the share-based compensation expense calculated under IFRS 2 related to share rights granted to the Executive Board. The fair value of the share-based compensation grants at the grant date is expensed on a straight-line basis over the vesting period of the grants.

4 Mr Barnouin was appointed by the Extraordinary General Meeting of Shareholders on 24 January 2014 as member of the Executive Board for a term of four years, effective 25 January 2014. He also became Chief Executive Officer as per 25 January 2014. Upon appointment, 138,304 unconditional sign-on shares were granted and delivered to Mr Barnouin, based on the number of share rights and performance rights outstanding as part of the Long Term Incentive Plan 2011 and 2013, which outstanding rights forfeited upon appointment. The related net share-based compensation expense in 2014 amounts to €323 thousand.

5 Former employee expenses in 2015 and 2014 mainly include additional tax due related to contract termination benefits provided to Mr Merckens. Upon Dutch tax legislation, these benefits became (= share grant 2012) respectively are probable to become (= share grant 2013) excessive as the fair value of the outstanding share rights granted increased significantly in both 2014 and 2015 as a result of an increase in Wessanen's share price and improved TSR-performance.

The remuneration for the members of the Executive Board comprises a base salary and related pension benefits, and, subject to meeting performance criteria, a short term bonus and a long term equity-based component. As from 2015, the short term bonus can be paid out in cash or as an investment in matching shares. The main elements of the Remuneration Policy are described in the Remuneration Report (page 78-80).

The members of the Executive Board participate in the Wessanen Pension Plan. The Wessanen Pension Plan for corporate staff in the Netherlands comprises a basic scheme (with a maximum pension salary of €85 thousand) and a surplus scheme (above the amount of €85 thousand). Both schemes qualify as a defined contribution system. Following a change in Dutch legislation on 1 January 2015 both schemes were amended. The main amendment concerns the change into a 'net pension scheme' for salaries above €100 thousand, which implies that the pension contributions paid are subject to wage tax, whereas the benefit payments received upon retirement will be exempted from wage tax.

Short term bonuses to members of the Executive Board are granted according to performance criteria which in 2015 were based on earnings before interest, taxation and exceptional items ('EBITE'), annual revenue and net working capital (defined as the net balance of inventory, trade receivables, other receivables and prepayments, trade payables and non-trade payables and accrued expenses) and personal targets (for 30%, 30%, 10% and 30% respectively). As the minimum EBITE target for 2015 was met, both Mr Barnouin and Mr Merckx will be awarded a pay-out related to the financial targets of 138.6%. As personal targets of both Mr Barnouin and Mr Merckx were fully met, the pay-out related to personal agenda items will be 150% of the total target incentive, being 45%. In total the 2015 target realisation amounts to 183.6% (2014: 141.5%). Accordingly, the short term bonus pay-out to Mr Barnouin and Mr Merckx amounted to 91.8% (based on the incentive reward at target of 50% of base salary) and 73.4% (based on the incentive reward at target of 40% of base salary) respectively.

Share rights were granted in 2015 under vesting conditions based on a three-year service period and performance hurdles for the total test period of three years. Based on this plan, Wessanen granted 59,029 share rights to members of the Executive Board in 2015. In addition, Mr Merckx opted to invest part of the short term bonus 2014 in shares, resulting in a grant of 9,553 matching shares. Further reference is made to Note 8: Share-based payments and the Remuneration Report (page 78-80).

### Supervisory Board remuneration expenses

| In € thousands | Fixed | | Other compensation[1] | | Total | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| F. Van Oers[2] | 65 | 64 | 4 | 4 | 69 | 68 |
| R.K. Kluiber[3] | 55 | 55 | 3 | 3 | 58 | 58 |
| I.M.C.M. Rietjens[4] | 50 | 50 | 3 | 3 | 53 | 53 |
| M.M. Van Zuijlen[5] | 50 | 50 | 3 | 3 | 53 | 53 |
| F.H.J. Koffrie[6] | – | 4 | – | – | – | 4 |
| **Total** | **220** | **223** | **13** | **13** | **233** | **236** |

1 Other compensation includes expense allowances.
2 F. Van Oers was appointed as Chairman of the Supervisory Board on 24 January 2014.
3 R.K. Kluiber was appointed as Chairman of the Audit Committee on 24 January 2014.
4 I.M.C.M. Rietjens was appointed as Chairman of the NSFC on 17 April 2012.
5 M.M. Van Zuijlen was appointed as Chairman of the SARC on 17 April 2013.
6 F.H.J. Koffrie resigned from the Supervisory Board on 24 January 2014.

Members of the Supervisory Board each received a fixed compensation of €45 thousand in both 2015 and 2014, excluding expenses. The Chairman of the Supervisory Board was awarded an additional fee of €20 thousand, the Chairman of the Audit Committee was awarded an additional fee of €10 thousand and the Chairman of the SARC and NFSC were each awarded an additional fee of €5 thousand. The proportionate amounts are included above, if applicable.

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

## 8. Share-based payments

### Main characteristics

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

The Company has the following plans:
- Performance share plan; rights to receive shares in the future based on performance and service conditions (equity settled share-based payments);
- Performance incentive right plan: rights to receive renumeration in cash in the future based on performance and service conditions (cash settled share-based payments);
- Share matching plan (newly introduced in 2015): rights to receive matching shares in the future based on performance and service conditions (equity settled share-based payments).

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

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

The performance condition for the Long Term Incentive Plan 2013 and 2014 is only relative Total Shareholder Return (TSR) compared to a peer group of 10 companies in total. For the Long Term Incentive Plan 2015, the Return on Invested Capital (ROIC) was introduced as additional (non-market) performance condition. Accordingly, 50% of the 2015 grant is linked to ROIC and the other 50% to TSR. The performance condition for the Share Matching plan 2015 is a (non-market) financial performance condition, defined as an EBITE percentage of revenue realised in the third year.

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

All costs of the plans are borne by the Group; any and all tax which arise are for the sole risk and account of the eligible employee.

### Fair value of performance shares, performance incentive rights and matching shares

The fair value of services received in return for performance shares granted to the Executive Board and other senior executives, and performance incentive rights granted to other employees are measured by reference to the fair value of Wessanen's shares. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation model. The model inputs for the valuation of the share rights granted to the members of the Executive Board and other senior executives, and performance incentive rights granted to other employees can be specified as follows:

| | Executive Board and other senior executives | | Other Employees | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Share price at grant date (1 June) | 8.07 | 4.48 | 8.07 | 4.48 |
| Expected volatility | 29.0% | 31.0% | 29.0% | 31.0% |
| Term (in years)[1] | 3 | 5 | 3 | 3 |
| Expected dividend | 0.10 | 0.08 | 0.10 | 0.08 |
| Risk free interest rate | 0.2% | 0.5% | 0.2% | 0.5% |
| Fair value at measurement date | 7.62 | 4.50 | 7.62 | 5.00 |

1 Best practice provision II.2.5, which provides that shares granted without financial consideration must be retained for at least 5 years or until at least the end of the employment, will not be applied. In view of the parallel requirement to build up and hold on to a significant portfolio of Wessanen shares under Wessanen's amended remuneration policy, members of the Executive Board may, at all times sell shares provided that the share ownership guidelines are met. Furthermore, members of the Executive Board may sell shares if to pay wage withholding taxes in connection with the delivery of shares related to such grant of shares.

The expected volatility has been determined based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information. Share rights as well as performance incentive rights are, in principle, granted under service conditions and market conditions. Only market conditions are taken into account in the fair value measurement of the share rights respectively performance incentive rights at grant date of the services received.

The fair value of the potential matching shares at the date of the share investment is amortised as a charge over the three-year vesting period.

## Main conditions Long Term Incentive and Share Matching plans

Based on the Long Term Incentive and Share Matching plans 2015, Wessanen granted 126,739 shares and 48,002 matching shares to the Executive Board and other senior executives and 160,803 performance incentive rights to other employees.

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

| Performance share plans | Number of instruments | Vesting conditions | Contractual life[1] |
|---|---|---|---|
| 2013 | 172,018 | Three years of service and Relative TSR over three years (share rights granted to Executive Board) | 3 years |
| 2014 | 88,836 | Three years of service and Relative TSR over three years (share rights granted to Executive Board) | 3 years |
| 2015 | 126,739 | Three years of service, Relative TSR over three years (50%) and ROIC (50%) (share rights granted to Executive Board and other senior executives) | 3 years |

| Share Matching plans | Number of instruments | Vesting conditions | Contractual life[1] |
|---|---|---|---|
| 2015 | 48,002 | Three years of service, financial performance target defined as an EBITE percentage of revenue realised in the third year (share rights granted to Executive Board and other senior executives) | 3 years |

| Performance incentive right plans | Number of instruments | Vesting conditions | Contractual life |
|---|---|---|---|
| 2013 | 290,100 | Three years of service and Relative TSR over three years (performance incentive rights granted to eligible Other employees) | 3 years |
| 2014 | 309,483 | Three years of service and Relative TSR over three years (performance incentive rights granted to eligible Other employees) | 3 years |
| 2015 | 160,803 | Three years of service, Relative TSR over three years (50%) and ROIC (50%) (performance incentive rights granted to eligible Other employees) | 3 years |

1 Best practice provision II.2.5, which provides that shares granted without financial consideration must be retained for at least 5 years or until at least the end of the employment, will not be applied. In view of the parallel requirement to build up and hold on to a significant portfolio of Wessanen shares under Wessanen's amended remuneration policy, members of the Executive Board may, at all times sell shares provided that the share ownership guidelines are met. Furthermore, members of the Executive Board may sell shares if to pay wage withholding taxes in connection with the delivery of shares related to such grant of shares.

The total shareholder return ('TSR') performance involves a comparison between the TSR of a peer group of leading multinational food companies over the same period.

The peer group for the 2015 plans consists of the following companies: Cranswick, La Doria, Frosta, Raisio, Bonduelle, Corbion, Ebro Foods, Lotus Bakeries, Premier Foods and Koninklijke Wessanen (2014 and 2013 plans: Bonduelle, Bongrain, Corbion, Ebro Foods, Fleury Michon, Lotus Bakeries, Nutreco, Premier Foods, Sligro and Koninklijke Wessanen).

## Actual performance and share-based payments expenses

As the TSR-performance hurdles for the Long Term Incentive Plan 2012 and 2013 were met (TSR ranking at 31 December: 2nd and 1st respectively), the performance shares and performance incentive rights granted to the Executive Board and other employees under these plans vested at 125% and 150% respectively. As at 31 December 2015, Wessanen's TSR is ranking as number one (= vesting at 150%) and number two (vesting at 125%) in respect of the Long Term Incentive Plan 2014 and 2015 respectively.

In 2015, total expenses arising from transactions accounted for as equity-settled and cash-settled share-based compensation transactions amounted to €0.5 and €4.3 respectively, excluding related social security expenses of €0.6 (2014: €0.6 and €2.1 respectively). As at 31 December 2015, other provisions include an amount of €6.4 (2014: €2.2) related to cash-settled share-based payments (see Note 23). Of this provision €3.3 has been classified as current representing the liability related to performance incentive rights vested (LTIP 2013) valued at Wessanen's share price at 31 December 2015.

## Performance shares and matching shares

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

| | 31 December 2014 | Granted | Delivered | Forfeited | Performance adjustment | 31 December 2015 | To be delivered in [1] |
|---|---|---|---|---|---|---|---|
| **Members of the Executive Board** | | | | | | | |
| **C.P.J. Barnouin** | | | | | | | |
| 2014 | 47,379 | – | – | – | – | 47,379 | June 2017 |
| 2015 | – | 34,723 | – | – | – | 34,723 | June 2018 |
| **R.J.J.B. Merckx** | | | | | | | |
| 2012 | 58,038 | – | (58,038) | – | – | – | |
| 2013 [2] | 60,738 | – | – | – | 30,369 | 91,107 | June 2016 |
| 2014 | 41,457 | – | – | – | – | 41,457 | June 2017 |
| 2015 | – | 24,306 | – | – | – | 24,306 | June 2018 |
| 2015 – Share Matching | – | 9,553 | – | – | – | 9,553 | April 2018 |
| **Former members of the Executive Board** | | | | | | | |
| **P.H. Merckens** | | | | | | | |
| 2012 | 114,500 | – | (114,500) | – | – | – | |
| 2013 [2] | 111,280 | – | – | – | 55,640 | 166,920 | June 2016 |
| **Total members of the Executive Board** | **433,392** | **68,582** | **(172,538)** | **–** | **86,009** | **415,445** | |
| **Other senior executives** | | | | | | | |
| 2015 | – | 67,710 | – | – | – | 67,710 | June 2018 |
| 2015 – Share Matching | – | 38,449 | – | – | – | 38,449 | April 2018 |
| **Total other employees** | **–** | **106,159** | **–** | **–** | **–** | **106,159** | |
| **Total** | **433,392** | **174,741** | **(172,538)** | **–** | **86,009** | **521,604** | |

1 Best practice provision II.2.5, which provides that shares granted without financial consideration must be retained for at least 5 years or until at least the end of the employment, will not be applied. In view of the parallel requirement to build up and hold on to a significant portfolio of Wessanen shares under Wessanen's amended remuneration policy, members of the Executive Board may, at all times sell shares provided that the share ownership guidelines are met. Furthermore, members of the Executive Board may sell shares if to pay wage withholding taxes in connection with the delivery of shares related to such grant of shares.

2 As the TSR-performance hurdle for the Long Term Incentive Plan 2013 was met (TSR ranking at 31 December: 1st), the conditional share rights granted to the (former) members of the Executive Board under this plan will vest at 150%. In the table, this has been reflected as a 'performance adjustment'.

## Performance incentive rights

The movement in the number of outstanding performance incentive rights is as follows:

| | 31 December 2014 | Granted | Delivered | Forfeited | Performance adjustment | 31 December 2015 | To be delivered in |
|---|---|---|---|---|---|---|---|
| **Other (former) employees [1]** | | | | | | | |
| 2012 | 87,125 | – | (84,125) | (3,000) | – | – | |
| 2013 [2] | 235,100 | – | – | (2,700) | 116,200 | 348,600 | June 2016 |
| 2014 | 290,235 | – | – | (1,100) | – | 289,135 | June 2017 |
| 2014 [3] | – | 13,350 | – | – | – | 13,350 | June 2017 |
| 2015 | – | 111,168 | – | – | – | 111,168 | June 2018 |
| 2015 [3] | – | 36,285 | – | – | – | 36,285 | June 2018 |
| **Total** | **612,460** | **160,803** | **(84,125)** | **(6,800)** | **116,200** | **798,538** | |

1 A performance incentive right is a conditional right as set by the Company to receive remuneration in cash, whereby each performance incentive right has a value that is equal to the closing price of a share at Euronext Amsterdam on the day prior to the date of vesting. A performance incentive right does not entitle the employee to any right related to the share of the Company including but not limited to dividend or the right to vote.

2 As the TSR-performance hurdle for the Long Term Incentive Plan 2013 was met (TSR ranking at 31 December: 1st), all 2013 performance incentive rights granted to other employees under this plan will vest at 150% when the service condition will be met. In the table, this has been reflected as a 'performance adjustment'.

