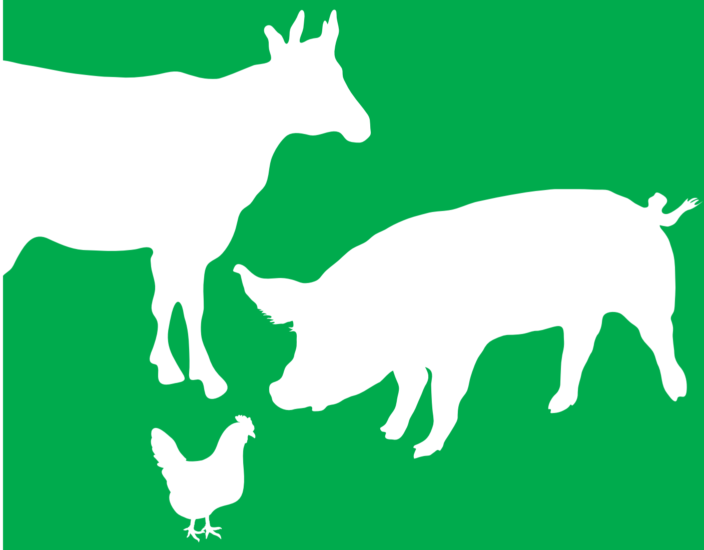
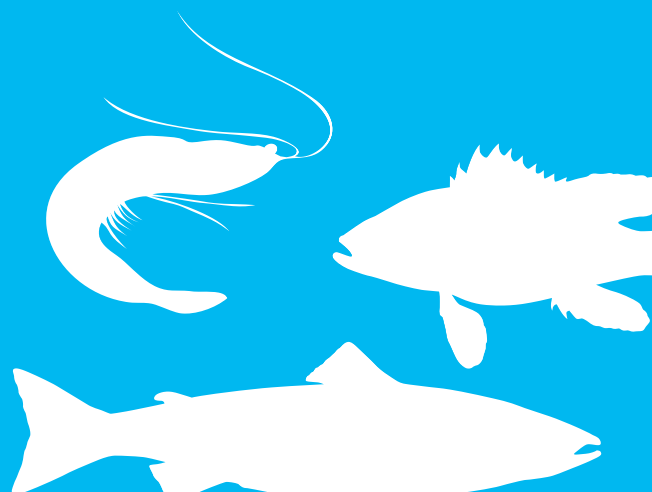
Feeding the Future

Integrated Report 2013





Our mission

feeding the future

Our vision

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

Our strategy

Driving Sustainable Growth

Nutreco is unique because of our world-class competence in both animal and fish nutrition, which enables us to be the global leader with a focus on:

- A higher value-added portfolio of nutritional solutions
- Growth segments Animal Nutrition and Fish Feed
- Latin America, Russia, Asia and Africa
- Sustainability

Our values

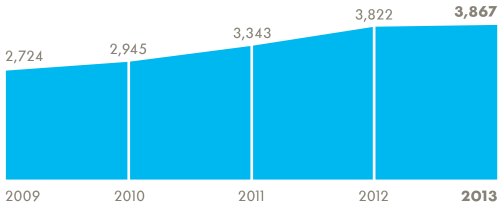
Key figures continuing operations

	2013	2012
Consolidated statement of comprehensive income (€ x million)		
Revenue	3,867.1	3,821.5
Operating result (EBIT)	195.0	199.0
Operating result before exceptional items and amortisation (EBITA)	215.7	225.4
Operating result before depreciation and amortisation (EBITDA)	251.1	253.7
Result after tax	127.5	133.1
Total result for the period attributable to owners of Nutreco[1]	150.2	176.8
Consolidated statement of financial position (€ x million)		
Equity attributable to owners of Nutreco[1]	942.2	940.4
Balance sheet total[1]	2,624.2	2,813.9
Average capital employed	1,207.9	1,027.7
Net debt position	-351.8	-261.8
Cash flow (€ x million)		
Net cash from operating activities	143.0	176.2
Acquisitions/disposals of subsidiaries	78.6	43.0
Acquisition of property, plant and equipment and intangible assets	-105.7	-123.1
Sustainability		
Percentage of signed vendor policies by top 300 suppliers	100%	-
Ratios		
Operating result before exceptional items and amortisation (EBITA) as % of revenue	5.6%	5.9%
Return on average capital employed	17.9%	21.9%
Solvency ratio (total equity divided by balance sheet total)	35.9%	33.4%
Key data per share (€)		
Basic earnings per share	1.85	1.91
Dividend[1]	1.00	1.03
Share price at year-end	36.11	32.05
Other key data		
Average number of outstanding shares (thousand)	68,768	69,528
Number of outstanding shares at year-end (thousand)	68,868	69,200
Average number of employees	7,081	6,748
Number of employees at year-end	7,307	6,714

[1] Total Nutreco including discontinued operations.

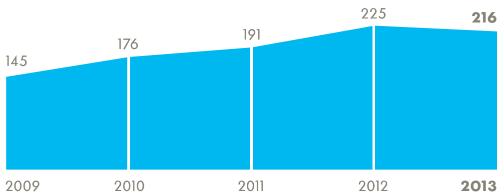
Revenue

€ x million



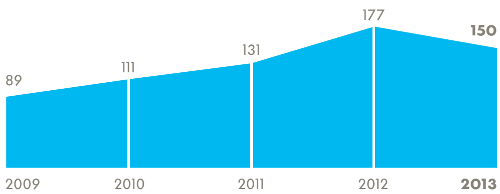
Operating result before amortisation

€ x million



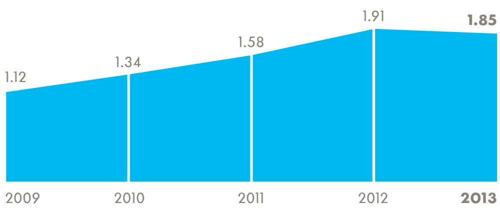
Total result for the period attributable to owners of Nutreco[1]

€ x million



Basic earnings per share

€



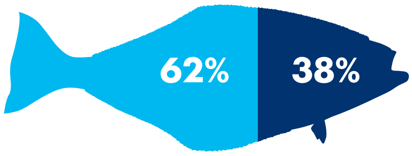
At a glance

Animal Nutrition

EBITA from growth geographies
Other

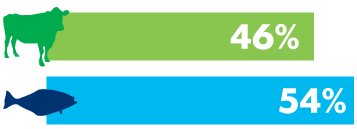
Fish Feed volumes

Salmon
Non-salmonid



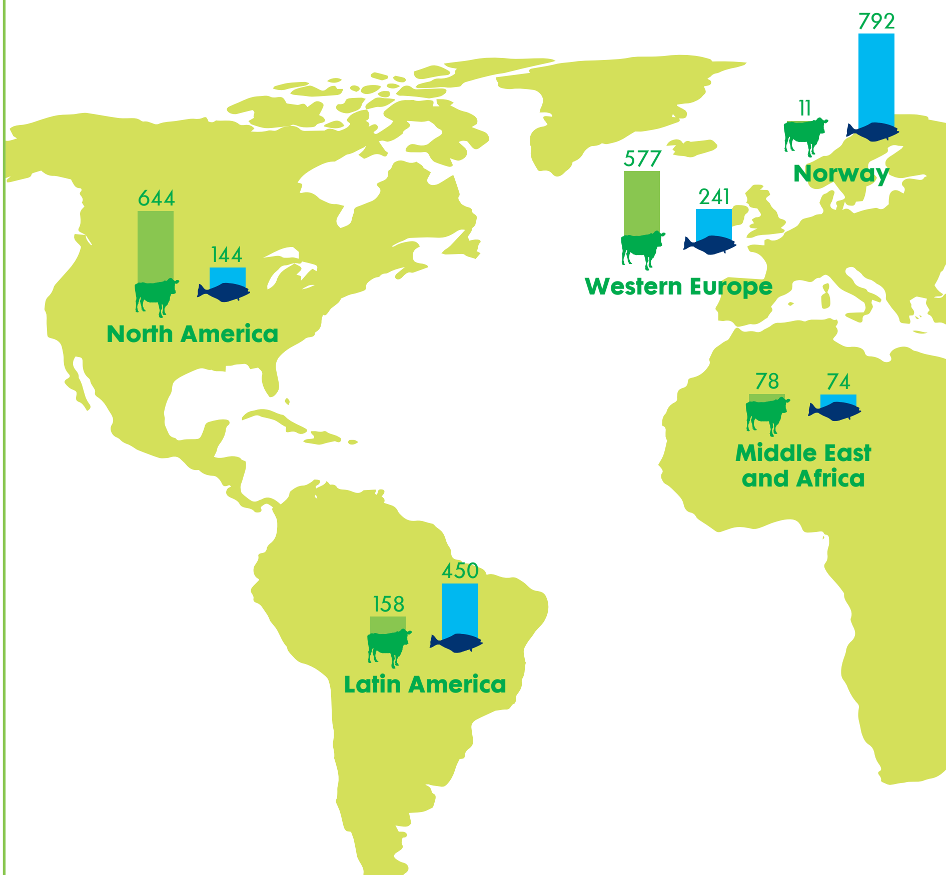
Revenue

EBITA



Segment revenue by region in 2013 (€ x million)

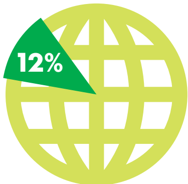
Animal Nutrition
Fish Feed



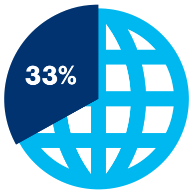
Geographical allocation of employees
year-end in FTE

1,116	Canada	346	Vietnam
764	China	304	United Kingdom
659	Brazil	273	USA
637	Netherlands	264	Mexico
422	Chile	263	Spain
357	Norway	1,902	Other countries

Animal Nutrition
Global No. 2 position in premix



Fish Feed
Global salmon feed market share



Vendor policies signed by suppliers
year-end 2013

	Target	Actual
General	300	300
- of which waiver	-	39
- of which self-assessment	-	9
Specific	59	59
Extra	0	191
Total	**359**	**550**

Key figures[1]

Revenue € x million

3,867

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

216

Results after tax € x million

128

Basic earnings per share €

1.85

Dividend per ordinary share €

1.00

Number of employees FTE
At year-end

7,307

[1] Continuing operations

Introduction

About this report

Nutreco's 2013 Integrated Report – our second – combines our annual financial results with our sustainability reporting. The annual integrated report represents Nutreco's most important report to stakeholders. The aim is a more holistic report demonstrating the links between our strategy, governance, sustainability, business and financial performance, and the social, environmental and economic context in which we operate. In this way, this report provides useful insights into how our business is performing.

Reporting frameworks

Our integrated annual report including our financial statements conforms to the requirements of relevant local and international statutory and reporting requirements. The sustainability reporting framework and indicators align to the Global Reporting Initiative (GRI) G3 Guidelines. In 2013 we achieved a B+ rating from GRI. In 2013 Nutreco received a mix of limited assurance and reasonable assurance on selected key performance indicators.

Integrated reporting continues to evolve rapidly, and we expect to continue to make further improvements in the manner and quality of our reporting, including working towards reasonable assurance of all sustainability data over time. We welcome feedback on how we might improve our approach. PDF and online versions of our integrated report are available on our website: www.corporatereporting.nutreco.com/2013

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Nutreco in the media

7 February 2013

Nutreco reports a strong year – on track towards 'Ambition 2016'

The year 2012 was a record one for Nutreco. In challenging economic times, we have continued to support our customers through innovative and sustainable feed solutions that contribute to their productivity and profitability. Strongest operational results were realised in our growth segments Fish Feed and Premix & Feed Specialties.

28 March 2013

Shareholders approve share split

At the Annual General Meeting, shareholders approved a 1 for 2 share split.

18 April 2013

Nutreco trading update Q1 2013: positive developments in core growth areas

Higher operating results in Premix & Feed Specialties due to a continued strong performance in globally branded specialty products. Fish Feed experienced a slow start to the year, mostly due to less favourable growing conditions caused by cold water temperatures in Norway. Revenue totalled € 1,143 million, an increase of 1% from 2012.

26 April 2013

Increase shareholding in leading Egyptian tilapia feed producer to 100%

Nutreco agreed to acquire the remaining shares in its Egyptian participation Hendrix Misr. The company offers Nutreco a good base to expand its activities in this growth market. Egypt is the world's second largest tilapia producer after China.

14 June 2013

Nutreco completes shrimp and fish feed acquisition in Ecuador

Nutreco successfully completed its acquisition of 75% of the shares in Gisis S.A., with unconditional clearance by the Ecuadorian competition authority. This acquisition takes Nutreco into the global top three shrimp feed suppliers.

20 June 2013

AgriVision 2013 shares strategies to manage resources and meet the future food challenge

The AgriVision 2013 conference provided 350 delegates the opportunity to discuss how to provide more from less by revolutionising the management of resources, which was captured in the conference theme: Time to Resourcify. Keynote speaker Professor Michael Porter from Harvard Business School spoke on shared value.

1 July 2013

Nutreco is considering strategic opportunities for the Compound Feed and Meat activities in Spain and Portugal

Nutreco confirmed that it is considering the strategic position of these activities within its group.

25 July 2013

Nutreco reports first half year EBITA of € 94.1 million

Revenue for the first half totalled € 2,398.7 million, an increase of 2% compared with 2012. First half year EBITA of € 94.1 million exceeded the € 90 million guidance and Premix & Feed Specialties margin increased to 7.4%.

22 August 2013

Nutreco enters joint venture in growth market Ukraine

Nutreco signed an agreement to enter into a joint venture with its existing partner in Ukraine. Nutreco has an initial 1/3 share in the company, Dutch Feed. This joint venture will focus on providing premix and feed specialties products in this growing market.

17 September 2013

Capital Markets Day

Nutreco hosted its Capital Markets Day in the UK with a specific focus on our Premix & Feed Specialties segment. A site visit to our premix operation was followed by presentations outlining our Premix & Feed Specialties strategy.

17 October 2013

Nutreco trading update Q3 2013: belief in long-term fundamentals

Revenue increased 1% from 2012 to € 794 million. Fish Feed revenue was up 11% and Animal Nutrition revenue decreased by 7%. Full year EBITA before exceptional items expected to be approximately € 255 million.

Overview & strategy


Knut Nesse
Chief Executive Officer
Innovation as a core value

CEO statement

This year was a respectable one for Nutreco and we delivered solid results in a challenging market. In line with the Q3 outlook we achieved a total EBITA of € 256 million, which is, although slightly lower than 2012, the second best operating result in the history of the company.

Our results in 2013 were impacted by a number of factors, including high commodity prices impacting the profitability of our customers, lower results in Fish Feed, especially in Norway and China, as well as an adverse foreign currency impact. At the same time we were able to regain our global market leadership position in salmon feed and we improved our margins in Animal Nutrition. Our strategy 'Driving sustainable growth' continued to provide a clear roadmap for achieving our objectives by leveraging our knowledge, global footprint and financial strength. After careful consideration of all available options it was concluded that a divestment of the compound feed and meat businesses in Spain and Portugal provides the best future opportunities for these businesses and Nutreco. With the intended divestment we increase our focus on premix, feed specialties and fish feed, fully in line with our strategy. The acquisition of Gisis in Ecuador takes Nutreco to the global top three shrimp feed producers.
The acquisition of Hendrix Misr in Egypt expands our footprint in Africa, where we intend to grow further. Both acquisitions fit in with our strategy to expand in growth geographies.
Nutreco will continue to support innovation, which we believe is essential to meeting the challenges ahead. I'm confident that the strategic actions in 2013 have prepared Nutreco to successfully execute our strategy and will bring us sustainable growth in the years ahead.

Driving sustainable growth in Animal Nutrition and Fish Feed

Nutreco acquired two fish feed companies this year, Gisis in Ecuador and Hendrix Misr in Egypt. In Animal Nutrition, we established a joint venture partnership in the fast-growing Ukraine market. In addition, we opened new feed production facilities in Brazil, Russia and Honduras. We also completed a significant upgrade of our fish feed plant in Averøy, Norway, which is now the largest fish feed production facility in the world.

In both Animal Nutrition and Fish Feed, our overriding aim is to be market leader in the development and supply of value-added nutritional solutions that are tailored to meet our customers' unique requirements. To this end, we increased our annual R&D budget, and over the course of the year, we launched several new and improved products, concepts and services – all aimed at contributing to our customers' productivity and profitability.
Nutreco will continue to invest in innovation and we anticipate growing our portfolio of global products. Included in these new solutions will be a MicroBalance concept for shrimp feed, which will replace fishmeal with alternative, more sustainable protein raw materials. All new Nutreco innovations are developed to achieve high nutritional value, sustainable production and economic performance as we seek to fulfil our mission of 'Feeding the Future'.

Strategy execution, innovation and people

I believe we have three core elements to future success: they are strategy execution, innovation and competence of our people. As part of raising our competences, the top 45 management team spent three intensive and inspiring days at Harvard Business School, with a focus on strategy execution and leadership. We also discussed our company-wide mission of 'Feeding the Future' – how we will help meet the rising food needs of a growing global population in a sustainable manner. That collaboration led to a robust new set of values: innovative, collaborative, capable and caring, which were launched company-wide towards the end of 2013.

We believe that to be a truly innovative company, we must collaborate internally and with external partners. We must also be capable and caring. Together, these values will chart the direction and set the tone for what will be our company culture for years to come. A culture development plan has been created to ensure the core values are integrated throughout the entire organisation.

Engaging stakeholders

In June, we staged our seventh AgriVision conference with the title 'Time to Resourcify'. Based on the feedback from the more than 350 people from 35 countries that attended, it was our best event in the series to date. We launched the first AgriVision in 1996 to create a neutral arena in which business leaders and other stakeholders could come together to discuss current and future issues facing the industry. Our objective is to always bring in high-calibre speakers who are leaders, observers and strategists with knowledge of our challenges and ideas to manage them successfully and sustainably.

At AgriVision 2013, we were excited to welcome Professor Michael Porter from Harvard Business School as our keynote speaker. A leading authority on company strategy and competitiveness, Professor Porter is the most cited author in business and economics and he delivered insights and inspiration on strategies for creating shared value in the agri-business. Other speakers described the landscape ahead as we prepare to meet the global challenge of feeding the world in 2050. They brought concepts and examples of resource management, finance and technology to meet the upcoming challenges.

In 2014, we will again host AquaVision, our aquaculture conference. The theme for the event's 10th edition is 'Meeting tomorrow today'. Sir Bob Geldof will be the keynote speaker and will aim to provoke and inspire delegates as to how aquaculture can contribute sustainably to feeding the planet's growing population. The conference will cover the challenges involved with feeding more than 9 billion people in 2050, the 'blue revolution' in aquaculture, and explore challenges and opportunities facing the global aquaculture industry.

Intended divestment of the compound feed and meat businesses in Spain and Portugal

In July 2013 Nutreco announced that it was considering strategic opportunities for the compound feed and meat businesses in Spain and Portugal. The rationale for this study was the launch in November 2011 of the strategy 'Driving Sustainable Growth', which included increased focus on premix, feed specialties and fish feed as well as growth geographies. Based on this study we intend to divest our compound feed and meat business in Spain and Portugal. The businesses have been classified as discontinued operations.

Our compound feed and our meat businesses are both clear market leaders and ready to continue their growth. Even in a challenging environment they were able to report strong results benefiting from their market leadership positions and operational excellence.

The intended divestment of the compound feed and meat businesses in Spain and Portugal will enhance Nutreco's strategic focus on its growth segments and ensures that Nutreco's businesses are fully aligned with the strategy.

Nutreco moves closer to core businesses

Anticipating a potential divestment of our non-core business and in response to the market reality, we reviewed our business opportunities. We concluded that the fundamentals that underpin our strategy 'Driving sustainable growth' remain strong. The divestment of our compound feed and meat businesses in Spain and Portugal brings us closer to our core growth businesses and markets. Accordingly our organisational and management structure will be adjusted. The new top structure also enhances innovation, partnerships and building up a differentiating feed specialties portfolio. These changes are a logical step to enhance our worldwide leadership position in animal nutrition and fish feed.

Market-driven organisation structure aligns strategic priorities and execution

Fundamental in the new structure are key functional areas such as innovation, partnership management, strategic marketing, sourcing and human resources which are anchored globally. The business structure will consist of two global business units, (Salmon Feed and Feed Additives), and three regional business units, (Americas, Asia and EMEA), that provide enough scale and execution power to accelerate the growth in new markets.

The Executive Board will consist of the CEO and CFO. In light of the new top structure, the Supervisory Board and Jerry Vergeer, Executive Board member and COO Animal Nutrition, have mutually agreed that Jerry Vergeer will step down from the Executive Board as per 6 February and will leave Nutreco with effect from 1 July 2014. Viggo Halseth, COO Aquaculture, will also step down from the Executive Board as per 6 February and will become Chief Innovation Officer and member of the new Executive Committee.

In addition to the CEO and CFO, the new Executive Committee will consist of the business unit managing directors Martijn Adorf (BU Feed Additives), Steven Rafferty (BU Salmon Feed), Hugues LeRuz (BU Americas), Harm de Wildt (BU EMEA) and the Managing Director for BU Asia (to be announced shortly), as well as Viggo Halseth (Chief Innovation Officer) and Nalin Miglani (Chief Human Resources & Corporate Development Officer).

The new top structure better aligns our strategic priorities and improves the execution power. Innovation is our key driver for growth and will help us to fulfil our mission 'Feeding the Future'. That is why we have established a Chief Innovation Officer function responsible for driving the innovation agenda, building strategic partnerships and improving strategic marketing. I am very pleased that Viggo Halseth has accepted this important new role; he is one of our most experienced managers with a career of 30 years in Nutreco. We respect the decision of Jerry Vergeer to leave Nutreco. He has made an outstanding contribution to Nutreco's global Animal Nutrition business since 2007 and we wish him all the best in his future endeavours.

Right strategy, right people

Whilst it is true that the 2013 results were slightly below a record 2012, we rose to the challenge and ended up stronger and more focused than ever before. We fully believe in the strong, long-term fundamentals of the animal nutrition and fish feed markets. We are committed to our strategy of increasing profitability through innovative and sustainable nutritional solutions, while leveraging our position and capabilities to seize global opportunities in our industry. We are also confident that we have the right strategy and the right people in place to make this happen.

I want to thank all our people for the hard work and commitment that they have demonstrated throughout 2013. I look forward to again working closely alongside them in the coming year. Together we will step up our strategy for delivering sustainable growth, by delivering high-quality, sustainable feed solutions to our customers.

Knut Nesse
Chief Executive Officer

Track record & highlights

Our strategy 'Driving sustainable growth' focuses on higher value-added nutritional solutions for the premix, feed specialties and fish feed sectors and the growth geographies Latin America, Russia, Asia and Africa.

Innovation and sustainability highlights

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

2012 Integrated reporting
Sustainability reporting integrated in the annual report

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

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

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

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

Since 2000 Sustainability
First sustainability report in 2000

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

Operational highlights

2014 Intended divestment compound feed and meat
Intention to divest compound feed and meat businesses in Spain and Portugal to focus on core business

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

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

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

2011 Double EBITA
Nutreco more than doubles EBITA from € 115 million in 2006 to € 241 million in 2011, while maintaining a strong balance sheet

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

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

1997 Public listing
Nutreco listed on the Amsterdam Stock Exchange. Total shareholder return of over 550% since 1997

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

Our Executive Board

Knut Nesse

1967, Norwegian

Chairman of the Executive Board and Chief Executive Officer

Appointed: 30 June 2009

Reappointed at the AGM of 28 March 2013 for a second term of four years, expiring on 30 June 2017

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

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

Gosse Boon

1959, Dutch

Member of the Executive Board and Chief Financial Officer

Appointed 1 April 2011, for a first term of four years, expiring on 1 April 2015

Gosse Boon started his career in 1983 with Unilever. He gained extensive experience in financial management in this international company as well as in supply chain management and procurement. In the period 1991-2000 he was Corporate Controller in the USA and subsequently Financial Director/CFO of Unilever in Chile and Brazil, respectively. In these positions he was responsible for a series of mergers and acquisitions. In the period 2000-2004 he was General Manager/CEO of Johnson Diversey Netherlands. In the period 2006-2009 he was CFO of the Van Gansewinkel Group. In June 2010 he started at Nutreco as Programme Manager of the Unite project. On 1 April 2011 he was appointed member of the Executive Board of Nutreco N.V and on 26 September 2011 he was appointed Chief Financial Officer of Nutreco N.V.

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

Viggo Halseth

1958, Norwegian

Member of the Executive Board and Chief Operating Officer Aquaculture

Appointed: 1 August 2012, for a first term of four years. Stepped down as Member of the Executive Board and COO Aquaculture as per 6 February 2014

Viggo Halseth started working for Skretting in 1984 and has served the company in a broad range of national and international managerial roles. He started his career in technical positions in sales, marketing, research and development. Since 1999 he has fulfilled several general management positions. In 2007 he was appointed Managing Director of Skretting business group Trout and Marine. From 2009 until 30 July 2012 he held the position of Managing Director of Skretting Northern Europe and Australia. He was appointed Chief Operating Officer Aquaculture and member of the Executive Board of Nutreco N.V. from 1 August 2012 till 6 February 2014. Mr Halseth has been appointed Nutreco's first Chief Innovation Officer from this date.

Viggo Halseth graduated in animal husbandry from the University of Agriculture, Norway, and in business management from the Norwegian Business School.

Jerry Vergeer

1963, Canadian

Member of the Executive Board and Chief Operating Officer Animal Nutrition

Appointed: 30 June 2009
Reappointed at the AGM of 28 March 2013 for a second term of four years. Stepped down as Member of the Executive Board and COO Animal Nutrition as per 6 February 2014

Jerry Vergeer has over 25 years of experience in the agri business and food sector. He began his career with Maple Leaf Foods (Canada) in 1984, where he held various management positions within the Maple Leaf Foods organisation. In 2000 he was appointed President of the Shur-Gain Division and in 2005 President of Maple Leaf Animal Nutrition. Following the acquisition of Maple Leaf Animal Nutrition by Nutreco in 2007, he continued to lead Nutreco Canada as Group President. Mr Vergeer was appointed member of the Executive Board of Nutreco N.V. on 30 June 2009. As of 6 February Mr Vergeer has decided to step down as Chief Operating Officer of Nutreco's Animal Nutrition division and will leave Nutreco with effect from 1 July 2014.

Jerry Vergeer graduated from the University of Guelph (Canada) Agricultural Business Programme in 1984 and from the Canadian Agri-Food Executive Development Programme in 1996. He is a past executive member and Chairman of the Animal Nutrition Association of Canada. He is currently a member of the European Feed Manufacturers Federation (FEFAC).

Report of the Executive Board

- Revenue from continuing operations of € 3,867.1 million; an increase of 1.2%
- EBITA total business of € 256 million in line with Q3 outlook
- Full-year EBITA continuing operations before exceptional items decreased by 4.3% to € 215.7 million, mainly due to 8% lower results in Fish Feed
- Animal Nutrition EBITA margin improved to 6.1% (2012: 5.9%) due to focus on higher value-added nutritional solutions
- Compound feed and meat businesses in Spain and Portugal classified as discontinued operations
- Basic earnings per share from continuing operations of € 1.85, a decrease of 3.1%
- Dividend proposal of € 1.00 (2012: € 1.03). Pay-out ratio 45% (2012: 45%)

Solid results in a challenging market

Nutreco delivered solid results in a challenging market. In line with the Q3 outlook we achieved a total EBITA of € 256 million, which is, although lower than 2012, the second best operating result in the history of the company. Our results in 2013 were impacted by a number of factors, including high commodity prices affecting the profitability of our customers, lower results in Fish Feed, especially in Norway and China, as well as an adverse foreign currency impact. At the same time we were able to regain our global market leadership position in salmon feed and we improved our margins in Animal Nutrition.

Our strategy 'Driving sustainable growth' continued to provide a clear roadmap for achieving our objectives by leveraging our knowledge, global footprint and financial strength. The acquisition of Gisis in Ecuador takes Nutreco to the global top three shrimp feed producers. The acquisition of Hendrix Misr in Egypt expands our footprint in Africa, where we intend to grow further. Both acquisitions fit in with our strategy to expanding in growth geographies.

After careful consideration of all available options it was concluded that the divestment of the compound feed and meat businesses in Spain and Portugal provides the best future opportunities for these businesses and Nutreco. With the intended divestment we increase our focus on premix, feed specialties and fish feed, completely in line with our strategy.

New business and market reality

The intended divestment of the compound feed and meat business in Spain and Portugal enhances Nutreco's focus on the core growth segments Animal Nutrition and Fish Feed. The long-term growth trends for these segments are favourable. The long-term average growth rate in Fish Feed is approximately 5% per annum. However for the short term the revenue growth for Nutreco may be somewhat tempered due to the decision made by Nutreco's largest salmon feed customer to invest in feed capacity in Norway. Nutreco aims to maintain its global market leadership in salmon feed but also diversifies into feed for other fish species in order to reduce its dependency on the Norwegian salmon feed market. Nutreco's ambition is to grow as well by value creative acquisitions. Nutreco remains committed to a financially disciplined execution of this strategy. It concludes that there were less sizeable value creative acquisitions than foreseen. In the new structure as described in the CEO statement (page 8), Nutreco will focus on organic growth driven by innovation and partnerships and will continue to pursue value creative acquisition opportunities.

Adjustment financial guidance

Nutreco remains fully committed to its strategy 'Driving sustainable growth' and the fundamental drivers that underpin this strategy. In November 2011 Nutreco set a target to achieve € 400 million EBITA by 2016 within its strict financial framework. Nutreco revised its financial guidance due to the intended divestment of the compound feed and meat businesses in Spain and Portugal and the new market reality.

Nutreco drives total shareholders return by growing the operational results, both organically and through acquisitions, in combination with a strong cash flow and a solid balance sheet.

The key financial guidance is:

Nutreco:

- Operating margin, defined as EBITA including corporate costs and before exceptional items divided by revenue, targeted to increase over time in the range from 5.5% to 6.5% (2013: 5.6%)
- Return on average capital employed of at least 15%
- Excisting value-creative acquisition strategy maintained

Animal Nutrition:

- Operating margin, defined as EBITA before exceptional items divided by revenue, targeted to increase over time in the range from 6% to 7% (2013: 6.1%)
- Average organic sales volume growth: 3% (2013: -0.8%)

Fish Feed:

- Operating margin, defined as EBITA before exceptional items divided by revenue, targeted to be in the range from 6% to 7% (2013: 6.4%)
- Average organic sales volume growth: 5% (2013: -1.4%)

Key figures

(€ x million)	2013	2012	Δ%
Revenue	**3,867.1**	**3,821.5**	**1.2**
EBITDA before exceptional items from continuing operations	**257.9**	**265.9**	**-3.0**
EBITA			
Animal Nutrition	111.6	112.4	-0.7
Fish Feed	130.6	142.0	-8.0
Corporate	-26.5	-29.0	-8.6
EBITA before exceptional items from continuing operations	**215.7**	**225.4**	**-4.3**
EBITA before exceptional items from discontinued operations[1]	40.6	39.1	3.8
EBITA before exceptional items from total business[2]	**256.3**	**264.5**	**-3.1**
Result after tax from continuing operations	**127.5**	**133.1**	**-4.2**
Result after tax from discontinued operations[3]	**23.3**	**44.5**	**-47.6**
Total result for the period	**150.8**	**177.6**	**-15.1**
Basic earnings per share from continuing operations (€)	**1.85**	**1.91**	**-3.1**
Dividend per ordinary share (€)	**1.00**	**1.03**	**-2.9**

[1] EBITA before exceptional items from discontinued operations in 2012 consists of € 2.4 million related to the operational result of Hendrix.
[2] EBITA before exceptional items from total business consists of EBITA before exceptional items from continuing and discontinued operations (compound feed and meat businesses in Spain and Portugal and Hendrix).
[3] Result after tax from discontinued operations includes a book profit of € 19.9 million on the sale of Hendrix completed in 2012.

Revenue

(€ x million)	2013	2012	Δ%
Animal Nutrition	**1,837.3**	**1,921.4**	**-4.4**
Fish Feed	**2,029.8**	**1,900.1**	**6.8**
Revenue (third parties)	**3,867.1**	**3,821.5**	**1.2**

Revenue from Nutreco's continuing operations amounted to € 3,867.1 million, an increase of 1.2% compared with 2012 (€ 3,821.5 million). The volume development of -1.1% was relatively stable compared to last year. The price effect was 4.1%, mainly related to the pass through of changes in raw material prices in Fish Feed. The contribution of acquisitions was 2.3% relating to the acquisitions in Ecuador and Egypt, partly offset by divestments in Hungary and Canada. The foreign exchange effect was -4.2% and relates to the weakening of most currencies versus the euro.

EBITA before exceptional items from continuing operations

(€ x million)	2013	2012	Δ%
Animal Nutrition	**111.6**	**112.4**	**-0.7**
Fish Feed	**130.6**	**142.0**	**-8.0**
Corporate	-26.5	-29.0	-8.6
EBITA from continuing operations	**215.7**	**225.4**	**-4.3**

EBITA

EBITA before exceptional items from continuing operations decreased by 4.3% to € 215.7 million (2012: € 225.4 million). The exceptional items have declined to € -6.8 million (2012: € -12.2 million). The largest part of the exceptional items was related to restructuring costs.

EBITA in the **Animal Nutrition** segment of € 111.6 million was 0.7% lower than in 2012 (€ 112.4 million). This slight decrease was driven mostly by lower results in Canada, which was largely compensated for by a higher result from premix and feed specialties especially in Europe.

EBITA in **Fish Feed** was 8.0% lower at € 130.6 million compared with € 142.0 million in 2012. The decreased operating result in 2013 is mostly due to lower results in Norway and China in combination with an adverse foreign currency effect.

More information can be found in the business performance chapter on pages 62-76.

Corporate costs are € 2.5 million lower than in 2012 at € 26.5 million (2012: € 29.0 million) principally due to reduced use of external consultants.

Net financing costs

Net financing costs amounted to € 28.6 million (2012: € 26.3 million). During 2013, cash and overdraft balances in cash-pools have significantly reduced, lowering both financial income and financial expenses. Financial income decreased to € 5.6 million (2012: € 8.8 million). The reduction in financial expenses was offset by the full-year impact related to the refinancing in the middle 2012 of floating rated loans by fixed rated long-term loans and by the change in fair value of financial liabilities, resulting in financial expenses of € 34.8 million (2012: € 35.5 million). Foreign exchange result amounted to € 0.6 million (2012: € 0.4 million)

Income tax expense

Income tax expense decreased from € 42.8 million to € 42.4 million. The effective tax rate is 25.0% (2012: 24.3%).

Discontinued operations

The result after tax from discontinued operations amounted to € 23.3 million (2012: € 44.5 million) and relates to the compound feed and meat activities in Spain and Portugal. In 2012 this result also included a book profit of € 19.9 million in relation to the sale of Hendrix.

Result for the period

Result after tax from continuing operations decreased by 4.2% from € 133.1 million to € 127.5 million. Basic earnings per share from continuing operations decreased by 3.1% to € 1.85 (2012: € 1.91). The total result for the period attributable to owners of Nutreco was € 150.2 million (2012: € 176.8 million).

Cash flow and investments

The net cash generated from operations amounted to € 211.7 million (2012: € 244.9 million). Capital expenditure from continuing operations decreased from € 123.1 million to € 105.7 million. A major part of the capital expenditure was related to the last part of the construction phase of the capacity expansion of the Averøy plant in Norway. In Brazil a new plant was opened in Terisina state, which is producing multispecies feed including fish feed. Other major investments in 2013 were related to the 'Unite programme' and the constructing of new factories and modernising of productions lines in Canada, Ecuador, China and Russia.

Cash position and capital structure

The net debt position as at 31 December 2013 was € 351.8 million compared to € 261.8 million as at 31 December 2012. Total equity as at 31 December 2013 was € 961.8 million. The net working capital of € 272.0 million was € 71.6 million higher than at 31 December 2012 (€ 200.4 million). The increase was mainly caused by the acquisitions of Gisis and Hendrix Misr. In December our € 500 million revolving credit facility was successfully amended with an extended maturity from September 2017 to December 2018. The current market conditions provided Nutreco the opportunity to improve the conditions of this facility with the existing syndicate of international relationship banks.

Total result for the period

(€ x million)	2013	2012	Δ%
EBITDA before exceptional items	**257.9**	**265.9**	**-3.0**
Depreciation	42.2	40.5	
EBITA before exceptional items	**215.7**	**225.4**	**-4.3**
Exceptional items	-6.8	-12.2	
EBITA	**208.9**	**213.2**	**-2.1**
Amortisation	13.9	14.2	
Operating result from continuing operations (EBIT)	**195.0**	**199.0**	**-2.0**
Financial income	5.6	8.8	-36.4
Financial expenses	-34.8	-35.5	-2.0
Foreign exchange result	0.6	0.4	50.0
Net financing costs	**-28.6**	**-26.3**	**8.7**
Share in result of associates and other investments	3.5	3.2	9.4
Result before tax from continuing operations	**169.9**	**175.9**	**-3.4**
Income tax expense	-42.4	-42.8	-0.9
Result after tax from continuing operations	**127.5**	**133.1**	**-4.2**
Result after tax from discontinued operations	23.3	24.6	-5.3
Gain on sale of discontinued operations, net of tax	-	19.9	
Result after tax from discontinued operations	**23.3**	**44.5**	**-47.6**
Total result for the period	**150.8**	**177.6**	**-15.1**
Total result attributable to:			
Owners of Nutreco	150.2	176.8	
Non-controlling interest	0.6	0.8	
Total result for the period	**150.8**	**177.6**	**-15.1**

Nutreco strategy

Driving sustainable growth

Nutreco's strategy 'Driving sustainable growth', seeks to increase profitability through innovative and sustainable nutritional solutions, while leveraging our position and capabilities to seize global opportunities in agriculture and aquaculture. The strategy includes targets to meet our objectives in the focus areas below.

A higher value-added portfolio of nutritional solutions

We aim to be the leader in the development and supply of higher value-added nutritional solutions that are tailored to meet unique on-farm requirements. We have combined our knowledge of customer needs with technical know-how and product innovations in our world-class Application and Solution Centres (ASCs), Animal Nutrition Research Centres and Aquaculture Research Centre (ARC). These centres of excellence are responsible for developing, launching and marketing new products, models and services that meet our customers' needs. They are the interface between local markets and the teams that drive innovation, taking new concepts from Nutreco's R&D, or external sources, and translating them into nutritional solutions.

Focus on premix, feed specialties and fish feed

Animal Nutrition

The rapid industrialisation and professionalisation of farming is increasing the demand for high-quality premixes and feed specialties, which are essential to the feed industry, integrators and large animal production farms that already have the raw materials, mixing facilities and land. Nutreco supplies premixes and feed specialties in over 40 production facilities around the world. Given our strategy and investment focus, we expect 3% organic volume growth and an EBITA margin of between 6-7% in the medium term. Over time we expect 35% of Animal Nutrition EBITA to come from growth geographies. To achieve this, we will further expand our presence in Latin America, Russia, Asia and Africa. We aim to maintain our leadership positions in our mature markets.

Aquaculture

The global aquaculture industry is expected to see annual volume growth of 5% over the long term. In the past 30 years, average growth has exceeded 8%. Skretting, Nutreco's global fish feed business, is growing its salmon feed production in line with the market and is becoming a global player in feed for non-salmonid species. The aim is to raise the volume share of non-salmonid feed from 28% in 2010 to 50% in the medium term. To achieve this, we will further expand our presence in Latin America, Asia and Africa. Thanks to its global presence, strong brand and focused strategy, Skretting will play a leading role in the expansion of the global aquaculture industry. In 2013, we provided feed for more than 60 species. Our medium-term EBITA margin guidance for Fish Feed is between 6-7% of revenues.