3 Only service condition, no performance hurdles.

## 9. Net financing costs

| In € millions | 2015 | 2014 |
|---|---|---|
| **Interest income** | **–** | **–** |
| **Interest expenses** | **(0.4)** | **(0.7)** |
| Net foreign exchange gain/(loss) | (1.0) | 0.1 |
| Net change in fair value of derivatives | – | – |
| Interest expense defined benefit plans | (0.1) | (0.2) |
| Commitment and agency fee | (0.2) | (0.3) |
| Other[1] | (0.6) | (0.5) |
| **Total other financial income and expenses** | **(1.9)** | **(0.9)** |
| **Net financing costs** | **(2.3)** | **(1.6)** |

1 Other includes amortisation of capitalised finance costs of €0.2 (2014: €0.3).

Interest expenses in 2015 of €0.4 (2014: €0.7) originate from Wessanen's credit facilities, finance leases and other long term loans and borrowings. See Note 21 for more information on the interest-bearing loans and borrowings.

Foreign exchange results on financing transactions and on financial assets and liabilities are presented as part of total net foreign exchange gain/(loss). Wessanen mitigates its foreign currency exchange exposure by entering into various financial instruments. For more information on Wessanen's foreign currency exposure and financial risk management reference is made to Note 25.

## 10. Income tax

### Income tax expense

The income tax expense for the year 2015 amounted to €4.5 (2014: €7.6) and can be specified into current and deferred tax components as follows:

| In € millions | 2015 | 2014 |
|---|---|---|
| **Current income tax gain/(expense)** | | |
| Current income tax expense | (11.1) | (5.5) |
| Adjustment for prior years | 0.3 | (1.0) |
| **Total current income tax expense** | **(10.8)** | **(6.5)** |
| **Deferred income tax gain/(expense)** | | |
| Change in income tax rate | 0.6 | 0.3 |
| Deferred taxation relating to temporary differences | 0.6 | (1.6) |
| Utilisation of income tax losses | (1.1) | (0.5) |
| Benefit from previously unrecognised income tax losses | 6.6 | 0.9 |
| Write-down of deferred tax assets | (0.4) | (0.1) |
| Under provided in prior years and other | – | (0.1) |
| **Total deferred income tax gain/(expense)** | **6.3** | **(1.1)** |
| **Total income tax expense** | **(4.5)** | **(7.6)** |

### Effective income tax rate

The Group's operating activities are subject to income tax in various countries with statutory income tax rates between 20% and 38%.

The following table reconciles the domestic income tax rate (=25%) as a percentage of profit before income tax with the effective income tax rate as shown in the consolidated income statement.

### Reconciliation of effective income tax rate

| In € millions | 2015 | 2014 |
|---|---|---|
| **Profit before income tax** | **32.3** | **19.0** |
| Income tax using the domestic income tax rate | (8.1) | (4.8) |
| Effect of income tax rates in foreign jurisdictions | (3.1) | (2.2) |
| Change in income tax rate | 0.6 | 0.3 |
| Non-deductible expenses and tax exempt income | (0.4) | (0.1) |
| Recognition of unrecognised income tax losses | 6.6 | 0.9 |
| Unrecognised income tax losses for the year | – | (0.5) |
| Write-down of deferred tax assets | (0.4) | (0.1) |
| Under provided in prior years and other | 0.3 | (1.1) |
| **Income tax expense in income statement** | **(4.5)** | **(7.6)** |
| **Effective income tax rate** | **14.1%** | **40.1%** |

The recognition of unrecognised income tax losses mainly relates to estimated future taxable profits to be realised in Italy and the Netherlands. Unrecognised income tax losses in 2014 mainly relate to income tax losses incurred in the Netherlands.

Prior year adjustments in 2015 mainly include additions to and releases from the provision for uncertain tax positions of €(0.1) and €0.4 respectively, and are reported under income tax payables.

### Income tax on other comprehensive income

| In € millions | 2015 | | | 2014 | | |
|---|---|---|---|---|---|---|
| | Amount before tax | Tax | Amount net of tax | Amount before tax | Tax | Amount net of tax |
| Remeasurements of post employment benefit obligations | (0.6) | 0.1 | (0.5) | (0.8) | 0.1 | (0.7) |
| Foreign currency translation differences | 3.8 | – | 3.8 | 7.4 | – | 7.4 |
| Effective portion of changes in fair value of cash flow hedges | 0.1 | – | 0.1 | – | – | – |
| **Total other comprehensive income** | **3.3** | **0.1** | **3.4** | **6.6** | **0.1** | **6.7** |

## 11. Disposal groups and discontinued operations

Wessanen's discontinued operations as at 31 December 2014 included the businesses of Distribution-France (Bio-Distrifrais-Chantenat) and ABC. In 2015, the Group signed an agreement to sell Distribution-France effectively as from 2 January 2015. In March 2015, the Group signed an agreement to sell ABC to Harvest Hill Beverage Company, effectively as from 31 March 2015. Following the divestments, Wessanen has no disposal groups as at 31 December 2015.

In 2014, the Group divested the Distribution-Benelux business on 24 April 2014 and the IZICO segment on 28 May 2014.

### Assets held for sale related to discontinued operations

The combined carrying amounts of the major classes of assets and liabilities classified as held for sale related to discontinued operations at year end are as follows:

| In € millions | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Non-current assets | – | 27.1 |
| Current assets | – | 15.1 |
| **Assets related to discontinued operations** | – | **42.2** |
| Non-current liabilities | – | 0.1 |
| Current liabilities | – | 7.8 |
| **Liabilities related to discontinued operations** | – | **7.9** |
| **Net assets related to discontinued operations** | – | **34.3** |

## Result from discontinued operations

The result from discontinued operations can be specified into the operating result from discontinued operations, the result recognised on remeasurement of assets of discontinued operations and the result on divestment of discontinued operations, as follows:

| In € millions | 2015 | 2014 |
|---|---|---|
| Revenue | 21.7 | 176.3 |
| Operating result [1] | (1.5) | 5.2 |
| Net financing costs | – | (0.1) |
| Profit before income tax | (1.5) | 5.1 |
| Income tax gain/(expense) | – | (1.5) |
| **Profit/(loss) after tax from discontinued operations** | **(1.5)** | **3.6** |
| Pre-tax loss recognised on the remeasurement of assets of discontinued operations [2] | – | (1.2) |
| Income tax gain/(expense) | – | – |
| **After tax loss recognised on the remeasurement of assets of discontinued operations** | **–** | **(1.2)** |
| Pre-tax gain on the divestment of discontinued operations | 9.4 | 31.5 |
| Income tax gain/(expense) | 1.6 | – |
| **After tax gain recognised on the divestment of discontinued operations** | **11.0** | **31.5** |
| **Result for the year from discontinued operations** | **9.5** | **33.9** |

1 The 2014 operating result from discontinued operations, is net of €1.4 cost to sell incurred related to ABC and Distribution-France.

2 The Distribution-France business has been divested on 2 January 2015. Based on valuation of the Distribution-France business at fair value less cost to sell, a remeasurement loss had to be recognised in December 2014 of €1.2.

## Result on divestment of discontinued operations

The following table presents a reconciliation between net assets divested, proceeds on the divestments of discontinued operations and the result on the divestments:

| In € millions | 2015 | 2014 |
|---|---|---|
| Non-current assets | 35.1 | 23.2 |
| Current assets | 21.0 | 41.0 |
| Non-current liabilities | – | (8.3) |
| Current liabilities | (10.0) | (29.8) |
| **Net assets divested** | **46.1** | **26.1** |
| | | |
| Consideration received in cash, net of expenses | 46.6 | 57.6 |
| Proceeds to be received [1] | 4.5 | – |
| **Total proceeds on divestment** | **51.1** | **57.6** |
| Net assets divested | (46.1) | (26.1) |
| Foreign exchange result on transaction | (0.1) | – |
| Result on prior period divestments | 0.5 | – |
| Cumulative exchange rate differences transferred from equity | 4.0 | – |
| **Pre-tax gain on divestment of discontinued operations** | **9.4** | **31.5** |
| Income tax gain/(expense) | 1.6 | – |
| **After tax gain recognised on divestment of discontinued operations** | **11.0** | **31.5** |

1 See Note 25.

Total cash proceeds on divestment include the net cash proceeds on the divestment of ABC (€51.4) and Distribution-France (€(0.3)). Total cash proceeds on the divestment of ABC, net of cost to sell, amounted to €51.4 of which €4.5 is still to be received respectively paid in escrow as at 31 December 2015. The escrow is held for potential claims in case of breach of contractual representations and warranties, and will expire by the end of September 2016. As no cash outflow of economic resources is deemed probable in respect of the representations and warranties provided, no provision has been recognised as at 31 December 2015. The income tax gain of €1.6 is the result of releases from the provision for uncertain income tax positions.

### Cash flow from discontinued operations

The cash flow from discontinued operations consists of a cash flow from operating activities in the amount of €(3.4) and a cash flow from investing activities in the amount of €42.2. The cash flow from investing activities includes: (a) cash proceeds on the divestment of ABC in the amount of €46.9 (excluding proceeds paid in escrow of €4.5), (b) cash proceeds on the divestment of Distribution-France in the amount of €(0.3) and (c) acquisitions of property, plant and equipment by ABC in the amount of €(4.4) (2014: €53.7, including: (a) cash proceeds on divestment of IZICO in the amount of €52.3, (b) cash proceeds on divestment of Distribution-Benelux in the amount of €5.3 and (c) net investments in property, plant and equipment and intangible assets in the amounts of €(2.9) and €(1.0) respectively).

## 12. Earnings per share

### Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders by the weighted average number of outstanding shares, which can be specified as follows:

| In € millions | 2015 | 2014 |
|---|---|---|
| **Profit attributable to equity holders of Wessanen** | | |
| Profit/(loss) after income tax | 27.8 | 11.4 |
| Profit/(loss) from discontinued operations, net of income tax | 9.5 | 33.9 |
| **Profit/(loss) for the period attributable to equity holders of Wessanen** | **37.3** | **45.3** |

| In thousands | 2015 | 2014 |
|---|---|---|
| **Number of ordinary shares** | | |
| Issued ordinary shares | 75,992 | 75,992 |
| Own shares, held by the Company | (524) | (19) |
| **Number of ordinary shares at year end** | **75,468** | **75,973** |

| In thousands, unless stated otherwise | 2015 | 2014 |
|---|---|---|
| **Weighted average number of ordinary shares** | **75,582** | **75,901** |
| Earnings per share from continuing operations | 0.37 | 0.15 |
| Earnings per share from discontinued operations | 0.12 | 0.45 |
| **Earnings per share** | **0.49** | **0.60** |

### Diluted earnings per share

In the calculation of diluted earnings per share, the applicable profit and the weighted average number of outstanding shares are adjusted for the potential impact of delivery of share rights granted.

| In thousands, unless stated otherwise | 2015 | 2014 |
|---|---|---|
| **Weighted average number of ordinary shares (diluted)** | | |
| Weighted average number of ordinary shares | 75,582 | 75,901 |
| Effect of delivery of share rights granted | 581 | 485 |
| **Weighted average number of ordinary shares (diluted)** | **76,163** | **76,386** |
| Diluted earnings per share from continuing operations | 0.37 | 0.15 |
| Diluted earnings per share from discontinued operations | 0.12 | 0.44 |
| **Diluted earnings per share** | **0.49** | **0.59** |

## 13. Property, plant and equipment

| In € millions | Land and buildings | Machinery and equipment | Other | Under construction and pre-payments | Total |
|---|---|---|---|---|---|
| **2014** | | | | | |
| Carrying value at beginning of year | 16.8 | 23.4 | 6.0 | 1.2 | 47.4 |
| Effect of movements in foreign exchange rates | 0.8 | 1.7 | 0.1 | 0.1 | 2.7 |
| Additions | 0.4 | 2.4 | 0.6 | 0.5 | 3.9 |
| Acquisitions through business combinations[1] | – | – | – | – | – |
| Completed construction | 0.4 | 0.6 | – | (1.0) | – |
| Reclassifications | – | – | – | – | – |
| Disposal | – | – | – | – | – |
| Transfer to held for sale | (6.7) | (17.0) | (0.9) | (0.7) | (25.3) |
| Depreciation | (1.4) | (3.5) | (1.1) | – | (6.0) |
| Impairment | – | – | – | – | – |
| **Carrying value at year end** | **10.3** | **7.6** | **4.7** | **0.1** | **22.7** |
| Accumulated depreciation and impairment losses | 13.0 | 20.8 | 14.5 | – | 48.3 |
| **Cost at year end** | **23.3** | **28.4** | **19.2** | **0.1** | **71.0** |
| **2015** | | | | | |
| Carrying value at beginning of year | 10.3 | 7.6 | 4.7 | 0.1 | 22.7 |
| Effect of movements in foreign exchange rates | 0.2 | 0.1 | 0.1 | – | 0.4 |
| Additions | 1.0 | 4.6 | 0.4 | 0.5 | 6.5 |
| Acquisitions through business combinations[1] | 10.8 | 8.7 | 0.9 | – | 20.4 |
| Completed construction | – | – | – | – | – |
| Reclassifications | 0.6 | 1.9 | (2.5) | – | – |
| Disposal | – | (0.1) | – | – | (0.1) |
| Transfer to held for sale | – | – | – | – | – |
| Depreciation | (1.4) | (3.4) | (0.8) | – | (5.6) |
| Impairment | – | – | – | (0.5) | (0.5) |
| **Carrying value at year end** | **21.5** | **19.4** | **2.8** | **0.1** | **43.8** |
| Accumulated depreciation and impairment losses | 15.8 | 33.2 | 8.0 | 0.5 | 57.5 |
| **Cost at year end** | **37.3** | **52.6** | **10.8** | **0.6** | **101.3** |

1 See Note 5.

### Impairments

In 2015 impairments on property, plant and equipment have been recognised in the amount of €0.5, concerning an impairment of capitalised costs for a building construction project in France. As the project has been put on hold the related capitalised costs have been impaired.

In 2014 no impairments on property, plant and equipment have been recognised.

The present value of estimated future cash flows has been calculated using a pre-tax discount rate of 9.5% (2014: 11.4%) in respect of our UK business and within the range between 9.3% and 12.4% (2014: 11.3%) in respect of our other European businesses.

### Finance leases

The carrying value of land and buildings and machinery and equipment include an amount of €2.1 (2014: €0.0) in respect of assets held under finance leases.