Focus on Latin America, Russia, Asia and Africa

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

Sustainability

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

Our Sustainability Vision 2020 focuses on the following primary objectives:

- **Ingredients** To create a more sustainable basis for sourcing feed ingredients
- **Operations** To ensure our own house is in order by reducing the environmental impact of our operations
- **Nutritional solutions** To enable animals and farmers to improve their performance
- **Commitment** To involve all our stakeholders in the challenge of 'Feeding the Future'

Our mission

feeding the future

Our vision

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

Commitment to stakeholders

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

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

Growth drivers

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

- **Population growth** The planet's population is expected to exceed 9 billion by 2050, compared to 7 billion in 2011, placing increasing pressure on existing food supply sources
- **Income growth** Income levels are rising in growth geographies such as Latin America, Russia, Asia and Africa, causing a switch to protein-rich foods such as meat, fish, milk and eggs, requiring growth in intensive livestock production
- **Urbanisation** An estimated 70% of the world's population will live in urbanised areas by 2050, which means that more people will depend on fewer farmers to produce their food
- **Climate change** Rising temperatures and unpredictable weather patterns have significant effects on the quality and quantity of food produced globally
- **Underdevelopment** While modern-day farming technologies have improved food security, many regions must increase productivity and shorten their production cycles in a sustainable way, while taking animal welfare into account

Our market position

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

Acquisition strategy

A key aspect of our strategy is the successful acquisition of companies. Our acquisition policy contains, amongst others, the following elements:

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

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

Market developments in 2013

Our markets are influenced by a number of factors, including economic cycles, weather conditions, and changing consumer demand. The most significant market developments in 2013 were as follows:

Animal Nutrition

Demand for premix and feed specialties is driven globally by steady long-term demand for higher value-added nutritional solutions, while at the same time the trend is towards more concentrated products, affecting total tonnage produced. Demand in 2013 was influenced as farmers had to adjust to the following market developments:

- Over the year the global agricultural market became more balanced and less price-volatile than in recent years. Demand for premix and feed specialties has been under pressure over the last few years due to significantly higher raw materials prices. A record wheat crop helped replenish worldwide inventories. International feed prices have fallen in response, which has assisted farmers to rebuild their margins.
- Meat prices have remained at historically high levels since the beginning of 2011 and, while there is some variation among the different types of meat, there are no signs of an overall decrease, despite reduced feed costs.
- Beef herd reduction in the EU has slowed. Brazilian beef herds remained stable and are expected to rebuild in the coming years. International dairy products prices remain at historically high levels. Although milk production continues to increase steadily in many countries, especially in Asia, output in some of the main exporting countries has been constrained.
- Pig meat production has increased in China but declined slightly in the EU (due to compliance with animal welfare requirements). The US saw limited growth, Canada recorded a slight decrease in output due to issues around farmer profitability, while Brazil stabilised following herd reductions due to high grain prices at the end of 2012.
- Global poultry production has grown slightly but was affected by reduced production in China due to avian influenza. Lower feed costs have stimulated increased production in the US, EU and Russia, while Brazilian production slightly declined.
- The compound feed market in Canada has remained stable due to supply-managed quotas for poultry and dairy production. The decline in feed for swine has stabilised.
- The global feed specialties market continued its growth as better financial conditions for farmers have increased the incentive to invest in their herds for greater efficiency rather than larger herds.

Aquaculture

- The market for salmon feed saw a slight reduction, declining 3% compared to the record year of 2012, largely driven by marginally lower demand from salmon farmers in Norway due to lower water temperatures in the first half year and declines in Chile due to sanitary conditions. We expect higher global volumes in 2014 primarily due to higher demand in Norway partly offset by lower demand in Chile.
- Nutreco's largest fish feed customer (approximately 10% of total revenue), proceeded in 2013 with plans to establish its own 220,000 tonne fish feed plant by mid-2014. Over half of our 2013 sales to Marine Harvest were in Norway. In 2013 we took action to address this challenge, expanding sales to new customers in Norway. The changing market dynamics in Norway will impact short-term volume in the growing Norwegian market once the factory becomes fully operational.
- The global market for shrimp feed experienced a significant decline of approximately 20% from 3.9 million tonnes in 2012 to 3.1 million tonnes in 2013. This decline was caused by a widespread outbreak of early mortality syndrome (EMS), a bacteria that has caused large shrimp mortalities in countries such as Thailand, China, Malaysia and Vietnam. It is expected that the industry in those countries will take some years to recover to pre-EMS production levels driven by improved farming practices, sanitary regulations and quality feed. Countries not affected such as Ecuador have been growing well.

Strategic progress 2013

Nutreco has made progress in all our strategic focus areas. Progress on our main strategic objectives in the year are reported below:

Nutritional solutions

- We introduced a number of new global nutritional solutions such as Trouw AO-mix for ruminants and upgraded fish diet Protec (for more information see the innovation chapter (pages 50-60)
- The Application and Solution Centres (ASCs) have made significant progress in identifying branded nutritional solutions and developing platforms in order to launch them globally
- The North American ASC has now been extended from Canada into the US and Mexico, increasing the ability to leverage our R&D over additional geographies
- The upgrade to the Swine Research Centre (sow and piglet facility) in the Netherlands was completed, enabling the testing of swine-related nutritional solutions

Growth segments

- The EBITA margin in the segment Animal Nutrition increased from 5.9% to 6.1%
- EBITA in Animal Nutrition derived from growth geographies has decreased from 25% to 20%
- The volume share of fish feed for non-salmonid species is now 38% compared with 34% in 2012

- The acquisitions of Gisis in Ecuador and Hendrix Misr in Egypt will contribute significantly to our strategic goal of increasing the relative volume of non-salmonid fish feed to 50% in the medium term
- The € 74 million salmon feed factory expansion in Averøy, Norway was completed on time. This project took two years and has been designed to meet future demand in the world's most important salmonid feed market. For more information see the case study on pages 70-71
- The new shrimp and tropical marine species feed trial station in China has been fully completed and staffed and is undertaking trials

Growth geographies

- Ecuador's competition authorities approved the acquisition of 75% of the shares of shrimp and tilapia feed producer Gisis in June. This acquisition takes Nutreco into the global top three shrimp feed suppliers. Ecuador's shrimp feed market is Latin America's largest and the third largest in the world
- Nutreco acquired the remaining 67% share held by its partners in its Egyptian participation Hendrix Misr. Full ownership offers Nutreco a good base to expand its activities in this attractive growth market. Hendrix Misr is Egypt's market leader in extruded fish feed (mainly tilapia) and a leading producer of poultry feed concentrates
- The newly built premix and feed specialties plant in Russia started commercial production in April 2013. The € 22 million investment resulted in a plant with a capacity of 100,000 tonnes. It will supply throughout Russia, with particular attention to areas seeing rapid development of the livestock sector, which is strongly supported by the Russian government
- Nutreco entered into a new premix and feed specialties joint venture in the growth market of Ukraine. The joint venture will produce concentrates and young animal feeds for Ukraine and the wider Central and Eastern European market. Ukraine is the second largest animal feed market in Eastern Europe after Russia

Sustainability

- We have developed and launched a methodology for assessing the sustainability of our nutritional solutions which is designed to encourage the development of more sustainable products and solutions. The methodology was externally validated by a Scientific Council and assessed by our external auditors
- We engaged with our top 300 global suppliers and to date all 300 have signed our vendor policy (48 with exceptions), which aims to encourage our suppliers to source sustainable raw materials and comply with laws and regulations relating to human rights and the environment
- AgriVision 2013 was organised by Nutreco in June and attended by more than 350 key stakeholders from 45 countries in the agri-business value chain. The crucial question of how to provide more from less by revolutionising the management of resources was captured in the conference theme: 'Time to Resourcify'. Keynote speaker Professor Michael E. Porter from Harvard Business School spoke on the theme of shared value creation

Financial framework and guidance

Thanks to its strong balance sheet and cash flow, Nutreco is well positioned to implement its strategy 'Driving sustainable growth', whereby we aim to achieve sustainable and more profitable growth.

Nutreco remains fully committed to its long-term strategy and the fundamental drivers which underpin this strategy. In November 2011 Nutreco set a target to achieve € 400 million EBITA by 2016 within its strict financial framework. Nutreco has elected to revise this financial target due to the following material factors which were not foreseen at the time the target was set. These factors are:

1. The review of the strategic opportunities for the compound feed and meat businesses in Spain and Portugal is likely to result in a divestment of the business and accordingly these businesses are reported as discontinued operations
2. In 2011 we expected that half of the EBITA increase from € 230 million to € 400 million would come from acquisitions. Nutreco remains committed to a financially disciplined execution of this strategy. Due to less value creative sizeable acquisitions than foreseen, it has become more challenging to realise approximately half of the necessary EBITA increase from acquisitions by 2016
3. The decision made by Nutreco's largest salmon feed customer to invest in feed capacity in Norway. The impact of this decision may temper revenue growth for 2-3 years in Norway, Nutreco's most important salmon feed market

Based on the fundamentals of the growth geographies' and segment historical EBITA growth rates as well as the above factors, Nutreco has decided to aim for an EBITA margin of 5.5-6.5%. This replaces the previous guidance of an absolute EBITA target of € 400 million in 2016. Nutreco believes that this more accurately measures the progress of our strategy 'Driving sustainable growth'.

Due to the intended divestment of the compound feed and meat businesses in Spain and Portugal, Nutreco will report the previous segments Premix & Feed Specialties and Animal Nutrition Canada in one segment, Animal Nutrition. The combined updated guidance for Premix & Feed Specialties and Animal Nutrition Canada results in an organic volume growth of 3% for Animal Nutrition over the medium term. We aim to increase the EBITA margin in Animal Nutrition from 6.1% in 2013 to between 6-7% over time.

The table below presents our performance in 2013 against our stated financial guidance.

Financial performance guidance and financial framework

	2013	Updated guidance	Previous guidance
Average organic growth (revenue) per segment			
Animal Nutrition		3%	-
Fish Feed		5%	5%
EBITA margin per segment			
Animal Nutrition	6.1%	6-7%	-
Fish Feed	6.4%	6-7%	7%
Nutreco total	5.6%	5.5-6.5%	5-6%
Return on average capital employed		greater than 15%	greater than 15%
Net debt/EBITDA ratio		less than 3	less than 3
Net debt/equity ratio		less than 1	less than 1
Interest coverage (EBITDA/Financial income/costs)		greater than 5	greater than 5
Total shareholder return three-year period		Above median of all companies listed on the NYSE Euronext Amsterdam AEX, AMX and AScX segments	Above median of all companies listed on the NYSE Euronext Amsterdam AEX, AMX and AScX segments

Sustainability KPIs and performance

Objectives 2013	Actual 2013	Objectives 2014
• Further integration of sustainability reporting, including sustainability KPIs in regular planning & control cycle	• Three KPIs with reasonable assurance from external auditor • Adoptation of vendor policy KPI in regular planning & control cycle • Henri Sijthoff prize for best financial report by a midcap-listed company in the Netherlands, with specific reference to integrated reporting	• Further embedding sustainability and strengthening the controls around sustainability key performance
• Sign-off of vendor policy by relevant top 300 suppliers and other relevant suppliers (threshold: € 100,000) of soy, palm oil and marine products	• By year-end 2013, all of our top 300 suppliers have signed the vendor policy	• Revise the vendor policy based on feedback received in 2013 during the sign off process • Develop vendor audit guidelines, pilot five physical vendor audits
• Design, test and verify (by third party) the methodology and set of criteria to assess the sustainability of Nutreco's portfolio of new nutritional solutions to be ready for external launch in 2014	• NutrECO-line, a solid programme for the sustainability assessment of nutritional solutions verified by means of an external Scientific Council (methodology), ISO 9001 certification (process) and KPMG Sustainability reasonable assurance (design and implementation)	• Launch NutrECO-line and integration of the methodology

Objectives, progress and priorities

Customers

We offer our customers innovative and sustainable nutritional solutions for farmed animals, fish and shrimp through a range of products, models and services geared towards achieving optimum business results.

Strategic objectives

- Create value by developing thorough understanding of the needs of our customers and the markets in which they operate
- Capture value through disciplined customer needs assessments, market segmentation, portfolio management, value-based pricing and margin management
- Offer innovative and sustainable nutritional solutions that deliver predictable results
- Be a reliable partner in the feed-to-food chain

Progress in 2013

- New innovative nutritional solutions (see pages 50-51)
- Completed Skretting's production capacity expansion in Averøy, Norway
- Trials begun for MicroBalance concept for shrimp feed
- Business standardisation and optimisation programme Unite rolled out to 4 operating companies and Corporate

Priorities in 2014

- Implement new globally branded sustainable products, concepts, models and services
- Continue implementation of Unite

Shareholders

We drive total shareholder return by growing operating profits, both organically and through acquisitions, together with maintaining strong cash flows and a solid balance sheet.

Strategic objectives

- EBITA margin of 5.5-6.5% and a return on average capital employed before tax of at least 15%
- Pay out a dividend in the range of 35-45% of the total result for Nutreco, excluding impairment and the book result of disposed activities
- Focus on Animal Nutrition and Fish Feed, and on growth geographies Latin America, Russia, Asia and Africa
- Increase Animal Nutrition EBITA derived from growth geographies in the medium term to 35%
- Grow feed volume share for non-salmonid species to 50% of total Fish Feed volume in the medium term

Progress in 2013

- Completed acquisition of Ecuadorean fish and shrimp feed company Gisis
- The acquisition of Egyptian fish feed business Hendrix Misr
- Established joint ventures in Ukraine and Honduras
- Increased feed volume share for non-salmonid fish and shrimp species from 34% to 38%
- Achieved a ROACE of 17.9% and basic earnings per share of € 1.85
- 20% of EBITA from Animal Nutrition derived from growth geographies

Priorities in 2014

- Diversification into fish feed for non-salmonid species with a focus on Latin America, Russia, Asia and Africa

Employees

Our aim is to continue to build the capabilities and culture required to be the global leader in our industry. Nutreco aims to be the place where the best people in the industry would be proud to work in and are keen to join.

Strategic objectives

- Build a global culture
- Grow global capability and talent & management development
- People & organisation in growth geographies
- Build a high performance organisation

Progress in 2013

- New Nutreco-wide values launched and cascaded within the organisation
- First-ever employee engagement survey completed
- Human resources strategy developed

Priorities in 2014

- Launch first Nutreco Academy training programmes
- Roll out Performance and Compensation module of the global HR system
- Implement the global talent programme
- Roll out a new global reward strategy
- Further embed the new Nutreco values

Suppliers

We engage with our partners in the feed-to-food value chain to establish, control and manage systems for sourcing of sustainable and cost-effective materials and services in a responsible and reliable way.

Strategic objectives

- Reduce supply chain costs, increase efficiency and develop a sustainable supply chain with our partners
- Enhance raw material flexibility
- Ensure security of sustainable supplies

Progress in 2013

- Sustainability vendor policy signed by all of Nutreco's top 300 suppliers
- Started the implementation of our supplier segmentation tool, to further fine-tune our strategic account management
- Accelerated alignment with recently added Nutreco locations, like Ecuador and Brazil, to fully benefit from global synergies on cost, quality and sustainability
- Continued progress on research and innovation projects in which key suppliers have an essential role, like Trouw AO-mix and Vivalto

Priorities in 2014

- Implement a global cost reduction programme on indirect spend
- Engage our key suppliers in our working capital improvement programme
- Launch of the Nutreco Procurement Academy
- Full integration of Nutreco's sustainability ambitions in our procurement roadmaps and supplier improvement plans

Society

We will contribute to the Feeding the Future challenge of doubling the world's food production while halving the footprint.

Strategic objectives

- Execute Sustainability Vision 2020
- Participate actively in the stakeholder dialogue concerning the Feeding the Future challenge

Progress in 2013

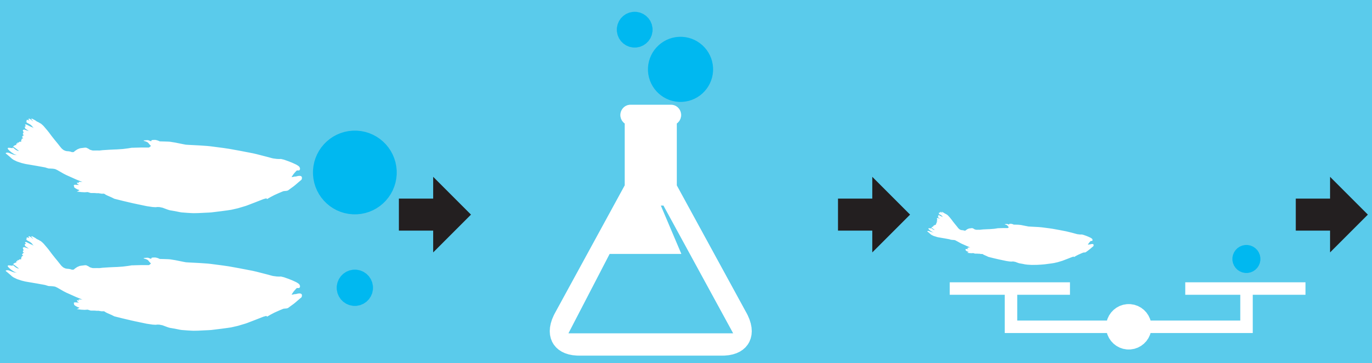
- Further integration of sustainability reporting
- AgriVision 2013 conference with Prof. Michael Porter as keynote speaker outlining shared value attracted over 350 delegates
- Assisted in the establishment of the African Agribusiness Academy

Priorities in 2014

- Implement operational KPIs in business review process and run pilots
- Launch NutrECO-line, the Nutreco nutritional solutions sustainability programme
- Organise AquaVision 2014 conference

Case study #1

Leveraging research results



The issue

The limited supply of fishmeal for use in fish feed.

The challenge

The challenge is to find alternative ingredients without having a negative impact on performance, growth, health or fish quality.

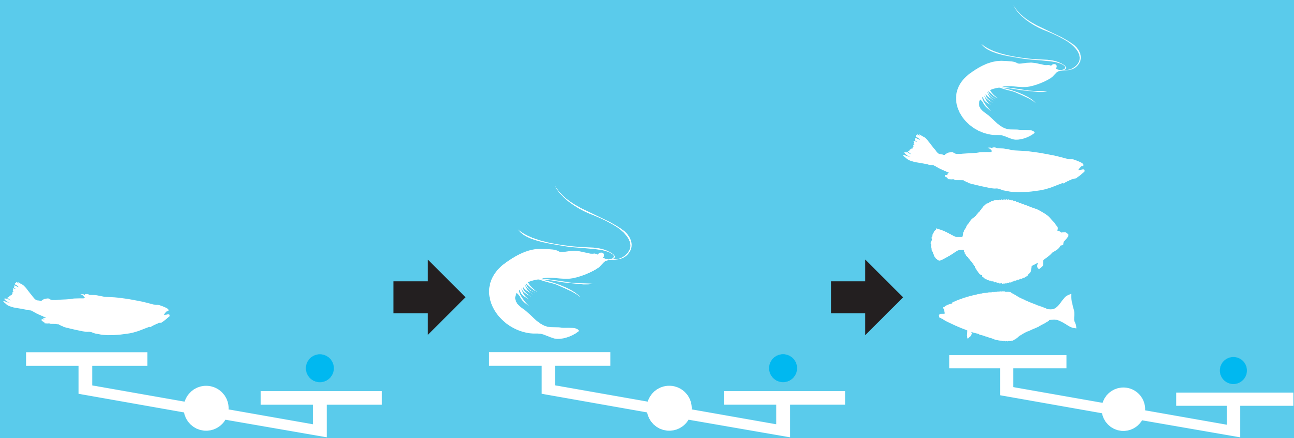
The solution

The MicroBalance® concept makes it possible to replace much of the fishmeal with other ingredients without any negative impacts.

2004
Average inclusion rate of fishmeal in salmon feed globally is 35%

Alex Obach
Managing Director, Skretting Aquaculture Research Centre

"The establishment of ARC China shows our commitment to shrimp feed and to developing MicroBalance for shrimp."



Salmon success story

Since the Introduction of MicroBalance, salmon farmers can now be net fish protein producers through reduced inclusion of fishmeal.

MicroBalance™

Trial station

Skretting Aquaculture Research Centre established a trial station in China in 2012 to undertake feed research for shrimp and marine fish species.

Potential

The MicroBalance concept will be applied to additional species, and will be further developed to provide the option of taking fishmeal inclusion rates even lower for all relevant species.

2010
MicroBalance introduced for salmon feed

2013
We have the knowledge to be able to formulate salmon diets with only 5-10% fishmeal

Human resources

Focus on culture and capabilities

The focus of Nutreco's people agenda is on culture and capabilities. Our human resources agenda is determined by our strategy: Driving sustainable growth.

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

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

> **"We need to have innovation at the heart of Nutreco's culture; being innovative has to be the core value for Nutreco."**

On the following pages, we provide details on why these focus areas are important for our strategy and report on the progress that we are making.

Building our global culture

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

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

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

Living our Values

This year saw a number of significant actions that created awareness about our new values across all parts of Nutreco. Nutreco's management identified behaviours that underpinned our values. These behaviours are sharply focused on making the values relevant to both the strategy and the daily operations. The management team created a plan and a global tool kit to communicate our new values and their importance to our future. As the tool kit, containing workshops, multi-media support and meaningful exercises, got rolled out, the process of building a global Nutreco culture commenced in earnest.

The take-up of the initiative to launch our values globally was remarkable. Various locations around the world innovated over and beyond the global initiative to make the values their own in their locations. The momentum that has been created will be sustained through further initiatives in 2014, such as creating a global community of culture champions and the development of local plans for living the new Nutreco values.

All these efforts will be supported by a 360 degree survey for Nutreco's top leadership, where feedback from their teams will be available to participants regarding how they live the Nutreco values. Such a process will enable one of the important success criteria of building a global Nutreco culture, namely the example set by leaders. In 2013, we also conducted a global engagement survey in Nutreco for the first time. The results of this survey will also provide us with important information in order to build and strengthen the Nutreco culture. In 2014, we will systematically follow up on the results of the 360 degree survey and the engagement survey.

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

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

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

- Business excellence
- Leadership development
- Operational excellence

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

The Nutreco Academy will also focus on leadership development through a three-tier approach. For senior leaders, a development experience called 'Leading and Managing Business' will be launched in 2014. For emerging leaders a new version of the existing programme (established in 2008), 'Expanding Horizons' will be developed. This programme will, in line with our global agenda, now have a global footprint. On the agenda of the Nutreco Academy is also the development of a graduate trainee programme to cater to the long-term leadership requirements of Nutreco.

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

Strengthening the foundation

To support the initiatives that build our culture and develop our capabilities, 2013 also saw other initiatives on the people agenda.

Earlier in 2013, the top 45 leaders of the company attended an **executive education programme customised for Nutreco by the Harvard Business School faculty**. This three-day programme, based on the case study methodology, focused on strategy execution. The programme had a meaningful impact on the leadership team and a number of follow-up actions ensured that some of the learning was integrated in everyday actions and a lot of the learning was also shared with the wider Nutreco leadership team.

A global talent assessment and development process was finalised and set in place. This process will assess the development needs of the top 100 managers and leaders of Nutreco. It will also provide a clear view of our succession situation and plan for the future development of our leadership team. This process will also help us identify those themes of development that are globally common. The Nutreco Academy will then pick up these themes and implement them in its development agenda.

In 2013, there was **a special focus on building talent and teams in growth geographies such as China, Russia and Brazil**. We strengthened the management in all these locations through the induction of new talent and through building teams. In most cases the induction of new talent has been done from the best in the industry present in each of the growth geographies. The reliance on expatriation has been minimal. With the hiring of dedicated HR resources for each of these areas in 2013, we are confident that our effort at strengthening the management will be fully supported and we will be able to realise the potential of these teams.

We have also started to implement **a new global HR system in 2013**. This system will be built on a strong core module so that data integrity and reliability is in focus. On the foundation of this core module, a Performance and Compensation module will be built. Both these modules will help us create a **Performance and Reward architecture**. This architecture will ensure that we have an aligned cascade of goals from the strategy of Nutreco to the operations of each operating company. This architecture will also help us better control our remuneration spend and will help the optimisation of our reward mechanisms.

The HR team in Nutreco now works as a global team. This is an important step in the globalisation of Nutreco. Processes and routines have been put in place so that global initiatives are created by the global team, which includes the HR leaders of all locations of Nutreco. These processes and routines also ensure that the global HR team is communicating the development of initiatives in real time to all parts of Nutreco. Several local HR leaders also have a responsibility to implement a global initiative in addition to their local responsibilities. This approach leads to the development of initiatives that are core to our strategy and have operational relevance. It also leads to the fast take-up of initiatives that build Nutreco.

Average number of employees in FTE

2012
6,748

2013
7,081

23.1%

Women working at Nutreco 2013

Employees in growth geographies

2,589

Employees in R&D and innovation

of which 22% PhDs

2013
400

Part-time employees

2013 6.4%
2012 6.5%

Temporary contracts

2013 13.4%
2012 11.7%

Employees in Animal Nutrition and Fish Feed

3,876

3,357

Sustainability & innovation

Sustainability

Overview and strategy

Feeding the Future is the mission of Nutreco. It expresses our commitment to the global challenge of doubling food production while halving the environmental footprint. Our ambition is to contribute to meeting the rising food needs of a growing world population in a sustainable manner. We have formulated a comprehensive sustainability vision towards 2020 that is based on clear ambitions in the areas of people, planet and profit. These goals are an integral part of Nutreco's strategy 'Driving sustainable growth' and becoming a global leader in animal nutrition and fish feed, by delivering highly innovative and sustainable nutritional solutions.

Because of our global presence, technical expertise and commitment to the highest standards of quality and safety, Nutreco is in a unique position to contribute towards greater sustainability in the feed-to-food chain. Our Sustainability Vision 2020 allows us to align our actions in key business areas over a period of several years.

A major achievement in 2013 was the successful completion of a methodology to assess the sustainability attributes of our nutritional solutions resulting in a programme that we will launch next year. One of Nutreco's key targets on sustainability was to have this methodology designed, tested and verified in 2013. This was achieved. An independent Scientific Council was formed to advise Nutreco on the Nutreco Nutritional Solutions Sustainability Programme, hereafter referred to as NutrECO-line, to support its robustness, reliability and an up-to-date approach with the Life Cycle Thinking methodology. The independent Scientific Council consisted of four distinguished scientists. NutrECO-line obtained ISO 9001 certification from SGS, a leading external certification company, on quality assurance and reasonable assurance from KPMG Sustainability on the process which was followed in order to have the final methodology in place and ready for roll-out. The methodology is now ready for external launch in 2014.

Regarding our aim to enable customers to purchase sustainable nutritional solutions, we continued to engage with our partners in the feed-to-food value chain to establish, control and manage systems for sourcing sustainable raw materials in a responsible way. The next step in this process in 2013 was to have our top 300 suppliers and other relevant suppliers agree to sign our vendor policy. These companies represent 76% in the company's annual spend in raw materials. We are proud to report we had 550 signed general policies, including all 300 of our top 300 suppliers and 59 of the 59 specific vendors supplying soy, palm and marine ingredients.

Our operating companies are also required to engage with their local suppliers. Once a vendor has signed, the next phase will be to validate their commitment. This will be a focus for 2014.

Underlining our growing awareness of the importance of sustainability, we appointed our first dedicated Director of Sustainability, who joined Nutreco as of 1 April 2013. He will lead the implementation of the Sustainability Vision 2020 which was launched in 2012 to lead our actions in contributing to the global challenge of Feeding the Future.

This is our second year of reporting on our sustainability approach in an integrated report. Our previous reports included limited assurance on our sustainability achievements. This year, KPMG Sustainability has provided reasonable assurance on selected key performance indicators (KPIs) and limited assurance on the other sustainability information.

In the coming years, we will work on further embedding sustainability and strengthen the controls around sustainability indicators.

We made steady progress against each of our stated objectives for 2013. For an overview of our achievements please see page 44. The objectives are aligned with the long-term goals of our strategy and are grouped into the following four areas:

- Ingredients
- Operations
- Nutritional solutions
- Commitment

The framework for implementing the Sustainability Vision 2020 is explained in detail on the following pages, while more information about sustainability at Nutreco can also be found at www.nutreco.com/en/about-us/sustainability

Creating a sustainable base for feed

- Sustainable sourcing
- Sustainable partnerships
- Flexible formulations

Involving people in the 'Feeding the Future' challenge

- Employee engagement
- Stakeholders engagement
- Community development

Ensuring our own house is in order

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

Enabling the animal and the farmer to perform best

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

About the Sustainability chapter

This Sustainability chapter aims to offer a holistic and representative view of sustainability activities at Nutreco. It addresses issues deemed critical and material to our company, including megatrends such as resource availability, biodiversity protection, water utilisation, climate change and food safety. Our vision and approach are also contained in the Sustainability Vision 2020, as well as in our approach to economic sustainability, and various management subjects, such as corporate governance and risk.

The report is based on Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines (G3) in addition to selected criteria from the Dow Jones Sustainability Index and the Dutch Transparency Benchmark.

We report on over 20 GRI performance indicators. This data covers those parts of the organisation where Nutreco is active and not the activities of its' suppliers or customers. The scope of the report is similar to previous years. The information in this chapter has been compiled based on meetings with those responsible for the main areas of the Sustainability Vision 2020. Data concerning health, safety and environment can be found at www.nutreco.com

Nutreco has sought independent assurance on the contents of the Sustainability chapter (pages 32-47) from KPMG Sustainability. KPMG's assurance report can be found on page 207. The report achieves a B+ status based on the required performance indicators of GRI. The application level check is performed by GRI (see page 212).

Managing Sustainability

Objective 2013
Further integration of sustainability reporting, including sustainability KPIs in regular planning & control cycle

This is our second year of reporting on our sustainability approach in an integrated report. In 2013, in addition to continuing to have limited assurance on the sustainability chapter of this report, we have moved to reasonable level of assurance on three KPIs:

1 Number of Vendor policies signed
2 Information related to NutrECO-line[1]
3 The average score on the employee engagement survey for engagement on sustainability

Governance and procedures around the measurement of sustainability data have been tightened in 2013 with the vendor KPI integrated in the planning & control procedures. In 2014 other KPIs will follow. To improve timely and consistent reporting on the vendor policy KPI, a governance structure that bridges this system with the regular planning & control cycle was developed in the second half of 2013. In the second quarter, the first internal reviews on the sustainability achievement of the vendor policy were conducted.

Over the coming years, we will work towards reasonable assurance on all sustainability data. In 2014 we will proceed with the integration of sustainability KPIs in the regular planning & control cycle; five pilots will be run on actual data gathering via our management information reporting systems on operational KPIs based on GRI guidelines.

The Sustainability Vision 2020, launched in 2012, leads our actions in contributing to the global challenge of Feeding the Future: doubling the food production while halving the impact on the environment. The identification of key sustainability issues for this vision was based on a number of sources, including surveys by the Food and Agriculture Organization (FAO) of the United Nations, the World Economic Forum and the European Union, and on topics raised at our biennial conferences AgriVision and AquaVision. The most pressing issues we face include resource availability, biodiversity protection, water utilisation, climate change and food safety. The scope of this chapter is based on the issues and topics contained in the Sustainability Vision 2020.

These issues are fully addressed by the Executive Board and fall under the responsibility of the CEO. Sustainability is implemented across the businesses with the support of the Corporate Sustainability department, which is led by the Director of Sustainability, who reports directly to the CEO. In addition to the Corporate Sustainability department, our operating companies have sustainability managers. This network significantly improved its collaboration in 2013, playing an important role in sharing experiences, developing common practices and communication.

Each of the four main pillars of the Sustainability Vision 2020 fall under the responsibility of a member of Nutreco's top management, who leads strategic teams responsible for progress in each area. In parallel to this, both COOs, who are members of the Executive Board, are responsible for the implementation of the sustainability strategy within their divisions.

Nutreco tracks its progress against specific sustainability targets that impact the variable compensation of Executive Board members, corporate staff and managers in the business units and operating companies.

Sustainability is also recognised as an important element for Nutreco's Supervisory Board agenda. The Innovation and Sustainability Committee, established in 2009, is a committee of the Supervisory Board and is chaired by a member of the Supervisory Board, demonstrating the strategic importance of sustainability for Nutreco. The Innovation and Sustainability Committee met three times in 2013. The main subjects for discussion included the evaluation of 2013, sustainability targets for 2014 and innovations in Animal Nutrition and Aquaculture.

Many of the key sustainability themes that have challenged our industry in recent years continued to be focus areas in 2013. In food production, where much of the attention has been on environmental performance and the concept of a circular economy, we saw human rights and labour issues move higher up the agenda. At the same time, the supply of sustainably sourced raw materials continued to be a major theme, driving ongoing development work on alternative raw materials, and new technologies to provide them in a responsible way.

[1] In addition to the assurance on the Sustainability Pages, Nutreco has engaged KPMG to provide reasonable level of assurance on the design and implementation of NutrECO-line. The description of the programme and the respective KPMG Assurance Report, explaining the scope of KPMG work and conclusions for NutrECO-line can be found at www.nutreco.com/en/about-us/sustainability/nutritional-solutions

Performance 2013

In 2013 we made steady progress on our strategic focus areas, which are described below. For more information about our sustainability performance visit www.nutreco.com

Ingredients

Objective 2013
Sign-off of Nutreco's sustainable vendor policy by relevant top 300 suppliers and other relevant suppliers supplying more than € 100,000 per annum of soy, palm oil and marine products

Sustainable sourcing

Our aim is to enable customers to purchase nutritional solutions made from ingredients sourced through third-party systems that share our sustainability values, and to prioritise those that comply with our vendor policies. To this end, we engage with our partners in the feed-to-food value chain to establish, control and manage systems for sourcing sustainable raw materials in a responsible way.

In 2013, we requested sign-off of the sustainable vendor policy by our top 300 suppliers and other relevant suppliers of soy, palm oil and marine products. This resulted in 550 signed general policies. This included all vendors of the top 300 and all of the 59 specific vendors (supplying soy, palm and marine ingredients). Our success in getting more than 300 of our suppliers to sign the policy was a major achievement as these suppliers represent 76% of our annual ingredients procurement expenses. Of the top 300, 48 of the general policies were signed with restrictions. For 2013, received waivers and self-assessments are considered as signed policies by Nutreco's Sustainable Procurement Working Group. The 48 policies signed with restrictions include 39 signed with waivers and 9 self-assessments. These were accepted in exceptional cases, which were decided after discussion with suppliers. Around 60% of the waivers relate to the legal indemnity clause of the policy. Local operating companies contributed with 191 additional signed policies by smaller vendors.

Vendor policies signed by suppliers

	Target	Actual
General policies	300	300
- of which waiver	-	39
- of which self-assessment	-	9
Specific policies (soy, palm oil, marine)	59	59
Extra policies	-	191
Total	**359**	**550**

Once a vendor has signed, the next step will be to validate their commitment. This process will be a strategic objective for 2014. With effect from 2013, the sustainable vendor policy became mandatory for all new suppliers. Alongside the policy, we will also develop a monitoring programme aimed at ensuring continued compliance. We plan to develop and roll out a pilot project in 2015.

Sustainable partnerships

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

As part of our engagement effort, Nutreco participates in multi-stakeholder groups such as the Round Table on Responsible Soy, the Global Salmon Initiative, as a board member in the Aquaculture Stewardship Council, as a board member of the International Fishmeal and Fish oil Organisation Responsible Supply Standard (IFFO RS), as a Supervisory Board member of the Dutch Sustainable Trade Initiative and the Roundtable on Sustainable Palm Oil.

In the 'Leaders for Nature Inspirational Programme on Biodiversity' hosted by IUCN-NL, ten multinational companies focus on creating an effective long-term vision and strategy to halt biodiversity loss and stimulate the restoration of ecosystems. In 2013, Nutreco, together with PriceWaterhouseCoopers,

IUCN-NL and Wageningen University & Research Centre contributed to this partnership by developing an impact analysis on shrimp feed production in Asia, knowing that aquaculture continues to experience rapid growth in this area, but also faces key development challenges.

Top 10 ingredients 2013 (by spending)

Ingredient	Percentage of total spend
Vegetable proteins	22.8
Grains	17.6
Marine products	17.6
Vitamins	7.2
Vegetable oils	6.5
Land animal products	6.0
Amino acids	5.5
Trace elements and minerals	4.7
Dairy products	3.7
Animal health products	3.6
Other	4.8

Flexible formulations

By 2020, we expect to have lowered the barriers for increased food production by further reducing our dependency on scarce ingredients.

In aquaculture, our innovative MicroBalance™ concept is a sustainable product solution that provides nutritionists with far greater flexibility in feed raw materials, by identifying alternative sources of essential functional micro-ingredients that are conventionally provided by constrained commodity ingredients such as fishmeal. By providing these ingredients from alternative raw materials with greater availability, farmers can offset rising fishmeal prices, while contributing to greater sustainability.
MicroBalance™ is now applied in feeds for salmon, sea bass, sea bream, yellowtail, and fresh water trout and is in use around the world. It is part of a development that made it possible for Nutreco to reduce its use of fishmeal in the diets it provides to the global salmon farming industry by 50% over the last seven years. We intend to have a MicroBalance™ solution for shrimp feed in 2014.

We also continued our innovative research into the more efficient and sustainable use of limited fish oil resources in fish feed production. One study focused on determining the minimum need for marine long-chain omega-3 fatty acids (EPA and DHA) in diets for salmon to secure good growth, feed efficiency, fish health and product quality. Another project is aimed at identifying and testing sources of long chain omega-3 fatty acids other than fish oil in diets for salmon and marine fish.

Developments in flexible formulations for animal nutrition include the launch of Trouw AO-mix. This specially formulated anti-oxidant blend provides ruminants and monogastrics with the protection they need to optimise fertility, ensure offspring vitality and immune system support. It can also be used to partly replace other anti-oxidants. Trouw AO-mix fits perfectly within Nutreco's innovation strategy of developing distinctive products to improve feed efficiency and animal health, thus adding real value to the industry.

Operations

Reducing the environmental impact in our operations

Objective 2013
Further implementation of energy efficiency plans and identify and share logistics efficiency projects

In 2010, Nutreco established a carbon dioxide (CO_2) reduction target of 50% for operations related to scope 1 and 2 (of the Greenhouse Gas Protocol) with a baseline of 2009. This was monitored and the target was achieved in 2012. The Nutreco Energy Vision, which was signed in 2011 and was agreed by all our operating companies, is our roadmap and aims to increase the company's energy efficiency. This roadmap was introduced with a clear target for 2015 to achieve the international Standard ISO 50001 (Energy Management Systems). One of the main actions within the roadmap is to establish energy efficiency plans.

In terms of energy efficiency plans, 100% of the manufacturing sites in scope for 2013 (approximately 73% of total) have completed the energy assessments required for the sustainability targets. In total, more than 220 potential energy projects were proposed in 2013, with 27% already finalised and 31% on track. Operating companies that have not been included in the Nutreco Sustainable Operations approach in 2013, such as recent acquisitions, will be included in the next four years.

In the coming years, we will expand towards reasonable assurance on additional KPIs. A new project will be executed in 2014 to embed five operational KPIs in the regular business review processes. Those KPIs are Energy/tonne, CO_2/tonne (scope 1), landfill non-hazardous waste (kg/tonne), water intake /tonne and accidents. In 2014 five pilots will be run on actual data gathering via Nutreco's management reporting system on those operational KPIs, based on GRI standards. During 2013, 17 logistics projects were identified.

Feed-to-food quality and safety

Objective 2013
Average Nutrace® compliance score of 95% with a minimum of 90%

The aim of Nutreco's feed-to-food safety and quality programme Nutrace® is to deliver high-quality products that are safe for animals and consumers of animal products and fish.

For 2013, we set the target of having an average total Nutrace®-compliant score of 95% or more and a minimum of 90% score for each of five dimensions. All Nutreco businesses were asked to establish and execute action plans to meet these targets.

In 2013, the average Nutrace® compliance score was 95% with a minimum of 90% for each of the five dimensions. Companies with a lower score were in particular relatively newly-acquired Nutreco companies. Newly-acquired Nutreco companies need to comply within three years.

Nutrace® consists of five dimensions containing the following standards: Certified Quality & Safety, Ingredient and Supplier Assessment & Management, Monitoring & Control, Risk Management, and Tracking & Tracing. These dimensions are based upon legal demands, complemented with requirements from third-party feed safety & quality assurance schemes and additional Nutreco requirements. The additional Nutreco requirements are the same for all markets. As legislation varies from country to country, the legal requirements are different for each Nutreco company. The same is true for third-party feed safety & quality assurance schemes. Depending on the market, different third-party certificates are in place. As a result, the actual performance level can differ from market to market.

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

In 2011, Nutreco's aquaculture subsidiary Skretting began undertaking internal reviews of its overseas factories to establish whether Nutrace® standards were being implemented consistently throughout its global operations. The first plants reviewed were in Vietnam in 2011, followed by factories in Japan, Turkey and Italy in 2012 and Australia, Chile and Spain in 2013. This will continue in 2014. The group of reviewers comprised members of the Norwegian Quality Team and employees from other Skretting factories from around the world. This provided an excellent opportunity for staff to share ideas and to learn from the other businesses' experiences.

A similar development was seen in the Animal Nutrition division. Trouw Nutrition companies started in 2011 with a global review approach where colleague Quality Assurance managers reviewed other sites. This generated cross-fertilisation in the area of quality assurance, which resulted in increased mutual understanding and firmer implementation of the Nutrace requirements. This continued in 2012, was not conducted in 2013 and for 2014 a new review schedule will be implemented.

In the years ahead, Nutrace® will be further aligned with the new Nutreco integrated quality management approach. This comprises the implementation of advanced software for enterprise integrated quality management (IQM), designed to help businesses achieve improved quality assurance and quality control of all key business processes. The focus of the current Nutrace® system is based on feed-to-food safety. However, the quality of a product or process is determined by other aspects as well. Therefore we will extend the scope of our work and move towards 'integrated quality management'.

Our working environment

Objective 2013
Execution global employee motivation and engagement survey

Our Sustainability Vision 2020 sets the following ambition for employee engagement: By 2020, we will be at the top of our industry in employee engagement and employer brand.

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

In 2013, a survey that used consistent and comparable measurements was conducted through an independent company, the Hay Group, to ascertain the current level of leadership and engagement of Nutreco's leaders. The survey was completed by 1,082 employees and contained 50 questions covering 14 categories, including a category focused on sustainability which was reported separately (see page 42).The response rate was 87%, slightly above Hay Group's tracked average response rate of 84%. In early 2014, the results will be presented to management and based on the gap between current and desired level of awareness and engagement, action plans will be developed and implemented. Our intention is to repeat the leadership engagement survey every year to be able to monitor progress and lay the foundation of our Culture Development Plan.