### Security

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

## 14. Intangible assets

| In € millions | Goodwill | Brands | Customer lists | Software | Development expenses and Other | Total |
|---|---|---|---|---|---|---|
| **2014** | | | | | | |
| Carrying value at beginning of year | 36.3 | 22.7 | 1.0 | 5.1 | 0.5 | 65.6 |
| Effect of movements in foreign exchange rates | 0.8 | 0.7 | 0.1 | – | – | 1.6 |
| Additions | – | – | – | 0.7 | 0.3 | 1.0 |
| Acquisitions through business combinations [1] | – | – | – | – | – | – |
| Reclassifications | – | – | – | – | – | – |
| Amortisation | – | – | (0.2) | (2.6) | (0.1) | (2.9) |
| Impairment | – | – | – | – | – | – |
| Transfer to held for sale | – | – | – | (0.2) | (0.4) | (0.6) |
| **Carrying value at year end** | **37.1** | **23.4** | **0.9** | **3.0** | **0.3** | **64.7** |
| Accumulated amortisation and impairment losses | 92.6 | 5.0 | 0.5 | 11.2 | 1.3 | 110.6 |
| **Cost at year end** | **129.7** | **28.4** | **1.4** | **14.2** | **1.6** | **175.3** |
| **2015** | | | | | | |
| Carrying value at beginning of year | 37.1 | 23.4 | 0.9 | 3.0 | 0.3 | 64.7 |
| Effect of movements in foreign exchange rates | 0.8 | 0.7 | 0.1 | – | (0.1) | 1.5 |
| Additions | – | – | – | 1.5 | 0.1 | 1.6 |
| Acquisitions through business combinations [1] | 18.5 | 8.6 | 4.9 | 0.2 | 0.1 | 32.3 |
| Reclassifications | – | – | – | (1.0) | 1.0 | – |
| Amortisation | – | – | (0.5) | (1.9) | – | (2.4) |
| Impairment | – | – | – | (0.2) | – | (0.2) |
| Transfer to held for sale | – | – | – | – | – | – |
| **Carrying value at year end** | **56.4** | **32.7** | **5.4** | **1.6** | **1.4** | **97.5** |
| Accumulated amortisation and impairment losses | 95.2 | 9.3 | 1.0 | 12.3 | 0.9 | 118.7 |
| **Cost at year end** | **151.6** | **42.0** | **6.4** | **13.9** | **2.3** | **216.2** |

1 See Note 5.

### Acquisition through business combinations

Intangible assets from acquisitions through business combinations in 2015 of €32.3 consist mainly of goodwill, brands and customer lists capitalised related to the acquisition of Abafoods (see Note 5).

### Impairment

In 2015 an impairment on intangible assets has been recognised in the amount of €0.2, which concerns the impairment of an ERP system in Italy.

### Impairment testing for cash-generating units containing goodwill and brands

Goodwill and brands with an indefinite life are tested for impairment annually, or more frequently if there are indications that a particular cash-generating unit might be impaired.

The following cash-generating units have significant carrying values of goodwill and brands:

| In € millions | 31 December 2015 | | | 31 December 2014 | | |
|---|---|---|---|---|---|---|
| | Goodwill | Brands | Total | Goodwill | Brands | Total |
| Branded – Italy Abafoods | 18.5 | 8.6 | 27.1 | – | – | – |
| Branded – France | 11.5 | 9.1 | 20.6 | 11.5 | 9.1 | 20.6 |
| Branded – UK [1] | 12.5 | 11.7 | 24.2 | 11.7 | 11.0 | 22.7 |
| Branded – Germany | 9.3 | 3.3 | 12.6 | 9.3 | 3.3 | 12.6 |
| Branded – Benelux | 4.6 | – | 4.6 | 4.6 | – | 4.6 |
| **Carrying value at year end** | **56.4** | **32.7** | **89.1** | **37.1** | **23.4** | **60.5** |

1 Both 2015 and 2014 change in carrying values at Branded-UK relate entirely to foreign currency changes.

## 2015 annual impairment test

The recoverable amount of each cash-generating unit, used in the annual impairment tests performed in the fourth quarter, is based on its value in use. Key assumptions used in the impairment tests for the cash-generating units in the table above were sales growth rates, gross profit (margin) and the rates used for discounting the projected cash flows. These cash flow projections were determined using management's internal forecasts that cover a period of 5 years, based on financial plans as approved by the Company's management, after which a terminal value was calculated. For terminal value calculation, growth rates were capped at an average long term inflation rate of 1.8% (2014: 1.8%).

The present value of estimated future cash flows has been calculated using a pre-tax discount rate of 9.5% (2014: 11.4%) in respect of our UK business and within the range between 9.3% and 12.4% (2014: 11.3%) in respect of our other European businesses. The pre-tax discount rate reflects the current market assessment of the time value of money and the specific risks of the cash-generating unit.

Based on the 2015 annual impairment test the recoverable amounts for all cash-generating units were estimated to be higher than the carrying amounts, and therefore no impairment losses were identified (2014: €0.0).

The results of the annual impairment tests of Branded-Italy Abafoods, Branded-France, Branded-UK and Branded-Benelux have indicated that a reasonably possible change in key assumptions would not cause the value in use to fall to the level of the carrying value.

In 2015 the cash-generating unit Branded-Germany showed a mixed performance. The Allos brand showed a double digit growth percentage on the back of innovations (Hofgemuese, fruit bars and jams). The Tartex brand however declined by a double digit percentage, mainly as a result of lower sales of the vegetarian tinned pates due to a structural change in the market, as consumers are looking for more modern vegetarian products. In addition, the private label sales of the vegetarian tinned pates declined as a result of the same trend. To capitalise on the trend for vegetarian products we launched a new vegetarian spread in the fourth quarter of 2015 under the Tartex brand – Brotzeit. The product has been well received by the European market and it is planned to regain the lost Tartex sales. The sales from this product innovation and a stabilization of private label sales are key assumptions in the impairment test. Based on the annual impairment test, it was noted that for cash-generating unit Branded-Germany the headroom was limited. An increase of 40 basis points in the pre-tax discount rate, a 120 basis points decline in the compound sales growth rate, a 17 basis points decline in the gross profit margin or a 7% decrease in terminal value would cause its value in use to fall to the level of its carrying value. Goodwill and brands allocated to Branded-Germany at 31 December 2015 amount to €9.3 and €3.3 respectively.

## 2014 annual impairment test

The results of the annual impairment tests of Branded-France, Branded-UK and Branded-Benelux have indicated that a reasonably possible change in key assumptions would not cause the value in use to fall to the level of the carrying value. Due to an improved performance in 2014 also the 2014 annual impairment test of Branded-Germany indicated that a reasonably possible change in key assumptions would not cause the value in use to fall to the level of the carrying value anymore.

The performance of Gayelord Hauser showed a sizeable decline in 2014 as a result of delistings at a retailer in the second half of 2013, which have not been regained so far, and fierce competition within the dietetic category. Specific action plans are in place to reposition the brand, increase distribution and to introduce more innovations for 2015. The 2014 impairment test resulted in sufficient positive headroom between the value in use and the carrying value. Accordingly, a reasonable change in key assumptions would not cause the value in use to fall to the level of the carrying value. However, the outcome is to a certain extent sensitive to the successful execution of the mentioned action plans. The carrying value of the brand Gayelord Hauser amounts to €9.1 (2013: €9.1).

## Security

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

## 15. Other investments

Other investments include debt securities and long term receivables of €0.1 (2014: €0.1). In addition, other investments as at 31 December 2015 include capitalised finance costs of €0.8 (2014: €0.6). Capitalised finance costs have not been netted against long term interest-bearing loans, as no loans were drawn from the related credit facility as per 31 December 2015 and 2014 respectively.

## 16. Deferred tax assets and liabilities

### Recognised deferred tax assets and liabilities

The significant components of deferred tax assets and liabilities can be specified as follows:

| In € millions | Balance 1 January 2014 | Effect of movement in foreign exchange rates | Acquisitions through business combinations | Recognised in profit or loss | Recognised in other comprehensive income | Balance 31 December 2014 |
|---|---|---|---|---|---|---|
| Provisions | 2.0 | – | – | (0.7) | 0.1 | 1.4 |
| Trade and other payables and accrued expenses | 0.2 | – | – | 0.8 | – | 1.0 |
| Tax loss carried forward | 2.8 | – | – | (1.0) | – | 1.8 |
| Other | 0.8 | – | – | (0.8) | – | – |
| **Total deferred tax assets** | **5.8** | **–** | **–** | **(1.7)** | **0.1** | **4.2** |
| Property, plant and equipment | (0.1) | – | – | – | – | (0.1) |
| Intangible assets | (3.9) | (0.2) | – | 0.6 | – | (3.5) |
| **Total deferred tax liabilities** | **(4.0)** | **(0.2)** | **–** | **0.6** | **–** | **(3.6)** |
| **Net deferred tax assets** | **1.8** | **(0.2)** | **–** | **(1.1)** | **0.1** | **0.6** |

| | Balance 1 January 2015 | Effect of movement in foreign exchange rates | Acquisitions through business combinations | Recognised in profit or loss | Recognised in other comprehensive income | Balance 31 December 2015 |
|---|---|---|---|---|---|---|
| Provisions | 1.4 | – | 0.1 | (0.2) | 0.1 | 1.4 |
| Trade and other payables and accrued expenses | 1.0 | – | – | 0.1 | – | 1.1 |
| Tax loss carried forward | 1.8 | – | – | 4.8 | – | 6.6 |
| Other | – | – | (0.1) | 0.5 | – | 0.4 |
| **Total deferred tax assets** | **4.2** | **–** | **–** | **5.2** | **0.1** | **9.5** |
| Property, plant and equipment | (0.1) | – | (1.3) | 0.3 | – | (1.1) |
| Intangible assets | (3.5) | (0.1) | (4.2) | 0.7 | – | (7.1) |
| **Total deferred tax liabilities** | **(3.6)** | **(0.1)** | **(5.5)** | **1.0** | **-** | **(8.2)** |
| **Net deferred tax assets** | **0.6** | **(0.1)** | **(5.5)** | **6.2** | **0.1** | **1.3** |

| In € millions | 31 December 2015 | 31 December 2014 |
|---|---|---|
| **Net deferred tax assets/(liabilities) are presented as follows:** | | |
| Deferred tax assets presented under non-current assets | 8.3 | 3.3 |
| Deferred tax liabilities presented under non-current liabilities | (7.0) | (2.7) |
| **Net deferred tax assets** | **1.3** | **0.6** |

### Tax losses carried forward/unrecognised deferred tax assets

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

| | 31 December 2015 | | |
|---|---|---|---|
| In € millions | Recognised | Unrecognised | Total |
| Expiration date 2018 | 6.7 | 20.9 | 27.6 |
| Expiration date 2020 and future years | 19.1 | 133.0 | 152.1 |
| **Total tax losses carried forward (nominal value)** | **25.8** | **153.9** | **179.7** |
| **Total tax losses carried forward (tax value)** | **6.6** | **38.8** | **45.4** |

The unrecognised deferred tax assets related to tax losses carried forward decreased by €86.9 from €125.7 as at 31 December 2014 to €38.8 as at 31 December 2015. This decrease is mainly (for the amount of €78.8) caused by the divestment of American Beverage Corporation, after which Wessanen ceased its business operations in the United States in 2015. The remainder of the decrease is mainly caused by the utilisation and recognition of deferred tax assets related to previously unrecognised income tax losses in Italy and the Netherlands.

## 17. Inventories

| In € millions | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Finished products | 42.1 | 40.5 |
| Semi-finished products | 0.8 | 0.4 |
| Raw materials and supplies | 16.1 | 8.7 |
| Prepayments on inventories | – | 0.3 |
| **Total inventories** | **59.0** | **49.9** |

Inventories are shown net of impairment losses in the amount of €1.5 (2014: €2.3). The net reversal in the amount of €0.7 (2014: net write off in the amount of €(0.5)) is included in the cost of raw materials and supplies.

## 18. Trade and other receivables and prepayments

Trade receivables are shown net of impairment losses in the amount of €1.8 (2014: €2.7) arising from identified doubtful receivables from customers.

Other receivables and prepayments include a cash amount of €4.5 (2014: €0.0) held in escrow for representations and warranties provided related to the divestment of ABC. The escrow account will expire by the end of September 2016.

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables and prepayments are disclosed in Note 25.

## 19. Net cash and cash equivalents

| In € millions | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Cash and cash equivalents | 24.7 | 29.8 |
| Bank overdrafts | (1.5) | (2.5) |
| **Net cash and cash equivalents** | **23.2** | **27.3** |

Cash and cash equivalents are at Wessanen's free disposal as at 31 December 2015.

In 2014 we introduced ABN AMRO Bank as our main cash management provider and created a cross border European zero balancing cash pool. Through the cash pool, all balances are concentrated on a daily basis to the bank account of Wessanen Finance B.V. The cash and cash equivalents balance at Wessanen Finance B.V. as per 31 December 2015 amounts to €19.9 (31 December 2014: €17.8). As at 31 December 2015 and 31 December 2014 respectively there are no bank balances that have been offset.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 25.

## 20. Equity attributable to equity holders of Wessanen

### Issued and paid-up share capital

The authorised share capital of the Company as at 31 December 2015 consists of 300 million ordinary shares (2014: 300 million shares) with a nominal value of €1.00, of which 76.0 million shares were issued and paid-up (2014: 76.0 million shares).

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at the shareholders' meetings of Wessanen.

### Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares, held by Wessanen. As at 31 December 2015 Wessanen held 524 thousand shares (2014: 19 thousand).

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

| In € millions, unless stated otherwise | 2015 | | 2014 | |
|---|---|---|---|---|
| | Number of shares x 1,000 | Amount | Number of shares x 1,000 | Amount |
| Balance at beginning of the year | 19 | (0.1) | 256 | (1.8) |
| Repurchase shares | 678 | (4.5) | – | – |
| Shares delivered | (173) | 1.1 | (237) | 1.7 |
| **Balance at year end** | **524** | **(3.5)** | **19** | **(0.1)** |

### Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of intercompany loans of permanent nature.

### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (foreign currency forward contracts) related to hedged transactions that have not yet occurred.

### Other legal reserves

In accordance with the Dutch Civil Code, a legal reserve is established of €0.0 as at 31 December 2015 (2014: €0.7).

### Dividends

The Executive Board, with the approval of the Supervisory Board, proposes that a dividend of 11 eurocent per share will be paid in 2016 with respect to 2015. This dividend is subject to approval by the General Meeting of Shareholders and has not been included as a liability in the consolidated statement of financial position as per 31 December 2015. The payment of this dividend will not have income tax consequences for the Company.

| In € millions | 2015 | 2014 |
|---|---|---|
| Dividends declared and paid in the year | (7.5) | (3.8) |

## 21. Interest-bearing loans and borrowings

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

| In € millions | 31 December 2015 | | | 31 December 2014 | | |
|---|---|---|---|---|---|---|
| | Current portion | Non-current portion | Total | Current portion | Non-current portion | Total |
| Syndicated loans | – | – | – | – | – | – |
| Finance leases | 0.3 | 0.8 | 1.1 | – | – | – |
| Other long term loans and borrowings | 3.9 | 0.7 | 4.6 | – | – | – |
| **Total** | **4.2** | **1.5** | **5.7** | **–** | **–** | **–** |

The current portion of the interest-bearing loans and borrowings as at 31 December 2015 is included in current liabilities as at 31 December 2015.

### Syndicated loans

The Group has a committed €100 revolving credit facility in place. In June 2015, we have refinanced the existing facility with ABN AMRO and ING. The new credit facility is unsecured and the maturity is 2020 plus two extension options of both one year. The pricing grid over the relevant floating rate (EURIBOR or LIBOR) based on the leverage ratio (Net debt to EBITDAIE of total Wessanen) of the facility has been reduced to 60-155 basis points over Euribor (formerly 85–195 basis points). Next to this, the maximum aggregate amount which can be drawn under the "accordion facility" (optional increase of the credit facility) increased from €25 to €50.