Incidents

The health and safety of our employees is high on the agenda at Nutreco. Avoiding industrial accidents and injuries is a prime concern. Our targets for 2020 include a 50% reduction in the number of industrial accidents at Nutreco premises from the 2010 base year. We have made substantial progress in accident reduction in the past ten years. No fatal accidents involving Nutreco staff occurred in 2013. The number of industrial accidents at Nutreco premises requiring employees to take off at least one full working day besides the day the accident occurred was 183 in 2013, compared with 171 in 2012[1]. These numbers do not include third-company workers. For more information see www.nutreco.com

To raise awareness amongst Nutreco management special attention was given at a Business Unit conference on the topic of industrial accidents at Nutreco sites. Managers were challenged to go out and make changes within their business areas to prevent industrial accidents and to improve the speed and quality of reporting on incidents.

In 2013, we also improved our accident reporting system to enhance awareness and to enable the online monitoring of the situation throughout Nutreco. This system exists in addition to a major incident notification system that was implemented two years ago. We have encouraged a more active business engagement towards Nutreco's HSE Policy and accident prevention and towards a more active collaboration within and amongst business units. We will ensure that accidents are recorded in the Nutreco systems swiftly and that each incident is sufficiently followed up.

Other very relevant HSE topics for Nutreco include risk control of dust explosions and control of potential exposure of workers to potentially hazardous ingredients and dust.
As Nutreco is expanding into emerging markets, the focus on labour circumstances and risk management at the operating companies in these markets is expected to increase. Nutreco HSE rules, standards and guidelines apply to all Nutreco operations worldwide and are applied identically to all operations by Nutreco's HSE department.

Our goals for 2014 include assessing the effectiveness of the drive towards improved accident monitoring, the completion of an ingredient exposure risk inventory, and collaboration with quality assurance to establish a systematic approach for auditing HSE as well as quality.

For more information about our working environment please refer to the human resources chapter on pages 26-29 of this report.

[1] 2012 data on accidents was not part of KPMG assurance scope, discontinued operations included.

Nutritional solutions

Objective 2013
Design, test and verify (by a third-party) the methodology and set of criteria to assess the sustainability of Nutreco's portfolio of new nutritional solutions to be ready for external launch in 2014

Developing sustainable nutritional solutions

Stakeholders in the food chain are increasingly asking for clear evidence that products are safe, healthy and improve performance without increasing the burden on natural resources or compromising societal demands. Attention to indicators such as feed efficiency, animal welfare, carbon footprint and responsibly produced feed ingredients is growing. Meanwhile, the feed industry is attempting to identify globally accepted standards and tools to calculate the environmental and social impact of animal feed products.

Our ambition is to increase the proportion of our portfolio with clear sustainability benefits as we head towards 2020. In 2013, we took a major step towards reaching this goal by developing NutrECO-line, our nutritional solutions sustainability programme. The strategic objective for the Executive Board was to design, test and verify (by a third party) the methodology and set of criteria to assess the sustainability of Nutreco's portfolio of new nutritional solutions to be ready for external launch in 2014. This task was completed successfully.

The foundations of NutrECO-line are based on eight impact categories that are selected based on Life Cycle Thinking. The eight impact categories comprise the major sustainability impacts of relevance for the feed and feed specialties industry.

Impact categories of NutrECO-line

- Feed ingredients sourced from responsible managed production systems
- Responsible production of nutritional solutions
- Economic performance
- Animal performance
- Resource depletion
- Indirect measurements on conservation of biodiversity
- Animal health and welfare
- Human health and safety

An independent Scientific Council was formed to advise Nutreco on NutrECO-line and to support robustness, reliability and an up-to-date approach with the Life Cycle Thinking methodology. The scope of the review and the subsequent feedback focused specifically on the impact categories chosen as well as the indicators used to measure them. The Scientific Council consisted of three prominent members of distinguished institutes: Prof. Dr. Matthias Finkbeiner, Prof. Dr. Ana Iglesias and Dr. Sadasivam Kaushik and one member of the organisation World Wildlife Fund; Mrs Martha Stevenson. The Council will continue to be engaged in 2014 with the aim of applying continuous improvement. In 2013, two pilot assessments were initiated in order to test the applicability of the methodology, one each for Animal Nutrition and for Aquaculture.

For NutrECO-line, the ISO 9001 certification was obtained for the Assessment Methodology process and execution of assessment (Quality Assurance). The audit was performed by SGS and Nutreco was awarded certification for NutrECO-line with no non-conformities. We also obtained reasonable

Development process NutrECO-line

1	2	3	4	5
Development phase	**Test phase**	**Certification phase**	**Assurance phase**	**Launch phase**
Development of the methodology and validation by a scientific council	Methodology test in MicroBalance pilot and Presan pilot	ISO 9001 certification of methodology	Assurance of methodology by KPMG Sustainability[1]	Ready for external launch
2013				**2014**

[1] Nutreco has engaged KPMG to provide reasonable level of assurance on the design and implementation of NutrECO-line. The description of the programme and the respective KPMG Assurance Report, explaining the scope of KPMG work and conclusions for NutrECO-line can be found at www.nutreco.com/en/about-us/sustainability/nutritional-solutions

to have the final methodology in place and ready for roll-out, making this methodology one of the three KPIs on which we achieve reasonable assurance in 2013. NutrECO-line and the two pilot assessments are ready for external launch in 2014. From next year onwards we will gradually identify those solutions with a better sustainability footprint.

Farm and feed performance

In October 2013, at an international conference in Madrid, hosted by Nutreco, a breakthrough in knowledge and tools for poultry feeding called NutriOpt was presented. NutriOpt is a science-based, precision feeding tool that combines more than 50 years of expertise and innovation from Nutreco in the areas of feed efficiency and application solutions. It consists of a number of key elements that complement and support each other in optimising animal nutrition, performance, and associated costs through precise real-time analysis, modelling and calculation. Raw materials are becoming more scarce, prices more volatile, and competition more intense than ever before. The NutriOpt precision feeding tool fulfils demands, and can bring great value to players throughout the poultry industry. Modules in the NutriOpt programme such as Split Feeding (two-feed approach) for laying hens are an example of contributions to sustainability at farmer level; the two-feed approach ensures that the laying hen's requirements are more accurately matched to the circadian cycle based on the hen's physiological needs. This results in benefits such as improved shell quality and reduced phosphorus and nitrogen emissions.

In the Aquaculture division, a new salmon diet has been developed which increases fillet yield. This feed, called Optiline Premium, is based on metabolic activators that improve the salmon's utilisation of digestible energy. The result is faster growth, better feed conversion, greater product yields and lower emissions of nitrogen and phosphorus to the environment. The beneficial effects of Optiline Premium have been documented in multiple Atlantic salmon feeding trials.

Animal health

One of the themes of Nutreco's R&D Science Strategy is animal health. Our aim is to provide nutritional solutions that can support animal health and performance. For example, supporting gut health increases production efficiency, leading to more output with less input and it also supports our customers' efforts to reduce antibiotic use.

Nutreco Animal Nutrition R&D, in collaboration with leading institutes, studied the relationship between the microbiota population found in the gut of swine and poultry and gut function. The knowledge gained from these studies has been applied in the product Presan. When fed to young animals, Presan supports the normal microbiota diversity in the gut and the barrier function of the gut wall. It shows strong improvements in daily feed intake, daily gain and feed efficiency.

The latest trials with Presan also showed a positive relationship between sows' feed intake and the weaning weight of the piglets. Supporting the sow during this phase is important for farmers as they want their animals to be able to perform to their best ability. Furthermore, it provides an optimal start in life for piglets.

In 2013, Skretting launched an upgrade of its Protec fish health diet. First-generation Protec showed good effectiveness against virus-related diseases through enhanced immune function. Next-generation Protec contains new functional ingredients that provide even better support against viruses while also strengthening the immune system and enabling the fish to better withstand stress. The upgraded health feed also improves the skin's ability to heal.

Commitment

Employee engagement

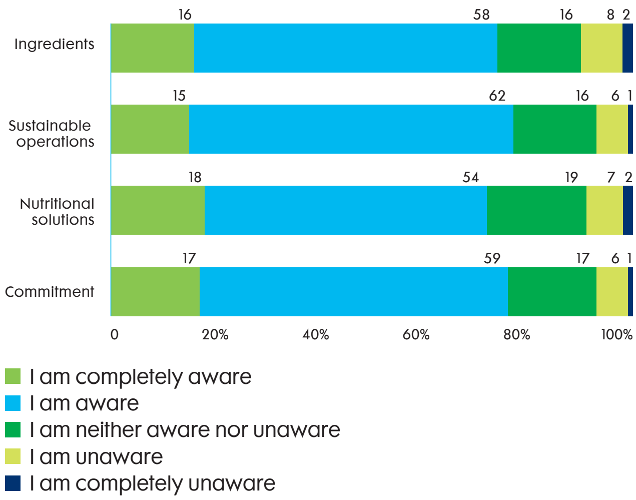
Objective 2013
Execute employee survey on Sustainability engagement

In 2012, we shared the Sustainability Vision 2020 throughout the organisation through established channels including our internal employee magazine and our internal sustainability website. In 2013, we investigated (as a baseline) to what extent our employees were engaged and committed to Nutreco's mission of Feeding the Future.
To gain insight into the factors that influence the engagement and commitment of our leaders, a global leadership and engagement survey was conducted (see page 39).
The majority of the 50 questions relate to general leadership subjects such as authority and empowerment, training and performance management. Four of the 50 questions related specifically to employee engagement on sustainability.

The questionnaire provided employees with definitions of the Sustainability Vision 2020 and they were asked to rate their awareness of Nutreco's corporate sustainability initiatives; to give their opinion on the effectiveness; the performance against competitors and the importance of the themes.
The last question related to the challenge of Nutreco becoming a more sustainable organisation.

The survey provides information on differences in awareness per region, management level, etc.

Sustainability awareness Nutreco employees
(%)



Based on the gap between current and desired level of awareness and engagement throughout the company, action plans will be developed and implemented. Also a global e-learning platform for Nutreco employees will be developed and launched in 2014 to contribute to increasing awareness on sustainability.

Stakeholder engagement

Objective 2013
Organise AgriVision 2013

Nutreco is committed to promoting multi-stakeholder debates and initiatives as part of our Sustainability Vision 2020. We also want to maintain an ongoing dialogue with stakeholders such as trade associations and networks, governmental and non-governmental organisations (NGOs) and include their feedback in the strategy.

In June 2013, Nutreco hosted the seventh AgriVision animal nutrition industry conference. AgriVision 2013 'Time to resourcify' brought together more than 350 delegates from 35 countries, which set a new record in terms of the number of countries represented. Participants included agri-business leaders and a broad spectrum of stakeholders. Also, for the first time, AgriVision invited international students from Wageningen University & Research Centre to ask questions during the keynote presentation of Harvard Business School Professor Michael E. Porter who elaborated on the idea of shared value creation, which integrates societal needs and challenges into economic value creation. Skretting's MicroBalance concept, which replaces scarce raw materials while at the same time reducing feed costs, is a good example of shared value creation.

The conference also addressed issues such as resource scarcity and the role of industry in using innovation to help boost production sustainably in areas such as Africa, with its unused natural resource wealth, market potential and huge potential for productivity increases.

In addition to our annual sector conference, Nutreco demonstrates its commitment to engage and involve partners through membership of several relevant global and regional forums, including: the Roundtable for Responsible Soy, the Aquaculture Stewardship Council, the Roundtable for Sustainable Palm oil, the Dutch Sustainable Trade Initiative, the International Fishmeal and Fish Oil Organisation and the Global Salmon Initiative. Our policy is to stay actively involved with such multi-stakeholder initiatives that deal with issues in our realm of influence and touch broader environmental and social issues.

During 2013, we increased our involvement in these forums to a higher level. Nutreco's new Director of Sustainability represented Nutreco and industry interests as a board member of the Aquaculture Stewardship Council (ASC). In 2013, a Feed Dialogue was established. It is hoped that over time this dialogue will result in an ASC-responsibly produced feed standard. Skretting is on the steering committee of the Feed Dialogue and is actively supporting the process. Nutreco management was also present at the 3rd FAO multi-stakeholder platform meeting of the Global Agenda of Action in support of Sustainable livestock sector development in Nairobi, Kenya and delivered a keynote speech at the 11th World Conference on Animal Production in Beijing, China.

Other stakeholder meetings and conversations took place with institutional investors (including socially responsible investors), scientists, media, customers and suppliers. Stakeholder discussions with suppliers and customers are conducted constantly by Nutreco's operating companies, while the signing of our new vendor policy provided numerous opportunities for discussions on sustainability topics. Pressing subjects that emerged from our stakeholders mainly related to sourcing of raw materials.

In 2014, we plan to take a structured approach to ensuring the concerns of all major stakeholders are taken into account in our sustainability strategy by conducting a materiality survey on the relevance of issues.

Community development

Objective 2013
Start cooperation African Agribusiness Academy

Our aim is to enable more small farmers in developing markets to increase their productivity by sharing our knowledge on basic agriculture and aquaculture.

In 2012, Nutreco committed itself to supporting the African Agribusiness Academy (AAA) and in 2013 our participation in this entrepreneurial platform started. AAA seeks to foster innovation and growth of small- and medium-scale agribusinesses in Africa with the ultimate aim of contributing to economic growth and improvements to rural income and food security. The AAA is an initiative of Wageningen University in the Netherlands, in partnership with Sokoine University in Tanzania. From 55 members in 2012, the AAA grew to nearly 100 members in four countries in 2013. A key project is to establish an academy that is financially and organisationally viable from 2017 onwards.

In 2013, Nutreco completed the official project phase of our five-year contribution on community involvement in rural Bangladesh. Development in this region was stimulated by supporting agriculture and pond aquaculture through micro-finance and training for farmers. The initial target of raising the average income of 3,000 beneficiaries was met. According to a local university, in the last five years, the income of those beneficiaries has increased by approximately 250%, outperforming the compounded inflation of 150%.

The university also confirmed that the project indirectly affected between 75,000 and 100,000 people in the region. It has provided farmers with important knowledge and techniques that can be transferred to future generations of farmers and neighbours. To leave the project with a self-sustaining future perspective, Nutreco will assist our local partner to transition the 'Empowerment of the Poor through Integrated Agriculture' project in 2014 to a stand-alone organisation independent of donor gifts.

In 2013, Nutreco expanded on the success of the Bangladesh programme with the decision to add two new projects, aimed also at helping improve the livelihoods of small farmers. Nutreco is now in the process of selecting these projects in regions in which it is active, thus improving local connections and market access for small farmers.

As many community initiatives are being organised by Nutreco's operating companies around the world, the company is looking at the best ways in which it can globally group and share these initiatives. We want to further strengthen and support the community involvement of our colleagues. This commitment will include organising a first 'Nutreco Global Harvest Day' in the second half of 2014.

Strategic achievements 2013 and objectives 2014

The table below provides an overview of our strategic progress in 2013 and the key strategic objectives for 2014

● Fully realised ◕◑ Partly realised

2013 Objectives	Achievements	Status
Managing sustainability		
Further integration of sustainability reporting, including sustainability KPIs in regular planning & control cycle	• Three KPIs with reasonable assurance from external auditor • Adoptation of vendor policy KPI in regular planning & control cycle • Henri Sijthoff prize for best financial report by a midcap-listed company in the Netherlands, with specific reference to integrated reporting	●
Ingredients		
Sign-off of vendor policy by top 300 suppliers and other relevant suppliers (threshold: >€ 100,000) of soy, palm oil and marine products	• 550 policies signed, including 300 of our top 300 suppliers and 59 of the 59 specific vendors	●
Operations		
Further implement energy efficiency plans and identify and share logistics efficiency projects	• 59 energy efficiency plans implemented • 17 logistical efficiency projects identified	●
Average Nutrace compliant score of 95% with a minimum of 90%	• Average Nutrace compliant score of 95% with a minimum of 90%	●
Execute global employee survey	• Employee Leadership survey executed	●
Nutritional solutions		
Design, test and verify (by a third party) the methodology and set of criteria to assess the sustainability of Nutreco's portfolio of new nutritional solutions to be ready for external launch in 2014	• A solid programme for the sustainability assessment of nutritional solutions verified by means of an external Scientific Council (methodology), ISO 9001 certification (process) and KPMG Sustainability reasonable assurance (design and implementation)	●
Commitment		
Organise AgriVision 2013	• AgriVision successfully organised	●
Start cooperation with African Agribusiness Academy (AAA)	• Cooperation AAA started • Bangladesh project finalised with roadmap to becoming independent	●

2014 Objectives

Managing sustainability

- Further embedding sustainability and strengthening the controls around sustainability key performance indicators

Ingredients

- Revise the vendor policy based on feedback received in 2013 during the sign-off process
- Develop vendor audit guidelines, pilot five physical vendor audits

Operations

- Implement five operational KPIs in business review process, run pilots in five operating companies

Nutritional solutions

- Launch NutrECO-line, the Nutreco nutritional solutions sustainability programme: integration of the methodology in communications

Commitment

- Execution of global e-learning platform to raise internal awareness on sustainability
- Develop a global issue management approach and organisation
- Execute two new community development projects
- Organise 'Nutreco Global Harvest Day'
- Organise AquaVision

AgriVision 2013

Revolutionising the management of global resources

More than 350 people from 35 countries attended Nutreco's seventh biennial AgriVision conference at Noordwijk aan Zee in the Netherlands in June. Over the course of two days, leaders of international agri-businesses discussed the innovative and collaborative strategies needed to feed the growing world population from increasingly restricted resources. The crucial challenge of how to provide more from less was captured in the conference theme 'Time to Resourcify'.


Delivering the keynote address at AgriVision 2013, Professor Michael E. Porter of the Harvard Business School and the world's foremost authority on strategy, competition and competitive advantage, explained the concept of shared value and showed how companies need to go beyond corporate social responsibility to understand their role in society.

The principle of shared value involves creating economic value in a way that also creates value for society by addressing its needs and challenges. A host of factors, such as the scarcity of natural resources, will drive unprecedented opportunities to create shared value. According to Professor Porter, the purpose of the corporation must be redefined as creating shared value, not just profit per se. He said this would drive the next wave of innovation and productivity growth in the global economy. While corporate social responsibility programmes focus mostly on reputation and have only a limited connection to business, shared value is integral to a company's profitability and competitive position. Shared value offers major opportunities in the animal nutrition industry to innovate and grow while contributing to one of the world's most important human needs.

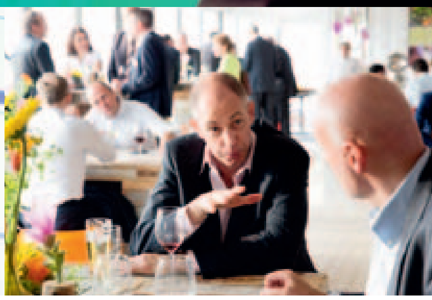
Professor Michael E. Porter
"The purpose of the corporation must be redefined as creating shared value, not just profit per se. This will drive the next wave of innovation and productivity growth in the global economy."

Increasing middle classes

One of the main challenges highlighted at the conference is the rapid expansion of the middle classes. Within the forecasted growth of the global population – from 7 billion currently to over 9 billion in 2050 – the middle classes will increase by 3 billion people. These are people with sufficient spending power to choose what they eat and who will increasingly choose high-quality animal protein. The expansion of this group within the global population will be the main driver behind the anticipated rapid increase in the demand for fish, meat, milk and eggs.

However, several presenters reminded delegates that while the middle classes are growing, 1 billion people struggle to afford sufficient food of any form. These speakers emphasised that improving the availability of affordable food was another important challenge.

To illustrate the potential for increasing animal protein production, Knut Nesse, Nutreco's CEO, contrasted the productivity of farms in countries with advanced management and technology with those where such advantages are lacking. He told delegates the feed-to-food industry makes a positive contribution to reducing food waste as 40% of animal feed in the European Union is derived from by-products of the food and vegetable oil industries, including molasses, beet pulp and rapeseed meal.



Nutreco is working to reduce dependence on limited raw materials, including fishmeal, through unique concepts such as MicroBalance. Nutreco strongly believes that science and technological innovations will play a central role as we chart a course through a fundamentally different resource landscape.

Enabling success in Africa

Africa's wealth of untapped natural resources presents the continent with plenty of scope to sustainably increase its agricultural productivity. This potential appropriately held a prominent place in this year's AgriVision programme.

Dr Eleni Gabre-Madhin, founder of the Ethiopia Commodity Exchange, confirmed that agriculture in Africa offers massive growth opportunities. Current yields are presently just 25% of the potential on current cultivated land and 67% of arable land is yet to be cultivated. She said providing science and technology solutions to African farmers is important but they do not go far enough to enabling African agriculture to truly succeed.

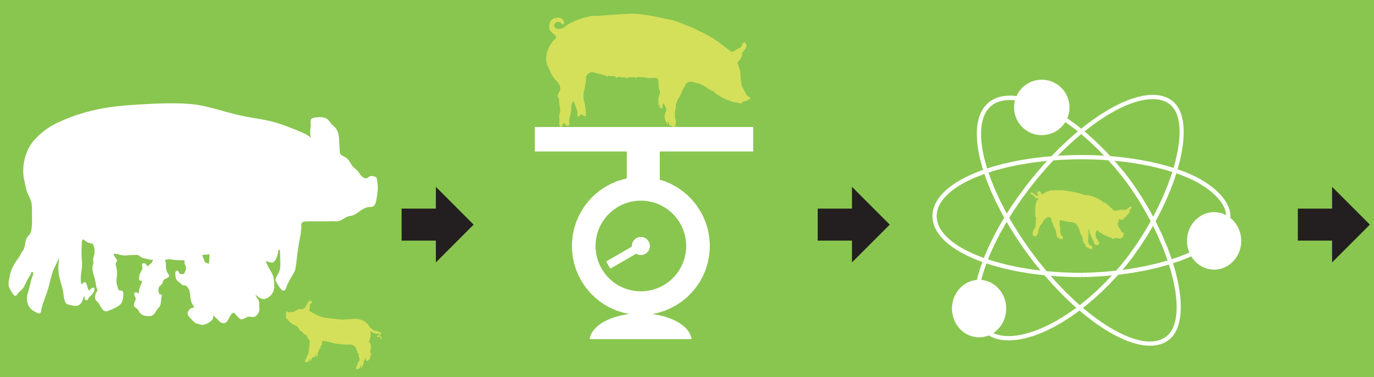
In terms of inputs, farmers must have access to some of the most basic and vital ingredients necessary to grow their crops and to run their businesses successfully. At the other end of the supply chain, they need the output markets – sales and distribution channels – to be more accessible, efficient and transparent in order to sell their produce profitability. Therefore, not only is this a time to recognise the emerging African green revolution, it is also a time to get markets right to enable this revolution to really take off, she said.

AgriVision 2013 delegates gave the conference very positive feedback including high satisfaction with speaker quality, content, organisation and networking. For a summary of the conference please visit www.agrivision.com

In 2014, Nutreco will host the 10th AquaVision conference. It will take place 16-18 June in Stavanger, Norway, where more than 400 stakeholders will discuss the latest strategic developments in aquaculture. For more information please visit www.aquavision.org

Case study #2

Setting life performance



Historical development

The average number of piglets per sow has increased by 25% in Western Europe in the last 10 years. The first months of the life of an animal are key to achieving lifelong performance.

The challenge

More piglets per sow has resulted in a higher proportion of lighter piglets and less homogeneous litters.

Development

Applied research looked at ways in which we could assist piglets with a healthy start in their first 42 days for better lifetime growth.

2002
Piglets per sow were 22

Peter Thissen
Portfolio Manager Swine, Application and Solution Centre Europe

"Milkiwean's complete approach to piglet nutrition supports the best start in the life of a piglet for optimal lifetime performance."

The results

The Milkiwean piglet feeding programme with its complete product portfolio offers targeted solutions for every sow farmer.

The customer

Promoting piglet feed intake means better lifetime growth, a lower cost/kg of growth, fewer issues with weaning and greater litter homogeneity.
This results in good lifetime performance and higher farm yields.

Future potential

We want to maintain our leading position in piglet feeding by constantly using new knowledge from our R&D efforts.

2012
Piglets per sow were 27

Top innovations

Added value through innovation

Animal Nutrition

Milkiwean
Milkiwean is a complete piglet feed portfolio that improves young piglets' performance through maximising feed intake. It comprises optimised feed including a complete product portfolio, tailored feeding programmes for different farm conditions and production levels, and expert knowledge and support.

Trouw AO-mix
Trouw AO-mix is a specially formulated anti-oxidant blend launched in Europe that provides ruminants and monogastrics with the protection they need to optimise fertility, vitality and immune system support. Trouw AO-mix also supports the immune system and can be used to partly replace other anti-oxidants.

Presan
Presan supports animal intestinal health to achieve efficient digestion and good gut health through supporting normal microbiota diversity in the gut and the barrier function of the gut wall. Research has been undertaken on the effect of Presan in sows around farrowing with successful results.

NutriOpt
NutriOpt is a precision feeding tool that combines Nutreco's expertise in feed efficiency and application solutions. NutriOpt increases the accuracy and predictability of animal nutrition by providing real-time access to Nutreco's latest nutrition knowledge and animal models, enabling our customers to quickly adapt to changing market conditions.

Vivalto
Vivalto is a new feed additive designed for lactating cows to enable them to make better use of the nutrients supplied in their diet. A study in Canada showed increased milk production.

Ecolay-Tandem
Ecolay-Tandem is a new feeding programme with a novel two-feed approach ensuring that the requirements of a laying hen are more accurately matched to the circadian cycle based on the hen's physiological needs.

Aquaculture

Protec
Launch of the new, improved version of Protec, the industry-leading proactive health diet. The new Protec raises and extends the performance of fish by shielding outer surfaces, strengthening the immune system and supporting intestinal health.

MicroBalance™
MicroBalance™ technology greatly reduces dependence on fishmeal and provides farmers the flexibility to adapt raw material combinations in response to prices, lessening the impacts of price volatility for them. Its application has been extended to other species including sea bass, sea bream, rainbow trout, turbot and yellowtail.

ORI-ONE
ORI-ONE is a product for marine hatcheries where rotifers are used as nutrition for the fish larvae. It combines rotifer culture and enrichment in one product, rather than the conventional two. This results in significant cost and labour savings for marine hatcheries, and improved quality.

Fish oil replacement research
Significant research has been undertaken in order to reduce the amount of fish oil used in fish feed. This research is leading to the development of a second-generation LipoBalance concept.

Optiline Premium
Optiline Premium diet is an innovation designed to increase fillet yield in salmon and sea bass. It contains metabolic activators that improve the ability of the fish to utilise digestible energy.

High temperature feed
In 2013, high temperature (HT) feed was used as a standard feed by many of Skretting Australia's Atlantic salmon customers for managing fish performance through warm summers. It has been extended to Chinook salmon, rainbow trout (Optiline HT) and European sea bass (Optibass HT).

Innovation

Core to our business in a changing world

Innovation is at the core of Nutreco's business. Finding new ways to enable animal protein producers to increase efficiency and performance, and make the most of their resources is key to meeting the growing demand for animal protein and seafood.

Within four decades the world's population is expected to exceed 9 billion people. Producers of food must find new ways to increase output in a sustainable way. Nowhere is this more evident than in growth markets, such as China, where demand for animal protein is growing substantially, particularly among those with rising incomes.

The United Nations Food and Agriculture Organization projects that total consumption of meat and dairy products worldwide will increase by 75% and 53% respectively between today and 2050. In growth geographies, consumption rates are expected to grow even more.

Demand for seafood is also increasing, particularly in Asia. In 2013 supply constraints saw global fish prices reach record levels. In addition, raw material costs increased.

The agriculture and aquaculture industries are responsible for meeting this increasing global demand for protein in the coming decades. Both industries recognise their responsibility and are innovating to deliver more from less. Nutreco is an essential link in the feed-to-food chain. From this position, Nutreco is well placed to contribute to a more sustainable food chain, offering innovative and sustainable nutritional solutions.

Market-driven approach

Nutreco's innovation success is built on its market-driven approach to research and development. Nutreco's extensive research and development activities are closely aligned to the needs of the market. From the moment an idea is generated we focus on the value it can add to our customers.

Many of our R&D facilities are located in advanced animal nutrition markets such as Canada and the Netherlands, and Norway for aquaculture. Nutreco's asset footprint with over 70 plants in 30 countries means Nutreco is well positioned to play an essential role in supporting farmers globally by leveraging our centres of excellence to commercialise our innovations into global nutritional solutions.

Animal Nutrition

Application and Solution Centres (ASCs) in Europe and North America coordinate the interface between R&D and Nutreco's businesses and customers to ensure a close fit between local needs and global nutritional solutions. Market research, customer interviews and discussions, science projects and extensive cross-functional interaction in Nutreco provide a fertile ground for relevant innovations. This results in nutritional solutions that add value to our customers' business.

Aquaculture

In Aquaculture, innovation is led by the Skretting Aquaculture Research Centre (ARC) and shared by all Skretting businesses worldwide. An innovation team comprising representatives of the businesses and research activities ensures that research is relevant to market needs and that science-based innovations are implemented wherever they are relevant across the globe. Some innovations are global solutions that can be adapted

to multiple species and markets. Others resolve individual customer issues or deliver advances for a specific species or aquaculture region.

From idea to market, tailor-made solutions

Getting it right the first time is essential. Our idea-to-market stage gate process brings together cross-functional teams from different disciplines including over 250 experts from Nutreco R&D, Skretting's Innovations teams, Applications and Solutions Centres, marketing and Nutreco's businesses. Nutreco's Quality Affairs department provides support on legislation, registration, intellectual property and marketing claims, and can define prerequisites for R&D trials.

Together, these experts develop nutritional solutions for fish, shrimp, poultry, ruminants, and swine. Before proceeding to development, numerous factors are considered including cost, sales potential, intellectual property rights and patents, market claims, supply chains, price volatility of raw materials, animal health and welfare, feed and food safety, product efficacy, sustainability, predictability, local legislation and political influences. By the time a product is ready to be launched, these factors have been taken into consideration in a balanced way.

By listening closely to our customers' needs, we can find the best solution for them. We offer our customers more than products. We support them in applying our solutions in their complete business, offering innovative models and services in relation to our products. Our innovation model is customer-driven and science-based, and provides tailor-made solutions.

Research and development

Nutreco animal nutrition R&D has five major research facilities for poultry, ruminants, swine and ingredients located in Canada, Spain, and the Netherlands. The international research teams encompass a broad range of scientific disciplines, including nutritionists, veterinarians, animal physiologists, microbiologists, immunologists and technical engineers. Its in-house research is complemented with more than 40 long-term research collaborations with leading universities, research institutes and other organisations. It also enjoys an exclusive research partnership with the Ministry of Agriculture Feed Industry Centre (MAFIC) of China. To further validate and test our research results in practice, we have field research farms in key markets.

Skretting Aquaculture Research Centre (ARC) in Stavanger, Norway, is the global research organisation for Skretting. It has further research units in Italy, Spain, China and Japan. Skretting ARC employs an international team of around 100 highly skilled specialists. ARC researchers are working on new ways to extend the raw material options in fish and shrimp feed. This effectively reduces dependence on limited raw materials such as fishmeal. Another important research area is investigating potential new ingredient sources such as micro algae for long-chain polyunsaturated omega-3 fatty acids EPA and DHA, which are currently only found in fish oil. The recent addition of shrimp feed to the Skretting product range resulted in the expansion of ARC activities to include shrimp feed.

Animal Nutrition

In June 2013, Nutreco hosted two major conferences on improving the efficiency of animal production, InnoVision and AgriVision. Scientists and stakeholders from 45 countries around the world met in Noordwijk aan Zee, the Netherlands, to discuss how innovative and collaborative strategies can contribute to producing more animal protein without increasing the use of limited feed raw material resources.
Research shows that it is possible to double the efficiency with which nutrients are metabolised by farm animals. Currently, the average global productivity of farm animals is 30-40% below their genetic potential. In 2013 Nutreco made great strides in realising this important goal by bringing a number of new products to market. We now have even clearer focus points for our research to go forward, such as functional ingredients to influence and support metabolism and to balance the nutrients needed by an animal during physical events, such as immune responses. Nutreco has identified four key themes in animal nutrition R&D: life start, animal health and welfare, feed efficiency, and precision feeding.

Life start

The 'life start' research area focuses on young animal feed and the relation of nutrition to animal vitality and later life performance. Studies show that optimised nutrition for young animals delivers production benefits that last into maturity. For example, optimally fed calves grow faster, mature sooner and have higher milk yields. This is encapsulated as the 'Life start sets life performance' concept. For piglets, the feed and water intake immediately after weaning is very important. We are studying to uncover the reason of intake variability, to improve overall performance and focus on reducing the variation within a litter. This science guides refinements in our feed products for young animals, such as the Milkiwean feeding portfolio.

Milkiwean

Under the research theme 'life start', the development of young piglets is a major focus point. Our new Swine Research Centre in the Netherlands opened in September 2013 and is equipped with research techniques that enable scientists to conduct ground-breaking nutritional research. We study three phases in the piglets' early life: with the sow during lactation, during and after weaning, and in the grow-out phase. Together with our global network of piglet researchers, we have devised a complete piglet feed portfolio called Milkiwean, which improves young piglets' performance through maximising feed intake.

The Milkiwean product portfolio is composed of the highest quality raw materials sourced from reliable good manufacturing practices (GMP) suppliers. This ensures that sow farmers can rely on optimised feeds of a consistent nutritional value. Our milk replacers offer products specially developed to form a highly digestible energy source in piglet diets, and our soft pellets have a positive effect on piglet feed intake as well as on feed durability. Milkiwean offers feeding programmes tailored to different farm conditions and production levels with a complete product portfolio, including yoghurt, feed (pre-weaning, weaning) and concentrates, as well as expert knowledge for achieving a smooth transition between feeding phases. To help farmers achieve optimal piglet performance, our dedicated team of experts works alongside them to advise on the ideal Milkiwean programme. It means that each farmer gets the optimal benefits from well-balanced feeds, knowledge and support.

Animal health and welfare

The 'animal health and welfare' focus area covers the relation between nutrition and intestinal health and development of nutritional solutions for transition periods. Whether it be ruminants, swine, or poultry, normal gut functioning is crucial for efficient digestion and gut health. The status of the gut's microbiota has a direct relation to health and well-being in animals and humans. We use pyrosequencing to rapidly identify the combination of microbes present in the guts of animals with different hygiene circumstances. We apply the knowledge generated to improve efficiency of digestion and to support gut health, with nutrients and active ingredients, for example in our product Presan, delivered precisely to the area in the gut where the ingredient will be most effective. Transition periods are phases in the life of animals such as gestation, the time around calving, weaning, or the start of production. During these phases, the animals have specific nutritional needs that Nutreco targets with specific nutritional solutions.

Presan

Nutreco animal nutrition R&D, in collaboration with leading institutes, looked at how the microbiota population found in the gut of swine and poultry affected gut function. The knowledge gained from these studies is applied in our product Presan. When fed to young animals, Presan supports the normal microbiota diversity in the gut and the barrier function of the gut wall. It shows strong improvements in daily feed intake, daily gain and feed efficiency. The latest development in this field is our research into Presan's effects on sows around farrowing. Trials showed a positive relation between the sow's feed intake and the weaning weight of its piglets. Supporting the sow in this phase is important for farmers, as they want their animals to be able to perform to their best ability. In a validation study at a commercial turkey farm, Presan showed the benefits of improved technical performance and litter quality.

Feed efficiency

Research programmes focused on 'feed efficiency' cover the development of feed additives for production efficiency and the reduction of emissions. Nutrients, including the micro-nutrients, can enable physiological functions and genetic potential to contribute to sustainable animal productivity.

Vivalto

Vivalto is a new feed additive designed for lactating cows to enable them to make better use of the nutrients supplied in their diet. After three years of research and field trials, Vivalto has been shown to provide a source of co-factors that supports healthy liver function and improve post-absorptive feed efficiency. In a controlled study in Canada between calving and 200 days in milk, cows fed with Vivalto showed increased milk production. Considering that there was no change in dry matter intake, Vivalto meets two of a dairy producers' needs: improved animal efficiency and a significant return on investment based on Canada's average milk prices and components. Vivalto will be introduced in Europe as well.

Trouw AO-mix for ruminants and monogastrics

Anti-oxidants are crucial to livestock's overall health. In 2013 Trouw Nutrition launched its AO-mix-natural in Europe. The specially formulated anti-oxidant blend provides ruminants and monogastrics with the protection they need to optimise fertility and vitality. Trouw AO-mix also supports the immune system and can be easily and effectively used to partly replace other anti-oxidants or for instance the anti-oxidant function of vitamin E in feeds. Nutreco is the first company to develop an anti-oxidant product based on how effectively the ingredients actually perform in an animal's digestive system.

Precision feeding

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

NutriOpt

In October 2013, at an international conference hosted by Nutreco in Madrid for poultry producers, integrators and compound feed companies, scientists from our Application and Solutions Centre and R&D department presented a breakthrough in knowledge and tools for poultry feeding.

NutriOpt is a science-based, precision feeding tool that combines more than 50 years of Nutreco's expertise and innovation in the areas of feed efficiency and application solutions. It consists of a number of integrated key elements that complement and support each other in optimising animal nutrition, performance, and associated costs through precise real-time analysis, modelling and calculation. NutriOpt increases the accuracy and predictability of animal nutrition. Accurately optimising nutrition has a major impact on profit. We achieve this using a direct link to the latest nutrition knowledge and animal models from Nutreco's advanced research centres in real time, which enables our customers to quickly adapt to changing market conditions.

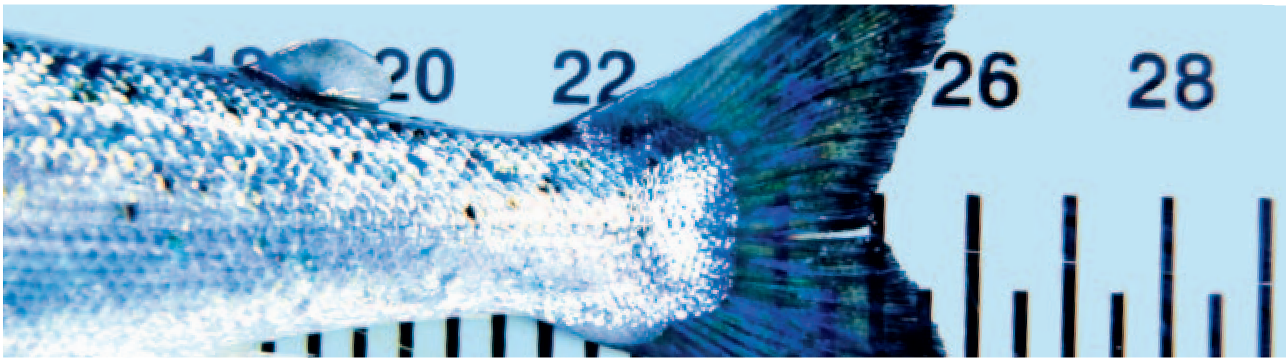
Feed costs represent up to 70% of the total cost of poultry production. Meanwhile, raw materials are becoming scarcer, prices more volatile, and competition more intense than ever before. The NutriOpt precision feeding tool fulfils demands, and can bring great value throughout the poultry industry. NutriOpt is already used in Europe and will be rolled out globally and for multiple species in 2014.

At Nutreco, we understand the challenges involved in feeding laying hens and the impact that feeding programmes have on performance and economic results.

Ecolay-Tandem

In 2013, after years of work on the Split Feeding programme at our research centres, we were able to introduce a new feeding programme, Ecolay-Tandem, to the Canadian market. The novel two-feed approach (split feeding) ensures that the laying hen's requirements are more accurately matched to the circadian cycle based on the hen's physiological needs. The results speak for themselves – more saleable eggs, improved shell quality, reduced nutrient loss in excreta, and decreased production costs from reduced feed intake. Ecolay-Tandem is a good example of how Nutreco is leading the way in taking care of the environment while focusing on producer benefits.

Aquaculture



In 2013 several innovative concepts from the Skretting Aquaculture Research Centre (ARC) entered into commercial reality or extended their application in Nutreco's Skretting Aquaculture division. They influence aspects such as fish health and ability to withstand stresses, feed raw material options and the productivity of fish hatcheries.

The **Active Nutrition** concept is the foundation for all Skretting's feeds. Each raw material in our formulations is selected to ensure the health, well-being and optimum growth of the fish. ARC researchers are also fully focused on attaining the best economics for the farmer throughout the production cycle and the prevailing production situation. The production situation can be optimal, proactive or specific, each with its feed alternatives. The concept is now also being applied in shrimp feed research.

Optimised Nutrition feeds are used when production conditions are optimal and the fish are healthy and strong. For example Optiline Premium, MicroBalance™ and fish oil research.

Proactive Nutrition prepares fish for challenging times, for example to withstand the effects of a particular disease, environmental challenge or other source of stress. For example React and Protec.

Specific Nutrition is tailored to give fish the best opportunity in certain situations such as higher temperatures or if there is an infection in the region. For example high temperature feed.