Under its financial covenants Wessanen has to ensure that total net debt does not exceed 3.0 times consolidated EBITDAIE. A spike up to 3.5 times consolidated EBITDAIE is allowed under specific conditions for a maximum duration of two (consecutive) quarters. At 31 December 2015 our net debt level amounted to (0.4) times consolidated EBITDAIE as we had a cash surplus of €17.5 (2014: €27.3). The facility has various other general and financial covenants that are customary for its type, amount and tenor. For example, Wessanen is not permitted to declare or pay a dividend exceeding 45% of its net results, excluding any non-recurring items, and there are certain restrictions in place in case of acquisitions. A violation of any of these covenants constitutes an event of default under our credit facility, which would, unless waived by our lenders, provide our lenders with the right to request for immediate repayment of the outstanding loan without the requirement of notice or any other formality.

The Group has the ability to draw loans from the syndicated credit facility with maturities ranging between 1 week and 9 months. When a loan expires, this is, ceteris paribus, refinanced with a new loan drawn from the facility.

The average interest rate on drawings for 2015 was 0.9% (2014: 1.6%).

### Finance leases

Non-cancellable finance leases are payable as follows:

| In € millions | 31 December 2015 | | | 31 December 2014 | | |
|---|---|---|---|---|---|---|
| | Total lease payments | Interest | Carrying value | Total lease payment | Interest | Carrying value |
| Less than 1 year | 0.3 | – | 0.3 | – | – | – |
| Between 1 and 5 years | 0.6 | 0.1 | 0.5 | – | – | – |
| More than 5 years | 0.4 | 0.1 | 0.3 | – | – | – |
| **Total** | **1.3** | **0.2** | **1.1** | **–** | **–** | **–** |

### Other long term loans and borrowings

Other long term loans and borrowings as per 31 December 2015 consist of reverse factoring of €3.9 and long term loans of €0.7.

## 22. Employee benefits

### Defined benefit plans

In 2015 Wessanen and its subsidiaries made contributions to defined benefit plans in the Netherlands and France, that provide pension benefits for employees upon retirement. Wessanen pays benefits directly to employees upon retirement in Germany. These are final-pay and average-pay plans, based on the employees' years of service and compensation near retirement. The schemes in the Netherlands and France are administered by industry pension funds and life insurance companies. The schemes in Germany are administered by Wessanen.

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

| In € millions | 31 December 2014 | Acquisitions through business combinations | Plan amendments | Other movements | 31 December 2015 |
|---|---|---|---|---|---|
| Present value of obligations | 10.3 | 1.0 | (5.8) | 1.1 | 6.6 |
| Fair value of plan assets | (4.5) | – | 4.3 | (0.3) | (0.5) |
| **Net liability for defined benefit obligations** | **5.8** | **1.0** | **(1.5)** | **0.8** | **6.1** |
| Other employee benefits | 0.6 | – | – | – | 0.6 |
| **Total liability employee benefits** | **6.4** | **1.0** | **(1.5)** | **0.8** | **6.7** |

Wessanen's net liability for defined benefit obligations as at 31 December 2015 amounts to €6.7 and relates mainly to one of the pension plans in Germany (in the amount of €3.9) and the part of the above mentioned TFR scheme in Italy that qualifies as a defined benefit scheme (in the amount of €1.1). The latter was part of the acquisition of Abafoods in January 2015 in the amount of €1.0. Both German and Italian scheme are administered by Wessanen and are unfunded. Wessanen pays benefits directly to employees upon retirement or, in case of the TFR, upon leaving the company. Both concern final pay plans. The German plan is closed for new participants and has an expected duration of 17.5 years. The TFR scheme is open for new participants and has an expected duration of 13.2 years. The weighted average duration of the total net liability for defined benefit obligations of Wessanen is 15.9 years.

In 2014 a pension scheme for former employees of one of the Dutch companies that was divested in 2014 was transferred back from held for sale to the employee benefit liabilities for continuing operations as the scheme was excluded from the divestment. The plan is administered by an insurance company and is funded. The plan has no active participants and the expected duration of the plan per 31 December 2014 was 14.7 years. Per March 2015 the plan has been amended after which the scheme qualifies as a defined contribution scheme. Accordingly, a settlement gain of €1.4 was recognised in 2015 (being the net amount of a settlement gain of €1.5 and a transfer of €(0.1) to other provisions).

In 2014 the surplus scheme of Wessanen Benelux was amended after which the scheme qualified as a defined contribution plan. Accordingly, a settlement gain of €0.1 was recognised in 2014.

The net obligation for defined benefit plans is calculated separately for each plan by calculating the present value of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value while the fair value of any plan asset is deducted. The discount rate used is the yield on high-quality corporate bonds of a currency and maturity consistent with the currency and maturity of the post employment defined benefit obligations.

The calculations are performed by qualified actuaries using the projected unit credit method.

## Multi-employer plans

One of the Dutch companies is engaged in a multi-employer plan with 'Stichting Bedrijfspensioenfonds voor de Groothandel in Levensmiddelen' ('GIL'). This multi-employer plan is a defined benefit plan, though accounted for as if it was a defined contribution plan because it is not possible to identify Wessanen's share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes. This is due to the fact that the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities. Surpluses or deficits for the mentioned plans are determined on the basis of the pension law "Pensioenwet" and the regulatory framework "Financieel Toetsingskader".

Per December 2015 the GIL showed a deficit compared to the minimum required coverage. A recovery plan was submitted to De Nederlandsche Bank (DNB) in January 2016. More detailed information concerning the financial position of the GIL is publicly available on the website of the industry pension fund (www.bpf-gil.nl).

Wessanen's level of participation in the plan compared with other participating entities is relatively low with 52 active members (total plan: approximately 12,000 members), 29 deferred members (total plan: approximately 33,000 members) and no retired members (total plan: approximately 8,000 members).

The expected contributions for this multi-employer plan in 2016 amount to €0.3.

## Defined contribution plans

Wessanen and its subsidiaries make contributions to defined contribution plans in the Netherlands, France and the UK. The expected contributions for these plans in 2016 amount to €2.8.

## Defined Benefit plans

The components of the employee benefits for the years ending 31 December 2015 and 2014 respectively are shown in the following tables.

| In € millions | 31 December 2015 | 31 December 2014 |
|---|---|---|
| **Present value of obligations** | **6.6** | **10.3** |
| Fair value of plan assets | (0.5) | (4.5) |
| **Net liability for defined benefit obligations** | **6.1** | **5.8** |
| Other employee benefits | 0.6 | 0.6 |
| **Total liability employee benefits** | **6.7** | **6.4** |

## Movement in the liability for defined benefit obligations

| In € millions | 2015 | 2014 |
|---|---|---|
| Liability for defined benefit obligations at beginning of year | 10.3 | 4.7 |
| Benefits paid | (0.3) | (0.3) |
| Employee contributions | – | – |
| Current service costs | 0.3 | 0.2 |
| Interest costs | 0.2 | 0.3 |
| Settlements | (5.8) | (0.3) |
| Remeasurement (gains)/losses | 0.9 | 1.2 |
| Acquisitions through business combinations | 1.0 | – |
| Transfer from held for sale | – | 4.5 |
| **Liability for defined benefit obligations at year end** | **6.6** | **10.3** |

## Movement in plan assets

| In € millions | 2015 | 2014 |
|---|---|---|
| Fair value of plan assets at beginning of year | 4.5 | 0.6 |
| Employer contributions | 0.3 | 0.2 |
| Employee contributions | – | – |
| Benefits paid | (0.3) | (0.3) |
| Interest income | – | 0.1 |
| Remeasurement gains/(losses) | 0.3 | 0.5 |
| Settlements | (4.3) | (0.2) |
| Acquisitions through business combinations | – | – |
| Transfer from held for sale | – | 3.6 |
| **Fair value of plan assets at year end** | **0.5** | **4.5** |

## Plan assets

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

| | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Equity securities | 9.0% | 0.0% |
| Bonds | 86.0% | 10.3% |
| Other quoted securities | 5.0% | 89.7% |
| **Total** | **100.0%** | **100.0%** |

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

## Expense recognised in the income statement

| In € millions | 2015 | 2014 |
|---|---|---|
| Current service costs | 0.3 | 0.2 |
| Past service costs, curtailments and settlements | (1.4) | (0.1) |
| Net interest costs | 0.1 | 0.2 |
| **Total expense** | **(1.0)** | **0.3** |

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

| In € millions | 2015 | 2014 |
|---|---|---|
| Personnel expenses | (1.1) | 0.1 |
| Net financing costs | 0.1 | 0.2 |
| **Total expense** | **(1.0)** | **0.3** |

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

| In € millions | 2015 | 2014 |
|---|---|---|
| Actuarial (gain)/loss due to experience adjustments | 0.3 | (0.3) |
| Actuarial (gain)/loss due to changes in demographic assumptions | – | – |
| Actuarial (gain)/loss due to changes in financial assumptions | 0.6 | 1.5 |
| Return on plan assets (excluding amounts included in net interest expense) | (0.3) | (0.5) |
| Adjustments for restrictions on the defined benefit asset | – | – |
| **Total remeasurement effects recognised in other comprehensive income, before income tax** | **0.6** | **0.7** |

| In € millions | 2015 | 2014 |
|---|---|---|
| Actual return on plan assets | 0.3 | 0.6 |

The expected contributions for defined benefit plans in 2016 amount to €0.0.

## Actuarial assumptions

Principal actuarial assumptions at the balance sheet date:

| | 2015 | 2014 |
|---|---|---|
| Discount rate at year end | 2.0-2.3% | 2.0–2.5% |
| Future general salary increases | 1.8-3.3% | 1.8–2.8% |
| Price inflation | 1.8% | 1.8% |
| Future pension increases | 1.8% | 0.0–1.8% |

## Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, future general salary increases and future pension increases. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- A reduction in the discount rate by 25 basis points would result in an increase in the liability for defined benefit obligations of €0.3 as per 31 December 2015 (2014: €0.3);
- An increase in the future general salary increases by 100 basis points would result in an increase in the liability for defined benefit obligations of €0.4 as per 31 December 2015 (2014: €0.3);
- An increase in the future pension increases by 100 basis points would result in an increase in the liability for defined benefit obligations of €0.6 as per 31 December 2015 (2014: €1.5).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Assumptions regarding further mortality are based on published statistics and mortality tables.

### Present value of the defined benefit obligation, fair value of plan assets and deficit as at 31 December

| In € millions | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Defined benefit obligation | 6.6 | 10.3 | 4.7 | 97.9 | 80.7 |
| Fair value of plan assets | (0.5) | (4.5) | (0.6) | (83.3) | (72.0) |
| Deficit in the plan | 6.1 | 5.8 | 4.1 | 14.6 | 8.7 |

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

| In € millions | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Plan liabilities | (0.3) | 0.3 | 0.3 | 1.8 | 0.6 |
| Plan assets | 0.3 | 0.5 | – | 9.5 | 3.6 |

Experience adjustments are defined as all gains/(losses) due to changes other than changes in the discount rate.

## 23. Provisions

Movements in provisions can be specified as follows:

| In € millions<br>2014 | Restructuring | Onerous contracts | Other provisions | Total |
|---|---|---|---|---|
| Non-current | – | – | 1.2 | 1.2 |
| Current | 3.7 | 0.4 | 2.0 | 6.1 |
| **Balance at beginning of year** | **3.7** | **0.4** | **3.2** | **7.3** |
| Effects of movements in foreign exchange rates | – | – | 0.1 | 0.1 |
| Additions charged against result | 2.4 | – | 3.9 | 6.3 |
| Used during the year | (2.9) | (0.3) | (1.7) | (4.9) |
| Released to result | (0.7) | (0.1) | (0.5) | (1.3) |
| **Balance at year end** | **2.5** | **–** | **5.0** | **7.5** |
| Non-current | – | – | 3.3 | 3.3 |
| Current | 2.5 | – | 1.7 | 4.2 |
| **Balance at year end** | **2.5** | **–** | **5.0** | **7.5** |

| In € millions<br>2015 | Restructuring | Onerous contracts | Other provisions | Total |
|---|---|---|---|---|
| Non-current | – | – | 3.3 | 3.3 |
| Current | 2.5 | – | 1.7 | 4.2 |
| **Balance at beginning of year** | **2.5** | **–** | **5.0** | **7.5** |
| Effects of movements in foreign exchange rates | – | – | – | – |
| Additions charged against result | 1.9 | – | 6.8 | 8.7 |
| Used during the year | (2.8) | – | (2.1) | (4.9) |
| Released to result | (0.5) | – | (0.2) | (0.7) |
| **Balance at year end** | **1.1** | – | **9.5** | **10.6** |
| Non-current | – | – | 3.9 | 3.9 |
| Current | 1.1 | – | 5.6 | 6.7 |
| **Balance at year end** | **1.1** | – | **9.5** | **10.6** |

### Restructuring

In 2015, additions to the restructuring provision of €1.9, mainly include severance payments relating to the divestment of ABC of €1.0 and additional provisions for severance payments at the corporate head office of €0.6 and other locations.
Additions to the restructuring provision in 2014 of €2.4, mainly related to additional costs in respect of the integration of the 2013 acquired Alter Eco business in France of €0.4 and additional provisions for severance payments at the corporate head office of €1.2, partly related to discontinued operations) and other locations.
The additions to the restructuring provision include severance payments and termination benefits, and required management judgement in estimating the expected cash outflows based on detailed plans. For all restructuring provisions a detailed formal plan exists and the implementation of the plan has started or the plan has been announced before the balance sheet date. The Company expects the provision will be utilised mostly within the next year.

### Onerous contracts

This concerns mainly provisions for contracts which became onerous contracts (rental agreements, lease contracts and agency contracts) due to restructurings. In 2014, payments of €0.3 were made against the provision related to the cancellation of an agency contract, after which the remaining balance of €0.1 was released.

### Other provisions

Other provisions as at 31 December 2015 of €9.5 mainly comprise (1) provisions for liabilities arising from cash-settled share-based payment transactions of €6.4 (2014: €2.2), (2) a provision for additional tax due of €1.5 (2014: €1.0) relating to contract termination benefits provided to Mr Merckens (former CEO of Wessanen), which upon Dutch tax legislation, became (= share grant 2012) respectively are probable to become (= share grant 2013) excessive as a result of share price appreciation and improved TSR-performance, and (3) contract risks of €0.7 (2014: €0.7).
The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.
Additions in 2015 of €6.8 mainly include share-based payment expenses of €4.3 and related social security expenses of €0.6, additional tax due of €0.5 and contract termination expenses of €0.5. The release from other provisions in 2015 of €0.2 is mainly the result of favourable settlements and revised estimates relating to various individual cases.

Releases of prior year provisions are accounted for in operating result. The Company expects the provisions at year-end to be utilised mostly within the next year; timing of cash outflows related to the non-current part of the other provisions is uncertain, however are likely to materialise mainly in 2017 and 2018.

## 24. Trade and non-trade payables and accrued expenses

| In € millions | 31 December 2015 | 31 December 2014 |
|---|---|---|
| **Total trade payables – third party** | **67.9** | **61.7** |
| Customer incentives | 27.1 | 21.5 |
| Personnel expenses | 10.3 | 9.4 |
| Pensions | 5.1 | 4.5 |
| Social securities and other tax | 5.2 | 5.0 |
| Derivatives | 0.1 | 0.2 |
| Other liabilities | 9.2 | 7.0 |
| **Total non-trade payables and accrued expenses** | **57.0** | **47.6** |
| **Total trade and non-trade payables and accrued expenses** | **124.9** | **109.3** |

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 25.