In addition to finding ways to improve fish and shrimp productivity and health, researchers are working on ways to double the production of fish feed over the next 10 years while significantly lowering costs. These objectives collectively form the Skretting Sustainable Economic Aquafeeds (SEA) programme; making progress towards more sustainable feeds.

One of the key challenges is the limited sustainable supply of the marine raw materials fishmeal and fish oil. The aquaculture industry currently uses fishmeal and fish oil as sources of protein, energy and the important omega-3 fatty acids, EPA and DHA. Skretting is undertaking significant investment to find effective ways of reducing dependence on these resources. To-date, Skretting's MicroBalance concept has made a significant impact on the reduced use of fishmeal in fish feed. This innovation is one we would like to continue to introduce to the market.

Protec™

In October 2013, Skretting introduced a new, improved version of Protec, based on research results from ARC. The first-generation Protec™ is an industry-leading proactive health diet. The new Protec™ raises and extends the performance, based on three elements: shield, support and balance. It helps the outer surfaces, i.e. skin, gills and gut, providing a shield from environmental impacts and invasive pathogens. It strengthens the immune system, while limiting oxidative stress, and supports intestinal health, stabilising the intestinal microflora for optimal gut function. The next-generation Protec™ contributes positively to maintaining the complex balance between fish, pathogens such as bacteria and viruses, and environment.

By the end of 2014, an equivalent diet to reduce disease impacts in shrimp will be launched.

ORI-ONE

In the summer of 2013, Skretting unveiled an original marine hatchery feed concept, ORI-ONE, which combines rotifer culture and enrichment in one product, rather than the conventional two. The algae-based powder results in significant cost and labour savings for marine hatcheries, where rotifers are used as nutrition for the fish larvae. From a nutritional perspective, the nutrients are naturally incorporated in the rotifer tissue, making their dietary value much more stable.

ORI-ONE will streamline production and increase efficiency while further improving rotifer quality, which is essential for successful larval rearing production.

Results from extensive trials showed that after one cycle of three to four days, the ORI-ONE enrichment was 100% that of the conventional procedure. Energy and oxygen requirements are significantly reduced when using ORI-ONE. In addition, it reduces the environmental impact of this stage of the hatchery process.

Optiline Premium

Optiline Premium diet is an innovation designed to increase fillet yield in salmon and sea bass. It contains metabolic activators that improve the ability of the fish to utilise digestible energy. Energy derived from the feed is directed to building muscle instead of fat in the fish abdominal cavity. The result is faster growth and higher harvest yield, giving the lowest production cost per kilo of fish produced. In addition, analysis shows that the fillets contain higher levels of the omega-3 fatty acids EPA and DHA than fish raised on conventional diets, making more efficient use of the limited marine resources.

Optiline Premium is adjusted for maximum performance in summer and winter. It is produced in 16 Skretting plants worldwide and is available in 40 countries, including the main salmon-producing nations of Norway, Chile, Canada, UK, and Australia and the sea bass production countries around the Mediterranean.

MicroBalance™

Traditionally, feed for farmed fish relied on fishmeal, a limited resource, for many nutrients. MicroBalance™ technology, developed by ARC, greatly reduced dependence on fishmeal, initially in salmon diets. It is based on ensuring the protein and essential micro-nutrients provided in fishmeal are obtained from alternative sources. As well as reducing reliance on fishmeal, MicroBalance™ provides flexibility to adapt the raw material combinations in response to prices, lessening the impacts of price volatility for farmers.Skretting was the first company to introduce the MicroBalance concept to the market and led the shift amongst customers to opting for flexible formulation for fishmeal in fish feed.

Fishmeal levels in the average Atlantic salmon grower diet were around 25% prior to the introduction of MicroBalance™. The advance enabled Skretting to produce commercially successful feeds with just 15% fishmeal. Continuing research led to a further reduction in fishmeal dependence. Skretting's commercial grower feeds now can have fishmeal levels of just 5-10%. MicroBalance™ means that fish farmers can be net fish protein producers.

The researchers have extended its application to other aquaculture species including sea bass, sea bream, rainbow trout, turbot and yellowtail. Current research is expected to result in 2014 in a MicroBalance™ solution for shrimp feed.

Fish oil replacement research

One of the main ARC objectives in 2014 is to reduce the amount of fish oil used in fish feed. Like fishmeal, fish oil is a limited resource. Previous research led to the LipoBalance concept, which made it possible between 2004 and 2011 to reduce the inclusion rate of fish oil by almost 50 percent in the diets of carnivorous species, without any negative effect. Further research through internal projects and participation in two external programmes, one supported by the Norwegian Research Council (NIFES) and the other by the European Union (EU), is enabling Skretting to build further on this concept, with the objective of introducing a second-generation LipoBalance in 2014.

High temperature feed

Fish live in environments that are constantly changing. In summers and winters they can be exposed to unusually high or low temperatures. Others must cope with depleted oxygen levels. In order that fish remain healthy and are able to cope with these changes Skretting ARC develops specifically formulated environmental diets.

In 2013, HT (high temperature) feed was used as a standard feed by many of Skretting Australia's Atlantic salmon customers for managing fish performance through warm summers. Skretting Australia widened the application of HT feed by combining it with other concepts. For example, the latest winter feed, Optiline Premium, released into the Tasmanian Atlantic salmon market in 2013, was combined with the HT concept to extend the use of Optiline Premium into the warmer months. In addition, HT has been combined with a functional feed to form Protec HT, for use during stressful events in peak summer water temperatures.

Based on the success of HT feed in the Atlantic salmon industry, significant volumes of HT are being sold into the Chinook salmon market in New Zealand, where water temperatures can reach 18°C in some production areas. HT diets have been developed for rainbow trout (Optiline HT) and European sea bass (Optibass HT) and are sold in the Mediterranean region, for example in Italy and Tunisia.

Worldwide research

Nutreco has a global R&D approach with 5 research centres for animal nutrition and 5 for aquaculture research. International teams work together on animal-specific and cross-species projects.

Animal Nutrition Research Centres

Agresearch

Agresearch Farm is a research location with 344 hectare in Burford, Ontario, where we have been conducting research studies since 1992. This location has R&D facilities for dairy, swine and poultry. It is Canada's largest privately owned animal R&D facility and one of the largest in North America. Nutreco researchers plan and implement research projects supported by excellent facilities and access to the latest technology. On average, the team has 10 years of experience in dairy, swine and poultry research. Additional support is supplied by three species-specific veterinary experts.

Ingredients Research Centre

The Nutreco Ingredient Research Centre in the Netherlands assesses newly-identified potential ingredients for feeds. Researchers evaluate the nutritional and functional content of ingredients and functionality that may contribute to sustainable production, animal health and product quality. The research team works together with the species-specific research teams to develop synergies and generate new ideas for our innovation process. The Nutreco research laboratory is at the disposal of all research teams and is equipped for molecular biology, microbiology, immunology and in vitro assays and digestion models.

Poultry Research Centre

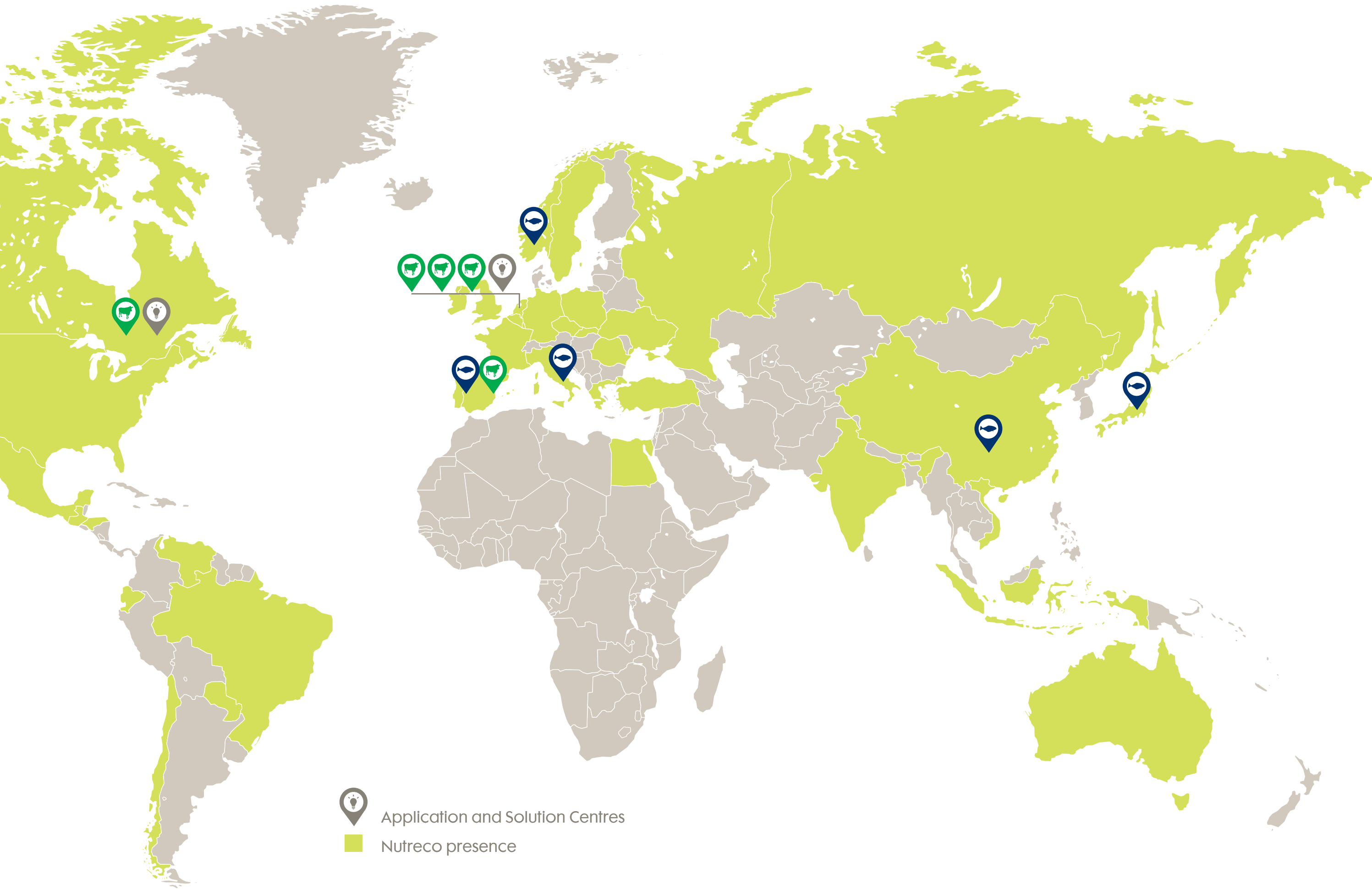
The Poultry Research Centre in Spain encompasses an expert team on efficient and sustainable feed utilisation, production performance and poultry and rabbit health and welfare. The Poultry Research Centre is a large research centre with facilities for broilers, broiler breeders, laying hens and rabbits. There is a special unit for physiological and digestion studies, and facilities for optimising nutrition for animals in different housing systems. A research feed plant provides the feed needed for these research activities and a laboratory undertakes any required nutritional analyses.

Ruminant Research Centre

The Ruminant Research Centre in the Netherlands consists of an international team of scientists working on dairy, beef and calf nutrition. At our experimental dairy farm feed intakes, milk yields, nutritional physiology and health are studied. The group counts a second farm used for the study of growing ruminants, beef and dairy calves. There, milk feeding, weaning and growth trials are carried out, looking at growth and feed efficiency, but most importantly animal development and health. In vitro and in situ models complete the range of experimental possibilities. Ruminant research is focused on the development of products and concepts. Equally important is the quantification of nutritional processes for our nutritional models. These efforts aim to further develop an economically and environmentally sustainable dairy and beef production.

Swine Research Centre

The Swine Research Centre (SRC) in the Netherlands has an expert team and facilities for nutritional research with sows, piglets and growing pigs. The SRC is equipped with research techniques that enable researchers to conduct detailed nutritional research focusing on improved feed efficiency, piglet nutrition and health and sow transition. Included in the new facility are unique electronic feeding and water stations and video surveillance, which make it possible to individually monitor the feeding behaviour of all categories of pigs, even though they are group housed. With these, Nutreco can study water and feed intake characteristics. In addition, there is a unit for health-related, physiological and digestibility studies. In this unit, researchers can simulate field conditions occurring on farms.



Skretting Aquaculture Research Centres

The Skretting Aquaculture Research Centre (ARC) in Norway employs around 100 people representing some 25 nationalities. R&D activities are grouped in three departments: Nutrition, Fish Health and Feed Production. ARC has additional research and trial facilities in China, Italy, Spain and a joint research centre at Kagoshima University in Japan. The research facility in China was significantly upgraded in 2013.

Currently, Skretting ARC supports feed activities for more than 60 fish and shrimp species on five continents and the research team has close cooperation with 40 research institutes and universities, for example in Norway, Germany, the Netherlands, the USA, Scotland, Spain, Italy and Japan.

Skretting ARC in Norway comprises a specialist laboratory, the Feed Technology Plant (FTP) and the Lerang Fish Trials Station.

The internationally accredited laboratory analyses feeds, feed ingredients and fish, and is the centre of the Skretting Near-Infrared Reflectance (NIR) analytical network. Today, all Skretting feed plants are equipped with NIR instruments linked with ARC to ensure consistent standards.

The FTP employs small-scale feed production equipment to explore production technology, new feed formulations and potential raw materials. It is a facility for competence sharing and training, and it produces small batches of experimental feeds for trials. The latest addition in 2013 is equipment to make shrimp feed.

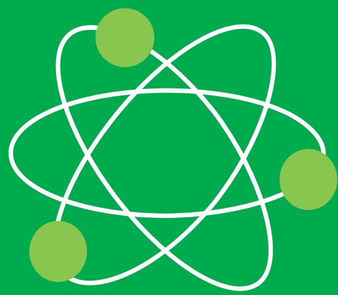
Lerang in Norway has facilities for growth and digestibility trials with freshwater and seawater feeds. Seawater trial facilities are in large tanks on land, enclosed in a building in 2013. The tanks feature programmed lighting and controlled water flow rate, temperature and oxygen levels, as well as filters which collect uneaten feed. A separate sea lice laboratory is located on the same site.

>250

Research experts

10

Research units worldwide



More than

50

years of dedicated R&D knowledge and experience

>60

Collaborations with research institutions worldwide

Annual investment in R&D

€ 24 million

Over

25

nationalities

Business performance

Higher value-added nutritional products

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

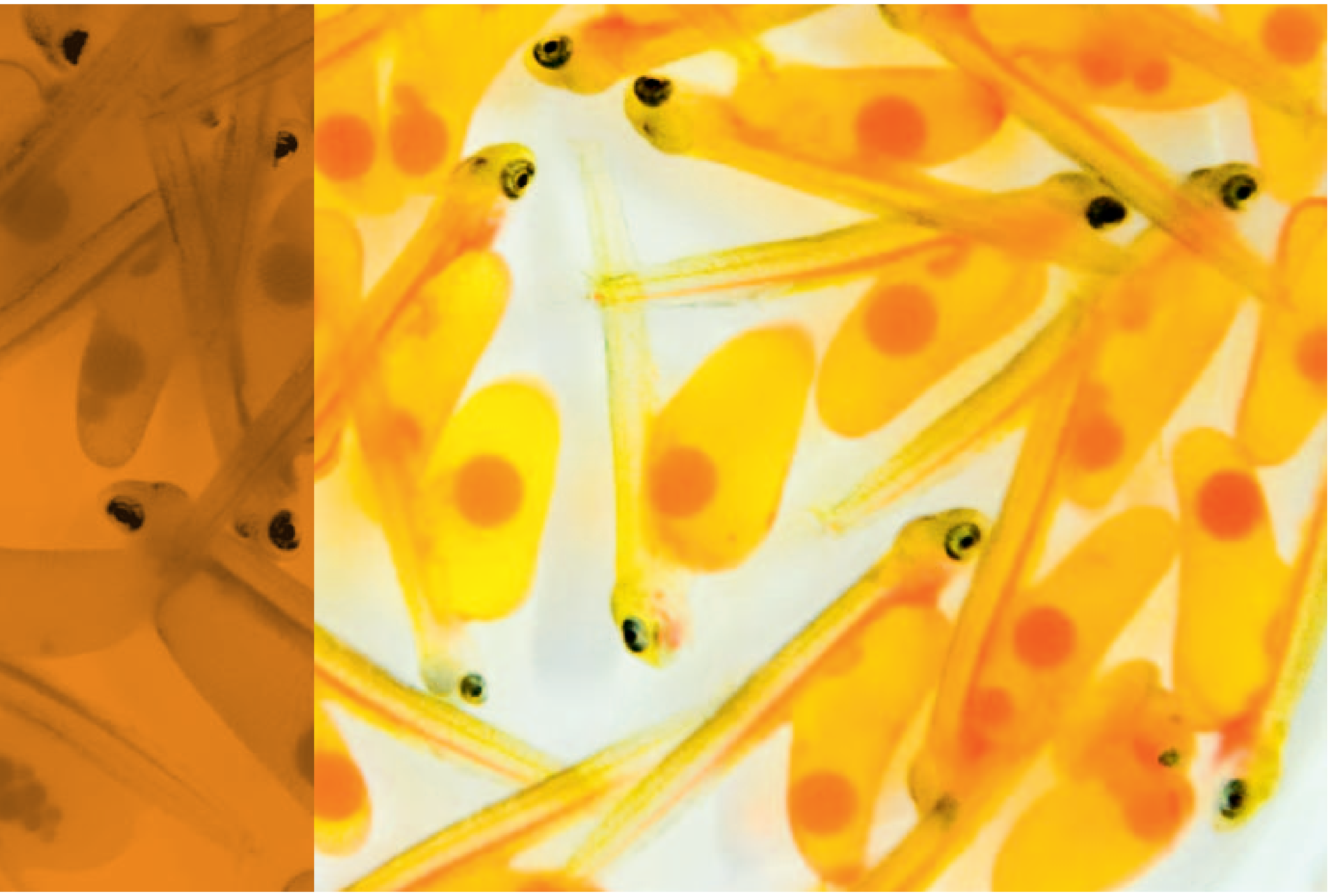
Our product groups

Premix
Premixes are a blend of feed additives. There are feed additives for different purposes, for example, nutritional (vitamins, minerals, etc.), technological (emulsifiers, anti-oxidants, etc.), sensory (flavours and colourants) and zootechnical (digestion enhancers).

Feed specialties
Feed specialties are high-precision and high-value products that are used in lower volumes. They include special feeds (e.g. for transitional phases such as gestation and weaning – young animal feed), farm minerals, feed additives (e.g. organic acids) and animal health products.

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

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



Our business segments

Animal Nutrition[1]

Revenue[2]

€ 1,837 million

No. 2 in premix globally with 12% market share

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

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

trouw nutrition a Nutreco company | Selko Feed Additives a Nutreco company | Shur-Gain a Nutreco company | Landmark Feeds a Nutreco company

Fish Feed

Revenue[2]

€ 2,030 million

No. 1 in salmon feed globally with 33% market share

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

Customers: Fish and shrimp farmers

Skretting a Nutreco company

[1] Due to the intended divestment of the compound feed and meat businesses in Spain and Portugal, Nutreco will report the previous segments Premix & Feed Specialties and Animal Nutrition Canada in one segment, Animal Nutrition.
[2] From continuing operations.

Animal Nutrition

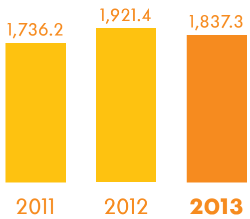
Revenue amounted to € 1,837.3 million (2012: € 1,921.4 million). Volumes were down 0.8%. Prices were 0.1% lower on average. The exchange rate effect was -3.6%. The acquisition effect of 0.1% related to acquisitions in Ecuador and Egypt, partly offset by divestments in Hungary and Canada. EBITA before exceptional items for Animal Nutrition declined by 0.7% to € 111.6 million compared to € 112.4 million in 2012.

Key figures[1]

(€ x million)	2013	2012	Δ%
Revenue	1,837.3	1,921.4	-4.4
EBITDA[2]	127.5	128.4	-0.7
EBITA[2]	111.6	112.4	-0.7
Operating margin (EBITA[2]/revenue)	6.1%	5.9%	
Average capital employed	643.2	621.2	3.5
ROACE (EBITA/ACE)	17.4%	18.1%	

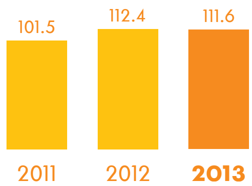
[1] From continuing operations.
[2] Before exceptional items.

Revenue



EBITA

before exceptional items from continuing operations



Profile

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

Young animal feeds for ruminants are mainly sold under the Sprayfo and Milkivit brands, while Milkiwean is used as the main brand for young animal feeds for swine. Preventive animal health products for ruminants, poultry and swine are sold under the Farm-O-San brand. All functional feed additive products are grouped under the brand name Selko Feed Additives. Premix has several strong regional brands, with Trouw being the biggest. Farm minerals are primarily

sold under the Maxcare, Bellman and Quanmei brands. Concentrates are sold globally as Hendrix. The recently launched precision feeding tool carries the global brand name NutriOpt. In Canada our operations are well known through the Shur-Gain and Landmark Feeds brands. Shur-Gain operates in the central and eastern regions of Canada and in New York State, USA. Landmark Feeds operates in western Canada. In Canada, Nutreco also owns two poultry hatcheries producing 60 million one-day-old chicks annually, and one hatchery which is dedicated to the production of embryonated eggs for the pharmaceutical industry.

Nutreco has 14 plants in Europe, 26 plants in the Americas and three plants in Asia. In addition it has joint ventures in Venezuela and Ukraine. The total annual sales volume is about 2.4 million tonnes (excluding intercompany sales of 0.3 million tonnes).

Market and competitive landscape

The main theme this year has been the gradual reduction of raw material prices following the commodity prices peak experienced in 2012, though macro-economic conditions continue to be challenging across the world. The reduction of raw material input prices led to lower prices for our customers, restoring some of their profitability.

In our Western European markets, dairy cow, sow and poultry layer livestock have continued to decline, maintaining strong competitive pressures. In Russia, several outbreaks of African swine fever resulted in reduced swine livestock.

Poultry and dairy production is supply-managed by quota in Canada, resulting in relatively stable feed demand. The contraction in the swine sector due to poor economics over the past few years has stabilised, with improved market prices. In the US, beef cattle numbers continue to decrease despite lower grain prices, resulting in beef prices at all-time highs. Mexico's broilers and layers markets were affected by the avian influenza outbreaks in the first half of the year. In Brazil, the economy showed the first signs of recovery after the 2012 slowdown. The outlook for Brazil's meat markets remains strong.

Even though demand remained strong in 2013, livestock farming has encountered difficult conditions in most of our Asian markets. Indonesia is the notable exception with steady growth. Disease outbreaks have hit the swine and poultry sectors in China with their attendant food scandals, undermining consumer confidence.

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

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

Strategy

The global premix and feed specialties markets are a growth segment for Nutreco. Nutreco will build a meaningful position in growth geographies, while securing its presence in mature markets. Over time we expect 35% of Animal Nutrition EBITA to come from growth geographies. In the medium term, an EBITA margin is targeted of between 6-7%.

The focus will be on high value-added nutritional solutions that contribute to the sustainability and profitability of our customers. Growth geographies targeted for expansion are Latin America, Russia, Asia and Africa. Key enablers to drive growth are the regional Application and Solutions Centres (ASCs), high-quality R&D delivering value-added innovation and an effective go-to-market strategy. Nutreco's leading positions in local markets, supported by strong brands, provides the company with an excellent foundation for introducing nutritional solutions that meet the needs of our customers.

For more information on our strategy please see pages 16-23.


FRI-R

Developments in 2013

We are starting to see results from the fully-staffed ASCs witha strong focus on branded nutritional solutions. This is a combination of launching new products, models and services into the market as well as strengthening our existing portfolio of brands, mainly in feed specialties and feed additives, picking the winners in specific market categories and rolling these out to new markets. A significant step was to revitalise the Trouw Nutrition company brand for a significant proportion of our premix and feed specialties businesses in Europe.
In the product brands, the positioning of the global piglet feed brand Milkiwean has been reinforced and the preventive animal health brand Farm-O-San has extended its global presence.

Commercial production has started in our new factory in Voronezh, Russia. We have established a regional sales structure in order to service local customers.

In Brazil, we have integrated our recent acquisitions into one company, reporting to one management team with a combined back office. A new plant was opened in Teresina state with a capacity of 100,000 tonnes, which is producing multispecies feed including fish feed.

In the Ukraine we entered into a joint venture with our existing partners by taking a one-third share. The joint venture produces concentrates and young animal feeds. Ukraine is the second largest animal feed market in Eastern Europe after Russia.

Nutreco's acquisition of Gisis in Ecuador, while mostly active in fish and shrimp feed, also manufactures poultry feed (approximately 20% of sales). In Egypt we took full control of Hendrix Misr, which is a leading producer of poultry feed concentrates (approximately 30% of sales) alongside its fish feed operations.

Nutreco opened its upgraded Swine Research Centre (SRC) in the Netherlands, where it has established state-of-the-art research facilities for sows, piglets and finishing pigs. The SRC enables researchers to conduct nutritional research with new technology, which makes it possible to individually monitor the feeding behaviour of pigs.

Successful new products introduced in 2013 are described on page 50.

Discontinued operations

In July 2013, Nutreco announced that it was considering strategic opportunities for its compound feed and meat businesses in Spain and Portugal. The rationale for this study was the launch in November 2011 of the strategy 'Driving sustainable growth', which included increased focus on the segments Premix & Feed Specialties and Fish Feed as well as growth geographies. The businesses in Spain and Portugal operate in mature markets, compound feed and meat processing, which fall outside of Nutreco's strategic focus.

After careful consideration of all available options, the outcome of the study was that a divestment of the businesses is the best option. Accordingly, the businesses have been classified as discontinued operations. The timing of any eventual divestment is uncertain. To minimise uncertainty for Nutreco's customers and employees, Nutreco would like to complete this process as expediently as possible whilst optimising proceeds.

The discontinued operations cover the operating companies Nanta, Sada and Inga Food, as well as the Food Research Centre. This was to a large extent reflected in the former reporting segments Compound Feed and Meat & Other. The segments Compound Feed and Meat & Other also included certain small businesses in Canada and Germany which have been allocated to the new Animal Nutrition segment.

The **Nanta** compound feed business in Spain and Portugal delivers a broad range of high-quality products and feed solutions primarily for poultry, pigs and ruminants, but also for horses and rabbits. Nanta operates 20 compound feed plants in Spain and Portugal with an annual sales volume of about 3.0 million tonnes, which includes intercompany sales to Sada and Inga Food. In a challenging market, Nanta has continued its focus on operational excellence and efficiency. Credit risk continues to be an issue for financially challenged customers but a tight focus on credit controls has maintained the quality of accounts receivables.

Sada is Spain's market leader in poultry meat products. It has ten processing facilities throughout Spain with a total annual production of about 135 million broilers. The broilers from Sada and the pigs from Inga Food are supplied with feed from Nanta. In the first half of the year, Sada faced margin pressure due to higher feed costs which could only partially be translated into higher poultry prices for the consumer. Sada substantially adjusted its cost structure to adapt to market developments. In the second half of the year, as raw materials prices came down, the market conditions became better. Active account management resulted in an increase in sales to new customers across various channels.

Inga Food operates pig farming and trading activities in Spain for approximately 1 million pigs. Inga has maintained its market position and slightly increased market share.

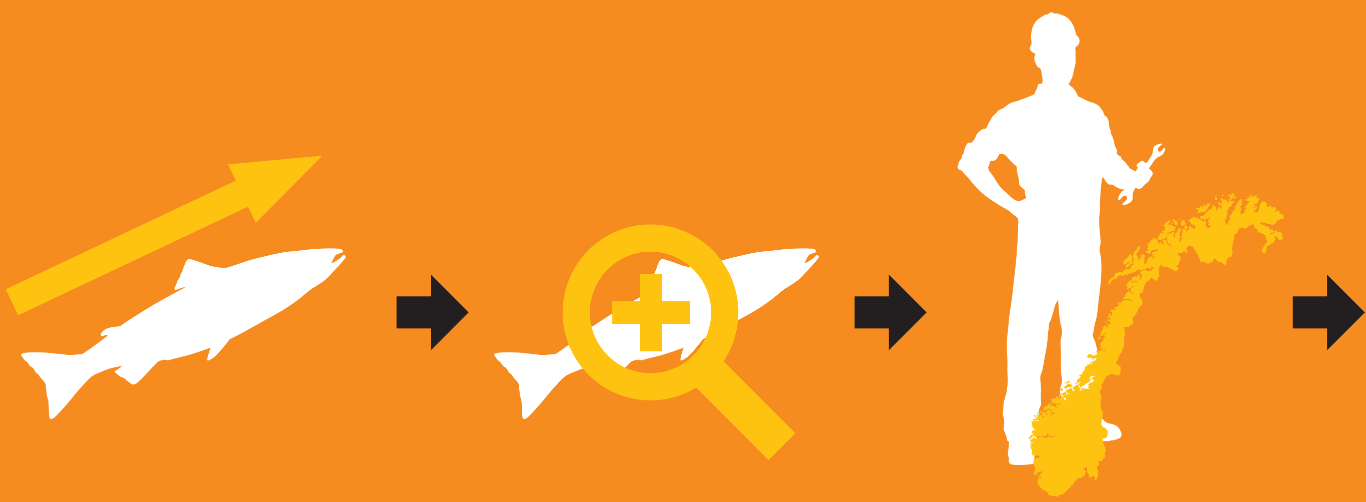
Financial performance discontinued operations

€ x million	2013	2012	Δ%
Revenue	1,414.9	1,680.1[1]	-15.8
EBITA before exceptional items	40.6	39.1[1]	3.8
Number of employees	3,553	3,556	

[1] Including Hendrix compound feed business.

Case study #3

Realising a state-of-the-art facility



The opportunity

Skretting is one of the pioneers in Norwegian fish feed, starting in the 1970s. The salmonid feed market has grown on average by 7% per year over the last 15 years.

Feasibility study

An analysis of the Norwegian salmonid feed market showed increased production capacity was needed in order to meet growing demand.

Realisation

The project took 2½ years with 400,000 man-hours invested in work on-site, involving 40 suppliers, and was completed on time and with greater capacity than predicted.

1983
First plant constructed in Averøy with a capacity of 6,000 tonnes per year

Erlend Sødal
Managing Director of Skretting Norway

"The Averøy project was the most significant we have ever completed. It is gratifying to know we can now produce more feed and of the highest quality for our customers."

Technology/ innovation

The development of a state-of-the-art plant meant implementing technology innovations in intake, blending/grinding and extrusion, representing the optimisation of the whole production line.

Capacity

After 2½ years, capacity has increased from 230,000 tonnes per year to 420,000 tonnes, which makes Averøy currently the largest dedicated fish feed plant in the world.

Growing value

The new plant meets the growth needs of our customers as well as delivering higher quality feed.

2013

Completion of capacity increase to 420,000 tonnes per year; up to 13,000 tonnes per week at peak demand

2030

Continue to meet the long-term growth needs of the market as described in a 2013 SINTEF report

Fish Feed

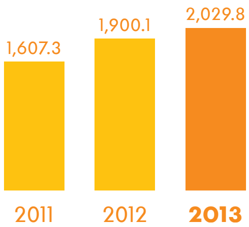
Fish Feed revenue of € 2,029.8 million was 6.8% higher than in 2012. Volume decreased by 1.4%. The volume development in salmonids was -0.4%. The main reasons for lower volumes this year were colder sea temperatures in Norway and lower volume in China due to a focus on lowering credit risks. The price effect was 8.4%. The effect of acquisitions in Egypt and Ecuador was 4.6%. The foreign exchange rate effect was -4.8%. EBITA before exceptional items was € 130.6 million (2012: € 142.0 million) due mainly to lower results in Norway.

Key figures

(€ x million)	2013	2012	Δ%
Revenue	2,029.8	1,900.1	6.8
EBITDA[1]	155.6	165.2	-5.8
EBITA[1]	130.6	142.0	-8.0
Operating margin (EBITA[1]/revenue)	6.4%	7.5%	
Average capital employed	495.7	410.6	20.7
ROACE (EBITA/ACE)	26.3%	34.6%	

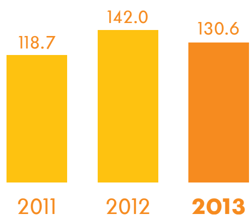
[1] Before exceptional items.

Revenue



EBITA

before exceptional items from continuing operations



Profile

Nutreco's fish and shrimp feed business Skretting has operations on five continents producing feed in 16 countries with sales in over 40 countries. Skretting produces and delivers high-quality sustainable feed from hatching to harvest for more than 60 species of fish and shrimp. The most important fish species include salmon, trout, sea bass, sea bream, yellowtail and tilapia in addition to shrimp. All feeds are formulated with the underlying drive to deliver excellent quality fish produced at competitive prices. The total annual sales volume is approximately 1.9 million tonnes.

The global Skretting brand is driven by the world-class aquaculture research centre, Skretting ARC, and the company's sustainability focus through Sustainable Economic Aquafeeds (SEA) and Nutrace (feed-to-food safety and quality). These help position Skretting as a world leader in fish and shrimp feed.

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

Market and competitive landscape

The addressable global fish feed market, including shrimp and high value white fish, is estimated at 19.5 million tonnes in 2013 and over the long term will grow by an average of 5% per year.

The principal markets for salmon and seawater trout feed are Norway and Chile, where approximately 80% of the world's farmed salmon is harvested. The average long-term annual growth in salmonid feed volumes from 1998 to 2013 was more than 5%.

The market for salmon and trout feed in Norway declined by 2% and in Chile the market declined by 4% in 2013 in comparison with the record year of 2012. Skretting is a leading feed supplier for all principal salmon farming markets with a global market share of 33%. The top three salmon feed producers Skretting, EWOS and BioMar together account for approximately 88% of the total global salmon feed market of 3.5 million tonnes.

In Norway, growth was constrained due to the maximum allowable biomass regime with no more licenses issued. The Norwegian government has always supported long-term sustainable growth for the industry and it is our expectation that this will continue. A report issued by Norwegian research organisation SINTEF noted that the long-term Norwegian aquaculture feed market has the potential to grow from 1.2 million tonnes salmonid feed in 2010 to 3.6 million tonnes by 2030. This represents a growth rate of approximately 5% per annum.

Marine Harvest, Skretting's largest customer, is currently constructing a fish feed plant in Norway with a capacity of 220,000 tonnes, which Marine Harvest have stated will be completed by the end of the first half of 2014. In October, EWOS was divested by its owner, salmon farmer Cermaq, to private equity. These two events contributed to a turbulent market environment in Norway.

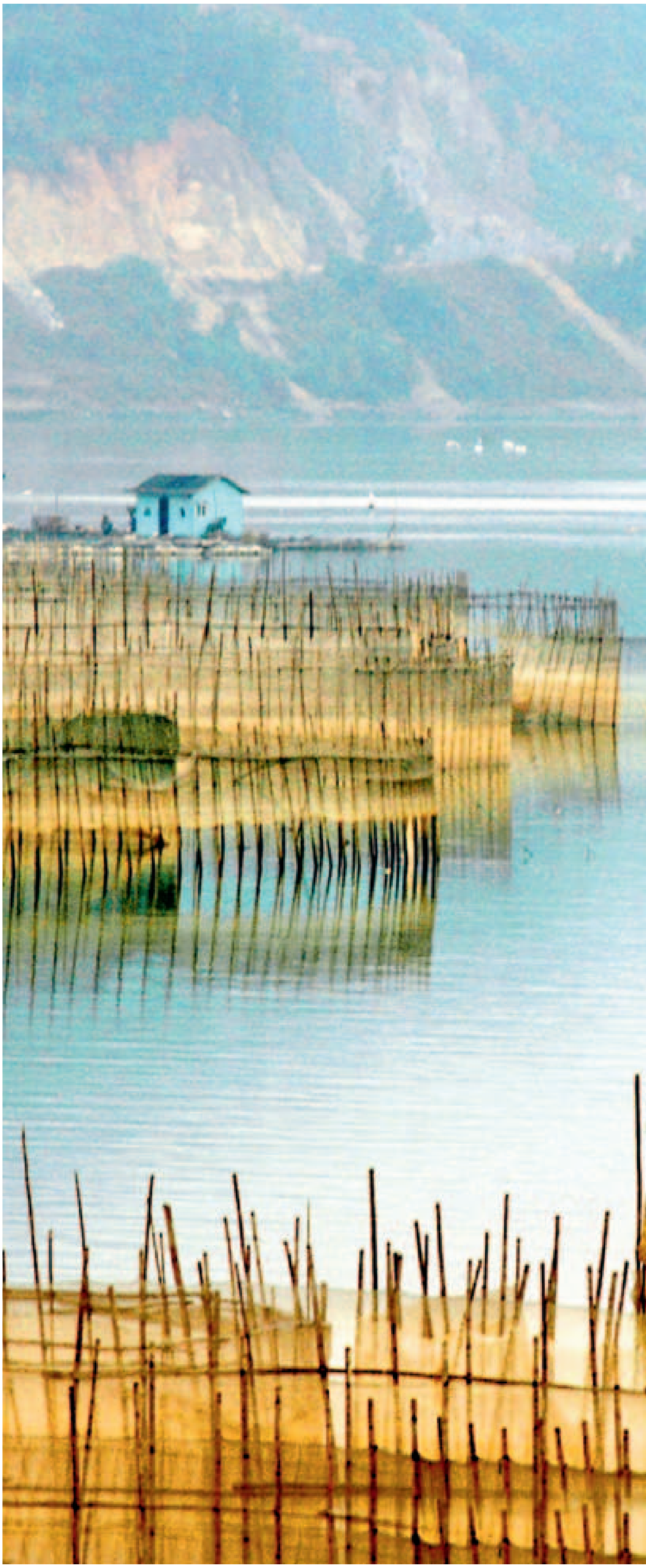
In Chile, the salmon industry remains impacted by challenging sanitary conditions, mainly sea lice affecting salmon and trout biomass. The industry has gone through many years of restructuring on bio-security controls in order to improve sanitary controls. In 2012 and 2013, producers decreased levels of trout and Pacific salmon (coho) and increased volumes of Atlantic salmon. While sales prices for all three species are at strong levels, production costs for producers have increased, leading to financial losses for some of the major producers.

The non-salmonid markets in Europe, predominantly sea bass, sea bream and fresh water trout in southern Europe, increased by 1.2% in 2013. The position of Skretting remained stable as market leader in France, Italy and Spain although several markets saw significant shifts in the competitive landscape due to their macro-economic situations.

Ecuador is the third largest global producer of farmed shrimp, and the acquisition of Gisis has placed Skretting amongst the three largest shrimp feed producers in the world. Most of the world's shrimp feed is produced in China, Thailand, Ecuador, India, Indonesia and Vietnam. The global market has a long-term growth rate of approximately 5% per year and was around 3.1 million tonnes in 2013, a decline of 20% from 2012 related to early mortality syndrome (EMS). The top five shrimp feed producers are Skretting, Charoen Pokphand Foods (CPF), Guangdong Evergreen Group, Guangdong Haid Group and Grobest, and together account for approximately 40% of the global shrimp feed market. CPF is by far the largest shrimp feed producer with the next four companies fairly close together in market shares.

It has been a challenging year for Thai, Chinese, Malaysian and Vietnamese shrimp feed producers due to a widespread outbreak of EMS, a bacteria that has caused large shrimp mortalities in those countries. Production has decreased by over 50% in the last three years and has resulted in record high global shrimp prices. It is expected that those countries will recover to pre-EMS production levels in the coming years, meaning countries such as Ecuador that do not suffer from EMS may have an advantage in the world markets for some time.

Egypt is the world's second largest producer of tilapia feed and the purchase of the remaining shares of Hendrix Misr further strengthens Skretting's position as a leading global tilapia feed producer.



Strategy

The world's population is now over 7 billion people and will exceed 9 billion by 2050. Wild catch fisheries production will remain stable, so any additional supply must come from aquaculture. A significant growth in aquaculture will be part of the solution to secure food availability for a growing world population. Skretting will undertake a leading role in developing the feed industry to enable increased production of sustainable fish and shrimp feed on all continents. Skretting also aims to maintain market-leading positions in fish and shrimp feed both geographically and across different species. In order to achieve this, Skretting works on qualitatively unique product concepts that are driven by innovation, food safety and sustainability, for example specialist feeds such as Protec and Optiline Premium. As part of Nutreco's strategy 'Driving sustainable growth', Skretting's strategy targets 5% organic growth per year.

Skretting aims to increase the share of non-salmonid fish and shrimp feed from 28% in 2010 (2013: 38%) to 50% of total fish and shrimp feed volume in the medium term. With the recent acquisitions in Egypt and Ecuador, Skretting has strengthened its position as a global player in the non-salmonid feed market.