## 25. Financial instruments and risk management

This Note presents information about Wessanen's exposure to liquidity risk, market risk (currency risk, interest rate risk and commodity risk) and credit risk, Wessanen's objectives, policies and processes for measuring and managing risk, and Wessanen's management of capital, as well as quantitative disclosures (before income tax) in addition to those included throughout these consolidated financial statements.

The Executive Board has overall responsibility for the establishment and oversight of Wessanen's Risk Management and Internal Control Framework. The framework is designed to enable the Executive Board to achieve its strategic objectives within a managed risk profile. The Executive Board is responsible for setting risk management policies and strategies. Senior management and operating companies conduct a risk assessment to create action plans and comply with internal control procedures. As a Committee of the Supervisory Board, the Audit Committee monitors risk management and control activities and provides the Supervisory Board with a clear overview of the entire risk management and internal control process. Any significant changes and improvements to the Risk Management and Internal Control Framework are discussed with the Audit Committee and the Supervisory Board.

### Liquidity risk

Liquidity risk is the risk that Wessanen will not be able to meet its financial obligations as they fall due. A material and sustained shortfall in Wessanen's cash flow could undermine overall investor confidence and could restrict the Group's ability to raise funds. Operational cash flow provides the funds to service the Group's financing obligations. The Group's objective to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial obligations when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Wessanen manages its liquidity by monitoring and forecasting cash flows of its operating companies, debt servicing requirements, dividends to shareholders and other obligations. The Group's syndicated credit facility allows to draw in maturities ranging between 1 week and 9 months. When a loan expires, this is ordinarily refinanced with a new loan drawn from the facility. In addition to the syndicated loan facility, Wessanen has no other uncommitted credit facilities (2014: $0.5 with one bank, which related entirely to discontinued operations).

The table below summarises the maturity profile of Wessanen's financial liabilities of continuing operations, including estimated interest payments at 31 December 2015 and at 31 December 2014 based on undiscounted contractual cash flows.

| In € millions | Note | | | | | | | Undiscounted contractual cash flows | |
|---|---|---|---|---|---|---|---|---|---|
| **2014** | | | Carrying amount | Total cash flows | 6 months or less | 6–12 months | 1–2 years | 2–5 years | More than 5 years |
| **Non-derivative financial liabilities** | | | | | | | | | |
| Other long term loans | 21 | floating | – | – | – | – | – | – | – |
| Finance lease liabilities | 21 | fixed | – | – | – | – | – | – | – |
| Trade and other payables[1] | 24 | non-interest bearing | (109.1) | (109.1) | (109.1) | – | – | – | – |
| Bank overdrafts | 19 | floating | (2.5) | (2.5) | (2.5) | – | – | – | – |
| **Subtotal** | | | **(111.6)** | **(111.6)** | **(111.6)** | **–** | **–** | **–** | **–** |
| **Derivative financial instruments** | | | | | | | | | |
| Other forward contracts used for hedging | | | (0.2) | (0.2) | (0.2) | – | – | – | – |
| **Subtotal** | | | **(0.2)** | **(0.2)** | **(0.2)** | **–** | **–** | **–** | **–** |
| **Total** | | | **(111.8)** | **(111.8)** | **(111.8)** | **–** | **–** | **–** | **–** |
| **2015** | | | | | | | | | |
| **Non-derivative financial liabilities** | | | | | | | | | |
| Other long term loans | 21 | floating | (4.6) | (4.7) | (3.9) | – | (0.1) | (0.3) | (0.4) |
| Finance lease liabilities | 21 | fixed | (1.1) | (1.2) | (0.2) | (0.1) | (0.2) | (0.2) | (0.5) |
| Trade and other payables[1] | 24 | non-interest bearing | (124.8) | (124.8) | (124.8) | – | – | – | – |
| Bank overdrafts | 19 | floating | (1.5) | (1.5) | (1.5) | – | – | – | – |
| **Subtotal** | | | **(132.0)** | **(132.2)** | **(130.4)** | **(0.1)** | **(0.3)** | **(0.5)** | **(0.9)** |
| **Derivative financial instruments** | | | | | | | | | |
| Other forward contracts used for hedging | | | (0.1) | (0.1) | (0.1) | – | – | – | – |
| **Subtotal** | | | **(0.1)** | **(0.1)** | **(0.1)** | **–** | **–** | **–** | **–** |
| **Total** | | | **(132.1)** | **(132.3)** | **(130.5)** | **(0.1)** | **(0.3)** | **(0.5)** | **(0.9)** |

1 Excluding derivatives.

## Currency risk

Wessanen conducts business in foreign currencies but publishes its financial statements, and measures its performance, in Euros. These foreign currencies mainly include the US dollar and the Pound sterling. Because of the Group's international presence, it is subject to risks from changes in foreign currency values that could affect earnings and capital.

The Group has a foreign exchange policy in order to mitigate the impact of foreign currencies to functional currencies and is based on the following principles:

- Transactions arising from operational and financing activities, in currencies other than the functional currency, are hedged in order to mitigate income statement volatility. All operating companies conduct their hedging transactions internally through the centralised corporate treasury department. Wessanen provides operational funding to its operating companies in their functional currency.
- Translation results on capital invested in foreign subsidiaries are recorded as a movement in the translation reserve in equity. Capital invested in, and net income from foreign subsidiaries are not hedged to the Euro.

Further, hedging foreign exchange risk is achieved through the use of forward foreign exchange contracts and forward foreign exchange swaps. Hedge accounting is applied for transactions that exceed certain thresholds.

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

| In € millions | 31 December 2015 | | | | 31 December 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| | € | US$ | £ | Other[1] | € | US$ | £ | Other[1] |
| Trade and other receivables | – | 5.2 | – | – | 0.1 | 0.2 | – | – |
| Cash and bank overdrafts | – | 2.8 | 1.8 | 0.1 | – | 1.5 | 2.1 | – |
| Trade payables | (4.3) | (0.4) | – | – | (3.0) | (0.4) | – | (0.1) |
| Financial assets/(liabilities), excluding investments in subsidiaries | – | – | (0.2) | – | – | (5.5) | (5.5) | – |
| Derivatives[2] | 8.1 | (3.7) | 3.0 | – | 8.5 | – | – | 0.3 |
| **Net exposure** | **3.8** | **3.9** | **4.6** | **0.1** | **5.6** | **(4.2)** | **(3.4)** | **0.2** |

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

At year end 2015 the Group designated £17 (2014: £17) of intercompany loan financing as part of its net investment in its UK operations. Foreign currency results on this intercompany loan financing of €1.3 positive (net of income tax) in 2015 (2014: €1.4 positive (net of income tax)) are recorded in the translation reserve in equity.

In 2015, currency translation differences of €3.8 (2014: €7.4) comprise translation differences related to the appreciation of the GBP and US dollar in the amount of €7.8 million and the recycling of the accumulated translation differences from equity to the income statement (as part of the result on divestment of discontinued operations) following the divestment of ABC in the amount of €(4.0).

### Currency sensitivity analysis

A 10% strengthening of the Euro against the US dollar and Pound Sterling currencies in 2015 would have had hypothetical impact on equity and net result by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

| In € millions | US$ 2015 | £ 2015 | US$ 2014 | £ 2014 |
|---|---|---|---|---|
| **10% strengthening of the Euro** | | | | |
| Equity[1] | (0.2) | (3.8) | (3.8) | (3.5) |
| Net result | (0.2) | (0.6) | (0.4) | (0.5) |

1 Including impact on net result.

## Interest rate risk

Wessanen's debt funding is primarily achieved through its syndicated credit facility. Loan draw-downs bear interest at short term rates. These may fluctuate and cause income statement volatility. The Group aims to contain income statement volatility and, at the same time, minimise its financing costs. We manage our interest rate risk through closely monitoring short term and long term interest rates and where necessary modifying the interest rate exposure of debt and cash positions through the use of interest rate derivatives.

**Interest rate sensitivity analysis**
A change of 100 basis points (bp) in variable interest rates in 2015 would have had a hypothetical impact on equity and profit by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

| In € millions | Profit or loss | | Equity[1] | |
|---|---|---|---|---|
| **2014** | 100 bp increase | 100 bp decrease | 100 bp increase | 100 bp decrease |
| Variable rate instruments | (0.3) | 0.3 | (0.3) | 0.3 |
| Interest rate swap | – | – | – | – |
| **Net impact** | **(0.3)** | **0.3** | **(0.3)** | **0.3** |
| **2015** | | | | |
| Variable rate instruments | – | – | – | – |
| Interest rate swap | – | – | – | – |
| **Net impact** | – | – | – | – |

1 Including impact on net result.

## Commodity risk
Wessanen requires a wide range of agricultural and other commodities for its products. Fluctuations in commodity prices may lead to volatility in net income. In addition, increases in commodity prices may lead to a reduction in margin and net income when corresponding or selling prices cannot be raised. The Group uses a large variety of commodities and is not exposed to a significant concentration in one single category. In general, Wessanen aims to mitigate volatility in commodity prices by frequently entering into term price agreements with suppliers, providing sufficient time to increase the selling prices of our products.

## Credit risk
Credit risk is the risk of financial loss to Wessanen if a customer or any other counterparty to a transaction fails to meet its contractual obligations. As the exposure to credit risk is influenced mainly by the individual characteristics of each customer, the spread in Wessanen's customer base reduces the impact of the credit risk. Moreover, a customer's creditworthiness is analysed frequently using benchmarks and external rating information.
As a preventive control Wessanen manages credit risk by applying credit limits for its customers. The creditworthiness of a financial institution is assessed by their credit rating, which should be at least A (Standard & Poor's).
Wessanen establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.
The maximum exposure to credit risk for trade receivables by type of customer can be specified as follows:

| In € millions | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Supermarkets | 64.4 | 47.5 |
| Health food stores | 22.4 | 18.8 |
| Other customers | 5.2 | 3.9 |
| **Total** | **92.0** | **70.2** |

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

| In € millions | 31 December 2015 | | | 31 December 2014 | | |
|---|---|---|---|---|---|---|
| | Gross | Impairments | Net | Gross | Impairments | Net |
| Not past due | 88.5 | – | 88.5 | 67.1 | – | 67.1 |
| Past due 0–30 days | 3.5 | (0.8) | 2.7 | 2.9 | (0.3) | 2.6 |
| Past due 31–180 days | 0.6 | (0.1) | 0.5 | 1.1 | (0.6) | 0.5 |
| Past due 181–360 days | 0.2 | (0.1) | 0.1 | 0.6 | (0.6) | – |
| More than 360 days | 1.0 | (0.8) | 0.2 | 1.2 | (1.2) | – |
| **Total** | **93.8** | **(1.8)** | **92.0** | **72.9** | **(2.7)** | **70.2** |

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

| In € millions | 2015 | 2014 |
|---|---|---|
| Balance at beginning of year | 2.7 | 3.9 |
| Effects of movements in foreign exchange | 0.1 | 0.2 |
| Acquisition through business combinations | 0.1 | – |
| Addition charged/(released) against result | (0.4) | (0.3) |
| Write offs | (0.7) | (1.0) |
| Transfer to held for sale | – | (0.1) |
| **Balance at year end** | **1.8** | **2.7** |

The allowances relating to trade receivables are used to record impairment losses until the Group is satisfied that no recovery of the amount owing is possible. At that point the amounts are considered irrecoverable and are written off against the financial asset directly.

## Capital management

Wessanen's financing strategy is built around the following objectives:
- Ongoing access to debt and equity markets;
- Sufficient flexibility to fund add-on acquisitions;
- Optimal weighted average cost of capital;
- Mitigating financial risks.

The capital structure of the Company balances these objectives in order to meet the Company's strategic objectives and day-to-day needs. Our targeted net debt level is aimed to be below 2.5 times consolidated EBITDAIE of total Wessanen, but our actual net debt levels can be higher or lower depending on acquisitions and divestments, access to capital markets and the timing of cash flows. At 31 December 2015 our net debt level amounted to (0.4) times consolidated EBITDAIE (2014: (0.7)) as we had a cash surplus of €17.5 (2014: €27.3).

As a consequence of the cash surplus at 31 December 2015 and 31 December 2014 respectively also the gearing ratio (net debt/shareholders' equity) amounted to negative 9.6% and negative 17.7% respectively.

## Recurring fair value measurements versus carrying amounts

Fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

| In € millions | 31 December 2015 | | 31 December 2014 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| **Assets carried at fair value** | | | | |
| Foreign exchange swap contacts used for hedging | 0.1 | 0.1 | – | – |
| **Total** | **0.1** | **0.1** | **–** | **–** |
| **Assets carried at amortised cost** | | | | |
| Long term receivables | 0.9 | 0.9 | 0.7 | 0.7 |
| Trade receivables | 92.0 | 92.0 | 70.2 | 70.2 |
| Other receivables and prepayments[1] | 16.8 | 16.8 | 12.2 | 12.2 |
| Cash and cash equivalents | 24.7 | 24.7 | 29.8 | 29.8 |
| **Total** | **134.4** | **134.4** | **112.9** | **112.9** |
| **Liabilities carried at fair value** | | | | |
| Forward exchange contracts used for hedging | 0.1 | 0.1 | 0.2 | 0.2 |
| **Total** | **0.1** | **0.1** | **0.2** | **0.2** |
| **Liabilities carried at amortised cost** | | | | |
| Syndicated loans | – | – | – | – |
| Other long term loans | 4.6 | 4.6 | – | – |
| Finance lease liabilities | 1.1 | 1.1 | – | – |
| Trade payables | 67.9 | 67.9 | 61.7 | 61.7 |
| Non-trade payables and accrued expenses[1] | 57.0 | 57.0 | 47.4 | 47.4 |
| Bank overdrafts | 1.5 | 1.5 | 2.5 | 2.5 |
| **Total** | **132.1** | **132.1** | **111.6** | **111.6** |

1 Excluding derivatives, which are shown separately.

## Fair value of financial assets and liabilities

The carrying amounts of cash and cash equivalents, trade receivables, other receivables and prepayments, trade payables and bank overdrafts approximate their fair values because of the short term nature of these instruments. The carrying amounts of the amounts owed to credit institutions approximate their fair values, as the amounts are floating interest-bearing. The fair value of financial instruments has been determined by Wessanen using available market information and appropriate valuation methods (level 2 only). Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The fair value of the derivatives as at 31 December 2015 (as specified in the table in this note under paragraph 'currency risk') amounts to €0.0 (2014: €(0.2)). These derivatives have been entered into with financial institutions. An assessment has been made of a potential debit valuation adjustment, however, has not been recorded as the adjustment is deemed to be not material.

Level 2 inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

## Non-recurring fair value measurements versus carrying amounts

As at 31 December 2015 an amount paid in escrow of €4.5 is measured at fair value. The escrow is held for potential claims in case of breach of contractual representations and warranties, related to the divestment of ABC on 31 March 2015, and which will expire by the end of September 2016. As no cash outflow of economic resources is deemed probable in respect of the representations and warranties provided, no provision has been recognised as at 31 December 2015.

As at 31 December 2014 the asset held for sale Distribution-France was measured at fair value less costs to sell as the asset's fair value less costs to sell was lower than its carrying amount. This resulted in a remeasurement loss of €1.2 (see Note 11). The fair value less costs to sell amounted to €0.0.