Skretting will focus on expansion in non-salmonid fish feed in regions such as Latin America, Asia and Africa. Skretting will expand its acquired feed activities in Brazil, China, Vietnam, Egypt and Ecuador. A new Skretting ARC research unit has been established in China to support the growing need for more sustainable feed for sub-tropical fish species and shrimp. Skretting aims to launch the MicroBalance concept for shrimp feed in the coming year.

Developments in 2013

Marine Harvest, our largest customer, representing approximately 10% of total Nutreco revenue of which over 50% is generated in Norway, is currently constructing a fish feed plant in Norway with a capacity of 220,000 tonnes. Marine Harvest has stated that this plant will be completed by the end of the first half of 2014. This plant will supply over 50% of their needs in Norway. The existing feed supply contract is designed to allow them to phase in their own production in Norway as their factory begins production. This global contract covers 65% of Marine Harvest's feed needs. The total salmon feed market in Norway was 1.6 million tonnes in 2013. A long-term average growth of 5% per annum indicates that an annual average increase of approximately 100,000 tonnes capacity is required. The construction of a 220,000 tonne feed plant represents the required capacity increase for the next two years.

Nutreco's € 74 million upgrade of the Averøy salmon feed plant in mid-Norway was officially opened in September. Capacity was increased from 230,000 to 420,000 tonnes, which included an additional production line for extruded feed and the upgrade of existing grinding machinery and intake lines. The additional capacity was required due to the plant reaching maximum capacity as well as continued steady growth in the market. This facility is now the largest and most modern fish feed plant in the world.

The acquisition of 75% of the shares in Gisis in Ecuador was approved by the Ecuadorian competition authority in June. This acquisition has strengthened our position in Ecuador – the world's third largest shrimp feed market. As part of the acquisition of Gisis in Ecuador, Nutreco also entered into a joint venture for a new 80,000 tonne tilapia feed plant in Honduras, which was opened in August.

In April Nutreco acquired the remaining 2/3 of the shares in Hendrix Misr in Egypt. The acquisition strengthens Skretting's foothold both in a growing species, tilapia, and also offers a good base to expand further in an attractive growth market. Hendrix Misr is Egypt's market leader in extruded fish feed, which is sold under the trade name Skretting.

New innovations and products can be found in the innovation chapter on page 51.

Governance & compliance

Our Supervisory Board

Jan Maarten de Jong

1945, Dutch

Chairman 2011
Appointed: 28 August 2003
Reappointed at the AGM of 28 March 2011 for a third and final term of four years, expiring at the AGM of 2015

Among others, Chairman of the Supervisory Boards of Aon Groep Nederland B.V. and Onderlinge Levensverzekering-Maatschappij "'s Gravenhage" U.A., member of the Supervisory Boards of Heineken N.V., Theodoor Gilissen Bankiers N.V., Cement Roadstone Holdings plc (Ireland) and Kredietbank S.A. Luxembourgeoise (Luxembourg).

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

Jaap Vink

1947, Dutch

Vice-chairman 2011
Reappointed at the AGM of 28 March 2013 for a third and final term of four years, expiring at the AGM of 2017

Chairman of the Supervisory Boards of Aegon Nederland N.V. and several subsidiaries, including Aegon Bank N.V., Vice-chairman of the Supervisory Board of Vion N.V., member of the Supervisory Board of Cargill B.V. and Chairman of the Stichting Preferente Aandelen of Macintosh Retail Group N.V.

Mr Vink studied Organic Chemistry at Leiden University, the Netherlands, and in 1972 obtained a PhD in Mathematics and Natural Sciences. In 1974 he joined the Wessanen food company and moved to CSM in 1983. On 1 May 2005, after a career of 22 years with CSM, he left this food company, where he was Chairman of the Executive Board from 1997 to 2005.

Herna Verhagen

1966, Dutch

Appointed: 1 April 2010
Appointed at the AGM of 1 April 2010 for a first term of four years, expiring at the AGM of 2014

CEO of PostNL N.V. and member of the Executive Board of VNO-NCW (the Confederation of Netherlands Industry and Employers). Until 1 November 2013 member of the Supervisory Board of SNS Reaal N.V. and as of 28 November 2013 member of the Supervisory Board of Rexel S.A.

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

Ajai Puri

1953, American

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

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

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

Rob Frohn

1960, Dutch

Appointed: 21 April 2009. Appointed at the AGM of 28 March 2013 for a second term of four years, expiring at the AGM of 2017. Stepped down as per 27 March 2013

Member of the Supervisory Board and chairman of the Audit Committee of Havenbedrijf Rotterdam N.V. and member of the Supervisory Board of Onderlinge Levensverzekering-Maatschappij "'s Gravenhage" U.A.

Mr Frohn obtained a Master's degree in Business Economics from the University of Groningen, the Netherlands. He joined AkzoNobel in 1984 where he assumed various management positions from 1994 onwards. From 2004 until 1 May 2012 Mr Frohn was Member of the Executive Board of AkzoNobel, in the period 2004 till 2008 he held the function of CFO. From 1 June 2012 until 31 October 2013 Mr Frohn was CEO of Delta N.V. As per 1 November 2013 he joined Anthos International AG in Switzerland as CFO.

Report of the Supervisory Board

Dear stakeholders

It is my pleasure to present to you the report of the Supervisory Board over 2013; it aims to provide you with an overview of the activities we performed and the way we work. The year 2013 had some challenging developments, not only from an economic and financial perspective but also by addressing longstanding business items, resulting in a major shift in Nutreco's portfolio by the intended divestment of our compound feed and meat businesses in Spain and Portugal, as well as a changed management structure. I am pleased that in all these areas the Company has responded with energy and skills that enabled us to make progress.

Business items

Each and any business should regularly reassess its own economic purpose. A review of the composition of the company's activities and its portfolio against the strategy is one of the key priorities in such a review. The intention to seek a divestment of the Spanish and Portuguese compound feed and meat businesses reflects the outcome of such an assessment. As with the decision to reinvest in growth geographies, these reflected a long, hard look at where the business needs to devote its energy and resources to create sustainable value; and a willingness to make tough and sometimes painful decisions.

Management change

This year has also resulted in a transition in senior management. We are much in support of a two-person Executive Board, since it simplifies communication and shortens the distance to the business. Valuable support will be provided by an Executive Committee composed of the business' direct reports to the Executive Board as well as the functional Innovation and Human Resources officers. Two Executive Board members left the Executive Board early 2014; Viggo Halseth has become Chief Innovation Officer in the Executive Committee while Jerry Vergeer has decided to depart Nutreco; we are grateful for his contributions to the company over so many years.

Foundations for future growth

As business and governance issues are addressed, attention can turn increasingly to the strategic decisions that will determine Nutreco's prosperity and value for stakeholders over the next decade. Nutreco's strategic choices are defined by 'Driving sustainable growth'; a higher value-added portfolio, the addition of new aquaculture species, innovative sustainable nutritional solutions, and the focus to leverage its skills and scale into relative high-growth economies with less developed animal nutritional sectors.

Based on the mid-term review of this growth strategy, it was unanimously concluded that its fundamentals remain to be valid and strong; the adjustment of the financial targets, based on the company's changed portfolio and new market reality, will not delay the execution of the strategy by the company. The key to unlocking the value of the strategy is discipline in how opportunities are approached, and flexibility, drawing on the lessons of experience. Against this background, we are, and will continue to be, observant and will approach such choices within a framework of financial discipline since we are convinced that attractive sustainable returns will depend on proper capital allocation.

Financial results and strategy

In our opinion the company continued to do well in 2013. Despite some challenging economic circumstances in the markets where we operate, revenue increased slightly and overall margins remained relatively stable, while with investments we strengthened our presence in targeted growth geographies. These will bring more balance to our revenues, geographic results and species. Important priorities for 2014 are delivering on our strategy, further integration of the recently acquired entities by further capturing of synergies, management development and succession planning, while at the same time we continue to look at new opportunities to fulfil our strategic goals. With a net debt to EBITDA ratio at year end of 1.1, Nutreco's balance sheet is strong and its steady cash flow generation provides a solid foundation for growth organically as well through acquisitions.

I would like to extend my thanks, on behalf of the Supervisory Board, to the Executive Board and all Nutreco employees around the world, for their dedication and hard work for the company in 2013.

Jan Maarten de Jong
Chairman

Activities of the Supervisory Board in 2013

The Supervisory Board held seven plenary meetings in 2013 and one conference call, all according to a fixed schedule. Three closed meetings, without Executive Board members, were held preceding regular meetings. One additional conference call meeting was scheduled to discuss a proposed acquisition. Furthermore, during the year several telephone conversations and meetings between Board members were convened to select and assess candidates to be nominated for an upcoming vacancy in the Supervisory Board. Between meetings, the Chairman maintained intensive contact, both in person and by telephone, with the Chief Executive Officer (CEO). The Chairman acts as the first point of contact within the Supervisory Board for the CEO, for discussions on topical issues and Nutreco's general affairs. The evening preceding Supervisory Board meetings, the full Board has a closed meeting with the CEO. Once a year, the Chairman has individual meetings with all Executive Board members.

During 2013, attendance at our Board and committee meetings was high, no members were absent except for two members who were both excused once due to scheduling conflicts. They provided input in advance and designated other Supervisory Board members to proxy for them. The discussions within the Board were based mostly on documents and presentations of the Executive Board. By way of preparation, many subjects were discussed in advance in one of the Board's committee meetings. In the meetings with the Executive Board, the Board was updated on a number of recurring items, such as news regarding Nutreco, financial performance, net working capital developments and financial forecasts, reports on the operations, developments in the markets in which Nutreco operates, business projects and acquisition opportunities. The Board takes a close interest in investor relations; trading updates, share price developments and the composition of the shareholder base are evaluated on a regular basis along with feedback from investor road shows. Press releases related to financial results were discussed prior to publication. Throughout 2013 we closely monitored progress and provided advice on the strategy 'Driving sustainable growth'; based on the outcome of the mid-term review in 2013 some organisational changes have been implemented to leverage execution further.

In early February, in the presence of the external auditor KPMG Accountants N.V., we discussed the draft 2012 annual accounts as well as the external auditor's report and the findings summarised in the management letter. The Board agreed with the Financial Statements and approved the dividend proposal and the 2012 annual results press release. The auditor's recommendations in the management letter were all related to improvement opportunities; no material weaknesses in internal control were identified. The improvement potential mainly relates to the on-boarding programmes of new acquired companies, as well as project management for investments. The Executive Board agreed with these comments and plans were made for follow up; we have been monitoring progress. After review of the unqualified opinion provided by the external auditor, Nutreco's 2012 Financial Statements were endorsed by all members of the Supervisory Board.

The draft Integrated Annual Report 2012, including the draft report of the Supervisory Board and its committees, was discussed and some adjustments to the text were made. In addition, the Board decided on the Executive Board's performance rating over the year 2012, the granting of performance-based shares and the 2013 bonus performance criteria. It was further decided to reinforce the tools for measuring the achievement of the strategic and organisational targets for the short-term variable remuneration (cash bonus), that has been put in place as from 2013. The draft agenda for the Annual General Meeting in March was approved, including a change in the Articles of Association to facilitate the proposed one for two share split.
In this meeting the initiative to start an orientation process on a potential divestment of the Spanish and Portuguese compound feed and meat operations was discussed. Although these operations are long-standing, well performing and very much appreciated parts of our company, they no longer fit our strategy and we therefore supported the direction as proposed by management. During the year, the Board was regularly informed and closely monitored developments on this project.
Ample discussion took place on the proposed investment in the remaining 66% share capital in Hendrix Misr (Egypt); the strategic rationale, the local political situation, governance, financing and the related risk profile of this potential acquisition were discussed. Specifying some conditions, the Board gave the go-ahead to proceed with the exploratory study on this acquisition opportunity.
Extra attention was devoted to the changing profile of the company in relation to the strategy and the growth by means of acquisitions in growth geographies as well as other major capital investments. We advised that Company's governance structure be adapted in such a way that business operations and financial reporting are aligned, while risks are well in scope and mitigation capabilities and measures are in place. The Executive Board concurred with this vision; plans were developed to align the governance structure to support the next phase of the Company's development.

In the meeting held at the end of March, we prepared for Nutreco's Annual General Meeting. Considerable time was spent on the proposal on the Nutreco values and their launch. We fully endorse the core value 'Innovative' and made some suggestions on the accompanying values as well as the implementation plan. Information was received on the progress and development of the Unite project. Last but not least, the Board received a presentation from the corporate director M&A, who gave an overview of the execution and deal-structuring activities within Nutreco, as well as the acquisition opportunities and competition in our industry.
At the end of April, an additional meeting was convened by conference call, in the presence of the CFO and the COO Aqua, for the exclusive purpose of discussing the proposed acquisition of Hendrix Misr. An update was received on the

due diligence findings, as well as other information on political and currency risks, ethical behaviour and future growth potential. We agreed to conclude the proposed acquisition, with a few financial and governance-related conditions.

The two-day meeting in June which was held in Noordwijk, the Netherlands, was combined with a visit to the AgriVision 2013 conference. Senior management of the Animal Nutrition segment presented extensive updates on developments in their global markets, which gave a good view on their specific challenges. During the meeting, an update was received on the progress of the strategic projects; with special focus on the proposed global talent and management development programme initiated under the lead of the newly-appointed global director Human Resources. Information was received on an acquisition opportunity in the Ukraine as well as the recent closure of the transaction in Egypt. Much time was spent on the developments regarding Marine Harvest and their public offer for Cermaq. We also discussed the longlist of candidates for the vacancy in our Board, prepared for us by an external search agent, and contingency planning. The post-acquisition review of Shihai (China, 2011) was discussed; some specific actions but also general lessons were drawn. Due time was dedicated to an internal whistle-blower report concerning alleged fraud by local management in a specific country in conjunction with one of our service providers. We examined and agreed with the proposed investigation plan, the internal and external functions involved in this investigation, and the procedures around safeguarding of rights of staff and employees concerned. The outcome of that investigation in July showed no evidence for fraud or other irregularities, but some weaknesses in internal controls and contract management were noted for which an improvement plan was made.

In a telephone conference meeting held in July, the half-year 2013 results and the external auditor's interim report were discussed. The Board agreed with the half-year results and approved the draft press release, including the outlook for 2013, and the proposal of the Executive Board to grant an interim dividend of € 0.30 (2012: € 0.30) per ordinary share.

In September an update was received on the strategic and organisational objectives and actions to realise the 'Driving sustainable growth' strategy; extra time was devoted to the proposed organisational and financial amendments in relation to the Unite project, which were approved.
We agreed with the tender process for engaging a new external auditor as from 2016, for submission and decision at the AGM in 2015, as well as the role of the Audit Committee in this process. In view of the strategic exercise ongoing related to the Spanish and Portuguese operations, we discussed the potential effects of a potential divestment in view of Nutreco's current strategy, as well as the 2014 budget. In this meeting the Board was informed about a few opportunities to expand the business in new targeted growth geographies.
In a closed meeting the Board discussed the outcome and actions related to their self- assessment exercise carried out by an outside advisor. Details are noted below.

In November, particular focus was given to the initiatives by Human Resources for talent management and the Nutreco company values that will be connected to development and behaviour planning. A first draft of the 2014 budget was reviewed, also in view of the forecast 2013 and 2016 financial targets. The divisional Procurement directors presented an overview on the process and organisation of Nutreco's direct (raw materials) and indirect sourcing.

In a closed meeting preceding the regular December meeting, compliance of Nutreco with the Dutch Code on Corporate Governance, as well as performance of the Executive Board as a whole and its individual members, were reviewed.
The relevant outcomes of this meeting are reflected in the various parts of the Integrated Annual Report 2013.
In our regular meeting, we were informed on the status and developments regarding the intended divestment of the compound feed and meat businesses in Spain and Portugal. Based on the progress made, we agreed with the proposal to classify these assets by year-end as 'held for sale'. Ample time was spent on the 2014 financial budget; this was extensively discussed and challenged. Special attention was paid to the long-term growth objectives towards realisation of the strategy, given the intended divestment of large non-core business in Spain and Portugal but also in relation to some businesses performing less well. The proposed actions, as well as the related risks, were duly challenged. After this discussion, we agreed with the 2014 budget and the proposed direction on the strategy 'Driving sustainable growth' as well as the principles of a new organisation structure, including the new composition of the Executive Board. We discussed the preliminary results of the Employee Engagement Survey.
Last but not least, updates were received on claims and litigation matters, developments in Dutch law as well as the 2014 programme of the Nutreco Code of Ethics.

Supervisory Board committees

Remuneration Committee

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

The Committee met two times (February and December) in the presence of the CEO and as from December the Corporate Human Resources Director participated.
In between meetings, the Chairman of the Committee had regular contact with the CEO.
The Committee prepared proposals to the Supervisory Board on the performance evaluation of the Executive Board against the 2012 performance targets in order to define the short-term variable remuneration (cash bonus), and defined the performance targets for 2013. Also the proposed annual grant of performance shares under the Long-Term Incentive Plan to the Executive Board and senior management was assessed, as well as the final ranking within the peer group as the basis for the vesting of the conditional performance shares granted in 2010. These proposals were unanimously confirmed by the Supervisory Board.
The Committee reviewed the Remuneration policy, as well as the annual fixed base salary of Executive Board members, both will remain unchanged for 2014. The continuation of

the share-based incentive plans for 2014 was approved and the proposed annual performance targets 2014 were discussed, and amended. The Committee further reviewed the scenario analysis on the share-based incentive plans as prepared by an external advisor, and discussed compliance by Nutreco with the remuneration section of the Dutch Code on Corporate Governance. Also the consequences of new upcoming Dutch legislation related to the potential recourse of variable remuneration components of Executive Board members was discussed and assessed against the existing contractual employment agreements. It was concluded that the contractual situation is in line with the new legislation, except for the period of the 'claw-back' that is contractually limited to 23 months, which item will be reviewed and addressed in 2014 in the framework of the scheduled overall review of the remuneration policy.

Audit Committee

R. Frohn (chairman); J. Vink

According to a fixed schedule, the Committee met four times in the presence of the CEO, CFO, director Group Internal Audit and KPMG Accountants N.V. One meeting was held partly without any members of the Executive Board present. Furthermore, in April and October telephone conferences were held to discuss and review the quarterly financial results and the related press releases. In between meetings, the chairman had regular contact with the CFO.

In February, the Committee reviewed the draft annual accounts 2012 as well as the draft Integrated Annual Report 2012. Updates were received on the impairment testing of acquired entities, provisioning of accounts receivables, legal claims and pending litigation, other services performed by the external auditor as well as the dividend proposal. The draft press release regarding the full year 2012 was discussed and, after some amendments, forwarded to the Supervisory Board for final review. The Committee also reviewed the 2012 report on compliance with the Code of Ethics, based on the annual compliance certificates received from management and senior staff and the anonymous reports received on the Nutreco Integrity Line. A few cases of non-compliance were reported, none of which were of material importance. Important items on the agenda were the auditor's report 2012 and the management letter 2012 of the external auditor; the auditor did not identify any material weaknesses in internal control, though some improvement opportunities were presented. These mainly relate to further strengthening of the on-boarding programmes of new acquired companies, as well as project management for investments. The Executive Board agreed with such comments and plans were made for follow-up. The embedding of the Code of Ethics programme was considered well on track. At the close of the meeting, the Audit Committee had a closed session with the external auditor.

In the conference call in April, special time was devoted to the financial development of the company, with not only EBITA but also working capital and cashflow developments being closely monitored. The financial valuation of the proposed acquisition of the remaining 66% shares in Hendrix Misr (Egypt), its future financing, governance and political risk factors were also reviewed.

In June, special attention was paid to the follow-up actions on the external Auditor's management letter 2012. A presentation was made by the corporate director Information Technology on IT strategy and governance, sourcing, risks and security as well as the progress of related projects. On risk management, the main risk categories were re-assessed and where needed re-rated, taking into account the mitigating measures and controls being in place. The director Group Internal Audit presented a progress report of the results of internal audit reviews and IT audits and the related actions. With regard to the external audit, the Committee reviewed, in consultation with the CEO and CFO, the proposed audit scope, approach and fees for the 2013 audit, and the independence of the non-audit services provided by the external auditor. In the absence of the auditor, the Committee assessed that the 2012 audit was performed adequately, communications between the external auditor and Nutreco were appropriate, the attitude of the auditor was found to be independent and professionally critical, and the expertise and composition of the audit team was up to standard. In this meeting information was received on an internal whistle-blower report concerning alleged fraud by local management in one of the operations in conjunction with one of our service providers. The forensic investigation plan prepared by the company and the parties designated to perform such actions were agreed on. In the course of July, the outcome of the investigation showed that no indications of fraud or irregularities were proven, but in the given operation some internal control and reporting weaknesses were found. Remedial actions were taken to address these concerns.

In the July meeting, the Committee reviewed the draft half-year interim results and the external auditor's interim report on the half-year figures. The main discussion items were the recent acquisitions of Hendrix Misr (Egypt) and Gisis (Ecuador), the follow-up on the forensic investigation and the potential impact of the public tax debate on Nutreco. Also the interim dividend proposal was discussed. In view of the challenging market circumstances in the first half-year, considerable time was spent on Nutreco's 2013 outlook statement. The draft press release was reviewed and forwarded with some remarks to the Supervisory Board for approval and release.

The full Supervisory Board participated in the October conference call on the third quarter results. Given the developments of the financial results, impacted by the economic crisis, ample time was spent on analysis and the wording of the related press release.
In December, we evaluated and discussed the report of the external auditor on the hard close of the third quarter accounts that indicated a few small topics for further fine-tuning. A great deal of time was spent on the proposed working capital reduction programme. An update on claims and litigation was presented. With regard to integrity, the Committee was informed on the implementation status of the Code of Ethics. In relation to internal risk management,

the annual re-assessment of Nutreco's major risk categories and the risk appetite definitions were reviewed and risk corrective actions were identified to address the top risks. The final risk management profile was reported to and discussed with the Supervisory Board in February 2014. For more information see pages 86-94.

Selection and Appointment Committee

The full Supervisory Board acts as this Committee, which meets on an ad hoc basis. Given the upcoming changes for 2014 and 2015 in the composition of the Supervisory Board, in the second half of 2013 a search was initiated for a new Supervisory Board member. The Committee was assisted by an external recruitment firm in identifying potential candidates. The Committee is pleased to nominate Piero Overmars to the Annual General Meeting in March 2014 to be appointed as a new Supervisory Board member. It is intended that he will succeed Rob Frohn, who will step down in March 2014. Piero Overmars started his induction programme in November.
Ample time was spent on the proposed new organisation and governance model; the settlement agreement for the Executive Board members stepping down early 2014 was discussed, the terms and conditions of the new-to-be established Executive Committee as well as the nominated candidates to fulfil the positions in that committee were scrutinized. We are pleased that we can draw on talent from around the world to build a new leadership team with a wide diversity of experience and skills, reflecting the breadth of Nutreco's business.

Innovation and Sustainability Committee

A. Puri (chairman); J. Vink

The Committee met three times, in the presence of the corporate director R&D, the CEO and both the COOs.

The main topic discussed in the February meeting was Nutreco's quality management system for ingredients and the proposals for its global integration and alignment. Related governance, compliance and monitoring of this plan (that runs until 2016) were also reviewed. Much time was spent on Nutreco's procurement strategy and the vendor policy, which is part of the performance objectives 2013.
We consider sustainable procurement as a major driver for value creation, from the perspectives of growth, cost and risk reduction and reputation management. The Committee reviewed the sustainability performance objectives 2012, and concluded that both targets (reduction of Nutreco's own manufacturing carbon footprint and roll-out of Nutreco's Sustainability Vision 2020) were realised, resulting in a score of 100%. Also the performance targets for 2013 were discussed. We are pleased with the appointment of a dedicated director Sustainability that started employment in April 2013; it underlines our ambition on sustainability in our business as a pre-requisite for future competitive success.

In June, the Committee was updated on the progress of the Application and Solution Centres, as well as the process and progress on the development of innovative animal nutrition products. Three recently launched products that support and improve health were presented; Presan, Vivalto and Trouw AO-mix. The Committee concluded that both the innovation process as well as the multidisciplinary approach for optimal value proposition that were defined earlier as strategic spearheads, are progressing well.

The December meeting focused on innovation within our Fish Feed business. Their main drivers are quantitative nutrition (use of materials in combination with performance) in combination with functional nutrition (specific feeds). Innovation priorities are based on market, customer and business needs and output is translated into global feed products and concepts. Given our longstanding experience in this sector, which is relatively young, we are in a good position to leverage these developments. The corporate Director Sustainability informed the meeting on the projects and it was concluded that good progress was made on engagement for supplier responsibility; all of Nutreco's major suppliers have signed our vendor policy, though some with waivers. For 2014 it was agreed to focus on further strengthening the vendor policy with a focus on auditing and on launching NutrECO-line, the Nutreco nutritional solutions sustainability programme, described on pages 40-41 of this report.

Composition of the Supervisory Board and Executive Board

The members of the Supervisory Board together represent a broad range of experience and expertise. The Supervisory Board meets the requirement of the Dutch Corporate Governance Code on independency, and it also complies with the rules that its members do not hold more than five Supervisory Board positions at publicly listed Dutch companies. The Supervisory Board currently comprises five members, whose profiles are provided on pages 78-79 of this report.

At the end of the Annual General Meeting on 27 March 2014, the first term of Herna Verhagen will expire. Ms Verhagen is eligible and available for reappointment, she fits the profile of the Supervisory Board and given her experience, knowledge, dedication and valuable input to board meetings, the Board will make a non-binding nomination for her reappointment. At the same date, Rob Frohn will voluntary step down from his position as Supervisory Board member. He has decided to withdraw from this function, after 5 years of service to Nutreco, given his other new professional duties that no longer enable him to spend sufficient time for this function. Though we understand his position, we much regret to see him leave and we thank him for his valuable perspectives on international business and finance, as well as his dedication during his tenure, and wish him success in his other business opportunities. We are pleased that Piero Overmars has recently agreed to be nominated for a Supervisory Board membership, subject to approval by the Annual General Meeting in March 2014, to fill the vacancy of Rob Frohn.

In 2015, a vacancy will arise due to the expiration of the third and last term of Mr Jan Maarten de Jong. In December 2013, the Board reviewed and updated the Profile of the Supervisory Board, also in view of article 2:166 of the Dutch Civil Code. In 2014 and based upon this Profile, a search will be initiated for a new Supervisory Board member. Diversity, including gender, will be an important consideration in the selection process for (re-)appointment of Executive and Supervisory Board members, but at the same time, key priorities will remain quality, expertise and experience.
During 2013, no changes took place in the composition of the Executive Board. In early 2014, the composition of the Executive Board changed: Jerry Vergeer and Viggo Hallseth resigned. As from February 2014, the Executive Board consists of Knut Nesse as CEO and Gosse Boon as CFO. They are supported by an Executive Committee composed of the business' direct reports as well as the functional Innovation and Human Resources directors.

Self-assessment Supervisory Board

Under the lead of an experienced external board facilitator, during 2013 the Supervisory Board reflected on its own performance, composition, and that of its three Committees. Each individual board member, as well as the CEO and the Company Secretary, was asked for their views of the quality of a number of aspects of the Board's performance, to ascertain whether they met their needs and expectations. Items assessed included board responsibilities, oversight, meetings, support, composition, cooperation, outcome and achievements.
A full report of the individual interviews as well as a summary of the recommendations was discussed under the lead of the facilitator in a closed Board meeting held in September. It was evident from the results generally that the Board as a whole is performing well. A few areas of development were identified to improve board effectiveness, so that focus and attention is maintained on a higher level and strategic matters. The main suggestions made were: organising an annual off-site strategy day with the Executive Board to enable a dedicated review of the Company's ongoing strategic plans; a review on the effectiveness of the risk management process; further standardisation of the documentation presented to the Board to facilitate effective decision-making, and last but not least the inclusion of some specific skills in the capabilities of the Supervisory Board that can assist the company to achieve its strategy. Some of these items had already been identified and an action plan for implementation has been put into place.
It is the intention of the Board to use an external facilitator in the evaluation process every third year.

2013 Financial statements and dividend

The Financial Statements for the year 2013, as prepared by the Executive Board, have been audited by KPMG Accountants N.V., whose auditor's report is included on pages 204-206 of this report, and were extensively discussed in February 2014 by the Audit Committee with the external auditor in the presence of the CEO and CFO. In addition, they were discussed by the Supervisory Board and the Executive Board in the presence of the external auditor.

The Supervisory Board endorses the Executive Board's proposal to pay a total dividend of € 1.00 per ordinary share for the year 2013, at the discretion of the shareholders either in cash or in the form of ordinary shares in the capital of Nutreco. The pay-out ratio amounts to 45% (2012: 45%). Of this total dividend, the Company has already distributed as interim dividend an amount of € 0.30 per ordinary share in August 2013, so the final dividend amounts to € 0.70 per ordinary share. The Supervisory Board also supports the Executive Board's proposal to retain the remaining net income for equity holders of € 102.0 million and add it to reserves. The ex-dividend date will be 31 March 2014 and the record date will be 2 April 2014.

The Annual General Meeting will be asked to grant discharge to the members of the Executive Board for their management during 2013 and to the members of the Supervisory Board for their supervision over said management.

The members of the Supervisory Board and Executive Board have signed the 2013 Financial Statements pursuant to their statutory obligation under article 2:101(2) of the Dutch Civil Code. The members of the Executive Board have also signed under article 5:25(2)(c) of the Markets Supervision Act (Wet op Financieel toezicht).

The Supervisory Board recommends that the Annual General Meeting adopts the 2013 Financial Statements and the proposed dividend over the year 2013.

Amersfoort, 5 February 2014

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

Risk Management

Proper risk management plays an important role in the execution of Nutreco's strategy. Risk management helps to obtain greater awareness of the risks that the organisation faces and their inter-related nature. Pro-active management of those risks and transparent decision making around risk/reward trade-offs contribute towards greater likelihood of the achievement of our strategic objectives. Managing risks is not only an essential element of entrepreneurship but also an enabler for a sustainable business.

Risk appetite

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

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

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

Risk Management and Control systems

Risk profile

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

Risk Management Model

Risk management is based on a model that is used by the business operations throughout the Group. The risk monitoring results are discussed during business review meetings and are presented to the Executive Board for evaluation.

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

In the course of 2013, Nutreco redefined its risk appetite – as presented above – and performed a high-level assessment of the appropriateness of the risk model and the remaining risks compared to the risk appetite per key risk category. Several new or revised policies were introduced, changes in procedures and controls were implemented and further actions for improvement were defined. In 2014, the corporate risk management function will be strengthened and further alignment of the different functions from a risk management perspective will be pursued.

Responsibilities

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

Risk Management Advisory Board

For the various types of risks, the RMAB evaluates exposures and advises both the Executive Board and the businesses on risk management and on the set-up and effectiveness of the implemented control measures. The RMAB consists of the CFO, Corporate Controller, Group Treasurer, Company Secretary, Director IT and the Director Group Internal Audit. Specific business and other knowledge is provided by business management and internal or external experts who are invited to attend the meetings.

In 2013, the RMAB met six times (2012: eight times). An overview of the main topics discussed in the RMAB meetings was presented to the Executive Board and the Audit Committee.

In the meetings in 2013, the RMAB paid attention to issues such as the euro crisis response plan, the improved Internal Control Framework and related segregation of duties and control self-assessments, authorisation levels, project management and several new or revised group-wide policies and procedures. Also a small number of compliance-related matters were discussed. Specialists from different areas (procurement, tax, pensions and treasury) gave presentations on risk management in their areas of responsibility. As part of the Expanding Horizons employee development programme (see HR chapter), an assessment was completed on operational risk management in general within Nutreco.

Key risk categories

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

Key risk categories	
Strategic	1. Macro-economic and geopolitical 2. Mergers & acquisitions, divestures, (de)integration
Operational	3. Catastrophe 4. Customer concentration 5. Customer needs and innovation 6. Feed safety 7. Product pricing 8. Project management 9. Volatility in raw material markets 10. Supplier concentration
Financial	11. Capital markets 12. Credit 13. Tax
Compliance	14. Non-compliance

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

Strategic risks

1. Macro-economic and geopolitical risks

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

Managing the risks of macro-economic and geopolitical crises

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

The chance of a euro crisis occurring, which was very much present one year ago, reduced during 2013. A contingency plan and communication structure have been put in place.

In some of the emerging markets in which we operate (e.g. Egypt and Ukraine) political unrest increased. The geographies which are key for realising the growth ambitions in Nutreco's strategy – especially Latin America, Russia, Asia and Africa – have shown positive economic developments and relative political stability in recent years. We have no indications that this will change significantly in the near future. Nutreco is aware though that its presence in emerging markets could eventually lead to greater political risks, including changes in tax systems. Any such developments and risks are carefully monitored and selectively mitigated by insurance coverage. Through a geographically oriented business unit structure, Nutreco actively follows markets and economic and political developments in order to be able to respond to changes adequately. In the case of new or prolonged crises, Nutreco is resolute in making decisions regarding the focus of the businesses, potential transfers of production to other areas and investments.

2. Risks related to mergers and acquisitions, divestures and (de)integration

The risk of not finding value-creating merger or acquisition opportunities, or that the acquired companies are not in line with the strategy or are acquired based on the wrong investment assumptions, and/or failure of (de)integration, threatening the achievement of expected synergies and returns.

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

It is part of Nutreco's strategy to expand through acquisitions in the growth geographies Latin America, Russia, Asia and Africa. The selection of acquisition targets from these areas is stringent, considering amongst others corporate governance, business culture and integrity, feed safety, sustainable sourcing and manufacturing practices. In addition, pre-defined financial requirements apply.

In 2013 the Nutreco Mergers and Acquisition (M&A) policy was updated. This policy is focused on the pre-acquisition period and the acquisition process itself, but also sets the foundation and direction for the post-acquisition process. Nutreco carries out a thorough M&A process during which various departments, including Control, Treasury, Tax, Legal, Internal Audit, IT, HR, Corporate Development, Investor Relations and Health, Safety, Environment and Quality are involved in an advisory capacity.

Nutreco generally builds a pipeline of targets of companies that are at or close to its strategic requirements. Nutreco has a good basis through local presence with senior management in Latin America, Russia and Asia. Recently, a dedicated business unit for Africa was established. While proper policies and structures are in place, finding suitable sizable acquisition candidates that meet Nutreco's financial and other requirements has proven to be challenging. Nutreco will maintain its risk and reward assessments that ensure that acquisitions are in line with our risk appetite and have a high probability of delivering appropriate results in return on invested capital. Nevertheless, there always remains a possibility that acquired companies will not be performing as expected, which implies an impairment risk. No impairments were recorded in 2013. A sensitivity analysis on the impairment testing for 2013 is included in Note 14 to the Financial Statements.

In 2013, Nutreco acquired 75% of Gisis in Ecuador and increased its shareholdings in companies in Egypt and the Ukraine. Some smaller business operations were divested.

During 2013, Nutreco considered the strategic opportunities for the compound and meat businesses in Spain and Portugal, which have been classified as discontinued operations as at 31 December 2013 (refer to page 69 for further background). A potential divestment would change the size of Nutreco significantly, with a full focus on premix, feed specialties and fish feed.

The integration of acquired businesses is supported by business integration plans (BIP) that include functions such as marketing, sales, human resources, finance, R&D and procurement. After each acquisition, the execution of the BIP by dedicated people is closely monitored and discussed during the monthly business review meetings. In 2013 significant corporate and divisional attention was given to the integration of companies acquired in the last two years, in particular to Gisis in Ecuador, Hendrix Misr in Egypt, Bellman in Brazil and Shihai in China.

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

Operational risks

3. Catastrophes

The risk that a major (natural) disaster threatens the organisation's ability to sustain operations, provide products and services or recover operational costs. This includes risks such as animal diseases, earthquakes, drought, breakdown of factories, etc.

Managing the risk of catastrophes

Catastrophes are mostly of an external nature and normally cannot be (timely) foreseen. However, Nutreco strives to be prepared to deal with the occurrence of external developments that may directly affect its business. For example, animal diseases in livestock farming could lead to a significant reduction of the number of animals and, as a consequence, to a lower demand for feed. The regional spread of activities and the variety of animal species for which feed is supplied limits this risk. In 2013, there were, amongst others, outbreaks of EMS (early mortality syndrome) for shrimp in Asia and avian influenza. These situations impacted our local businesses to a certain extent but did not have a significant impact on Nutreco's business as a whole.

To the extent possible, Nutreco will respond to catastrophes when they occur. Procedures for direct notification of incidents and a policy regarding accidents and injuries are in place.

The risk of unavailability of certain raw materials as a result of drought/poor weather conditions and poor harvests, for example, can mostly be mitigated by substitution of other raw materials. For other climate effects, such as cold water temperatures in Norway in the beginning of 2013, which had a negative impact on salmon farming, no remedies exist.

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

4. Customer concentration risk

The risk that Nutreco becomes dependent on a small number of major customers.

Managing the risk of customer concentration

In general, Nutreco's customer base is rather fragmented, especially in animal nutrition, where Nutreco supplies a large number of relatively small customers. By contrast, salmon feed is supplied to a small number of large companies. The most important customer in the Fish Feed segment, Marine Harvest, accounts for approximately 10% (2012: 8.6%) of Nutreco's total revenue.

Marine Harvest is currently building its own feed plant in Norway, which, according to Marine Harvest, is expected to become operational in the second half of 2014. As a result, the financial importance of Marine Harvest as a customer is expected to decrease. While changing market dynamics in Norway will impact our volume growth, Nutreco is increasing sales to other customers to replace the Marine Harvest volumes and is committed to remaining the market leader in salmon feed in Norway. The recent developments in the Norwegian market underscore Nutreco's strategy to diversify and increase its fish feed business for non-salmonid species from 28% in 2010 to 50% of total fish feed volume in the medium term. This growth is being realised by expanding the presence in Latin America, Asia and Africa, and further diversifying the species portfolio.

Relationships with large customers are managed by key account managers, including involvement of the Executive Board. Nutreco aims for long-term and sustainable partnerships.

5. Risks related to customer needs and innovation

The risk of a lack of focus on changes in customer needs threatening Nutreco's capacity to meet customer expectations by (sustainable) innovations, leading to reduced attractiveness in the market and/or a threatened competitive position (commodity trap).

Managing risks related to customer needs and innovation

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

The Application and Solution Centres (ASC) in Canada and the Netherlands and the Aquaculture Research Centre (ARC) in Norway provide a necessary interface between the needs of the local markets and the global R&D centres, indicating research priorities and steering successful innovations.

In 2013, the upgrade of the Swine Research Centre for sows and piglets in the Netherlands was completed and a new shrimp and marine species feed research unit in China was set up. In addition, the ASCs were further professionalised and – using a clearly defined stage-gate process – delivered a number of successful innovations. For details, reference is made to the Innovation chapter of this integrated report.

6. Feed safety risks

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

Managing feed safety risks

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

Assurance that only safe raw materials from approved suppliers are used in products is of utmost importance. Analyses of raw materials and products are conducted in both Nutreco's own and external laboratories.

Nutreco continues to invest in improving quality and safety standards. Thorough and detailed monitoring programmes at all relevant stages from raw materials to finished products are executed via monitoring systems and quality control programmes. Nutreco is in the process of implementing a new overarching Quality Management system called 1 QM. This system supports the Vision 2020 ambitions in the areas of Quality/Food Safety and Health, Safety and Environment (HSE). The objective of 1QM is to ensure the quality of Nutreco's core processes by optimising and standardising business quality management processes and information by means of one global IT platform.

In support of its successful Nutrace programme, Nutreco uses NIR (Near-Infrared Reflectance) spectroscopy as an analytical method. A direct link to the NIRLine service of Nutreco's Masterlab assures a rapid quality check on incoming raw materials and ingredients.

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

In spite of the systems and procedures described before, Nutreco was confronted with a limited number of contamination issues and related claims in 2013 and before. These cases have either been settled or provided for, as deemed appropriate, and they reconfirmed the need for continuous improvements in governance, detection systems, quality assurance and crisis manuals. Especially in Canada, such measures were implemented.
Besides all preventive measures, Nutreco limits its financial exposure in the case of (product) liability claims by, for instance, risk transfer (insurance and contractual) combined with crisis and contingency plans.

7. Product pricing risk

The risk that prices or rates that customers are willing to pay do not cover development and other costs, or do not cover the cost of risks undertaken by the organisation.

Managing the risks of product pricing

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

In the world's main salmon feed market, Norway, Nutreco experienced pressure on margins in 2013. While Nutreco's Skretting business regained market leadership, profitability was impacted by price competition. In addition, volume growth was constrained due to the maximum allowable biomass (MAB) regime in Norway with no more licenses issued. Nutreco however is confident that the Norwegian government will support the long-term sustainable growth of the farmed fish industry, which is expected to have a positive effect on future volumes and (feed) prices.

Nutreco is continuously considering its strategies and negotiations with important customers. In addition, credit management procedures are in place (see no. 12 below).

8. Project management risks

The risk that the inability to complete projects successfully within due time threatens the achievement of Nutreco's goals, impacts the organisation's resources and future cash flows or results in additional costs.

Project management

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

Based on experiences in relation to a few projects, in 2013 Nutreco updated its Capital Expenditure (Capex) Policy and strengthened the related project management processes, which require not only prior approval but also continuous monitoring, technical and financial progress reporting. A Nutreco Capex Team has been established that monitors overall progress and reports to the Executive Board on a regular basis. For each major project, a separate project management organisation is established including experienced managers (business, technical, finance, project management, etc.). In 2013 the Nutreco Competence Center (NCC) was established, which includes specialists from separate disciplines that support major IT-related projects such as Unite.
When needed, project-related Steering Committees and/or Governance Boards are set up that monitor the progress of the projects on a periodic basis. For deviations from the original project plan and budget, the Capex Policy requires exception reporting, which – if financially significant – also requires separate authorisation by the Executive Board.

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

9. Risks of volatility in raw material markets

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

Managing the risks of volatility in raw materials

Nutreco aims to minimise both the economic purchase risk (margin protection) and the purchase accounting risk.

The business model in Animal Nutrition and Fish Feed is largely based on the pass through of raw material prices in sales prices either by virtue of standing industry practice or by virtue of customer contracts. In 2013, a new Procurement Risk Management Policy for raw materials was implemented. The policy provides guidance on positions that may be taken, with differences depending on the nature of the business, and provides for clear authorisation levels based on time horizons, coverage in months and financial magnitude.

Nutreco's contract positions are based on a thorough understanding of its business models, the raw material markets and contracts with its feed customers. The procurement of feed additives such as vitamins, minerals, amino acids and pigments is centralised. Commodities are purchased locally within the limits of the Procurement Risk Management Policy. For the other raw materials (mainly commodities) there is a global experts network sharing knowledge of markets, suppliers and conditions of raw materials enabling a good purchase performance. Procurement operates within the framework of centrally specified policies and guidelines and must act in conformance with the required internal control measures. Compliance is monitored by management and the Executive Board, supported by Group Internal Audit department. Existing contract positions are closely monitored and, when necessary, remediation actions are evaluated and executed. With the rollout of the Unite project, a standard procurement application is being implemented globally. The application enables real time insight in purchase positions and exposure, which further strengthens the internal controls.

As described in Note 27 of the consolidated financial statements, operating companies need to comply with the Nutreco Procurement Risk Management Policy. Foreign currency exposure is managed by means of financial derivative instruments, such as foreign currency forward contracts and swaps, as well as short-term bank balances in foreign currencies. The average maturity of derivative financial instruments mirrors the average pass through period.

10. Supplier concentration risk

The risk that concentration of suppliers and the dependence on a limited number of important suppliers threatens Nutreco's achievement of strategic objectives, including profitability. This risk also includes the availability of raw materials.

Managing the risk of supplier concentration

Especially in Aquaculture, Nutreco is confronted with a restricted base of suppliers of marine raw materials. World fishery production is relatively stable at around 90 million tonnes of which 70-80 million tonnes is currently used for human consumption. Most of the remainder is converted into fishmeal and fish oil, which are used in fish feed for carnivorous species such as Atlantic salmon and shrimp. The sustainable harvest from fisheries cannot be increased from current levels. The sustainable supply must be shared across expanding production, supplemented with other sustainable raw materials to make aquaculture a net fish protein producer. As the result of constant and intensive R&D activities, Nutreco has been able to reduce the inclusion of these raw materials in its feed formulas by replacing them with alternative sources (i.e. MicroBalance™ technology).

The dependence on a relatively small number of suppliers for especially vitamins is increasing. Continuous attention is paid to the financial performance and position of strategic suppliers, to mitigate the counterparty risk to the extent possible and to ensure the availability of raw materials. For other suppliers, Nutreco has evaluated the supplier and contract base and Nutreco considers the risk of dependence there as very limited.

Financial risks

11. Capital markets risks

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

Managing the capital markets risks

Nutreco targets a strong liquidity position by means of committed credit facilities with a well spread long-term debt maturity schedule. In the current financial markets, obtaining credit from financial institutions and investors is very much dependent on a company's financial position, its outlook and its reputation. Nutreco has a good investment profile and in recent years was able to extend and diversify its long-term financing by credit arrangements both with financial institutions and through private placements, leveraging its strong balance sheet. In the fourth quarter of 2013, Nutreco was able to renegotiate its € 500 million revolving credit facility, obtaining better interest conditions and an extension of the maturity.

Nutreco's core credit facilities are contracted by Group Treasury, while local credit facilities need prior approval from Group Treasury. The usage of the facilities as well as the rolling forecasts of the Group's liquidity are monitored centrally on the basis of expected cash flows. The interest rates for interest-bearing borrowings are largely fixed. Through its active financing activities, Nutreco has ensured sufficient liquidity for the coming years to support the 'Driving sustainable growth' strategy. As at 31 December 2013, € 498.7 million of total available facilities of € 1,214.9 million had been used (2012: € 524.8 million and € 1,195.8 million respectively). In addition to the unused credit facilities, Nutreco had € 146.9 million in cash and cash equivalents available at the end of 2013 (2012: € 263.0 million).

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

12. Credit risk

The risk that third parties, especially customers, cannot fulfil their financial obligations towards Nutreco.

Managing credit risk

Continuing difficult economic situations in several of the markets in which Nutreco operates result in the risk that third parties will not be able to fulfil their financial commitments towards Nutreco. Low prices for farmed products such as milk, pigs, chicken or fish could also increase the credit risk of feed customers. Although these prices have no or limited direct correlation with feed prices, a long period of low prices for farmed products could have an impact on the financial situation of some of the customers and hence, on their ability to pay Nutreco.

The overall level of bad debt slightly increased during 2013, which relates to the Fish Feed business. This was due to the economic situation and the lack of bank facilities for customers. The number of customer bankruptcies in 2013 was relatively limited, however credit risk continues to warrant significant attention in several countries.

To reduce credit risk regarding customers, Nutreco has a Credit Policy in place. This policy was updated and extended in the course of 2013. Nutreco carries out ongoing credit analyses of its customers' financial situation and uses market intelligence and, if required and possible, credit rating agencies to determine its customers' creditworthiness. Credit to debtors is closely monitored in business review meetings and specific indicators, such as Days Sales Outstanding and overdue debts, are reported and discussed in detail. In some cases securities are provided to Nutreco by customers and/or credit insurance is in place. Where deemed necessary, separate credit committees have been established. Authorisation levels are formalised while the Executive Board is involved in authorising major amounts with customers. Some customers are temporarily no longer supplied if and when credit limits are exceeded.

The growth of premix and feed specialties and fish feed in past years has resulted in a wider and more international spread of customers. Although this increased spread has a risk-reducing effect, it has, at the same time, increased the credit risk in emerging markets. Also Nutreco's current exposure on Chilean fish feed customers is relatively high with 13% of total outstanding amounts at year end (2012: 11%). Considering the challenges the Chilean fish industry is facing this exposure is getting special attention at divisional level.

The risk profile of Nutreco's customers differs per business segment. For bad debts, adequate allowances are in place of € 45.2 million in total (2012: € 69.4 million). Accounts receivable written off totalled € 5.4 million in 2013 (2012: € 11.4 million).

As at 31 December 2013, the total outstanding amount owed by Nutreco's largest customer, Marine Harvest (Fish Feed), in total represented 4% (2012: 3%) of the total outstanding amount. Because of the developments that are described under Customer concentration risk and Product pricing risk, this percentage is expected to decrease in the future.

Continuous attention is paid also to the creditworthiness of other third parties such as banks, insurance companies and strategic suppliers. The exposures to banks are carefully monitored and credit limits are based on credit rating and maturity of the exposure. Generally, cash and cash deposits and derivative financial instruments are held with banks with a Standard & Poor's credit rating of at least A-, though in some markets this is not always possible as the credit rating of a bank cannot exceed the credit rating of the country where it is registered. The maturity of the exposure is spread over various banks to reduce the counterparty risk and, except for interest rate derivatives, is short-term.

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

13. Tax risk

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

Managing tax risk

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

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

The global Nutreco Group Tax department is managing an internal Tax Control Framework (TCF), which provides an overview of all tax-related compliance matters and exposures throughout the group. In each country, designated persons are responsible for keeping the TCF up to date and for completing actions entered by the Nutreco Group Tax department. Based on the TCF, a monthly tax risk report is generated, which is discussed with the CFO.

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

Compliance

14. Non-compliance risks
The risk of non-compliance with laws and regulations, which may adversely affect Nutreco's reputation and expose it to financial losses.

Managing non-compliance risks

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

Growth strategies in emerging markets and legislation such as the UK Bribery Act have increased the company's risk profile. Nutreco also recognises that the risk of fraud, by both external parties and its own staff, might increase given the current economic climate, which requires appropriate measures.

Nutreco has established policies and procedures aimed at compliance with both corporate (Dutch) and local laws. We adjust to local situations by building strong local companies and developing a proper approach in coping with dilemmas within the boundaries of applicable laws and responsible conduct. We support the principle of free enterprise and fair competition. The management carries out regular reviews to identify risks and to ensure that adequate systems to manage those risks are in place. Changes in laws and regulations are actively analysed and assessed and when necessary, appropriate adaptations are implemented.

In 2013, Nutreco continued the road shows and workshops for further embedding its Code of Ethics. Also local compliance officers were appointed and trained, who will further roll out the Code in the local operations and function as a local contact point for management and staff. The purpose of the programme is to further increase awareness of and compliance with the Code of Ethics, which sets out the main standards to which Nutreco subscribes. A breach of the Code of Ethics can lead to sanctions, including termination of employment.
Each year, the members of the Supervisory Board, the Executive Board and all employees with managerial responsibilities are required to confirm in writing that they have complied with the Code of Ethics.

The Nutreco Integrity Line, which is operated by an external service provider, allows employees to report issues anonymously. During 2013, a limited number of 2 complaints was received through this line (2012: 6), mainly related to labour relations and none of a material nature. The complaints were all investigated and a response was posted to inform the complainants of the Company's position and, where relevant, corrective actions were taken. In addition to the messages received through the Integrity Line, 2 cases were reported by internal staff directly to management. In both cases an investigation by an external and experienced party was performed. The first case concerned alleged fraud by local management in conjunction with one of our service providers. The outcome of an extensive investigation was that there was no evidence for any fraud or other irregularities, however some weaknesses in certain internal controls were noted and subsequently resolved. The other case, a relatively small fraud regarding cash payments, was investigated and proven. Adequate measures have been taken to prevent the possibility of reoccurrence and legal actions regarding employees involved are in progress.

Assessment of internal risk management and control

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

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

The Executive Board concluded that good progress was made with further improvements of risk management and internal control and that the issues identified did not materially impact the consolidated accounts of Nutreco N.V.

Management review and reporting

In control statement

The Executive Board manages the Company and is responsible for achieving the Company's strategy, objectives, goals and results as well as for taking appropriate measures for the design and operation of the internal risk management and control systems consistent with Nutreco's business (see pages 62-76). These systems, which are based on the COSO internal control framework, have been designed to identify opportunities and risks on a timely basis, to manage significant risks, to facilitate the realisation of the Company's strategic, operational and financial objectives, to safeguard the reliability of the Company's financial reporting and to comply with applicable laws and regulations. To fulfil our responsibilities, we systematically reviewed and, where necessary, enhanced the Company's internal risk management and control processes with regard to its strategic, operational, compliance and financial (reporting) risks during the year 2013. The results of these reviews, including changes and planned improvements, have been discussed with the Audit Committee and the Supervisory Board.

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

Based on the approach as described above, we believe that to the best of our knowledge with respect to the financial reporting, the internal risk management and control systems have adequately performed during the year 2013 and provide a reasonable assurance that the financial reporting does not contain any errors of material importance, and we confirm that there are no indications that these systems will not continue to perform so in 2014.

Responsibility Statement

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

- The consolidated financial statements of 2013 give a true and fair view of the assets, liabilities, the financial position and comprehensive income of Nutreco and its consolidated operations
- The management report includes a true and fair review of the position as per 31 December 2013 and of the development and performance during 2013 of Nutreco and its related participations of which the data have been included in the financial statements, and describes the principal risks that the Nutreco group is facing

Amersfoort, 5 February 2014

Knut Nesse, CEO
Gosse Boon, CFO
Viggo Halseth, COO Aquaculture
Jerry Vergeer, COO Animal Nutrition

Corporate governance

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

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

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

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

Compliance with the Code

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

Nutreco confirms that throughout the year, it has applied all of the principles and best practices of the Code. The Code contains principles and best practice provisions for Dutch companies with listed shares. Deviations from the Code – currently the Company only deviates from the Code's provision II.2.8 – are explained in accordance with the Code's 'apply or explain' principle:
With respect to a maximum severance payment consistent with the Code (Best Practice II.2.8), it should be noted that since August 2012 this applies to all members of the Executive Board, except for Jerry Vergeer, who was appointed to the board in June 2009. Since he also retained his responsibilities for the Nutreco operations in Canada, his existing employment agreement including its regular severance payment continued to be in place. This means a severance payment of two years gross base salary applies for the part of his remuneration that is allocated to the operational responsibilities in Canada. Concerning the part of his remuneration for his Executive Board membership, he is eligible to a severance payment equal to one-year's base salary, which is in line with the Code.

Organisation

Nutreco N.V. is a public limited liability company (Naamloze Vennootschap) under Dutch law. Its shares are listed on NYSE Euronext Amsterdam. Based on a proposal by the Supervisory Board, the General Meeting can amend the Articles of Association. A resolution to amend the Articles of Association must be adopted by an absolute majority of the votes cast. In 2013 the Articles of Association were amended as a result of a share split, whereby each share in the Company was divided into two shares.

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

In 2013 the company organised its activities through a Corporate Centre and two divisions, Animal Nutrition and Aquaculture, each of which contained a number of operating companies. Both divisions report to one member of the Executive Board (Chief Operating Officer), who manages the coherence of operations and is responsible for the overall performance of the division within limits defined by the collective responsibility of the Executive Board for the overall management of the Company. The Corporate staff at the Corporate centre operate as functional experts to the Executive Board and the divisions and report directly to the Chief Executive Officer or the Chief Financial Officer. Nutreco's Executive Board has addressed the intended divestment of the compound feed and meat businesses in Spain and Portugal and market reality through the establishment of a new organisational structure which it believes will align strategic priorities and provide better execution power. This new organisational structure will take effect on 6 February 2014. For more information please see the CEO statement on page 8.

Executive Board

General

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

Regulation of the Executive Board

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

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

Appointment

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

The General Meeting can dismiss or suspend a member of the Executive Board. Such a decision, other than when proposed by the Supervisory Board, requires a majority of the votes cast representing at least one-third of issued share capital.

The Supervisory Board appoints one of the Executive Board members as chairman. The division of tasks between the board members requires the approval of the Supervisory Board. Currently, the Executive Board consists of four members that are appointed for a maximum term of four years and are eligible for reappointment.

Independence of the Executive Board

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

Members of the Executive Board may accept no more than two mandates as a supervisory board member of a listed company. Any acceptance of such a position requires the prior approval of the Supervisory Board to prevent conflicts of interest and reputation risks. Chairmanship of a supervisory board is not allowed. Other appointments of material importance need to be notified to the Supervisory Board. Members of the Executive Board have been appointed to the boards of a number of Nutreco operational entities.

The regulation of the Executive Board contains provisions with regard to potential conflicts of interest. In the year under review, no transactions with a potential conflict of interest were reported between members of the Executive Board and Nutreco or its subsidiaries.

For administrative reasons, Executive Board member Jerry Vergeer has an employment agreement with a subsidiary of Nutreco N.V. As part of the terms of his employment contract, he has agreed not to compete with Nutreco activities. No member of the Executive Board is a supplier of goods or (in any way other than necessary for the performance of their job) of services to Nutreco or its subsidiaries.

Supervisory Board

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

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

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

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

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

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

In 2013 the members of the Supervisory Board, Rob Frohn, Ajai Puri and Jaap Vink were re-appointed for a four-year term ending in 2017.

Composition
Appointments and reappointments to the Supervisory Board are considered on the basis of a profile, taking into account the nature of Nutreco's business and activities as well as the desired expertise and background of candidates. The profile is periodically evaluated and revised, if necessary, to reflect such things as developments in the size of the Company, the nature of its activities, the degree of internationalisation, and the specific risks in the medium- and long term. The Supervisory Board strives to achieve diversity in terms of expertise, nationality and gender.

Two of the Supervisory Board's current members can be regarded as financial experts within the meaning of Best Practice Provision III.3.2. Jan Maarten de Jong was a member of the Executive Board of ABN AMRO Bank N.V. and Rob Frohn was a member of the Executive Board and Chief Financial Officer of Akzo Nobel N.V.

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

The role, tasks and procedures of the committees are outlined in their charters, which can be found on Nutreco's website. Details about the activities of the committees during the year under review are included in the report of the Supervisory Board on pages 80-85.

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

Supervisory Board members Jaap Vink (Aegon Bank: 2, Vion: 1, Cargill Nederland: 1, and Nutreco 1), Ajai Puri (Britannia: 0, Barry Callebout: 0, Tate & Lyle: 0) and Herna Verhagen (Nutreco: 1, SNS Reaal till November 2013: 1, Rexel since November 2013: 0) fully comply and Rob Frohn (CEO Delta until October 2013, HAN University till March 2013: 1, Havenbedrijf Rotterdam: 1, Nutreco: 1) fully complied since March 2013. Jan Maarten de Jong does not comply but his present positions are grandfathered till the date of re-appointment (Aon: 2, Heineken: 1, Nutreco: 2, Theodoor Gilissen Bankiers: 1, Onderlinge Levensverz.-Mij 's Gravenhage 0, CRH: 0 and Kredietbank Luxembourg: 0).

The law also includes provisions for a balanced participation by men and women in the Executive Board and Supervisory Board, for which purpose a target has been set for at least 30% for both genders. By the end of 2013 in Nutreco, 100% of the Executive Board was male and 80% of the Supervisory Board was male.

In preparing the nominations for the re-appointments in both boards during 2013, this item was considered but for reasons of experience and continuity it was decided to nominate existing members for (re-)appointment. As a consequence the balance has not changed vis-à-vis 2012. In 2013 the profile for members of the Supervisory Board has been updated to include reference to the diversity target.

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

The regulation of the Supervisory Board contains provisions with regard to potential conflicts of interest. In the year under review, no transactions with a potential conflict of interest were reported between members of the Supervisory Board and Nutreco or its subsidiaries.

General Meeting

The main powers of the General Meeting relate to:

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

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

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

In 2013, one General Meeting was organised. During the General Meeting, which was held on 28 March and could be followed by live webcast, a total of 18,813,579 ordinary shares, or 54.45% of the issued ordinary shares were present or represented by proxy.

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

Profit appropriation and dividend policy

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

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

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

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

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

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

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

Dividend policy

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

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

Financial reporting and role of auditors

Before being presented to the Annual General Meeting for adoption, the Company's annual financial statements as prepared by the Executive Board must be examined by an external registered auditor. The external auditor is appointed by the General Meeting, based on a nomination from the Executive Board that takes into account the advice of the Audit Committee and the Supervisory Board. The Audit Committee evaluates the functioning of the external auditor annually in consultation with the Executive Board, and the outcome is discussed with the Supervisory Board. In the extensive evaluation that took place in 2013, the following items were addressed; whether the audit was performed adequately, how open and constructive communications are between the external auditor, the Executive Board and the Supervisory Board, the independence of the external auditor, whether the auditor performed its duties on the basis of an independent and professional critical attitude, the expertise and composition of the audit team, and whether the audit fees were in accordance with agreements made. Also the desirability of rotating the external auditor's lead partners based on independency rules was evaluated. In early 2013 Nutreco changed lead audit partner.

At the Annual General Meeting held on 28 March 2013, KPMG Accountants N.V. was appointed as the Company's external auditor for a period expiring at the closure of the accounting year 2014. Based on the new Dutch Auditor's Law (Wet op het accountantsberoep) that will take effect on 1 January 2016, and which introduces mandatory rotation of the audit firm every eight years, and since KPMG has been the Company's auditor since 1994, during 2014 the Company will initiate a selection process to nominate another external registered audit firm. A proposal for appointment of another external audit firm will be made to the General Meeting in March 2015.

The Company has an internal audit function that operates under the responsibility of the Executive Board, with reporting lines to the CEO, CFO and the Audit Committee. The scope of work of the internal audit function is prepared in consultation with the Audit Committee.

Non-audit services

One area of particular focus in corporate governance is the independence of the auditors. The Audit Committee has been delegated the direct responsibility for the compensation and monitoring of the auditors and the services they provide to the Company. The auditors are prohibited from providing the Company with certain non-audit services. Examples of non-permitted services are actuarial services and book-keeping services.

Remuneration report

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

The last evaluation of the remuneration policy took place in 2011. Based on that review, the Supervisory Board concluded that the remuneration policy in force and its components still served their purpose and objectives and would be continued accordingly. Since that date, no changes took place in the remuneration package of the Executive Board members except for some interim adjustments to the annual fixed base salaries that, within the boundaries of the remuneration policy, are up to the discretion of the Supervisory Board. At that time it was also concluded that in deviation from the annual re-assessment, future benchmark reviews (to verify the market conformity of the remuneration) will be conducted in principle once every three years. Such evaluation is scheduled for 2014 when the short- and long-term compensation elements, the composition of the labour market reference group, the long-term variable remuneration and other conditions, amongst which new legislation, will be assessed. Based on the outcome of that evaluation, if and when needed, a proposal for amendment to Nutreco's remuneration policy will be submitted to the AGM in 2015.

As from 2014 onwards (section 2:135 (5a) DCC), the implementation of the remuneration policy will be listed on the AGM agenda for discussion.

Remuneration Executive Board

Remuneration policy

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

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

Remuneration of the Executive Board consists of the following components:

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

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

Labour market reference group

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

In 2013, the labour market reference group included (in sequence of index and 2012 revenues): ASML Holding N.V., PostNL N.V., Wolters Kluwer N.V., Koninklijke Boskalis Westminster N.V., DE Master Blenders 1753 N.V., Fugro N.V., SBM Offshore N.V., Koninklijke BAM Groep N.V., Koninklijke Imtech N.V., USG People N.V., CSM N.V., Heijmans N.V., Arcadis N.V., Aalberts Industries N.V. and ASM International N.V.

Fixed base salary

The annual fixed base salaries of newly-appointed Executive Board members are initially set somewhat below the level defined for that function and have, after a 12-month service period, been raised to the median:

- The annual fixed base salary of the CEO appointed in 2012 was after the 12-month service period per 1 August 2013 raised from € 570,000 to € 615,000.
- The annual fixed base salary of the CFO remained during 2013 at the median level of € 445,000 as set in 2012.
- The annual fixed base salary of the COO Animal Nutrition was raised per 1 January 2013 from € 415,000 to € 435,000.
- The annual fixed base salary of the COO Aquaculture appointed on 1 August 2012 and whose salary was at that date set below the median level, was after a twelve-month service period raised from € 385,000 to € 435,000.

The annual fixed base salaries of the CEO and COOs as defined in 2013 are in accordance with the median market range of the reference group as provided by the external remuneration advisor.

For 2014 no raises in annual fixed based salaries are foreseen.

Short-term variable remuneration: annual cash bonus

The total cash bonus opportunity amounts to 60% of fixed base salary for on-target performance and the maximum bonus is capped at 90% of fixed base salary. If performance is below a predefined minimum target level (80%), no bonus will be paid out. In calculating the bonus, a linear scale between the minimum level (80%) and the maximum level (130%) of the score is used.

At the beginning of each financial year, the Supervisory Board pre-sets a number of challenging and measurable financial, strategic and operational as well as sustainability-related performance targets.

The performance targets for 2013 were financial targets (EBITA, working capital days and cash EPS) with a combined weighting of 60%; two strategic and operational projects (strategic performance measurement system and people and organisational development) with a combined weighting of 20%; and two sustainability targets (portfolio of nutritional solutions and the sourcing policy) together having a weighting of 20%. Factual targets are not disclosed, as these qualify as information that is commercially confidential and potentially share price-sensitive. The targets for EBITA and cash EPS were not achieved, the target for working capital days was. The score on the two strategic and operational projects was almost 100%, while the score on the two sustainability projects was more than satisfactory.

Each year the external auditor carries out agreed-upon procedures of the actual performance measured against the financial performance targets agreed between the Executive Board and the Supervisory Board, while an external party verifies the progress of the sustainability objectives. During 2013 special attention was given to enhancing the objective measurement of the targets and its related performance achievements.

Performance target measurement 2013

At a meeting held in February 2014, the Remuneration Committee reviewed the scores on the pre-set performance targets, and concluded that the financial targets scored 92.6% (weighting of 60%); two strategic and operational projects scored 81.5% (weighting of 20%), while the two sustainability targets scored 130% (weighting of 20%).

Based on this review, which was approved by the Supervisory Board, it was decided to attribute this score to the Executive Board's performance against the targets set for 2013, resulting in a variable payment of 53.8% of their base salaries to the CEO, the CFO and both the COOs.

Long-term variable compensation: performance shares

Peer group and vesting

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

Performance measurement, vesting and vested shares

Vesting of the conditional shares takes place at the end of each three-year cycle, when Nutreco's TSR performance is measured. Nutreco's ranking in the peer group as mentioned above determines whether and to what extent the originally granted shares vest and become unconditional. This analysis is prepared by an external remuneration advisor proposed by the Remuneration Committee and appointed by the Supervisory Board. No vesting takes place if the TSR achieved during the three-year vesting period is below the median position of the peer group. Vesting of 50% of the granted number of shares takes place when Nutreco's TSR is at the median position, linearly up to a maximum of 150% of the granted number of shares if Nutreco achieves the number one position within the peer group. Except for taxes due, vested performance shares should be held by the Executive Board for a specified minimum period of five years after grant date or till the end of the board position of the member of the Executive Board concerned, whichever is the shortest. For the grants made under the 2011 Performance Share Plan, for which the performance period ran from 1 January 2011 until 31 December 2013, the TSR has resulted in a 19th position out of 59 (2012: 3rd position), a vesting of 90% within the ranking of the peer group. This ranking will result in a vesting of 90% (2012: 144%) of the initially granted number of shares for the members of the Executive Board; vesting date will be 1 March 2014.

Number of shares to be granted

The number of the conditional performance shares to be granted annually is based on the annualised economic fair value of the shares at the grant date. The calculation of the economic fair value of the performance shares is prepared by an external remuneration advisor of the Remuneration Committee, based on a methodology as defined in the Nutreco Performance Share Plan. The economic fair value of the performance shares granted in 2013 has been defined at € 20.55 (after share split) per share. The annualised economic fair value at the moment of granting represents 85% of the base salary of the CEO and 60% of the base salary of the CFO and each of the COOs.

This has resulted in the following numbers of performance shares conditionally awarded in 2013 to the Executive Board: total number of shares granted amounted to 63,818 (2012: 88,766). Shares granted to the CEO amounted to 25,432 (2012: 20,872), to the CFO 12,990 (2012: 14,176) while the individual numbers granted the COOs amounted to 12,698 (2012: 14,176) for the COO Animal Nutrition and 12,698 (2012: 9,298) for the COO Aquaculture.

Below is a table showing the remuneration structure for the Executive Board in 2013:

Remuneration structure for the Executive Board in 2013

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

Pensions, and other contract terms

Pensions

Dutch members of the Executive Board can participate in a defined contribution plan based on career average wages. In 2013, none of the Executive Board members participated in this plan; the CFO opted in 2011 that his defined contributions are paid out as gross salary and the CEO also opted for this with effect from 1 August 2012. The other non-Dutch members of the Executive Board continue to build up pension rights in their respective home countries.

Other benefits

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

Employment contracts, severance pay and change of control

With all Executive Board members, a four-year employment term and a maximum severance payment of one year's annual fixed base salary for their position as member of the Executive Board has been agreed.
Given that the COO Animal Nutrition Jerry Vergeer also retained his responsibilities for the Nutreco operations in Canada where he was employed before, the existing severance pay of his existing local (Canadian) employment agreement continued to be in place. This means that he is entitled to a severance payment of two years gross base salary of that part of his fixed base salary allocated to the operational responsibilities in his home country under his Canadian employment agreement, and a severance payment equal to one year's base salary being defined as that part of his annual fixed base salary concerning his Executive Board membership under his Dutch employment agreement.

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

Other elements of the remuneration policy

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

Alignment with strategy and financial goals

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

Adjustment value of shares granted as remuneration

On 1 January 2014, new Dutch legislation (section 2:135 (7) DCC) entered into force, with a duty to claw back in the event of a merger, public offer, a demerger or section 2:107a DCC resolution, if due to that event an increase takes place in the value of shares held by Executive Board members which have been previously awarded to them as remuneration. This legislation overrules the policy that in the event of a takeover of Nutreco, the treatment of unvested performance shares would be determined by the Supervisory Board taking into account the share price the day preceding the disclosure of an offer.

The discretionary powers of the Supervisory Board, as defined in the Long-Term Incentive Plan, to decide on acceleration of the vesting of granted conditional performance shares (whereby for the calculation of the vesting conditions the last share price that is included will be the closing price of the Nutreco share on the day prior to the announcement of a takeover bid) remains in place. In such a scenario, unvested shares will vest proportionally to the number of months of the three-year vesting period that elapsed since the grant date (pro-rata basis).

Scenario analysis

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

Clawback cash bonus

In line with new Dutch legislation (section 2:135 (8) DCC), the Supervisory Board has the authority to claim back variable cash bonus remuneration that has been paid out on the basis of incorrect information, including financial statements, concerning the targets or circumstances that the bonus was dependent on. This clause has been included in the regulation of the Executive Board and in employment agreements since 2010. As a departure from the new law, which contains a limitation period for clawing back of five years commencing on the day the error in information becomes known, the contractual agreed term period is limited to a full financial year prior to the financial year in which the cause for such claim presented itself.

Conditionally awarded variable remuneration

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

Pay differentials

The remuneration of the Executive Board is in reasonable proportion to that of the next level in the organisation. Nutreco's senior management has a remuneration structure comparable to the Executive Board; fixed base salary, cash bonus and long-term performance shares. The pay ratio of the CEO's fixed base salary versus the lowest fixed base salary in the Netherlands is 23.6. In the case of a comparison with the fixed base salary of his highest direct report, the pay ratio is 2.1, while with his lowest direct management report it is 3.8.

Remuneration overview

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

Remuneration of the Supervisory Board and its committees

In accordance with article 19.3 of the Articles of Association, the Annual General Meeting of Shareholders determines the remuneration of the Supervisory Board, based upon a proposal made by the latter. The last remuneration increases were made in 2007; at that time the annual allowances for the members of the Supervisory Board were set at median level of the same labour market reference group used for the remuneration of the Executive Board.

Based on an evaluation by the Remuneration Committee, the Supervisory Board in 2011 decided that a review of remuneration of the Supervisory Board will take place in the course of 2014. Depending on the outcome of that evaluation, a proposal for amendment of the remuneration of the Supervisory Board will be submitted to the AGM in 2015.

Annual fixed remuneration for Supervisory Board membership is € 43,000 for members and € 55,000 for the chairman. In addition, remuneration for Innovation & Sustainability Committee as well as Remuneration Committee membership each amounts to € 5,000 for members and € 7,500 for the chairman, the remuneration of the Audit Committee is € 7,500 for members and € 10,000 for the chairman. Work performed as a member of the Selection and Appointment Committee is not remunerated separately. The total remuneration of the members of the Supervisory Board in 2013 amounted to € 274,500 (2012: € 274,500), which are gross amounts.

As provided in the Articles of Association, none of the Supervisory Board members receives a remuneration that is dependent on or linked to the financial performance of Nutreco. Members of the Supervisory Board do not receive any performance- or equity-related compensation and do not accrue any pension rights with the company. The regulation of the Supervisory Board requires members' individual shareholdings in Nutreco to serve the sole purpose of long-term investment only. None of the Supervisory Board members holds any shares or option rights to acquire shares in Nutreco.

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

Other information

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

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

Amersfoort, 4 February 2014

On behalf of the Remuneration Committee,

Ajai Puri
Chairman

The Nutreco share

Stock exchange listing

Nutreco has been listed on the NYSE Euronext Amsterdam exchange since 3 June 1997 and is part of the Amsterdam Midcap Index (AMX). As at 31 December 2013, the market capitalisation of Nutreco was approximately € 2.4 billion. By year-end 2013, a total of 70,237,364 ordinary shares had been issued (2012: 35,118,682). The difference represents the 1:2 share split which took place in May 2013, which doubled the number of issued ordinary shares. All figures following, including prior years, are adjusted for this share split for ease of comparison. Of these shares, 1,368,956 are held in treasury by Nutreco (2012: 1,037,838). Nutreco holds treasury shares for its obligations with regards to employee performance plans. In February and March 2013, Nutreco conducted a share buy-back programme and repurchased 1,400,000 shares to cover future stock dividends and obligations for share plans. Furthermore, Nutreco added 174,956 treasury shares through purchases on the NYSE Euronext Amsterdam exchange to cover the tax effects of the vesting of shares. In 2013, Nutreco issued 1,243,838 shares from treasury shares for stock dividends, performance shares and the employee share participation plan (2012: 1,345,006).

Spread of total shares outstanding

Estimated % distribution of shares	2013
Netherlands	30
United Kingdom	20
United States and Canada	10
Germany	10
France	10
Nordic countries	8
Other European countries	8
Other countries	4
	100
Institutional investors	85
Private investors	15
	100

Disclosures under the Disclosure of Major Holdings in Listed Companies Act

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

- ING Groep N.V. – 9.97% shareholding (disclosed 25 June 2012)
- APG Algemene Pensioen Groep N.V. – 5.22% shareholding (disclosed 1 October 2013)
- Gryphon International Investment Corporation – 3.37% shareholding (disclosed 1 July 2013)
- DJE Investment S.A. – 3.05% shareholding (disclosed 23 September 2013)
- Norges Bank – 3.04% shareholding (disclosed 22 January 2014)
- Delta Lloyd N.V. – 3.03% shareholding (disclosed 10 January 2014)

Investor relations policy

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

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

Over the course of 2013, management took part in over 30 days of investor road shows and conferences. Management visited investors in Amsterdam, Boston, Brussels, Chicago, Edinburgh, Frankfurt, London, Milan, Munich, New York, Oslo, Paris and Toronto.

In September Nutreco hosted a Capital Markets Day in Derbyshire, United Kingdom which provided invited investors, bankers and financial analysts greater insight principally into the Premix & Feed Specialties segment. Guests also visited Nutreco's Premix & Feed Specialties operation based in Ashbourne, Derbyshire.

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

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

Dividend proposal 2013

The Annual General Meeting will be held on 27 March 2014 and a dividend of € 1.00 (2012: € 1.03) per share for the 2013 financial year will be recommended. This represents a payout of 45% (2012: 45%) of the total result, excluding impairment and the book result on disposed activities, attributable to holders of ordinary shares of Nutreco between 1 January 2013 and 31 December 2013. In August 2013, Nutreco distributed an interim dividend of € 0.30 (2012: € 0.30) per ordinary share. Following the adoption of the dividend proposal, shareholders may choose to receive the final remaining dividend payment of € 0.70 in cash or in ordinary shares, chargeable to the share premium account. The ratio between the value of the stock dividend and the cash dividend will be determined on the basis of the average weighted price during the last three trading days of the period for opting to take the stock dividend (April 11, 14 and 15, 2014). Both the cash and the stock dividend will be made payable to shareholders on April 22, 2014.

Annual General Meeting

The Annual General Meeting will be held at De Flint, Coninckstraat 60, Amersfoort, the Netherlands on Thursday March 27, 2014, at 2.30 pm.

Share price and volume development

On January 2, 2013, the share price opened at € 32.25 and closed at € 36.11 at the end of the year, which represented an increase of 12.0%. During the same period, the AEX and AMX indices increased by 17.2% and 17.8% respectively.

The average daily trading volume on NYSE Euronext Amsterdam in 2013 was 221,484 shares, compared to 252,282 shares per day in 2012. In 2013, 39.5% of the observable trading volume in Nutreco shares took place within the NYSE Euronext platform. The remaining 60.5% was traded on alternative trading platforms such as Chi-X, BATS and Turquoise.

Important dates

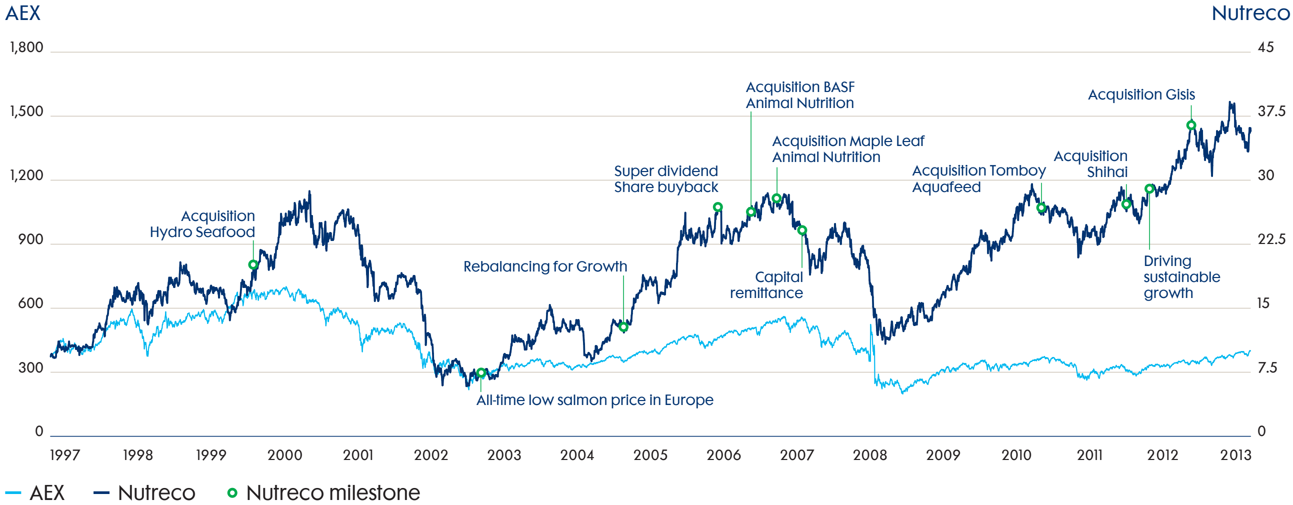
2014	
February 6, 2014	Publication of the annual results 2013
March 27, 2014	Annual General Meeting
March 31, 2014	Ex-dividend date (final dividend)
March 31 - April 15, 2014	Option period
April 2, 2014	Record date
April 24, 2014	Q1 trading update
April 15, 2014	Determination of the stock dividend exchange ratio (after close of trading), based on the average weighted share price of 11, 14 and 15 April 2014
April 22, 2014	Payout final dividend
July 24, 2014	Publication of half-year results 2014
July 28, 2014	Ex-dividend date (interim dividend)
July 28 - August 12, 2014	Option period
July 30, 2014	Record date
August 12, 2014	Determination of the stock dividend exchange ratio (after close of trading), based on the average weighted share price of 8, 11 and 12 August 2014
August 18, 2014	Declared interim dividend payable
October 23, 2014	Q3 trading update
2015	
February 5, 2015	Publication of the annual results 2014
March 26, 2015	Annual General Meeting

Key figures per share[1]

	2013[2]	2012[2]	2011	2010	2009	2008	2007	2006	2005	2004
Basic earnings from continuing operations[3]	1.85	1.91	1.87	1.59	1.31	1.67	1.73	7.6	1.95	1.15
Basic earnings	2.18	2.54	1.80	1.50	1.31	1.51	1.62	1.53	1.32	1.15
Dividend[4]	1.00	1.03	0.90	0.75	0.66	0.72	0.82	0.80	0.76	0.27
Payout[5]	45%	45%	45%	45%	45%	45%	45%	45%	35%	35%
Highest share price	39.56	32.87	28.66	30.32	19.65	25.55	28.49	27.38	19.18	15.40
Lowest share price	30.09	24.95	19.88	18.33	11.83	10.70	18.94	18.18	10.15	8.80
Closing price	36.11	32.05	25.42	28.40	19.65	11.76	19.78	24.70	18.66	10.12
Average number of shares outstanding (x thousand)	68,768	69,528	69,764	70,278	69,206	68,716	68,634	68,418	68,996	68,112
Number of shares outstanding (x thousand)	68,868	69,200	69,532	69,926	69,990	68,558	68,512	67,812	71,056	68,162
Market value at closing price[6] (€ x million)	**2,437**	**2,124**	**1,767**	**1,986**	**1,375**	**806**	**1,355**	**1,675**	**1,288**	**689**

[1] Key figures per share have been adjusted to reflect the 1:2 share split in May 2013.
[2] Earnings and dividends adjusted for continuing operations following the classification as discontinued of the compound feed and meat activities in Spain and Portugal.
[3] Basic earnings for 2004 is before amortisation of goodwill and impairment.
[4] Excluding superdividend of € 9 in 2006 and capital repayment of € 5 in 2007.
[5] The payout ratio is calculated on the total result for the period attributable to owners of Nutreco excluding book profits and impairment.
[6] The market value is calculated on outstanding shares excluding shares held in treasury.