Wessanen could receive an additional amount of up to €3.5 in respect of the divestment of IZICO as part of an earn-out related to the 2014 EBITDA. Based on initial information provided by IZICO on the 2014 financial performance, the fair value of the financial asset as at 31 December 2014 was assessed at nil.

The fair value of the amounts paid in escrow, the asset held for sale Distribution-France and the earn-out receivable related to the divestment of IZICO has been determined by Wessanen using inputs that are not based on observable market data (unobservable inputs) (level 3).

## 26. Commitments and contingencies

### Operating lease commitments

Non-cancellable operating leases are payable as follows:

| In € millions | 31 December 2015 | 31 December 2014 |
|---|---|---|
| **Continuing operations** | | |
| Less than 1 year | 2.9 | 2.0 |
| Between 1 and 5 years | 9.0 | 5.4 |
| More than 5 years | 5.5 | 3.7 |
| **Total non-cancellable operating lease commitments** | **17.4** | **11.1** |

| In € millions | 31 December 2015 | 31 December 2014 |
|---|---|---|
| **Discontinued operations** | | |
| Less than 1 year | – | 3.8 |
| Between 1 and 5 years | – | 3.8 |
| More than 5 years | – | 1.1 |
| **Total non-cancellable operating lease commitments** | **–** | **8.7** |

Wessanen leases a number of office, warehouse and factory facilities, cars and computer hardware under operating leases. The leases typically run between 3 and 15 years, with an option to renew after that date. Lease payments are adjusted annually to reflect market rentals. None of the leases include contingent rentals. Wessanen does, in principle, not act as a lessor.

During the year ended 31 December 2015, €3.1 (2014: €1.2) was recognised as an expense in the income statement of continuing operations and €1.4 in the income statement of discontinued operations in respect of operating leases (2014: €8.0).

### Capital commitments

Commitments to purchase property, plant and equipment as at 31 December 2015 amounted to €0.5 (2014: €0.4) which entirely relates to continuing operations. Commitments to purchase intangible assets as at 31 December 2015 amounted to €0.6 (2014: €0.3) which entirely relates to continuing operations.

### Purchase commitments

Wessanen has purchase commitments with vendors in the ordinary course of business at market-related terms.

### Guarantees

Wessanen has various letters of credit and guarantees outstanding to third parties amounting to US$18.1 as at 31 December 2015 (2014: US$20.0). Letters of credit amounting to US$2.8 (2014: US$4.6) are provided in favour of workers compensation insurers and are reduced as the workers compensation claims, on the divested operations ABC and Tree of Life, Inc., are settled and closed. Wessanen has also provided guarantees amounting to US$15.3 (2014: US$15.4) relating to lease obligations of Tree of Life, Inc. which are reduced when the underlying lease contracts expire during a maximum period of up to seven years. Kehe Food Distributors Inc. has indemnified Wessanen for calls of third parties under such guarantees and, to the extent these claims are related to Tree of Life, Inc., letters of credit.

For guarantees provided, a provision has been made for continuing operations in the amount of €0.7 as at 31 December 2015 (2014: €0.7) and discontinued operations in the amount of €0.0 (2014: €0.2). Reference is made to Note 23.

Bank guarantees have been issued in the amount of €0.1 (2014: €0.1) entirely related to continuing operations.

### Contingent assets and liabilities

Wessanen is subject to certain other loss contingencies arising from claims by various parties. Management believes that any reasonable possible loss related to such claims and possible litigation is properly provided for when recognition criteria are met. These estimates and associated assumptions are based on management's best knowledge of current events and actions.

As at 31 December 2015 an amount paid in escrow of €4.5 ($5.0) is included in other receivables and prepayments. The escrow is held for potential claims in case of breach of contractual representations and warranties related to the divestment of ABC on 31 March 2015, and which will expire by the end of September 2016. As no cash outflow of economic resources is deemed probable in respect of the representations and warranties provided, no provision has been recognised as at 31 December 2015. As at 31 December 2014 there were no material contingencies to disclose.

## 27. Related parties

Wessanen has a related party relationship with its subsidiaries (see Note 30) and key management. Transactions with key management are described in Notes 7 and 8.

In 2015 no transactions were made with related parties, other than described above.

## 28. Principal auditor's remuneration

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

| In € millions | | | 2015 | | | 2014 |
|---|---|---|---|---|---|---|
| | Deloitte Accountants B.V. | Other Deloitte Network | Total | Deloitte Accountants B.V. | Other Deloitte Network | Total |
| Audit of annual accounts | 0.3 | 0.3 | 0.6 | 0.2 | 0.2 | 0.4 |
| Other assurance services [1] | – | – | – | – | 0.4 | 0.4 |
| Tax advisory services | – | – | – | – | – | – |
| Other non-audit services | – | – | – | – | – | – |
| **Total principal auditor's remuneration** | **0.3** | **0.3** | **0.6** | **0.2** | **0.6** | **0.8** |

1 In 2014 mainly relating to services provided to ABC.

## 29. Cash flow

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

| In € millions | 2015 | 2014 |
|---|---|---|
| Inventories | (3.9) | (5.8) |
| Trade receivables | (11.6) | (3.1) |
| Other receivables and prepayments | 2.5 | 0.3 |
| Trade payables | 1.4 | 10.9 |
| Non-trade payables and accrued expenses | 5.4 | 1.6 |
| **Total changes in working capital** | **(6.2)** | **3.9** |

The following table presents a reconciliation of the change in cash and cash equivalents (net of bank overdrafts) as presented in the balance sheet to the net cash flow from operating, investing and financing activities in the period:

| In € millions | 2015 | 2014 |
|---|---|---|
| **Net cash and cash equivalents at beginning of year[1]** | **27.3** | **13.9** |
| Net cash from operating, investing and financing activities | (4.7) | 12.4 |
| Effect of exchange rate differences on cash and cash equivalents[1] | 0.6 | 1.0 |
| **Net cash and cash equivalents at year end[1]** | **23.2** | **27.3** |

1 Net of bank overdrafts.

## 30. List of subsidiaries

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

| Company name | Principal activity | Country of incorporation | Ownership interest (%) 31 December 2015 | Ownership interest (%) 31 December 2014 |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| **Operating companies** | | | | |
| Distriborg France S.A.S. | Marketing and Sales | France | 100.0 | 100.0 |
| Distriborg Groupe S.A. | Marketing and Sales | France | 100.0 | 100.0 |
| R. Bonneterre S.A.S. | Marketing and Sales | France | 100.0 | 100.0 |
| Allos GmbH | Production | Germany | 100.0 | 100.0 |
| CoSa Naturprodukte GmbH | Marketing and Sales | Germany | 100.0 | 100.0 |
| Allos Schwarzwald GmbH | Production | Germany | 100.0 | 100.0 |
| Allos Hof-Manufaktur GmbH | Marketing and Sales | Germany | 100.0 | 100.0 |
| Abafoods S.r.L. [1] | Production/Marketing and Sales | Italy | 100.0 | – |
| Bio Slym S.r.L. | Production/Marketing and Sales | Italy | 100.0 | 100.0 |
| Wessanen Benelux B.V. | Marketing and Sales | the Netherlands | 100.0 | 100.0 |
| Kallø Foods Ltd | Production/Marketing and Sales | United Kingdom | 100.0 | 100.0 |
| **Holding companies** | | | | |
| Wessanen France Holding S.A.S. | Holding | France | 100.0 | 100.0 |
| Wessanen Deutschland GmbH | Holding | Germany | 100.0 | 100.0 |
| Wessanen Italia S.r.L. | Holding | Italy | 100.0 | 100.0 |
| Wessanen Finance B.V. | Holding | the Netherlands | 100.0 | 100.0 |
| Wessanen Nederland Holding B.V. | Holding | the Netherlands | 100.0 | 100.0 |
| Wessanen Great Britain Holdings Ltd | Holding | United Kingdom | 100.0 | 100.0 |
| Wessanen Holdings, Inc [2] | Holding | United States | – | 100.0 |
| Wessanen U.S.A., Inc [2] | Holding | United States | – | 100.0 |
| **Discontinued operations** | | | | |
| **Operating companies** | | | | |
| Bio-Distrifrais-Chantenat S.A.S. [3] | Marketing and Sales | France | – | 100.0 |
| American Beverage Corporation [4] | Production/Marketing and Sales | United States | – | 100.0 |

1 Acquired as per 8 January 2015.
2 Dissolved per 18 December 2015.
3 Divested per 2 January 2015.
4 Divested per 8 March 2015.

At 31 December 2015 and 31 December 2014 all subsidiaries of Wessanen are wholly owned and there are no significant restrictions on the Company's or its subsidiaries' ability to access or use the assets and settle the liabilities of the Group.

# Income statement and balance sheet of the Company

## Income statement of the Company

| In € millions | Notes | 2015 | 2014 |
|---|---|---|---|
| Income from subsidiaries, net of income tax | 2 | 41.0 | 58.4 |
| Other income and expenses, net of income tax | | (3.7) | (13.1) |
| **Profit/(loss) for the period** | | **37.3** | **45.3** |

## Balance sheet of the Company

(before appropriation of current year's result)

| In € millions | Notes | 31 December 2015 | 31 December 2014 |
|---|---|---|---|
| **Assets** | | | |
| Financial assets | 2 | 516.8 | 472.4 |
| Deferred tax assets | | 4.2 | – |
| **Total assets** | | **521.0** | **472.4** |
| **Shareholders' equity** | | | |
| Share capital | | 76.0 | 76.0 |
| Share premium | | 102.9 | 102.9 |
| Reserve for own shares | | (3.5) | (0.1) |
| Legal reserves | | (10.9) | (14.1) |
| Retained earnings | | (18.4) | (55.8) |
| Profit/(loss) for the period | | 37.3 | 45.3 |
| **Total shareholders' equity** | 3 | **183.4** | **154.2** |
| Non-current liabilities | 4 | – | 0.7 |
| Current liabilities | 5 | 337.6 | 317.5 |
| **Total shareholders' equity and liabilities** | | **521.0** | **472.4** |

# Notes to the financial statements of the Company

## 1. Principles of valuation and income determination

### General

The Company financial statements are part of the 2015 financial statements of Wessanen.

In accordance with Section 379 and 414, Part 9, of Book 2 of the Dutch Civil Code, a list of consolidated group companies will be deposited at the Trade Register of the Amsterdam Chamber of Commerce, together with the financial statements.

### Principles for the measurement of assets and liabilities and the determination of the result

For establishing the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company financial statements, Wessanen makes use of the option provided in Section 362, Part 9, of Book 2 of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the Company financial statements of Wessanen are the same as those applied for the consolidated financial statements (see Note 3 of the consolidated financial statements). The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

## 2. Financial assets

| In € millions | 2015 | 2014 |
|---|---|---|
| Balance at beginning of year | 472.4 | 407.3 |
| Remeasurement of post employment benefit obligations[1] | (0.5) | (0.7) |
| Effect of movements in foreign exchange[1] | 3.8 | 7.4 |
| Cash flow hedges[1] | 0.1 | – |
| Income from subsidiaries[1] | 41.0 | 58.4 |
| **Balance at year end** | **516.8** | **472.4** |

1 Net of income tax.

Financial assets include investments in subsidiaries.

## 3. Shareholders' equity

For a specification of shareholders' equity, see the consolidated statement of changes in equity (page 84) and Note 20 to the consolidated financial statements. Legal reserves (translation reserve, hedging reserve and other legal reserves) are not available for distribution to the Company's equity holders. If the translation reserve, hedging reserve or other legal reserves have a negative balance, distribution to the Company's equity holders is restricted to the extent of the negative balance.

As at 31 December 2015, the freely distributable reserves amount to €107.3 (2014: €77.5), before distribution of dividends.

## 4. Non-current liabilities

As at 31 December 2015 the non-current liabilities amount to €0.0 (2014: €0.7, which related entirely to a provision for additional tax due, see Note 23 to the consolidated financial statements).

## 5. Current liabilities

| In € millions | 31 December 2015 | 31 December 2014 |
|---|---|---|
| Payables to subsidiaries | 335.2 | 316.4 |
| Other provisions | 1.5 | 0.4 |
| Trade and other payables | 0.9 | 0.7 |
| **Total current liabilities** | **337.6** | **317.5** |

Other provisions relate entirely to a provision for additional tax due, see Note 23 to the consolidated financial statements.

Current liabilities are liabilities that mature within one year.

## 6. Commitments and contingencies

The Company is part of the fiscal unity with its Dutch subsidiaries. Based on this, the Company is liable for the tax liability of the fiscal unity in the Netherlands as a whole.

The Company has also assumed liability for the Dutch Group companies of which the financial statements have been included in the consolidated financial statements, as provided for in Section 403, sub 1, Part 9, of Book 2 of the Dutch Civil Code. This implies that these Group companies are not required to prepare their financial statements in every respect in accordance with Part 9, of Book 2 of the Dutch Civil Code or to publish them.

## 7. Remuneration Executive Board and Supervisory Board

For the remuneration of the Executive Board and Supervisory Board reference is made to Note 7 to the consolidated financial statements. The average number of full-time employees in 2015 amounted to 2 (2014: 2).

## 8. Principal auditor's remuneration

For the principal auditor's remuneration reference is made to Note 28 of the consolidated financial statements.

Amsterdam, 18 February 2016

**Supervisory Board**
F. Van Oers, Chairman
R.K. Kluiber
I.M.C.M. Rietjens
M.M. Van Zuijlen

**Executive Board**
C.P.J. Barnouin, CEO
R.J.J.B. Merckx, CFO

# Other information

## Appropriation of result 2015

The profit for the year 2015 attributable to the equity holders of Wessanen amounted to €37.3 (2014: €45.3). The profit has been added to the retained earnings, respectively the distributable part of shareholders' equity.

## Dividend proposal

The dividend policy of Wessanen aims to pay-out a dividend between 35-45% of its net result, excluding major non-recurring effects. As the 2015 net result of Wessanen, adjusted for non-recurring items, represents a profit, a dividend of 11 eurocent per share will be proposed during the Annual General Meeting of Shareholders to be held on 14 April 2016.

## Subsequent events

### Acquisition after balance sheet date

On 8 February 2016 Wessanen announced that it has signed an agreement for the purchase of the Piramide tea brand. Closing is expected to be in March 2016. Piramide is a long established tea brand in the Netherlands and leader in the Health Food Stores channel. It has a broad range of high quality herbal, black and green teas and is 100% organic and where relevant, fair trade certified. The quality and purity of its blends make it a reference for tea drinkers in the Organic market.

Tea is a core category for Wessanen and a key part of the market for healthy, sustainable and organic food. Especially organic herbal and green teas are a growth segment as consumers are looking for healthier and more sustainable options. Wessanen is a European leader in Organic teas and Piramide will be an addition to our strong portfolio of tea activities on the Zonnatura, Clipper, Alter Eco, Bonneterre and Bjorg brands.

The acquisition of Piramide is a further step in the execution of our strategy and will strengthen Wessanen's leadership of Organic teas in the Netherlands across both the Grocery channel (with Zonnatura and Clipper) and now also Health Food Stores. It fits Wessanen's ambition to build strong brands across all channels and to further strengthen and leverage our scale, expertise and capabilities in core categories. Piramide will further extend Wessanen's overall leadership of the Health Food Stores channel.