Share price Nutreco vs AEX



Financial statements

Consolidated statement of comprehensive income

(€ x million)	Note	2013	2012[1]
Revenue	3	**3,867.1**	**3,821.5**
Raw materials and consumables used		-3,097.2	-3,022.7
Change in fair value of biological assets	19	-0.1	-
Changes in inventories of finished goods and work in progress		12.6	5.5
Gross margin		**782.4**	**804.3**
Other operating income	7	8.0	7.9
Personnel cost	8	-338.2	-345.7
Depreciation and amortisation expenses	3,13,14	-56.1	-54.7
(Reversal of) impairment of long-lived assets	13,14	-	-0.4
Other operating expenses	9	-201.1	-212.4
Operating result from continuing operations		**195.0**	**199.0**
Financial income	10	5.6	8.8
Financial expenses	10	-34.8	-35.5
Foreign exchange result	10	0.6	0.4
Net financing costs		**-28.6**	**-26.3**
Share in result of associates and other investments	15,16	3.5	3.2
Result before tax from continuing operations		**169.9**	**175.9**
Income tax expense	11	-42.4	-42.8
Result after tax from continuing operations		**127.5**	**133.1**
Result after tax from discontinued operations	4	23.3	24.6
Gain on sale of discontinued operations, net of tax	4	-	19.9
Result after tax from discontinued operations		**23.3**	**44.5**
Total result for the period		**150.8**	**177.6**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial results	24	10.9	-6.2
Related tax	11	-0.4	-3.8
Total items that will not be reclassified to profit or loss		**10.5**	**-10.0**
Items that may be reclassified subsequently to profit or loss			
Currency translation differences:	22		
Net foreign exchange differences on foreign operations		-106.3	-2.1
Net foreign exchange differences on net investment hedges		58.2	-4.6
Net result on revaluation related to inflation accounting		-0.7	1.5
Cash flow hedges:	22		
Effective portion of changes in fair value of cash flow hedges related to interest rate derivatives		1.4	4.9
Net change in fair value of cash flow hedges related to interest rate derivatives reclassified to profit or loss		-1.3	-1.5
Net change in cash flow hedges of foreign exchange transactions		0.2	-2.0
Net change in cash flow hedges of commodity derivatives		-	0.1
Related tax	11	3.8	2.8
Total items that may be reclassified subsequently to profit or loss		**-44.7**	**-0.9**
Other comprehensive income for the period, net of tax		**-34.2**	**-10.9**
Total comprehensive income for the period		**116.6**	**166.7**

Continued >

(€ x million)	Note	2013	2012[1]
Total result attributable to			
Owners of Nutreco		150.2	176.8
Non-controlling interest	22	0.6	0.8
Total result for the period		**150.8**	**177.6**
Total comprehensive income attributable to			
Owners of Nutreco		116.0	165.9
Non-controlling interest	22	0.6	0.8
Total comprehensive income for the period		**116.6**	**166.7**
Earnings per share (€)[2]	12		
Basic earnings per share		2.18	2.54
Diluted earnings per share		2.17	2.53
Dividend per share		1.00	1.03
Earnings per share – continuing operations (€)[2]	12		
Basic earnings per share		1.85	1.91
Diluted earnings per share		1.84	1.90
Number of ordinary shares (x 1,000)[2]	12		
Weighted average number of ordinary shares outstanding during the year		68,768	69,528
Weighted average number of ordinary shares for diluted earnings per share		69,112	69,930
Number of ordinary shares outstanding as at 31 December		68,868	69,200
Key figures – continuing operations			
Earnings Before Interest, Tax and Amortisation (EBITA)	3	208.9	213.2
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)		251.1	253.7

1 2012 figures have been restated due to the presentation of discontinued operations.
2 For comparison reasons the earnings per share and share numbers for the financial year 2012 have been amended (doubled) due to the share split on 2 May 2013. See also page 116.

The notes on pages 116-194 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

(€ x million)	Note	31 December 2013	31 December 2012
Assets			
Property, plant and equipment	13	500.1	639.6
Intangible assets	14	429.4	408.1
Investments in associates	15	29.4	26.8
Other investments	16	27.6	42.4
Employee benefits	24	0.2	0.1
Deferred tax assets	17	26.4	23.0
Total non-current assets		**1,013.1**	**1,140.0**
Inventories	18	286.1	370.1
Biological assets	19	4.1	165.0
Income tax receivables	17	15.4	11.9
Trade and other receivables	20,27	696.6	857.4
Cash and cash equivalents	21,27	146.9	263.0
Assets classified as held for sale	4,5	462.0	6.5
Total current assets		**1,611.1**	**1,673.9**
Total assets		**2,624.2**	**2,813.9**
Equity			
Issued and paid-up share capital	22	8.4	8.4
Share premium	22	159.5	159.5
Treasury shares	22	-49.5	-29.4
Hedging reserve	22	-3.7	-4.0
Retained earnings	22	733.1	636.1
Undistributed result	22	150.2	176.8
Translation reserve	22	-55.8	-7.0
Equity attributable to owners of Nutreco		**942.2**	**940.4**
Non-controlling interest	22	19.6	9.1
Total equity		**961.8**	**949.5**
Liabilities			
Interest-bearing borrowings	23,27	359.7	481.4
Employee benefits	24	29.0	40.5
Provisions	25	1.8	0.7
Deferred tax liabilities	17	28.4	27.0
Trade and other payables	6,26,27	21.3	-
Total non-current liabilities		**440.2**	**549.6**
Interest-bearing borrowings	23,27	139.0	43.4
Employee benefits	24	24.5	37.5
Provisions	25	2.0	5.6
Income tax liabilities	17	25.2	23.7
Trade and other payables	26,27	714.7	1,204.6
Liabilities classified as held for sale	4,5	316.8	-
Total current liabilities		**1,222.2**	**1,314.8**
Total liabilities		**1,662.4**	**1,864.4**
Total equity and liabilities		**2,624.2**	**2,813.9**

The notes on pages 116-194 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(€ x million)	Issued and paid-up share capital	Share premium	Treasury shares	Hedging reserve	Retained earnings	Undis-tributed result	Trans-lation reserve	Equity attribut-able to owners of Nutreco	Non-control-ling interest	Total equity
Balance at 1 January 2012	**8.4**	**159.5**	**-18.7**	**-5.5**	**602.1**	**130.5**	**-1.8**	**874.5**	**8.7**	**883.2**
Retrospective effect of adoption IAS 19R					-21.6			-21.6		-21.6
Adjusted Balance at 1 January 2012	**8.4**	**159.5**	**-18.7**	**-5.5**	**580.5**	**130.5**	**-1.8**	**852.9**	**8.7**	**861.6**
Total comprehensive income for the period										
Result						176.8		176.8	0.8	177.6
Total other comprehensive income				1.5	-7.2		-5.2	-10.9		-10.9
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**1.5**	**-7.2**	**176.8**	**-5.2**	**165.9**	**0.8**	**166.7**
Transactions with owners of Nutreco, recognised directly in equity										
Contributions by and distributions to owners of Nutreco										
Undistributed result					130.5	-130.5		0.0		0.0
Dividend on ordinary shares					-35.7			-35.7	-0.4	-36.1
Stock dividend			29.2		-29.2			0.0		0.0
Usage of treasury shares			7.3		-5.8			1.5		1.5
Share-based payments					3.7			3.7		3.7
Repurchase own shares			-47.2					-47.2		-47.2
Total contributions by and distributions to owners of Nutreco	**0.0**	**0.0**	**-10.7**	**0.0**	**63.5**	**-130.5**	**0.0**	**-77.7**	**-0.4**	**-78.1**
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control					-0.7			-0.7		-0.7
Total transactions with owners of Nutreco	**0.0**	**0.0**	**-10.7**	**0.0**	**62.8**	**-130.5**	**0.0**	**-78.4**	**-0.4**	**-78.8**
Balance at 31 December 2012	**8.4**	**159.5**	**-29.4**	**-4.0**	**636.1**	**176.8**	**-7.0**	**940.4**	**9.1**	**949.5**
Total comprehensive income for the period										
Result						150.2		150.2	0.6	150.8
Total other comprehensive income				0.3	14.3		-48.8	-34.2		-34.2
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.3**	**14.3**	**150.2**	**-48.8**	**116.0**	**0.6**	**116.6**
Transactions with owners of Nutreco, recognised directly in equity										
Contributions by and distributions to owners of Nutreco										
Undistributed result					176.8	-176.8		0.0		0.0
Dividend on ordinary shares					-41.7			-41.7	-1.2	-42.9
Stock dividend			24.5		-24.5			0.0		0.0
Usage of treasury shares			11.9		-10.6			1.3		1.3
Share-based payments					4.0			4.0		4.0
Repurchase own shares			-56.5					-56.5		-56.5
Total contributions by and distributions to owners of Nutreco	**0.0**	**0.0**	**-20.1**	**0.0**	**104.0**	**-176.8**	**0.0**	**-92.9**	**-1.2**	**-94.1**
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control					-1.0			-1.0	-2.0	-3.0
Acquisition of subsidiary with non-controlling interests					-20.3			-20.3	13.1	-7.2
Total transactions with owners of Nutreco	**0.0**	**0.0**	**-20.1**	**0.0**	**82.7**	**-176.8**	**0.0**	**-114.2**	**9.9**	**-104.3**
Balance at 31 December 2013	**8.4**	**159.5**	**-49.5**	**-3.7**	**733.1**	**150.2**	**-55.8**	**942.2**	**19.6**	**961.8**

The notes on pages 116-194 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

(€ x million)	Note	2013	2012[1]
Result after tax from continuing operations		**127.5**	**133.1**
Net financing costs	10	28.6	26.3
Share in results of associates and other investments	15,16	-3.5	-3.2
Income tax expense	11	42.4	42.8
Impairment losses on property, plant and equipment	13	-	0.5
Depreciation	13	42.2	40.5
Amortisation	14	13.9	14.2
Equity settled share-based payment expense	8	4.0	3.7
Changes in fair value of biological assets	19	0.1	-
Changes in fair value foreign exchange contracts		-11.6	-6.0
Settlement foreign exchange derivatives	31	24.0	-8.0
Loss/gain on sale of property, plant and equipment		0.2	-0.6
Gain on sale of financial assets		-	-0.1
Gain on sale of assets held for sale	5	-0.1	-
Loss on sale of activities	14	1.3	-
Cash flows from operating activities before changes in working capital and provisions		**269.0**	**243.2**
Increase/decrease in working capital	31	-52.5	0.4
Decrease in employee benefits	31	-2.6	-0.2
Decrease/increase in provisions	31	-2.2	1.5
Cash generated from operations		**211.7**	**244.9**
Interest received	10	1.8	4.3
Interest paid	10	-31.6	-29.0
Income taxes paid	11	-39.7	-45.0
Dividends received from investments in associates and other investments	15,16	0.8	1.0
Net cash from operating activities		**143.0**	**176.2**
Acquisition of property, plant and equipment	13	-85.7	-103.9
Acquisition of intangible assets	14	-20.0	-19.2
Acquisition of subsidiary net of cash acquired	6	-74.3	-26.6
Acquisition of associates	15	-3.1	-
Acquisition of other investments	16	-1.4	-3.4
Proceeds from the sale of property, plant and equipment	13	1.0	2.5
Proceeds from the sale of intangible assets	14	-	0.2
Proceeds from the sale of activities	14	6.0	-
Disposal of associates	15	-	0.1
Proceeds from other investments	16	9.3	2.4
Proceeds from the sale of assets held for sale	5	0.3	1.0
Settlement foreign exchange derivatives	31	28.1	-21.1
Net cash used in investing activities		**-139.8**	**-168.0**

Continued >

(€ x million)	Note	2013	2012[1]
Usage of treasury shares		1.3	1.5
Repurchase own shares	22	-56.5	-47.2
Dividends paid to owners of Nutreco	22	-41.7	-35.7
Acquisition of non-controlling interest	6,14	-4.3	-29.7
Repayment of borrowings	31	-25.6	-92.8
Proceeds from borrowings	31	1.4	220.0
Net cash used in financing activities		**-125.4**	**16.1**
Net cash flow received from discontinued operations	4	14.9	86.9
Net decrease/increase in cash and cash equivalents		**-107.3**	**111.2**
Cash and cash equivalents at 1 January	21	243.5	136.7
Net decrease/increase in cash and cash equivalents		-107.3	111.2
Effect of exchange rate fluctuations on cash held		-3.9	-4.4
Cash and cash equivalents at 31 December	21	**132.3**	**243.5**
Cash and cash equivalents continuing operations at 31 December	21	146.9	263.0
Cash and cash equivalents discontinued operations at 31 December	21	4.6	-
Bank overdrafts at 31 December		-19.2	-19.5
Cash and cash equivalents for the cash flow statement at 31 December	21	**132.3**	**243.5**

[1] 2012 figures have been restated due to the presentation of discontinued operations.

The notes on pages 116-194 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Accounting policies used for the consolidated financial statements

General

Nutreco N.V. ('the Company') is a company domiciled in the Netherlands. The consolidated financial statements of Nutreco N.V. for the year ended 31 December 2013 comprise Nutreco N.V. and its subsidiaries ('Nutreco' or 'the Group') and Nutreco's interest in associates and jointly controlled entities. The registered office of the Company is Veerstraat 38, Boxmeer in the Netherlands.
Nutreco is quoted on the Official Market of NYSE Euronext Amsterdam and is included in the Amsterdam Midcap Index.

Activities

Nutreco is a global leader in animal nutrition and fish feed. Nutreco has strong fundamentals based on agriculture and aquaculture knowledge and comprehensive R&D capacity that support customers including farmers to meet the current and future requirements in the food value chains.

The Group employs approximately 7,500 employees in more than 30 countries, generates its revenues in approximately 70 countries, operates approximately 75 production plants in 25 countries, and has 10 leading research facilities to support its customers and its animal nutrition and fish feed activities. The Group also has a selective presence in various stages of the meat production chain.

Share split

On 2 May 2013, every ordinary and cumulative preference 'D' and 'E' share in the authorized share capital of Nutreco with a nominal value of € 0.24 was divided and split into two shares of each class. After this share split, the authorized capital of Nutreco amounts to € 41,520,000, divided into 142,000,000 ordinary shares, 142,000,000 cumulative preference 'D' shares and 62,000,000 cumulative preference 'E' shares, all with a nominal value of € 0.12.
The numbers of Nutreco shares reported in these financial statements are the numbers after the above-mentioned share split. For comparison reasons, the share numbers before 2 May 2013, including the financial year 2012, have been changed accordingly in both tables and text.

Discontinued operations

In July 2013, Nutreco announced that it was considering strategic opportunities for the compound feed and meat activities in Spain and Portugal. After careful consideration of all available options, the outcome of the study was that a divestment of these activities in Spain and Portugal provides the best opportunities for these businesses and Nutreco.
The timing of any potential divestment has yet to be determined. Following the classification as disposal group, the related balances and results of the compound feed and meat activities in Spain and Portugal are reported separately as assets and liabilities held for sale in the consolidated statement of financial position and as discontinued operations in the statements of comprehensive income, cash flow and related notes.

In 2012 discontinued operations in the statements of comprehensive income, cash flow and related notes consist of (i) the operating results of the compound feed and meat activities in Spain and Portugal, (ii) the operating results of Hendrix and (iii) the gain on the sale of Hendrix. In accordance with IFRS, the prior year consolidated statement of financial position has not been restated.

Change in operating segments

With the intention to divest the compound feed and meat activities in Spain and Portugal and the categorisation of these activities as discontinued operations, the Compound Feed and Meat & Other reportable segments for continuing operations significantly decrease. As a result, Nutreco has made an updated assessment of the reportable segments in the Company. To align with the revised management responsibilities and internal management reporting, Nutreco has structured its organisation in two reportable segments: Animal Nutrition and Fish Feed.

Date of authorisation and issuance

The consolidated (and company) financial statements were approved for issuance by the Executive Board and Supervisory Board on 5 February 2014. The Group's financial statements will be subject to adoption by the Annual General Shareholders' Meeting on 27 March 2014.

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out in this chapter. These policies have been consistently applied to 2013 and 2012.

2. Basis of preparation and measurement

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

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

2.1 Changes in accounting policies and disclosures

Significant new and amended standards adopted by the Group

The following significant new standards and amendments to standards are mandatory and have been applied for the first time for the financial year beginning 1 January 2013.

- IFRS 13 Fair Value Measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other Standards (IFRS). It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other Standards (IFRS).

  The Group has applied the new fair value measurement guidance prospectively. The change had no significant impact on the measurements and disclosures of the Group's assets and liabilities.
- As a result of amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its statement of profit or loss and in other comprehensive income to present separately items that may be reclassified to profit or loss from those that will not be. Comparative information has been re-presented accordingly (see page 110).
- IAS 19 Employee Benefits has an effective date of annual periods beginning on or after 1 January 2013. One of the significant changes in the amended standard is the elimination of the 'corridor method' under which the recognition of actuarial gains and losses could be deferred. In the new standard, all actuarial gains and losses are recognised immediately through other comprehensive income as they occur in order for the net pension asset or liability recognised in the consolidated statement of financial position to fully reflect the value of the plan deficit or surplus. Furthermore, interest cost and expected return on plan assets are identical and replaced with a 'net-interest' cost, based on the net defined benefit asset or liability at the beginning of the year and the discount rate, measured at the beginning of the year.

  IAS 19 Employee benefits has been adopted retrospectively. As a consequence, the Group has adjusted its opening equity at 1 January 2012 for an amount of € 21.6 million (decrease). The other comprehensive income for the prior year has been adjusted for an amount of € -10.0 million. The impact on the operating result of approximately € 0.6 million (increase) is not sufficiently material to adjust the total result for the prior year.

The table below presents the impact of IAS 19 Employee benefits on the consolidated financial position at 31 December 2012:

Consolidated financial statements 2012 restated for IAS 19R

(€ x million)	31 December 2012 (previously reported)	Change in accounting policy IAS 19R	31 December 2012 (restated)
Assets			
Property, plant and equipment	639.6		639.6
Intangible assets	408.1		408.1
Investments in associates	26.8		26.8
Other investments	42.4		42.4
Employee benefits	8.0	-7.9	0.1
Deferred tax assets	19.0	4.0	23.0
Total non-current assets	**1,143.9**	**-3.9**	**1,140.0**
Inventories	370.1		370.1
Biological assets	165.0		165.0
Income tax receivables	11.9		11.9
Trade and other receivables	857.4		857.4
Cash and cash equivalents	263.0		263.0
Assets classified as held for sale	6.5		6.5
Total current assets	**1,673.9**		**1,673.9**
Total assets	**2,817.8**	**-3.9**	**2,813.9**
Equity			
Equity attributable to owners of Nutreco	972.0	-31.6	940.4
Non-controlling interest	9.1		9.1
Total equity	**981.1**	**-31.6**	**949.5**
Liabilities			
Interest-bearing borrowings	481.4		481.4
Employee benefits	12.8	27.7	40.5
Provisions	0.7		0.7
Deferred tax liabilities	27.0		27.0
Total non-current liabilities	**521.9**	**27.7**	**549.6**
Interest-bearing borrowings	43.4		43.4
Employee benefits	37.5		37.5
Provisions	5.6		5.6
Income tax liabilities	23.7		23.7
Trade and other payables	1,204.6		1,204.6
Total current liabilities	**1,314.8**		**1,314.8**
Total liabilities	**1,836.7**	**27.7**	**1,864.4**
Total equity and liabilities	**2,817.8**	**-3.9**	**2,813.9**

Significant new standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2013 and not early adopted

A number of new standards, amendments to standards and interpretations are issued but not effective for the financial year beginning 1 January 2013, and have not been early adopted by the Group. None of these are expected to have a significant effect on the consolidated financial statements of the Group except for the following:

- IFRS 10 Consolidated financial statements introduces a new control model that focuses on whether the Group has power over a participation, exposure or rights to variable returns from its involvement with the participation and ability to use its power to affect those returns. As a result of IFRS 10 Consolidated Financial Statements, the Group will change its accounting policy for determining whether it has control over, and consequently whether it consolidates, its participations.The Group reassessed the control conclusion for its existing participations including the recent acquisitions Gisis S.A. and Hendrix Misr S.A.E. The adoption of IFRS 10 will not result in significant changes to the Group's accounting for its participations.

- IFRS 11 Joint arrangements classifies joint arrangements in either joint operations or joint ventures. The structure of the arrangement is no longer the sole determinant in the classification and there is no longer a choice in accounting treatment.
- IFRS 12 Disclosure of interests in other entities provides a single standard for all disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

The Group does not plan to adopt these standards before their effective dates.

2.2 Reclassifications

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

3. Use of estimates and judgements

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

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

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

4. Basis of consolidation

4.1 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

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

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

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

Anticipated acquisition method

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

Present access method

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

Acquisitions of business combinations are described in Note 6.

4.2 Non-controlling interests

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

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

4.3 Subsidiaries

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

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

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

4.5 Associates
Associates are those entities in which Nutreco is a shareholder and has significant influence in, but no control over, the financial and operating policies. This generally involves an equity shareholding between 20% and 50% of the voting rights. The consolidated financial statements include Nutreco's share of the total comprehensive income of associates on an equity-method accounting basis, from the date that significant influence commences until the date that significant influence ceases. When Nutreco's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to zero and recognition of further losses is discontinued except to the extent that Nutreco has incurred legal or constructive obligations or made payments on behalf of an associate. Associates are disclosed in Note 15.

4.6 Jointly controlled operations
Jointly controlled operations are entities in which Nutreco is a shareholder and has joint control of their activities, established by contractual agreement. The consolidated financial statements include Nutreco's interest in a joint venture using the equity method. In the presentation of the consolidated financial statements, joint ventures are disclosed as associates in Note 15.

4.7 Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. In case material, unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of Nutreco's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. A list of affiliated companies, drawn up in conformity with Book 2 of the Netherlands Civil Code, sections 379 and 414, is enclosed in this annual report on pages 209-211.

5. Foreign currency translation

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

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

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

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

Other comprehensive income is recognised directly in equity.

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

Foreign currency differences related to foreign operations are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

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

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

When the settlement of a monetary item, receivable from or payable to a foreign operation, is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

The income and expenses of foreign operations in hyperinflationary economies are translated to Euro at the exchange rate at the reporting date. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.
In the case of hyperinflationary economies (e.g. Venezuela), the financial statements of associates are adjusted for the effects of changing prices of local currency and are presented in the translation reserve within equity.

5.4 Hedge of a net investment in foreign operation

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

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

per 1 Euro	Statement of financial position		Statement of comprehensive income	
	31 December 2013	**31 December 2012**	**2013**	**2012**
Australian dollar	1.54	1.27	1.38	1.24
Brazilian real	3.25	2.70	2.88	2.51
British pound	0.83	0.82	0.85	0.81
Canadian dollar	1.47	1.31	1.37	1.28
Chinese yuan renminbi	8.34	8.22	8.17	8.11
Japanese yen	144.58	113.54	129.93	102.70
Mexican peso	18.02	17.18	16.97	16.91
Norwegian krone	8.38	7.37	7.82	7.48
Russian ruble	45.36	40.19	42.39	39.95
US dollar	1.38	1.32	1.33	1.29

6. Financial instruments

6.1 Non-derivative financial instruments

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

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

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

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

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

6.1.1 Financial assets at fair value through profit or loss

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

6.1.2 Available-for-sale financial assets

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

6.1.3 Held-to-maturity financial assets

Debt securities held by Nutreco are classified as being held to maturity and are initially stated at fair value. Subsequently, they are presented at amortised cost using the effective interest method, less any impairment losses.

6.1.4 Loans and receivables

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

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

6.2 Derivative financial instruments

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

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

7. Hedging

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

7.1 Cash flow hedges

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

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and presented in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised in profit or loss.

If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised in comprehensive income are reclassified as profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

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

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

7.2 Hedge of monetary assets and liabilities

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

7.3 Hedge of net investment in foreign operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised in other comprehensive income. The ineffective portion is recognised immediately as profit or loss, as part of net financing costs.

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

7.4 Fair value hedges

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

8. Property, plant and equipment

8.1 Owned assets

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

8.2 Subsequent costs

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

8.3 Depreciation

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

Buildings	10 – 40 years
Equipment	3 – 25 years
Other major components	3 – 10 years

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

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

8.4 Fair value measurement

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

9. Intangible assets

9.1 Goodwill

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

Initial measurement

The Group measures goodwill at the acquisition date as the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Subsequent measurement

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

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

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

Goodwill recognised upon the acquisition of subsidiaries is carried at cost less any accumulated impairment losses.

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

9.2 Concessions, licenses and quota

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

9.3 Research and development

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

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

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

9.4 Brand names and customer relationships

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

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

9.5 Software

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

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

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

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

Concessions, licenses and quota	20 years – indefinite
Capitalised development costs	3 years
Brand names	10 years – indefinite
Customer relationships	7 – 20 years
Software	3 – 10 years

9.8 Fair value measurement
The fair value of patents and brand names acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned ('relief from royalty' method). The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

14. Cash and cash equivalents

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

15. Impairment

15.1 General

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

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

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

15.2 Calculation of recoverable amount

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

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate, determined as a blended weighted average cost of capital per (groups of) cash-generating unit(s) that reflects the current market assessments of the time value of money and the risks of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the (groups of) cash generating unit to which the asset belongs.

15.3 Reversals of impairment

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

With respect to other assets, an impairment loss is reversed if there has been an indication of a change in the estimates used to determine the recoverable amount.

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

Reversals of impairment are recognised in profit or loss.

16. Equity

16.1 Ordinary shares

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

16.2 Repurchase of shares

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

16.3 Dividends

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

17. Interest-bearing borrowings

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

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

18. Employee benefits

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

18.1 Defined contribution plans

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

18.2 Defined benefit plans

Changes in IAS 19 Employee Benefits are described on page 117-118.
Defined benefit plans represent an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Nutreco's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods. That benefit is discounted and the fair value of any plan assets is deducted.

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

18.3 Other long-term employee benefits

Nutreco's net obligation in respect of long-term employee benefits, other than pension plans, is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at balance sheet date on long-dated highly rated corporate bonds that are denominated in the currency in which the benefits will be paid and that have maturity dates approximating the terms of Nutreco's obligations.

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

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

18.5 Share-based payment transactions

Certain Nutreco employees are granted Nutreco shares through the Performance Share Plan, which is described in the 'Remuneration Report' on pages 101-105. The economic value of the shares granted is recognised as a personnel expense with a corresponding increase in equity. The economic value is measured at grant date and recognised in profit or loss over the three-year vesting period. Vesting and the percentage of vesting are dependent on the performance of the Company calculated as total shareholder return (TSR) versus a peer group and occurs after three years from the grant date. Upon vesting, the employees become unconditionally entitled to the shares. After vesting, there is a two-year lockup period for the Executive Board members.

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

Nutreco also has a bonus conversion plan that entitles certain employees to convert part of their variable cash payment in shares. This plan is described in the 'Remuneration Report' on pages 101-105. Under the terms of the plan, the eligible managers, with the exclusion of the members of the Executive Board, are entitled, but not obliged, to invest part of the proceeds of the annual performance payment which is awarded to them (if any) in shares of the Company.
After a three-year period, the Company will match the eligible managers' investment in a ratio ranging from a guaranteed 25% linearly up to a maximum of 300% depending on the Company's TSR performance over the three-year period.
The economic value of the shares granted in the bonus conversion plan is also measured using the Monte Carlo simulation methodology. Based on this, the costs of these plans are equally spread over the vesting period.

19. Provisions

19.1 General

A provision is recognised if, as a result of a past event, Nutreco has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits from the Group will be required to settle the obligation.
If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

19.2 Restructuring provision

A provision for restructuring is recognised when Nutreco has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly (internally and/or externally). Provisions are not recognised for future operating losses.

19.3 Legal claims

A provision for legal claims is recognised when management has been able to reliably estimate the expected outcome of these claims. The provision is measured at the value of the received claims and a weighing of all possible outcomes against their associated probabilities.

19.4 Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under that contract. The provision is measured at the present value of the lower of the expected costs of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

20. Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.
Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

21. Revenue recognition

21.1 Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. Freight costs recharged to the buyer are included in revenue.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

21.2 Government grants

Any government grant is recognised in profit or loss as other operating income when there is reasonable assurance that it will be received and that Nutreco will comply with the conditions attached to it. In some countries compensation from the government is received for capital expenditure in property, plant and equipment. In these cases, the grants are deducted from the capitalised costs and are recognised in profit or loss as a deduction on depreciation, over the depreciation period. Research and development grants are deducted from the research and development costs.

22. Raw materials and consumables used

Cost of raw materials and consumables used are recognised in profit or loss when the risks and rewards of ownership of the goods sold have been transferred to a party outside the Group. These costs include the purchase price of raw materials and all directly attributable costs.

Accumulated direct and indirect production costs for biological assets are classified as raw materials and consumables used in profit or loss when these biological assets are sold or processed. When the biological assets (poultry) are processed and the processed assets are sold, the cost of production is charged to profit or loss as raw materials and consumables used.

23. Net financing costs/income

Financial expenses comprise interest expenses on borrowings, changes in the fair value of financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments), finance lease expenses and other financial expenses. All borrowing costs on finance lease payments are recognised in profit or loss using the effective interest method.

Financial income comprises interest income on cash and cash equivalents, interest income on available-for-sale financial assets, changes in the fair value of financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments) and interest income on loans to other parties. Interest income is recognised in profit or loss, using the effective interest method.

24. Income tax

Income tax expense in profit or loss for the year comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using statutory tax rates at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

25. Earnings per share

Nutreco presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the total result for the period attributable to owners of Nutreco by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the total result for the period attributable to owners of Nutreco and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise performance shares granted to employees.

26. Segment reporting

An operating segment is a component of Nutreco that engages in business activities from which it earns revenue and incurs expenses, including revenue and expenses that relate to transactions with any of Nutreco's other components. All operating segments' results are reviewed regularly by Nutreco's Executive Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated items comprise mainly corporate assets (mainly the Company's headquarters) and liabilities, head office expenses, exceptional items and Research and Development assets and liabilities.

27. Leases

The Group leases certain property, plant and equipment, vehicles and ships, which are qualified as finance lease or operational lease. If the Group has substantially all the risks and rewards of ownership, the contracts are classified as finance leases. If a significant portion of risks and rewards of ownership are retained by the lessor, the contracts are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss as incurred.
Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

28. Cash flow statement

The consolidated cash flow statement is drawn up on the basis of the indirect method. Interest received, interest paid, income tax paid and dividends received are disclosed separately and are classified as operating activities. Dividends paid are disclosed separately and classified as financing activities. Cash flows from derivative instruments that are accounted for as fair value hedges or cash flow hedges are classified based on the nature of the hedge relationship in the cash flow statement.
Cash flows in foreign currencies are translated to the functional currency at the average foreign exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case cash flows are translated at the rate on the dates of the transactions).

2 Accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The most important accounting estimates and judgements are:

Goodwill and long-lived assets

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are not subject to amortisation and depreciation are tested annually for impairment.

The inherent management estimates and assumptions used in assessing whether an impairment charge should be recognised are determining the discount rate and projecting cash flows. Should the actual performance of the cash generating units become materially worse compared to the estimates, possible impairment losses could arise. For the sensitivity of impairment testing of goodwill see Note 14.

Research and development expenditure

Management judgement is required in determining whether Nutreco should start capitalising development costs as intangible assets or expense such costs when incurred.

The costs of patent projects are capitalised at the moment the Company receives final approval from the regulatory authority for the registration of the patent.

Acquisitions

Estimates significantly impact goodwill and other acquisition-related intangibles. The determination of fair values of acquired identifiable intangibles is based on an assessment of future cash flows. The following estimates and assumptions are used in determining the fair values of acquired identifiable intangible assets:

- brand premium;
- indication of 'appeal' to customers relative to competitors;
- life expectations;
- relevance of customer loyalty;
- differences in economics of different customer groups;
- length of customer relationship.

Provisions

The amounts recognised as a provision are management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. This is the amount management expects to pay to settle the obligation at the balance sheet date or to transfer it to a third party at that time.

Pensions

Pension costs for defined benefit plans are based on actuarial assumptions to make a reliable estimate of the amount of benefit that employees have earned in return for their services in the current and prior periods. The principal actuarial assumptions used are:

- discount rate;
- long-term rate of return on assets;
- expected return on plan assets;
- life expectancy;
- salary increases;
- inflation.

The fair value of certain plan assets (government bonds and equity securities) is based on market prices.

Deferred tax assets

The group recognises deferred tax assets arising from unused tax losses or tax credits only to the extent that the relevant fiscal unit has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be compensated with the unused tax losses or unused tax credits can be utilised by the fiscal unit.

Regarding net operating losses recognised of € 8.9 million (2012: € 3.7 million), management believes, based upon the level of historical taxable income and projections for future taxable income, that sufficient future tax profits will be available to utilise these operating losses.

Regarding net operating losses unrecognised of € 18.5 million (2012: € 53.8 million), management believes, based upon the level of historical taxable income and projections for the future taxable income, it is more likely than not that no future tax profits will be available that can be utilised. As a consequence, management did not recognise a deferred tax asset for these operating losses.

Litigations and claims

The Group is party to various legal proceedings, generally incidental, to its business. In connection with these proceedings and claims, management evaluated, based on the relevant facts and legal principles, the likelihood of an unfavourable outcome and whether the amount of the loss could be reasonably estimated. Subjective judgements were required in these evaluations, including judgements regarding the validity of asserted claims and the likely outcome of legal and administrative proceedings. The outcome of these proceedings, however, is subject to a number of factors beyond the Group's control, most notably the uncertainty associated with predicting decisions by courts and administrative agencies. Legal costs related to litigation are accrued for in profit or loss at the time when the related legal services are actually provided to the Group.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a regular evaluation of all significant fair value measurements, including, if any, Level III fair values and a review of inputs for fair value measurements and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the evidence obtained from the third parties is assessed to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level I: quoted prices (unadjusted) in active markets for identical assets or liabilities that Nutreco can access at the measurement date;
- Level II: inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices of identical or similar assets and liabilities) using valuation techniques for which all significant inputs are based on observable market data; and
- Level III: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) using valuation techniques for which any significant input is not based on observable market data.

'Unobservable' in this context means that there is little market data available from which to determine the price at which an orderly transaction between market participants would be likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input if, in the opinion of management, that lowest level is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The most important accounting estimates and judgements regarding fair values have been determined for measurement and/or disclosures purposes on the methods described below:

Other investments

The fair value of financial assets and available-for-sale financial assets is determined by reference to other observable inputs at the reporting date. Other observable inputs include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

Biological assets

Where there is an active market for biological assets, the quoted price in that market is the appropriate basis for determining the fair value of that asset. If an active market does not exist, one or more of the following methods are used to estimate the fair value:

- most recent transaction price (provided that there has not been a significant change in economic circumstances between the date of that transaction and the balance sheet date);
- market prices for similar assets with adjustments to reflect differences;
- discounted cash flow method (fair value is estimated on the basis of the present value of expected net cash flows from the assets, discounted at the applicable market-based rate).

In measuring fair value of livestock management, estimates are required for the determination of the fair value. These estimates and judgements relate to the average weight of an animal, mortality rates, the completion percentage used for the margin allocation, and the sales prices used to determine the margin.

Financial instruments

The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active or quoted market prices are not available, a valuation technique is used.

The judgement as to whether a market is active or inactive may include, although not necessarily determinative, lower transaction volumes, reduced transaction sizes and, in some cases, no observable trading activity for short periods. In inactive markets, additional assurance is obtained that the transaction price provides evidence of fair value or determined that the adjustments to transaction prices are necessary to measure the fair value of the instrument.

The majority of valuation techniques employ only observable market data, and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable and, for such financial instruments, the derivation of fair value is more judgmental. An instrument in its entirety is classified as valued using significant unobservable inputs if, in the opinion of management, a significant proportion of the instrument's carrying amount is driven by unobservable inputs.

Derivative financial instruments

The fair value of forward foreign exchange contracts is generally estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using current interbank interest rates and current foreign currency rates.

The fair value of interest rate swaps and cross-currency interest rate swaps is estimated by discounting cash flows resulting from the contractual interest rates of both legs of the transaction, taking into account current interest rates, current foreign currency rates and the current creditworthiness of the swap counterparties.

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the actual interest rate. For finance leases, the market rate of interest is determined by reference to similar finance lease agreements.

For all other fair values, the determination of the fair value is described in Note 1 in the part specific to that asset or liability. Furthermore, where applicable, further information about the assumptions made in determining the fair values is disclosed in the notes specific to that asset or liability.

3 Operating segments

With the intention to divest the compound feed and meat activities in Spain and Portugal and the categorisation of these activities as discontinued operations, the Compound Feed and Meat & Other reportable segments for continuing operations significantly decrease. As a result, Nutreco has made an updated assessment of the reportable segments in the Company. To align with the revised management responsibilities and internal management reporting, Nutreco has structured its organisation in two reportable segments: Animal Nutrition and Fish Feed.
For comparison reasons the prior year segment reporting has been adjusted accordingly.

Operating segments

(€ x million)	Revenue third parties		Intersegment revenue		Total revenue		Operating result before amortisation (EBITA)	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Animal Nutrition	1,837.3	1,921.4	169.2	202.6	2,006.5	2,124.0	111.6	112.4
Fish Feed	2,029.8	1,900.1	49.5	42.4	2,079.3	1,942.5	130.6	142.0
Eliminations	-	-	-218.7	-245.0	-218.7	-245.0	-	-
Corporate and other	-	-	-	-	-	-	-26.5	-29.0
Exceptional items	-	-	-	-	-	-	-6.8	-12.2
Continuing operations	**3,867.1**	**3,821.5**	**0.0**	**0.0**	**3,867.1**	**3,821.5**	**208.9**	**213.2**
Discontinued operations	1,414.4	1,678.1	0.5	2.0	1,414.9	1,680.1	34.4	61.6
Eliminations	-44.3	-46.5	-0.5	-2.0	-44.8	-48.5	-	-
Consolidated	**5,237.2**	**5,453.1**	**0.0**	**0.0**	**5,237.2**	**5,453.1**	**243.3**	**274.8**

For continuing operations the reconciliation of the operating result before amortisation (EBITA) to operating result is as follows:

(€ x million)	**2013**	**2012**
Operating result before amortisation (EBITA)	**208.9**	**213.2**
Amortisation	-13.9	-14.2
Operating result from continuing operations	**195.0**	**199.0**

For 2013, the effect of acquisitions on revenue is € 115.9 million (2012: € 115.6 million). The acquisition effect on the operating results before amortisation is € 7.2 million (2012: € 4.8 million) before exceptional items. The acquisition effect on revenue and operating results before amortisation is related to acquisitions completed in 2013 and 2012.

Exceptional items

(€ x million)	**2013**	**2012**
Restructuring costs[1]	-4.7	-8.0
(Reversal of) impairment losses of long-lived assets	-	-0.4
Acquisition-related costs	-1.2	-1.9
Income/expense arising from terms of delivery and alliances	0.5	-0.9
Other	-1.4	-1.0
Total exceptional items	**-6.8**	**-12.2**

[1] Restructuring costs of € -4.7 million (2012: € -8.0 million) are presented on (i) personnel expenses for an amount of € -3.5 million (2012: € -9.0 million), and (ii) other operating expenses for € -1.2 million (2012: € 1.0 million).

Exceptional items consist of non-operational income and/or gains and expenses and/or losses which are not related to the normal course of business. These are, in general, restructuring costs, impairment charges, acquisition-related costs and negative goodwill.

In 2013, the restructuring costs mainly relate to corporate restructuring (€ 2.6 million), animal nutrition activities in Belgium (€ 0.9 million) and fish feed activities in China (€ 0.7 million), partly offset by a release of a restructuring provision related to animal nutrition activities in Hungary (€ 0.8 million).
The majority of the restructuring costs for 2012 was related to animal nutrition activities in Belgium (€ 2.1 million) and Hungary (€ 2.0 million) and corporate restructuring (€ 3.5 million), partly offset by a release of a restructuring provision related to animal nutrition activities in France (€ 1.0 million).

Other expenses per segment

(€ x million)	Depreciation		Amortisation		Total depreciation and amortisation		Restructuring costs		Non-cash expenses other than depreciation and amortisation	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Animal Nutrition	-15.9	-16.0	-8.8	-11.2	-24.7	-27.2	-1.0	-3.7	-3.1	0.8
Fish Feed	-25.0	-23.2	-3.1	-1.8	-28.1	-25.0	-1.1	-0.8	-4.6	-1.3
Unallocated	-1.3	-1.3	-2.0	-1.2	-3.3	-2.5	-2.6	-3.5	-1.3	-0.7
Continuing operations	**-42.2**	**-40.5**	**-13.9**	**-14.2**	**-56.1**	**-54.7**	**-4.7**	**-8.0**	**-9.0**	**-1.2**
Discontinued operations	-17.6	-17.6	-0.1	-0.1	-17.7	-17.7	-2.3	-1.4	0.8	-6.1
Consolidated	**-59.8**	**-58.1**	**-14.0**	**-14.3**	**-73.8**	**-72.4**	**-7.0**	**-9.4**	**-8.2**	**-7.3**

The non-cash expenses in Animal Nutrition mainly relate to restructuring provisions for an amount of € -2.8 million (2012: € 3.2 million) and movements in impairment of trade receivables for an amount of € -0.9 million (2012: € 0.2 million).

The non-cash expenses of Fish Feed mainly relate to employee benefits for an amount of € -2.4 million (2012: € -0.1 million) and movements in impairment of trade receivables for an amount of € -3.4 million (2012: € -0.4 million).