# Independent auditor's report

To: the Shareholders and Supervisory Board of Koninklijke Wessanen N.V.

## Report on the Audit of the Financial Statements 2015

### Our Opinion

We have audited the financial statements 2015 of Koninklijke Wessanen N.V. ('the Company') based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements as set out on pages 81 to 129 of the annual report.

In our opinion:
- The consolidated financial statements give a true and fair view of the financial position of Koninklijke Wessanen N.V. as at 31 December 2015, its financial results and cash flows for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU') and with Part 9 of Book 2 of the Dutch Civil Code;
- The company financial statements give a true and fair view of the financial position of Koninklijke Wessanen N.V. as at 31 December 2015 and of its result for 2015 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
1. The consolidated statement of financial position as at 31 December 2015;
2. The following statements for 2015: consolidated income statement, consolidated statements of comprehensive income, changes in equity and cash flows; and
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:
1. The consolidated statement of financial position as at 31 December 2015;
2. The company income statement for 2015; and
3. The notes, comprising a summary of the accounting policies and other explanatory information.

### Basis for Our Opinion

We conducted our audit in accordance with Dutch Law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of Koninklijke Wessanen N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" ('ViO') and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" ('VGBA').

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment, we determined materiality for the financial statements as a whole at €2.5 million. The materiality is determined by applying a percentage of 7% of normalized operating result ('EBITE') of €34.7 million from continuing operations. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons. We agreed with the Supervisory Board that misstatements in excess of €100 thousand, identified during the audit, would be reported to them.
Certain account balances and disclosures, remuneration of key management and cash and cash equivalents, were subject to lower materiality levels when planning and executing our audit procedures based on qualitative considerations

### Scope of the Group Audit

Koninklijke Wessanen N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature, timing and extent of audit procedures to be carried out for the group entities considering the following factors:
- Respective size and geographical footprint of the group entities;
- The risk profile, complexity and nature of the operations, system of internal controls and accounting;
- The degree of harmonization of processes, controls and effectiveness of entity level controls;
- The extent and nature of identified deficiencies in the Company's system of internal controls and financial statement misstatements in prior years.

On this basis, we selected group entities for which audit or analytical procedures had to be carried out on the complete set of financial information or specific items. The group engagement team completed the group audit in accordance with the following scope:
- Auditing of financial information of the group entities: Wessanen Benelux, American Beverage Corporation ('ABC'), Koninklijke Wessanen N.V. and other holding entities;
- Using the audit work of local Deloitte teams for the group entities in France, Italy (i.e. Abafoods), United Kingdom and Germany;
- Performing analytical procedures at group level for Bio Slym (Italy).

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the Company'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 judgment, were of most significance in our audit of the financial statements. We have communicated these key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed. The matters were addressed in the context of our audit on the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters.

**Accounting for customer incentives as part of revenue recognition**
The timing of recognizing customer incentives depends on the performance criteria under each commercial contract. This area is relevant to our audit as the estimates of recognized customer incentive allowances at year-end and the timing of subsequent settlement with customers impact reported revenue and have a degree of uncertainty, which involve management judgment.

We evaluated the Company's internal controls over the approval of contracts with customers by authorized personnel and monitoring of customer incentives as part of their gross margin analysis across brands and categories. We have tested the recorded year-end accruals for customer incentives by performing a combination of: substantive analytical procedures, verification of contractual terms and conditions and back-testing to assess the accuracy of prior period accruals retrospectively. The Company improved its consistency of its accounting policies in this area as from 2015 onwards, of which the impact is disclosed in the basis of preparation (Note 2), we determined that customer incentives are appropriately presented in the consolidated statement of income.

**Discounted cash flow projections used to test recoverability of goodwill and brands**
Total intangible assets with an indefinite useful life amount to €89.1 million as per 31 December 2015 and consist of capitalized goodwill and brands recognized as part of business combinations and acquisitions. These intangible assets are subject to an annual impairment test, which is significant to our audit due to the degree of judgment in determining the applied assumptions to project discounted cash flows. Our audit procedures focused, amongst others, on the robustness of the projected cash flows based on the approved 2016 budget and strategic plans up till 2018. We have consulted corporate finance experts to validate the methodologies applied by management to determine the recoverable amounts for goodwill and brands. We have challenged management whether the assumptions used are consistent with historical trends in financial performance, market developments and specific business plans. We analyzed the sensitivity of the assumptions for the discount rate, long-term growth, forecasted revenue growth and gross margins. The sensitivity of these assumptions were further quantified for the cash generating unit Branded-Germany and disclosed in the notes to the consolidated financial statements (Note 14).

**Acquisition and integration of Abafoods**
In 2015 the Company completed the allocation of the purchase price consideration of €43.0 million for which Abafoods S.r.l. was acquired. As a result of this business combination fair value adjustments have been determined for a total amount of €30.7 million for, amongst others, intangible assets and property, plant and equipment (including goodwill in the amount of €18.5 million). This purchase price allocation was significant to our audit as these fair value adjustments are subject to management judgment.

We have consulted corporate finance and real estate experts who validated the methodologies and assumptions used in the purchase price allocation prepared by management and their valuation advisors. Details thereof are disclosed in the notes to the consolidated financial statements (Note 5).

We used the work of Deloitte's local audit team to obtain sufficient audit information, in this first year audit, of Abafoods' financial information on opening balance sheet accounts, consistency of local financial reporting with the Company's accounting principles and status of the internal control structure. In transitioning from a family-owned business, our local Deloitte team was required to perform additional substantive procedures as a consequence of the ineffective elements within Abafoods' system of internal controls. When benchmarking these against the Company's group-wide control framework and IT governance, deficiencies were identified in the area of segregation of duties, IT control environment and formalization of authorization levels. Disclosure on the progress of the integration of Abafoods and remediation procedures to strengthen the system of internal controls is provided in the risk management section of the annual report (page 64 to 71).

**Reporting of results from discontinued operations of ABC**
Result for the year from discontinued operations of €9.5 million relates primarily to the divestment of ABC. Compared to the result on the divestment reported in the interim financial statements a higher result has been realized. This is due to a reassessment by management that exposures from representations and warranties committed to the buyer are considered remote, which resulted in a release of €2.7 million. To cover for these commitments, which expire in September 2016, an amount of €4.5 million is kept in escrow as per year-end. This creates an asymmetry between results and cash flows reported in 2015 as this part of the proceeds will be received in 2016.

Our audit procedures on the accounting and disclosure of reported results from discontinued operations (Note 11) focused on the validation with the underlying share purchase agreement, testing of received proceeds per bank statements, performing cut-off procedures on material balance sheet and income statement items at ABC and assessing the assumption applied by management to reassess the exposure on the remaining representations and warranties.

**Uncertain tax positions and valuation of tax losses carried forward in Italy and the Netherlands**
The Company is active in jurisdictions in Europe and formerly in the United States and is therefore exposed to challenges from multiple tax authorities. Accounting for (deferred) tax positions involves management judgment. In addition preparation of the tax disclosures (Note 10 and 16) is subject to complex local tax legislation and accounting standards and is therefore of significance in our audit.

As per 31 December 2015 cumulative tax losses carried forward for the fiscal unities in Italy and the Netherlands have been valued and deferred tax assets have been recognized for €1.5 million and €4.2 million respectively based on the expected future taxable profits and associated tax planning.

We have used the expertise of our local Deloitte teams and consulted with tax experts for the Dutch fiscal unit focusing on the appropriateness of management's assumptions related to uncertainties from tax exposures and estimates to generate future taxable profits based on available forecasts and tax planning.

## Responsibilities of Executive Board and Supervisory Board for the Financial Statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS-EU and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

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 judgment 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 fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

## Report on Other Legal and Regulatory Requirements

### Report of the Executive Board and the other information

Pursuant to the legal requirement of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report on the Report of the Executive Board and other information):

- We have no deficiencies to report as a result of our examination whether the Report of the Executive Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 has been annexed.
- We report that the Report of the Executive Board, to the extent we can assess, is consistent with the financial statements.

### Engagement

We were appointed by the Annual General Meeting as auditor of Koninklijke Wessanen N.V. on 16 April 2015 for the audit for the year 2015 and have been the statutory auditor since the year 2010.

Amsterdam, 18 February 2016

Deloitte Accountants B.V

**R.A. Graaf**

# Financial summary 2011–2015

2015 and 2014 restated figures and ratios are derived from the 2015 consolidated financial statements, the 2013 restated figures and ratios are derived from the 2014 consolidated financial statements and the 2011–2012 figures and ratios are derived from the consolidated financial statements as reported in the respective years. As a result of changes in the reporting and legal structure in 2013, we are unable to restate the years 2011 and 2012.

| In € millions, unless stated otherwise | 2015 | 2014 restated[2] | 2013 restated | 2012 reported | 2011 reported |
|---|---|---|---|---|---|
| **Condensed consolidated income statement** | | | | | |
| **Continuing operations** | | | | | |
| Revenue | 523.0 | 430.6 | 407.3 | 710.8 | 706.0 |
| EBITE | 34.7 | 23.6 | 19.5 | 17.5 | 23.7 |
| Operating profit/(loss) | 34.6 | 20.6 | 13.2 | (45.8) | (19.0) |
| Net financing costs | (2.3) | (1.6) | (1.8) | (3.8) | (3.5) |
| Profit/(loss) before income tax | 32.3 | 19.0 | 11.4 | (49.6) | (22.5) |
| Income tax expense | (4.5) | (7.6) | (10.0) | (3.9) | 1.5 |
| Profit/(loss) from continuing operations | 27.8 | 11.4 | 1.4 | (53.5) | (21.0) |
| Profit/(loss) from discontinued operations, net of income tax | 9.5 | 33.9 | (1.5) | – | – |
| Non-controlling interests | – | – | – | 0.3 | 3.9 |
| Profit/(loss) for the period, attributable to equity holders | 37.3 | 45.3 | (0.1) | (53.2) | (17.1) |
| **Condensed consolidated statement of financial position** | | | | | |
| Non-current assets | 150.5 | 91.4 | 118.0 | 154.5 | 186.8 |
| Current assets | 192.6 | 204.3 | 219.7 | 183.4 | 181.2 |
| **Total assets** | **343.1** | **295.7** | **337.7** | **337.9** | **368.0** |
| Equity | 183.4 | 154.2 | 105.4 | 101.6 | 166.1 |
| Non-current liabilities | 19.1 | 12.4 | 72.5 | 90.2 | 65.3 |
| Current liabilities | 140.6 | 129.1 | 159.8 | 146.1 | 136.6 |
| **Total equity and liabilities** | **343.1** | **295.7** | **337.7** | **337.9** | **368.0** |
| **Condensed consolidated statement of cash flows** | | | | | |
| Operating result | 34.6 | 20.6 | 13.2 | (45.8) | (19.0) |
| Depreciation and amortisation | 8.0 | 6.4 | 6.3 | 14.0 | 13.7 |
| Impairments | 0.7 | – | 2.3 | 46.8 | 39.6 |
| Provisions created | 5.1 | 5.2 | 3.5 | 16.6 | 1.9 |
| Other non-cash and non-operating items | 0.5 | 0.7 | 0.7 | 0.4 | 3.7 |
| Changes in working capital | (6.2) | 3.9 | 3.0 | (7.6) | (18.8) |
| Payments from provisions | (3.2) | (4.9) | (7.3) | (3.2) | (4.1) |
| Changes in employee benefits | (0.3) | – | (1.2) | (2.4) | (2.1) |
| Cash generated from operations | 39.2 | 31.9 | 20.5 | 18.8 | 14.9 |
| Interest paid | (0.9) | (1.4) | (1.7) | (1.9) | (1.8) |
| Income tax paid | (12.0) | (6.8) | (4.5) | (2.3) | (4.3) |
| Operating cash flow from continuing operations | 26.3 | 23.7 | 14.3 | 14.6 | 8.8 |
| Operating cash flow from discontinued operations | (3.4) | 8.5 | 4.6 | – | – |
| Net cash from operating activities | 22.9 | 32.2 | 18.9 | 14.6 | 8.8 |
| Net cash from investing activities | (9.3) | 48.9 | (9.7) | (23.6) | (10.8) |
| Net cash from financing activities | (18.3) | (68.7) | (3.4) | 12.0 | (0.3) |
| Net cash flow | (4.7) | 12.4 | 5.8 | 3.0 | (2.3) |
| **Ratios** | | | | | |
| EBITE as % of revenue | 6.6% | 5.5% | 4.8% | 2.5% | 3.4% |
| Operating profit as % of revenue | 6.6% | 4.8% | 3.2% | (6.4)% | (2.7)% |
| Net profit as % of revenue | 7.1% | 10.5% | 0.0% | (7.5)% | (2.4)% |
| Return on average capital employed (ROCE) | 19.7% | 17.0% | 10.3% | (19.1)% | (7.6)% |
| Net debt as % of total equity | (9.5)% | (17.7)% | 48.1% | 54.0% | 19.4% |
| Leverage ratio | (0.4) | (0.7) | 1.6 | 1.7 | 0.8 |
| Capital expenditure as % of revenue | 1.5% | 1.1% | 1.0% | 0.8% | 1.4% |

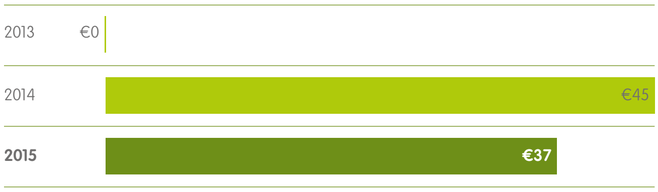
1 Continuing operations only.

2. 2014 'Revenue' and 'Other operating expenses' have been restated for a reclassification of €(2.9) from 'Other operating expenses' to 'Revenue' (see Note 2 of the 2015 consolidated financial statements).

## Revenue in € millions


1 Continuing operations only.

## Net profit/(loss) in € millions



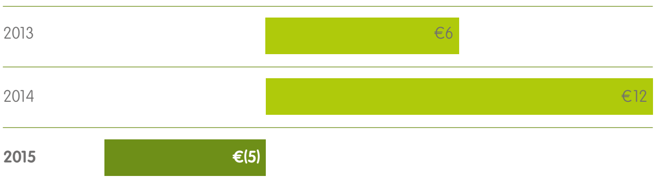

## Total assets in € millions


## Average capital employed in € millions


## Total equity in € millions


## Net debt/(cash) in € millions


## Net cash flow in € millions



# Shareholder information

**At Wessanen, we are engaged in active dialogue with our shareholders and other stakeholders. Our actions are focused on ensuring clear, timely and simultaneous provision of information to all shareholders.**

## Investment proposition

Wessanen is a leading company in the European market for healthy and sustainable food. Our focus is on organic, vegetarian, fair trade and natural ingredients as these are healthier and more sustainable.

Our aspiration is to build a European leader in healthy and sustainable food. Operating mainly in the Benelux, France, Germany, Italy and the UK, we manage and develop well-known local brands such as Allos, Alter Eco, Bjorg, Bonneterre, Clipper, Gayelord Hauser, Isola Bio, Kallø, Tartex, Whole Earth and Zonnatura.

## Disclosure

All results announcements and press releases are published, in principle, before market opening of Euronext Amsterdam. All results announcements are accompanied by a conference call and/or meeting for the professional investment community. A simultaneous audio webcast will be freely accessible for all of those interested via our corporate website. All presentations made to groups of investors are published at the same time on this website.

Our Disclosure Policy is available on our website.

## Prevention of misuse of insider information

Wessanen considers the prevention of misuse of insider information essential in the relationship with all stakeholders. The Company has in place an Insider Trading Policy applicable to management. The Company Code prohibits insider trading.

## Investor relations

At Wessanen, we are engaged in an active dialogue with our (potential) shareholders. During the year both members of the Executive Board had regular contact with investors and analysts. The Company attended broker conferences and hosted roadshows during the year to meet institutional investors in Europe and the United States. In 2016 the Company will continue to attend investor conferences and host roadshows as an integral part of its investor relations policy.

## Capital structure and distribution of shares

The capital structure consists of one class of stocks, i.e. voting shares with a nominal value of €1.00 per share. All shares outstanding have equal rights and can be traded freely without any restriction. Since these are mainly in bearer form, our analysis of the ownership of Wessanen shares by type of investor and by country of origin is based on data provided by depository banks per February 2016.

### Share ownership institutional vs. private estimate %

| | 2015 | 2014 |
|---|---|---|
| Private | 16% | 16% |
| Institutional | 84% | 84% |

## Major shareholders

In accordance with the Act on the Disclosure of Influence over Listed Companies (1991) the Company believes it had the following major shareholders as at 31 December 2015:

| | |
|---|---|
| Delta Partners, LLC | 25–30% |
| Invesco Limited | 3–5% |

## Coverage by brokers and banks

During 2015, seven brokers covered Wessanen, all based in the Benelux. Research has been published on an irregular basis, although it has been mainly around the publication of quarterly reporting or a news event. In addition, Wessanen has been included in sector and country reports or when addressing specific themes, such as raw material/input cost movements.

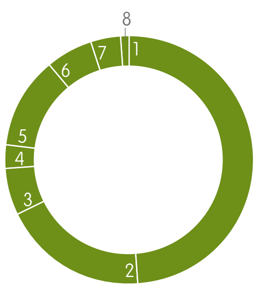
### Development of the share price in €

| Year | High | Low | Year end | Average daily volume traded |
|---|---|---|---|---|
| **2015** | **10.21** | **5.04** | **9.35** | **204,900** |
| 2014 | 5.54 | 2.84 | 5.25 | 220,700 |
| 2013 | 3.19 | 2.07 | 2.84 | 163,300 |
| 2012 | 2.97 | 1.94 | 2.20 | 256,800 |
| 2011 | 3.90 | 2.50 | 2.83 | 384,400 |

### Market capitalisation in € millions

| Year | High | Low | Year end | Net debt/ (cash) year end | Enterprise value year end |
|---|---|---|---|---|---|
| **2015** | **771** | **380** | **706** | **(18)** | **688** |
| 2014 | 421 | 216 | 399 | (27) | 372 |
| 2013 | 242 | 157 | 216 | 51 | 267 |
| 2012 | 225 | 147 | 167 | 55 | 222 |
| 2011 | 296 | 190 | 215 | 32 | 247 |

### Volume traded per exchange 2015 in %

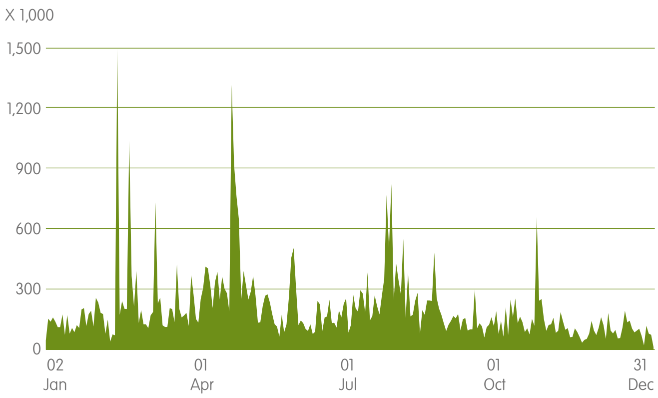



| | |
|---|---|
| 1. Euronext | 49 |
| 2. BATS Chi-X | 19 |
| 3. Turquoise | 6 |
| 4. Equiduct | 3 |
| 5. BATS over-the-counter | 12 |
| 6.Euronext over-the-counter | 6 |
| 7. Boat xoff | 4 |
| 8. Dark venues | 1 |

Source: Fidessa Group PLC

### 2015 trading volume (at Euronext)

**204,900** average daily volume traded



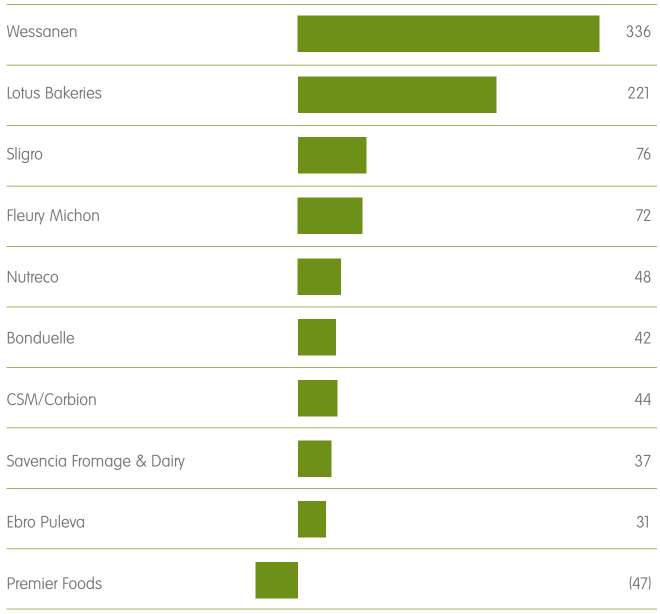

### Wessanen share price vs. AMX and AScX (reweighted) 2015 in €


### Wessanen share price 2013 – 2015 in €


## Peer group (TSR)

At Wessanen, we use performance shares granted under a Long Term Incentive Plan which have a three-year horizon with a review date at the end of this period. Wessanen's performance is measured on the basis of its total shareholder return (TSR) in relation to its TSR peers and comprises the aggregate of share price appreciation and dividends over the three-year period.
The measure reflects performance relative to a relevant group of companies (the peer group). The actual reward is determined by the vesting schedule. As a result, performance under the median is not rewarded.

### TSR 2013 – 2015 performance in %




Of the LTIP 2013-2015, the Wessanen peer group consisted of: Bonduelle, Savencia Fromage & Dairy (formerly known as Bongrain), Corbion, Ebro Foods, Fleury Michon, Lotus Bakeries, Nutreco, Premier Foods and Sligro.

As of 2015 we have updated our peer group, which is effectuated in the 2015-2018 LTIP. We have removed Bongrain and Fleury Michon given their (too) limited free float, Nutreco as it was taken over and delisted and Sligro as it does not classify within the same GICS sub-industry. We have included Cranswick (UK), La Doria (Italy), Frosta (Germany) and Raisio (Finland), which are all European headquartered companies that qualify within the same GICS sub-industry (3577) (consumer goods-food products).

It best reflects sector-specific competitors and the relevant market in which the Company competes for shareholder preference. The peer group is reviewed by the Supervisory Board each year.

## Key figures (as reported in respective years)

| In € millions | 2015 | 2014 | 2013 |
|---|---|---|---|
| Revenue | 523.0 | 430.6[1] | 508.5 |
| EBITE | 34.7 | 23.6 | 13.3 |
| Operating profit/(loss) | 34.6 | 20.6 | 11.9 |
| Profit/(loss) for the period | 37.3 | 45.3 | (0.1) |
| Cash generated from operations | 39.2 | 31.9 | 27.9 |
| Average capital employed | 175.8 | 121.0 | 170.8 |
| Total equity | 183.4 | 154.2 | 105.4 |
| Net debt/(cash) | (17.5) | (27.3) | 50.7 |

1 Continuing operations only and 'Revenue' and 'Other operating expenses' have been restated for a reclassification of €(2.9) from 'Other operating expenses' to 'Revenue' (see Note 2 to the Consolidated Financial Statements).

## Key ratios (as reported in respective years)

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Leverage ratio | (0.4) | (0.7) | 1.6 |
| Return on average capital employed | 19.7%[1] | 17.0%[1] | 7.0% |
| Dividend yield | 1.2% | 1.9% | 1.8% |
| Dividend pay-out ratio | 41% | 37% | 42% |
| Enterprise value to revenue | 1.32 | 0.86 | 0.53 |

1 Continuing operations only.

## Per share data (as reported in respective years)

| In € | 2015 | 2014 | 2013 |
|---|---|---|---|
| Revenue | 6.93 | 5.71 | 6.72 |
| EBITE | 0.46 | 0.31 | 0.18 |
| Operating result | 0.46 | 0.27 | 0.16 |
| Net profit | 0.49 | 0.60 | 0.00 |
| Dividend | 0.11 | 0.10 | 0.05 |
| Total equity | 2.43 | 2.03 | 1.39 |
| Net debt/(cash) | (0.23) | (0.36) | 0.67 |

## Cash flow per share (as reported in respective years)

| In € | 2015 | 2014 | 2013 |
|---|---|---|---|
| Cash generated from operations | 0.52 | 0.42 | 0.37 |
| Net cash from operating activities | 0.30 | 0.42 | 0.25 |
| Net cash from investing activities | (0.12) | 0.64 | (0.13) |
| Net cash from financing activities | (0.24) | (0.90) | (0.04) |
| Net cash flow | (0.06) | 0.16 | 0.08 |

## Dividend policy

As a policy, Wessanen aims to pay-out a dividend of between 35–45% of its net result, excluding major non-recurring effects. No interim dividends will be paid.

The proposed dividend for a financial year must be approved by the AGM, which is usually held in April of the following financial year. Dividend proposals shall be made by the Executive Board with approval from the Supervisory Board and should be in line with the dividend policy.

Dividend payments are only allowed to the extent that the shareholders' equity is in excess of the sum of the paid-up capital and any reserves required under Dutch law.

## 2015 dividend proposal

As the 2015 net result of Wessanen, adjusted for non-recurring items, represents a profit, a dividend of €0.11 per share will be proposed to the Annual General Meeting of Shareholders. This represents a pay-out of 40.7% of the net result excluding major non-recurring effects.

## Dividend timetable

| 2016 | |
|---|---|
| 17 March | Record date |
| 14 April | Annual General Meeting of Shareholders |
| 18 April | Ex-dividend date |
| 19 April | Dividend record date |
| 21 April | Payment date |

## Key dates

| 2016 | |
|---|---|
| 14 April | Annual General Meeting of Shareholders |
| 26 April | Q1 trading update |
| 26 July | Q2 and semi-annual report |
| 25 October | Q3 trading update |

## For analysts, investors (institutional and private), SRI specialists and media

**Ronald Merckx**
Chief Financial Officer
Phone: +31 20 3122 126
email: ronald.merckx@wessanen.com

# Glossary (acronyms and definitions)

## Acronyms

**BPA** – Bisphenol A
**BRC** – British Retail Consortium
**COP21**–United Nations Conference of the Parties meeting in Paris
**CSR** – Corporate Social Responsibility
**FSC** – Forest Stewardship Council
**GFSI** – The Global Food Safety Initiative
**ILO** – International Labour Office
**IFOAM** –International Federation of Organic Agriculture Movements
**IFS** – International Food Standard
**ISO**– International Organisation for Standardisation
**KPI** – Key Performance Indicator
**NGO** – Non-Governmental Organization
**OOD** – Out of date
**PTO** –Purchased turnover
**R&D** – Research and Development
**SQB** – Supplier Quality Booklet
**SQD** – Supplier Quality Declaration
**WHO** – World Health Organization

## Definitions

**Biodiversity** – Biodiversity (contraction of biological diversity) is the variety of life on Earth. It refers to the wide variety of ecosystems and living organisms: species of plants, animals and micro-organisms.

**Fair Trade** – Fair Trade products are certified by a third party to standards for the development of disadvantaged producers and workers. These standards are set by the international body Fair Trade Labelling Organizations International (www.fairtrade.net).

**Flexitarian** – Flexitarian refers to a plant-based diet with the occasional inclusion of fish, meat or poultry products.

**Food miles** – The distance food travels from where it is grown until it reaches the consumers.

**Full time equivalents (FTEs)** – FTEs is the total number of hours worked by the headcount divided by the local number of contract hours.

**Genetically Modified Organisms (GMO or GM)** – GMO are organisms with manipulated genes to introduce new, or alter existing, characteristics, or produce a new protein or enzyme.

**Global Reporting Initiative (GRI)** – The GRI is a multi-stakeholder process and independent institution whose mission is to develop and disseminate globally-applicable sustainability reporting guidelines for voluntary use by organisations that report on the economic, environmental and social dimensions of their business. The GRI incorporates participation of business, accountancy, investment, environmental, human rights and research and labour organisations from around the world.

**Natural products** – Natural products do not contain artificial additives (e.g. preservatives and artificial colouring) and natural products have been processed as little as possible. Under this definition, there is a degree of overlap between organic and natural products.

**Organic products** – Organic products are grown without synthetic pesticides, insecticides, herbicides, fungicides, hormones, fertilisers or other synthetic or toxic substances. Also, no artificial additives have been added. (Regulation EU 834/2007; EU889/2008 and EU 1235/2008).

**The Roundtable on Sustainable Palm Oil (RSPO)** – The RSPO is a global, multi-stakeholder initiative on sustainable palm oil products. Members of RSPO and participants in its activities come from many different backgrounds, including plantation companies, manufacturers and retailers of palm oil products, environmental and social NGOs and from many countries that produce or use palm oil products.

**Scrapping** – discarded or remove from service wasted material, especially metal suitable for reprocessing. Scrapping can bring monetary value.

**Vegan** – Veganism is a way of living which excludes all animal products, including eggs, dairy, beeswax and honey.

**Vegetarian** - Vegetarian refers to products without meat or meat by-products (such as meatstock and gelatine). Products may contain animal products such as eggs and dairy.

**Waste** – Waste is unwanted or unusable material, substances or by-product. Waste occur at different levels in our supply chain from the farm to the consumer home. In a circular economy, waste is considered as a future resource, so nothing will be lost and everything is to be transformed.

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This Annual Report may contain forward-looking statements. These are defined as statements not being historical facts. Forward-looking statements include (but are not limited to) statements expressing or implying Wessanen's beliefs, expectations, intentions, forecasts, estimates or predictions (and the underlying assumptions). Forward-looking statements necessarily involve uncertainties and risks. The actual results or situations may therefore differ materially from those expressed or implied in any forward-looking statements. Those differences may be caused by various factors, including but not limited to, macro-economic developments, regulator and legal changes, market developments, competitive behaviour, currency developments, the ability to retain key employees, and unexpected changes in the operational environment. Additional factors that could cause actual results or situations to differ materially include, but are not limited to, those disclosed under 'risk factors'. Any forward-looking statements in this Annual Report are based on information available to the management on 18 February 2016. Wessanen assumes no obligations to publicly update or revise any forward-looking statements in this Annual Report whether as a result of new information, future events or otherwise, other than as required by law or regulation.

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