Assets and liabilities per segment

(€ x million)	Assets		Associates		Total assets		Liabilities		Total capital expenditures of PP&E and intangible assets	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Animal Nutrition	938.7	1,000.0	23.8	25.8	962.5	1,025.8	314.8	351.1	23.5	41.7
Fish Feed	1,078.3	1,087.3	2.6	1.0	1,080.9	1,088.3	512.7	598.1	61.6	66.7
Unallocated	120.6	187.2	3.0	-	123.6	187.2	518.1	552.6	20.6	14.7
Continuing operations	**2,137.6**	**2,274.5**	**29.4**	**26.8**	**2,167.0**	**2,301.3**	**1,345.6**	**1,501.8**	**105.7**	**123.1**
Discontinued operations	457.2	512.6	-	-	457.2	512.6	316.8	362.6	5.3	15.3
Consolidated	**2,594.8**	**2,787.1**	**29.4**	**26.8**	**2,624.2**	**2,813.9**	**1,662.4**	**1,864.4**	**111.0**	**138.4**

Unallocated mainly comprises corporate investments and interest-bearing borrowings, corporate and R&D assets and corporate income tax assets and liabilities.

Goodwill and long-lived assets

The carrying amounts for assets with indefinite useful lives have been allocated to the reportable segments as follows:

(€ x million)	Goodwill		Concessions, licences and quota		Brand names		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Animal Nutrition	189.0	211.6	48.1	53.8	22.9	25.5	260.0	290.9
Fish Feed	51.6	28.9	-	-	-	-	51.6	28.9
Carrying amount of intangible assets with indefinite useful lives	**240.6**	**240.5**	**48.1**	**53.8**	**22.9**	**25.5**	**311.6**	**319.8**
Carrying amount of intangible assets with definite useful lives	-	-	1.6	1.7	14.1	11.4	15.7	13.1
Total	**240.6**	**240.5**	**49.7**	**55.5**	**37.0**	**36.9**	**327.3**	**332.9**

Geographical segments

In presenting information on the basis of geographical segments, revenue is based on the geographical location of Nutreco customers. Assets and capital expenditures of property, plant and equipment (PP&E) and intangible assets are based on the geographical location of the assets.

(€ x million)	Revenue third parties (destination)		Total assets		Total capital expenditures of PP&E and intangible assets	
	2013	2012	2013	2012	2013	2012
Norway	810.7	739.5	293.2	332.3	40.6	51.2
Canada	582.1	644.6	375.5	439.8	8.4	11.5
Chile	351.3	330.8	205.1	255.3	5.3	4.0
USA	205.5	215.8	104.6	110.7	1.5	1.4
United Kingdom	194.7	194.7	88.7	80.4	2.2	1.9
Germany	156.8	144.7	18.4	16.8	0.7	0.9
China	156.2	190.4	97.9	102.3	4.5	2.7
Spain	147.5	137.6	83.5	71.9	2.2	1.8
Italy	108.4	103.3	76.7	79.8	1.4	1.4
Brazil	95.6	107.6	94.3	104.9	3.6	7.7
The Netherlands	87.0	106.0	221.3	306.9	15.3	21.7
Russia	74.3	93.6	54.1	43.0	11.0	10.9
Poland	73.3	71.6	23.7	23.8	0.2	0.1
Turkey	70.5	67.9	44.8	44.9	0.4	0.5
Australia	69.6	65.6	77.4	96.7	0.9	1.5
Japan	61.4	79.4	39.9	54.4	1.0	1.1
Other countries	622.2	528.4	267.9	137.4	6.5	2.8
Continuing operations	**3,867.1**	**3,821.5**	**2,167.0**	**2,301.3**	**105.7**	**123.1**
Discontinued operations	1,370.1	1,631.6	457.2	512.6	5.3	15.3
Consolidated	**5,237.2**	**5,453.1**	**2,624.2**	**2,813.9**	**111.0**	**138.4**

4 Discontinued operations and divestments

Consolidated statement of comprehensive income

(€ x million)	2013				2012			
	Continuing operations	Discontinued operations	Elimination	Total	Continuing operations	Discontinued operations	Elimination	Total
Revenue	**3,867.1**	**1,414.9**	**-44.8**	**5,237.2**	**3,821.5**	**1,680.1**	**-48.5**	**5,453.1**
Raw materials and consumables used	-3,097.2	-1,121.4	44.8	-4,173.8	-3,022.7	-1,361.8	48.5	-4,336.0
Change in fair value of biological assets	-0.1	-0.5		-0.6	-	-0.1		-0.1
Changes in inventories of finished goods and work in progress	12.6	-0.3		12.3	5.5	-0.9		4.6
Gross margin	**782.4**	**292.7**	**0.0**	**1,075.1**	**804.3**	**317.3**	**0.0**	**1,121.6**
Other operating income	8.0	1.0		9.0	7.9	24.3		32.2
Personnel cost	-338.2	-134.9		-473.1	-345.7	-150.0		-495.7
Depreciation and amortisation expenses	-56.1	-17.7		-73.8	-54.7	-17.8		-72.5
(Reversal of) impairment of long-lived assets	-	-		0.0	-0.4	1.0		0.6
Other operating expenses	-201.1	-106.8		-307.9	-212.4	-113.3		-325.7
Other operating expenses	-201.1	-106.8		-307.9	-212.4	-113.3		-325.7
Operating result	**195.0**	**34.3**	**0.0**	**229.3**	**199.0**	**61.5**	**0.0**	**260.5**
Financial income	5.6	0.4	-3.8	2.2	8.8	3.4	-6.9	5.3
Financial expenses	-34.8	-3.7	3.8	-34.7	-35.5	-3.7	6.9	-32.3
Foreign exchange result	0.6	-		0.6	0.4	-		0.4
Net financing costs	**-28.6**	**-3.3**	**0.0**	**-31.9**	**-26.3**	**-0.3**	**0.0**	**-26.6**
Share in result of associates and other investments	3.5	-		3.5	3.2	-		3.2
Result before tax	**169.9**	**31.0**	**0.0**	**200.9**	**175.9**	**61.2**	**0.0**	**237.1**
Income tax expense	-42.4	-7.7		-50.1	-42.8	-16.7		-59.5
Total result for the period	**127.5**	**23.3**	**0.0**	**150.8**	**133.1**	**44.5**	**0.0**	**177.6**
Total result atrributable to								
Owners of Nutreco	127.5	22.7	0.0	150.2	132.8	44.0	0.0	176.8
Non-controlling interest	0.0	0.6		0.6	0.3	0.5		0.8
Total result for the period	**127.5**	**23.3**	**0.0**	**150.8**	**133.1**	**44.5**	**0.0**	**177.6**

In accordance with IFRS 5, the compound feed and meat activities in Spain and Portugal are presented as discontinued operations. Discontinued operations of the prior year also include the compound feed activities of Hendrix.

The following table presents the assets and liabilities from compound feed and meat activities in Spain and Portugal, classified as assets and liabilities held for sale in the consolidated statement of financial position:

(€ x million)	2013
Property, plant and equipment	135.8
Other non-current assets	10.3
Inventories	37.7
Biological assets	148.6
Income tax receivable	2.6
Trade and other receivables	117.1
Cash and cash equivalents	5.1
Interest-bearing borrowings	-2.2
Deferred tax	-0.8
Employee benefits	-4.5
Provisions	-0.3
Income tax liability	-8.9
Trade and other payables	-300.1
Net assets / liabilities held for sale	**140.4**

The following table presents the highlights from the cash flow statement of discontinued operations.

(€ x million)	2013	2012
Net cash from operating activities	20.1	2.0
Net cash used in investing activities	-4.3	84.9[1]
Net cash used in financing activities	-0.9	-
Net increase in cash and cash equivalents	**14.9**	**86.9**

[1] includes the proceeds of the sale of Hendrix of € 99.3 million.

5 Assets and liabilities held for sale

In 2013 facilities in China and Ireland with a carrying amount of € 0.2 million were sold for an amount of € 0.3 million. Both assets were part of the segment Fish Feed.

At 31 December 2013, the Group has four production facilities presented as assets held for sale following the commitment of the Group's management to a plan to sell the facilities. Efforts to sell the assets have commenced and a sale is expected in the course of 2014. At 31 December 2013, the assets of € 4.8 million contain the following:

- € 4.6 million relates to three facilities within the segment Animal Nutrition in Belgium, Canada and Italy;
- € 0.2 million relates to a facility in Ireland within the segment Fish Feed.

Furthermore, assets held for sale consist of the assets related to the intented divestment of the compound feed and meat activities in Spain and Portugal for an amount of € 457.2 million.

At 31 December 2013, the Group held € 316.8 million as liabilities held for sale, which relates to the intented divestment of the compound feed and meat activities in Spain and Portugal.

At 31 December 2012, the assets of € 6.5 million contained the following:

- € 6.1 million relates to four facilities within the segment Animal Nutrition in Belgium, Canada, Italy and Poland;
- € 0.4 million relates to two facilities in Ireland and China within the segment Fish Feed.

6 Acquisitions

Acquisitions 2013

Gisis S.A.

In June 2013, Nutreco announced the completion of the acquisition of 75% of the shares in Gisis S.A. and Productos Mixtos, S.A. de C.V. ('Gisis'), the shrimp and tilapia feed subsidiary of the Expalsa group. The acquisition includes a 60% share in Aquafeed S.A. de C.V. in Honduras. With the acquisition of Gisis, Nutreco becomes one of the leading global shrimp feed suppliers. This acquisition fully supports Nutreco's growth strategy to expand its fish feed business in growth geographies and non-salmonid species whilst maintaining its global number one position in salmon feed.

This acquisition strengthens Nutreco's aquaculture feed business Skretting in Latin America, with production, sales and distribution facilities for shrimp and tilapia feed in Ecuador, Honduras and Peru. Revenues in 2012 amounted to € 157 million.

Gisis employs approximately 450 people and has two feed production plants in Guayaquil, Ecuador. It produced around 220,000 tonnes of shrimp and tilapia feed in 2012 and 70,000 tonnes of other feeds, including 50,000 tonnes of poultry feed.

Nutreco obtained control as defined in IFRS 3 business combinations and the purchase method of accounting is applied.

The impact of this acquisition on Nutreco's net cash position in 2013 was € 63.3 million outflow (total consideration paid of € 64.7 million adjusted for cash and cash equivalents of € -1.4 million), excluding acquisition-related costs. The acquisition-related costs made in 2012 and 2013 amount to € 1.1 million. The financials are consolidated as from 1 June 2013 onwards.
The Group has entered into a put/call option contract with the non-controlling shareholders to acquire the remaining 25% of the shares in Gisis as from a certain future date. This option contract has been initially recognised for an amount of € 20.7 million, which represents its fair value at the acquisition date. The put/call option contract is presented in the statement of financial position as part of the non-current trade and other payables. The change in fair value of the option contract is recorded in profit or loss as part of net financing costs.

Identifiable assets acquired and liabilities assumed

The identifiable assets acquired and liabilities assumed relate only to the acquisition of Gisis and are summarised as follows:

(€ x million)	Recognised value	Fair value adjustments	Carrying amounts
Property, plant and equipment	15.9	-	15.9
Intangible assets	22.7	22.7	-
Investments in associates	1.8	-	1.8
Other investments	1.0	-	1.0
Inventories	20.6	-	20.6
Income tax receivable	1.7	-	1.7
Trade and other receivables	41.3	-	41.3
Cash and cash equivalents	1.4	-	1.4
Interest-bearing borrowings	-22.0	-	-22.0
Employee benefits	-1.1	-	-1.1
Deferred tax liability	-4.9	-5.0	0.1
Trade and other payables	-22.8	-	-22.8
Total identifiable net assets	**55.6**	**17.7**	**37.9**

Intangible assets comprise:

(€ x million)	Recognised value	Amortisation period in years
Brand names	5.0	10
Customer relationships	17.7	20
Total intangible assets	**22.7**	

Goodwill

In 2013 goodwill recognised as a result of the Gisis acquisition is as follows:

(€ x million)	
Cash consideration	64.7
Put/call option	20.7
Total consideration	**85.4**
Fair value of identifiable net assets	-55.6
Put/call option	-20.7
Non-controlling interest	13.9
Goodwill	**23.0**

The goodwill recognised is related to the development of Nutreco's position in strategic markets and the synergies expected to be achieved.

Hendrix Misr S.A.E.

In April 2013, Nutreco announced it had signed an agreement to acquire the remaining 67% share held by its two partners in its Egyptian participation Hendrix Misr S.A.E. ('Hendrix Misr'), Nutreco entered the Egyptian market in 2001 by acquiring 33% of Hendrix Misr, which has developed successfully since then. Full ownership of Hendrix Misr offers Nutreco a good base to expand its activities in this attractive growth market. The Egyptian market for extruded fish feed is expected to achieve strong growth in the foreseeable future.

Hendrix Misr is Egypt's market leader in extruded fish feed (mainly tilapia), which is sold under the trade name Skretting, and a leading producer of poultry feed concentrates. Total revenue in 2012 was approximately € 25 million. Nutreco intends to expand the current fish feed capacity of 25,000 tonnes to 75,000 tonnes by 2015.

Nutreco obtained control as defined in IFRS 3 business combinations and the purchase method of accounting is applied.

The impact of this acquisition on Nutreco's net cash position in 2013 was € 11.0 million outflow (total consideration transferred of € 11.5 million adjusted for cash and cash equivalents of € -0.5 million), excluding acquisition-related costs of € 0.1 million. Prior to the acquisition of the remaining 67% share, Hendrix Misr was reported as an equity security (see Note 16). The financials are fully consolidated as from 1 May 2013 onwards.

Identifiable assets acquired and liabilities assumed

The identifiable assets acquired and liabilities assumed relate only to the acquisition of Hendrix Misr and are summarised as follows:

(€ x million)	Recognised value	Fair value adjustments	Carrying amounts
Property, plant and equipment	3.2	1.5	1.7
Intangible assets	7.2	7.2	-
Inventories	4.1	-	4.1
Trade and other receivables	2.8	-	2.8
Cash and cash equivalents	0.5	-	0.5
Interest-bearing borrowings	-6.1	-	-6.1
Deferred tax liability	-2.3	-2.2	-0.1
Income tax liability	-0.1		-0.1
Trade and other payables	-1.2	-	-1.2
Total identifiable net assets	**8.1**	**6.5**	**1.6**

Intangible assets comprise:

(€ x million)	Recognised value	Amortisation period in years
Customer relationships	7.2	10
Total intangible assets	**7.2**	

In 2013 goodwill recognised as a result of the Hendrix Misr acquisition is as follows:

(€ x million)	
Cash consideration	11.5
Fair value of previously held equity interest	2.7
Total consideration	**14.2**
Fair value of identifiable net assets	-8.1
Goodwill	**6.1**

The goodwill recognised is related to the development of Nutreco's position in strategic markets and the synergies expected to be achieved.

Acquisition-related costs

The Group incurred acquisition-related costs of € 1.2 million (2012: € 1.9 million) related to external legal fees and due diligence costs. The acquisition-related costs have been included in other operating expenses in the Group's consolidated statement of comprehensive income.

Total results of Nutreco

Total revenue of the acquisitions in 2013 included in the consolidated financial statements amounts to € 108.8 million. Total revenue for the full year 2013 of the acquisitions amounts to € 181.6 million.

The acquisitions completed in 2013 and 2012 had the following effect on the statement of comprehensive income of the respective years:

(€ x million)	2013	2012
Revenue	140.6	144.9
Operating result before amortisation (before exceptional items)	7.7	5.8
Operating result (before exceptional items)	5.8	4.9
Total result for the period	0.0	2.5

Acquisition of additional shares in non-controlling interest

Trouw Nutrition Russia B.V.

In June 2013, Nutreco acquired the remaining 10% equity interest in Trouw Nutrition Russia B.V. With these additional shares Nutreco has now become full owner.
The purchase price of the acquired equity interest amounted to € 3.0 million (which is part of the line acquisition of non-controlling interest in the consolidated cash flow statement). The Group recognised a decrease in non-controlling interest of € 2.0 million and a decrease in retained earnings of € 1.0 million.

Acquisitions 2012

Bellman Nutriçao Animal Ltda

In April 2012, Nutreco announced that it had agreed to purchase 100% of the shares of Bellman Nutriçao Animal Ltda ('Bellman'), a Brazilian supplier and producer of farm minerals, concentrates and supplements for ruminants. This acquisition strengthens Nutreco's animal nutrition's position in Brazil, one of the most important agriculture and aquaculture growth markets in the world. Brazil is the third largest animal nutrition market in the world.

Bellman is a large farm mineral player in the Brazilian market operating in 18 states with a strong market position in the midwest of Brazil. In addition to the existing production facility in Mirassol, northwest São Paulo state, a second plant is operational since November 2012 in Mato Grosso.
The company has brands built on a science-based market approach. Bellman employs 165 people and in 2011 revenues amounted to € 37 million.
Nutreco obtained control as defined in IFRS 3 business combinations and the purchase method of accounting is applied.

The impact of this acquisition on Nutreco's net cash position in 2012 was € 26.6 million outflow (total consideration transferred of € 26.4 million adjusted for cash and cash equivalents of € -1.6 million and bank overdrafts of € 1.8 million), excluding acquisition-related costs of € 0.6 million. The financials are consolidated as from 2 April 2012 onwards.

Identifiable assets acquired and liabilities assumed

The identifiable assets acquired and liabilities assumed relate only to the acquisition of Bellman and are summarised as follows:

(€ x million)	Recognised value	Fair value adjustments	Carrying amounts
Property, plant and equipment	5.0	-	5.0
Intangible assets	14.6	14.5	0.1
Other investments	0.2	-	0.2
Deferred tax assets	0.1	-	0.1
Inventories	1.6	-	1.6
Trade and other receivables	6.5	-	6.5
Cash and cash equivalents	1.6	-	1.6
Interest-bearing borrowings	-5.3	-	-5.3
Deferred tax liability	-5.2	-4.9	-0.3
Income tax liability	-0.1	-	-0.1
Trade and other payables	-3.3	-	-3.3
Total identifiable net assets	**15.7**	**9.6**	**6.1**

Intangible assets comprise:

(€ x million)	Recognised value	Amortisation period in years
Brand names	4.0	20
Customer relationships	10.6	20
Total intangible assets	**14.6**	

Goodwill

In 2012 goodwill recognised as a result of the Bellman acquisition is as follows:

(€ x million)	
Total consideration transferred	26.4
Fair value of identifiable net assets	15.7
Goodwill	**10.7**

The goodwill recognised is related to the development of Nutreco's position in strategic markets and the synergies expected to be achieved.

7 Other operating income

(€ x million)	2013	2012
Interest received on trade receivables	3.8	3.4
Result on disposed fixed assets	1.1	1.6
Other	3.1	2.9
Total	**8.0**	**7.9**

The loss on the sale of fixed assets amounts to € 1.4 million (2012: gain of € 0.6 million) and is recorded in profit or loss on the line 'other operating income' for an amount of € 1.1 million (2012: € 1.6 million) and on the line 'other operating expenses' for an amount of € 2.5 million (2012: € -1.0 million).

Government grants

(€ x million)	2013	2012
Research and development grants	2.5	2.6
Training grants	0.4	0.4
Other grants	0.3	0.5
Total	**3.2**	**3.5**

Governments grants are included in personnel costs for € 0.4 million (2012: € 0.4 million) and in other operating expenses for € 2.8 million (2012: € 3.1 million).

8 Personnel costs

(€ x million)	2013	2012
Wages and salaries	245.5	245.6
Compulsory social security contributions	40.1	42.3
Third-party staff	6.9	8.9
Pension costs	19.6	20.8
Company cars	10.4	11.0
Expense arising from share-based payments	4.0	3.7
Expense arising from employee share participation plan	0.2	0.1
Change in liability for long-term service obligations	-0.1	-0.2
Other personnel costs	11.6	13.5
Total	**338.2**	**345.7**

The effect of acquisitions in 2013 on personnel costs is € 5.4 million (2012: € 6.7 million). At the end of December, the number of employees added through acquisitions in 2013 is 580 (2012: 196).

Personnel costs include € 3.5 million (2012: € 9.0 million) for restructuring expenses. The total restructuring expenses of € 4.7 million (2012: € 8.0 million) also include other operating expenses for an amount of € 2.0 million (2012: nil) and a release of the restructuring provision of € 0.8 million (2012: € 1.0 million), which was recognised as other operating expenses.

Research and development expenses amount to € 19.5 million (2012: € 24.4 million) and are included for € 13.1 million (2012: € 16.4 million) in personnel costs. In addition, development costs were capitalised for an amount of € 3.9 million (2012: € 0.1 million).

(Average) number of employees

Breakdown by country of the (average) number of employees in FTEs (on payroll):

	2013	2012
Canada	1,116	1,142
China	764	773
Brazil	659	637
The Netherlands	637	623
Chile	422	414
Norway	357	334
Vietnam	346	342
United Kingdom	304	310
USA	273	280
Mexico	264	275
Spain	263	262
Ecuador	262	-
Poland	187	183
Russia	164	143
Italy	134	132
Germany	133	130
Indonesia	116	119
Czech Republic	89	88
Other countries	591	561
Average number of employees in FTE	**7,081**	**6,748**
Number of employees in FTE at 31 December	**7,307**	**6,714**

The increase in average employee numbers in 2013 of 333 employees (2012: 334 employees) is mainly due to the effect of acquisitions in Ecuador and Egypt concluded in 2013 of 335 employees.

9 Other operating expenses

(€ x million)	2013	2012
Maintenance & repair	53.4	52.1
Energy & utility	51.9	52.9
Travel	23.0	22.7
Consultancy	15.7	19.9
Insurance	12.0	14.2
Advertising & promotion	11.9	11.3
IT	11.2	8.4
Rent & lease	10.0	9.8
Fees external auditor	2.9	3.4
Communication	2.4	3.5
(Release of) provisions	1.2	4.9
(Reversal of) impairment on trade receivables	1.1	1.2
Other	4.4	8.1
Total	**201.1**	**212.4**

For property damage and business interruption, and general and product liability losses of a frequent nature, Nutreco operates its own captive re-insurance company, located in the Netherlands and under supervision by the Dutch central bank 'De Nederlandsche Bank'. This company has a maximum insured amount per occurrence and per year and is fully consolidated within the results of Nutreco.

The positive result of the captive re-insurance company amounts to € 1.3 million (2012: a negative result of € 1.7 million) and is included in 'Insurance', as part of other operating expenses.

Provisions include releases of restructuring and claim provisions of € 1.5 million (2012: € 1.5 million), restructuring expenses of € 2.0 million (2012: nil) and expenses for claims for an amount of € 0.3 million (2012: € 1.1 million) (see also Note 25).

Research and development expenses amounted to € 19.5 million (2012: € 24.4 million) and are included in several items of other operating expenses for € 5.3 million (2012: € 6.9 million). The remaining research and development costs are included in personnel costs for € 13.1 million (2012: € 16.4 million) and depreciation and amortisation expenses for € 1.1 million (2012: € 1.1 million).

Operating lease payments are recognised as part of other operating expenses in profit or loss as incurred.

The acquisition effect on other operating expenses is € 4.8 million (2012: € 7.1 million), which is related to acquisitions concluded in 2013 and 2012.

Fees external auditor

(€ x million)	2013	2012
Audit fees	2.6	2.5
Audit-related fees	0.2	0.5
Tax fees	0.1	0.1
Other	-	0.3
Total	**2.9**	**3.4**

Audit-related fees primarily consist of fees in connection with reviews on sustainability reporting and procedures related to acquisitions.

10 Net financing costs/income

(€ x million)	2013	2012
Interest income on deposits	-	0.1
Net change in fair value of financial assets through profit or loss	0.4	0.7
Other interest income	5.2	8.0
Financial income	**5.6**	**8.8**
Interest expenses on syndicated loan	-4.3	-6.0
Interest expenses on private placement	-17.8	-14.7
Interest expenses on short-term loans and bank overdrafts	-6.3	-7.7
Net change in fair value of financial assets through profit or loss	-2.1	-
Other expenses	-2.2	-5.0
Other financial related costs	-2.1	-2.1
Financial expenses	**-34.8**	**-35.5**
Foreign exchange gains	0.6	0.4
Foreign exchange result	**0.6**	**0.4**
Net financing costs/income	**-28.6**	**-26.3**

Financial income decreases to € 5.6 million (2012: € 8.8 million) mainly due to lower cash balances as a result of cash management improvements like intensified cash repatriating and lower balances in notional cash pools.

Financial expenses decrease to € 34.8 million (2012: € 35.5 million), which is mainly a result of the decreased financial expenses on the financing of the Spanish operations, which is to a large extent offset by an increase of interest-bearing borrowings and refinancing of floating rated loans by fixed rated private placements.

Interest expenses on the syndicated loan decrease mainly due to the improvement of interest margin and fees as of the amendments in both September 2012 and December 2013. Interest expenses on the private placement increase with the issuing of $ 218.0 million and € 25.0 million senior notes in a private placement in July 2012.

Other expenses mainly include arrangement and amendment fees, which are amortised over the life of the respective facility.

The interest received and paid are € 1.8 million (2012: € 4.3 million) and € 31.6 million (2012: € 29.0 million) respectively and are reported in the consolidated cash flow statement.

11 Income tax expense

Pre-tax income from continued operations amounts to € 169.9 million (2012: € 175.9 million). The net tax charges related to continuing operations are included in the statement of comprehensive income as follows:

(€ x million)	2013	2012
Current tax expense		
Current tax this year	-51.0	-39.7
Adjustments for prior years	1.1	0.6
Total current tax expense	**-49.9**	**-39.1**
Deferred tax expense		
Origination and reversal of temporary differences	5.0	2.0
Tax losses (de-)recognised	2.6	-6.7
Change in tax rate	-0.1	1.0
Total deferred tax expense	**7.5**	**-3.7**
Total income tax expense	**-42.4**	**-42.8**

The reconciliation of the weighted average statutory income tax rate (as a percentage of result before taxes) to the effective tax rate is as follows:

(€ x million)		2013		2012
Result before tax from continuing operations	169.9		175.9	
Income tax expense	-42.4		-42.8	
Result after tax from continuing operations	**127.5**		**133.1**	
Weighted average income tax	**-45.4**	**26.7%**	**-47.6**	**27.1%**
Tax effect due to change in valuation				
Utilisation of previously unrecognised tax losses	0.1	-0.1%	0.4	-0.2%
Recognition of previously unrecognised tax losses	1.2	-0.7%	-	-
(New) losses carry-forward not expected to be realised	-3.6	2.1%	-3.2	1.8%
Non-taxable income (including share in result of associates)	0.9	-0.5%	1.0	-0.6%
Non-tax-deductible expenses	-2.7	1.6%	-2.2	1.3%
Tax effect due to tax incentives				
Fiscal amortisation goodwill	5.3	-3.1%	3.4	-2.0%
Notional interest deduction Belgium	2.0	-1.2%	2.7	-1.5%
Prior year adjustments	1.1	-0.6%	0.3	-0.2%
Other	-1.3	0.8%	2.4	-1.4%
Effective income tax	**-42.4**	**25.0%**	**-42.8**	**24.3%**

The weighted average tax rate is based on the statutory income tax rates applicable in the various countries. The statutory rates vary from 11.5% (Ireland) to 41% (USA), which is comparable with 2012. In the reconciliation of the weighted average effective tax rate, the share in results of associates is included.

The weighted average statutory income tax rate of 26.7% decreased compared to 2012 (27.1%), mainly caused by a change in geographical spread of income before tax.

The effective tax rate is mainly affected by fiscal amortisation of goodwill, new losses carry-forward not expected to be realised, non-tax deductible expenses and tax incentives like the notional interest deduction.

In a number of countries, tax audits are taking place. Whenever there is a difference in view between local tax authorities and Nutreco operating companies, to the extent deemed necessary, provisions are made for exposures for which it is probable that they will lead to additional tax liabilities.

New losses carry-forward not expected to be realised relates to net operating losses in various countries that are not expected to be realised in the foreseeable future. Fiscal amortisation goodwill relates to the positive tax impact following mergers of various Nutreco entities in Brazil.

The tax cash out versus tax charge is illustrated in the table below:

(€ x million)	**2013**	**2012**
Total tax charge	42.4	42.8
Payments current tax	39.7	45.0

The tax effect of components of other comprehensive income is as follows:

(€ x million)	**Other comprehensive income before tax**		**Tax (expense)/ benefit**		**Other comprehensive income net of tax**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Defined benefit plan actuarial results	10.9	-6.2	-0.4	-3.8	10.5	-10.0
Currency translation differences	-48.1	-6.7	2.5	2.0	-45.6	-4.7
Cash flow hedges	0.3	1.5	1.3	0.8	1.6	2.3
Net loss on revaluation related to inflation accounting	-0.7	1.5	-	-	-0.7	1.5
Other comprehensive income	**-37.6**	**-9.9**	**3.4**	**-1.0**	**-34.2**	**-10.9**

A large part of the currency translation differences is not part of the taxable result because of the participation exemption in the Netherlands.

12 Earnings per share

On 2 May 2013, every ordinary and cumulative preference 'D' and 'E' share in the authorized share capital of Nutreco with a par value of € 0.24 was divided and split into two shares of each class. After this share split, the authorized capital of Nutreco amounts to € 41,520,000, divided into 142,000,000 ordinary shares, 142,000,000 cumulative preference 'D' shares and 62,000,000 cumulative preference 'E' shares, all with a nominal value of € 0.12. The numbers of Nutreco shares reported in these financial statements are the numbers after the above-mentioned share split. For comparison reasons, the share numbers before 2 May 2013 (including the financial year 2012) have been changed accordingly.

Basic earnings per share

The calculation of the basic earnings per share at 31 December 2013 is based on the total results for the period attributable to owners of Nutreco of € 150.2 million (2012: € 176.8 million) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2013 of 68,768 (x 1,000) (2012: 69,528 (x 1,000)), which is calculated as follows:

(x 1,000 shares)[1]	2013	2012
Number of ordinary shares at 1 January	**69,200**	**69,532**
Average effect of repurchase of shares	-1,264	-1,290
Average effect of shares re-issued in March	328	198
Average effect of shares re-issued in April	8	6
Average effect of shares re-issued in April, stock dividend	390	816
Average effect of shares re-issued in July	9	10
Average effect of shares re-issued in August, stock dividend	97	256
Weighted average number of ordinary shares at 31 December	**68,768**	**69,528**

1 For comparison reasons the share numbers before the share split on 2 May 2013 have been amended (doubled) including the financial year 2012.

The calculation of the diluted earnings per ordinary share is based on 69,112 (x 1,000) (2012: 69,930 (x 1,000)) shares, taking into account the outstanding unvested performance shares.

(x 1,000 shares)	2013	2012[1]
Weighted average number of ordinary shares at 31 December	**68,768**	**69,528**
Effect of performance shares outstanding[2]	344	402
Weighted average number of ordinary shares (diluted) at 31 December	**69,112**	**69,930**

1 For comparison reasons the share numbers for the financial year 2012 have been amended (doubled) due to the share split on 2 May 2013.
2 Based on performance shares awarded under the terms of the long-term incentive plan 2007 and the performance shares awarded under the terms of the bonus conversion plan.

The average market (economic) value of Nutreco's shares for the purpose of calculating the dilutive effect of performance shares awarded under the terms of the long-term incentive plan is based on the average closing share price over the first five trading days of 2013 multiplied by the expected vested percentage for performance shares.

The average market (economic) value of Nutreco's shares for the purpose of calculating the dilutive effect of performance shares awarded under the terms of the Bonus conversion plan is based on Monte Carlo simulation methodology, conducted by a third-party advisor.

Key figures per share

	2013	2012[1]
Continuing operations		
Basic earnings per ordinary share for continuing operations (€)	1.85	1.91
Cash earnings per ordinary share (€)	2.06	2.11
Diluted earnings per ordinary share for continuing operations (€)	1.84	1.90
Weighted average number of ordinary shares outstanding during the year (x 1,000)	68,768	69,528
Weighted average number of ordinary shares for diluted earnings per share (x 1,000)	69,112	69,930
Number of ordinary shares outstanding as at 31 December (x 1,000)	68,868	69,200
Discontinued operations (€)		
Basic earnings per ordinary share for discontinued operations	0.33	0.63
Diluted earnings per ordinary share for discontinued operations	0.33	0.63
Key figures per ordinary share (€)		
Basic earnings per share	2.18	2.54
Cash earnings per share	2.39	2.75
Diluted earnings per share	2.17	2.53
Diluted cash earnings per share	2.38	2.73
Dividend per share	1.00	1.03

[1] For comparison reasons the earnings per share and share numbers for the financial year 2012 have been amended (doubled) due to the share split on 2 May 2013. Furthermore, the 2012 figures have been restated due to the presentation of discontinued operations.

The cash earnings per share are based on the net profit for the year attributable to holders of ordinary shares excluding amortisation.

13 Property, plant and equipment

(€ x million)	Land and buildings	Machinery and equipment	Other	Under construction	Total
Cost					
Balance at 1 January 2012	**393.0**	**715.1**	**87.2**	**73.0**	**1,268.3**
Capital expenditure	3.3	9.5	2.9	92.8	108.5
Disposals	-5.2	-21.5	-5.8	-0.4	-32.9
Acquisitions through business combinations	0.2	1.4	0.5	2.9	5.0
Acquisitions through business combinations previous year	5.1	-6.5	0.0	0.0	-1.4
Transfer between categories	26.3	46.5	2.2	-75.0	0.0
Capitalised borrowing costs	-	-	-	1.6	1.6
Reclassification to assets held for sale	-7.3	-4.9	-0.8	-	-13.0
Effect of movement in foreign exchange rates	2.5	6.6	0.3	1.0	10.4
Balance at 31 December 2012	**417.9**	**746.2**	**86.5**	**95.9**	**1,346.5**
Balance at 1 January 2013	**417.9**	**746.2**	**86.5**	**95.9**	**1,346.5**
Capital expenditure	2.2	4.9	3.2	71.2	81.5
Disposals	-7.0	-10.4	-3.0	-0.1	-20.5
Acquisitions through business combinations	7.7	9.9	1.0	0.5	19.1
Transfer between categories	37.8	67.1	1.6	-106.5	0.0
Capitalised borrowing costs	-	-	-	1.5	1.5
Reclassification to assets held for sale	-98.8	-176.0	-10.9	-8.9	-294.6
Effect of movement in foreign exchange rates	-23.9	-50.9	-3.3	-5.4	-83.5
Balance at 31 December 2013	**335.9**	**590.8**	**75.1**	**48.2**	**1,050.0**
Accumulated depreciation and impairment losses					
Balance at 1 January 2012	**-153.1**	**-455.5**	**-76.4**	**0.0**	**-685.0**
Depreciation - continuing operations	-9.2	-27.0	-4.3	-	-40.5
Depreciation - discontinued operations	-2.5	-14.2	-0.9	-	-17.6
Impairment losses	-0.1	-0.6	-	-	-0.7
Reversal of impairment losses	0.1	1.2	-	-	1.3
Disposals	5.0	20.7	5.2	-	30.9
Transfer between categories	-0.3	-1.1	1.4	-	0.0
Reclassification to assets held for sale	6.7	4.6	0.8	-	12.1
Effect of movement in foreign exchange rates	-1.5	-5.5	-0.4	-	-7.4
Balance at 31 December 2012	**-154.9**	**-477.4**	**-74.6**	**0.0**	**-706.9**
Balance at 1 January 2013	-154.9	-477.4	-74.6	0.0	-706.9
Depreciation - continuing operations	-9.4	-28.4	-4.4	-	-42.2
Depreciation - discontinued operations	-2.3	-14.3	-1.0	-	-17.6
Impairment losses	-	-	-	-	0.0
Reversal of impairment losses	-	-	-	-	0.0
Disposals	6.0	9.7	3.4	-	19.1
Transfer between categories	-	-	-	-	0.0
Reclassification to assets held for sale	36.0	116.0	8.4	-	160.4
Effect of movement in foreign exchange rates	6.6	28.4	2.3	-	37.3
Balance at 31 December 2013	**-118.0**	**-366.0**	**-65.9**	**0.0**	**-549.9**
Carrying amount at 1 January 2012	**239.9**	**259.6**	**10.8**	**73.0**	**583.3**
Carrying amount at 31 December 2012	**263.0**	**268.8**	**11.9**	**95.9**	**639.6**
Carrying amount at 1 January 2013	**263.0**	**268.8**	**11.9**	**95.9**	**639.6**
Carrying amount at 31 December 2013	**217.9**	**224.8**	**9.2**	**48.2**	**500.1**

In the statement of comprehensive income, depreciation is reported under 'depreciation and amortisation expenses' and the impairment loss under '(reversal of) impairment of long-lived assets'.

Assets under construction

The most material and important assets under construction in 2013 relate to projects that already started in 2012 and 2011, with the intention of constructing new factories and modernising production lines. These investments are capitalised as assets under construction for an amount of € 48.2 million (2012: € 95.9 million) and consist mainly of projects in the segment (i) Fish Feed in Norway (€ 11.1 million) and Ecuador (€ 2.3 million), (ii) Animal Nutrition in Canada (€ 6.8 million), Spain (€ 6.7 million), Brazil (€ 2.5 million), China (€ 2.0 million) and Russia (€ 1.8 million).
The assets under construction relating to the compound feed and meat activities in Spain and Portugal have been transferred to assets held for sale.

Capital expenditure projects

During 2013, Nutreco invested a total amount of € 81.5 million (2012: € 108.5 million) in property, plant and equipment. Investments in factories took place across different businesses and were intended to enable growth in new markets. Furthermore, the Group has invested in efficiency processes and capacity extension projects in more mature markets. This included projects for (i) maintaining the quality level of Nutreco's asset base through upgrade and replacement projects, (ii) further automation of the packaging processes and (iii) additional production lines for extra capacity and the flexibility to use different raw materials. The total capital expenditure for expansion amounted to € 35.7 million in 2013, which mainly relates to significant expansion in Norway.

Borrowing costs

Nutreco has capitalised borrowing costs of € 1.5 million (2012: € 1.6 million) for its expansion capital expenditure in Russia for € 0.4 million (2012: € 0.7 million), in Norway € 0.6 million (2012: € 0.9 million) and in China € 0.5 million (2012: nil). The average interest rate for these capitalised borrowing costs is 2.4% (2012: 2.8%).

(Reversal of) impairment losses

The total (reversal of) impairment losses amounts to nil (2012: € 0.6 million).

Disposals

During 2013, Nutreco sold property, plant and equipment with a carrying amount of € 1.4 million (2012: € 2.0 million). The loss on the sale of property, plant and equipment amounted to € 0.2 million (2012: gain of € 0.6 million) and is recorded on the line 'other operating income' in profit or loss for an amount of € 0.7 million and on the line 'other operating expenses' for an amount of € -0.9 million.

Finance lease

In 2013 the Group did not lease property, plant and equipment, which are qualified as finance lease.

14 Intangible assets

(€ x million)	Goodwill	Concessions, licences and quota	Development costs	Software	Brand names	Customer relationships	Total
Cost							
Balance at 1 January 2012	**239.7**	**55.3**	**8.6**	**40.3**	**34.2**	**66.5**	**444.6**
Capital expenditure	-	0.2	0.1	19.1	-	-	19.4
Disposals	-	-0.6	-0.1	-1.5	-	-0.2	-2.4
Acquisitions (through business combinations)	33.0	-	-	-	4.0	10.6	47.6
Acquisitions through business combinations previous year	-1.3	1.2	-	-	-	-	-0.1
Capitalised (borrowing) costs	-	-	-	0.3	-	-	0.3
Effect of movement in foreign exchange rates	-3.8	0.5	0.1	0.3	-0.6	-1.0	-4.5
Balance at 31 December 2012	**267.6**	**56.6**	**8.7**	**58.5**	**37.6**	**75.9**	**504.9**
Balance at 1 January 2013	**267.6**	**56.6**	**8.7**	**58.5**	**37.6**	**75.9**	**504.9**
Capital expenditure	-	-	3.9	16.6	-	0.4	20.9
Disposals	-4.7	-	-	-1.1	-	-	-5.8
Acquisitions (through business combinations)	29.1	-	-	-	5.0	24.9	59.0
Capitalised borrowing costs	-	-	-	0.2	-	-	0.2
Reclassification to assets held for sale	-	-	-	-4.2	-	-	-4.2
Effect of movement in foreign exchange rates	-24.9	-5.8	-1.0	-1.6	-4.1	-8.0	-45.4
Balance at 31 December 2013	**267.1**	**50.8**	**11.6**	**68.4**	**38.5**	**93.2**	**529.6**
Accumulated amortisation and impairment losses							
Balance at 1 January 2012	**-26.8**	**-1.3**	**-4.3**	**-21.3**	**-0.2**	**-30.2**	**-84.1**
Amortisation - continuing operations	-	-0.1	-0.8	-5.5	-0.5	-7.3	-14.2
Amortisation - discontinued operations	-	-	-	-0.1	-	-	-0.1
Disposals	-	0.3	-	1.7	-	0.2	2.2
Effect of movement in foreign exchange rates	-0.3	-	-	-0.2	-	-0.1	-0.6
Balance at 31 December 2012	**-27.1**	**-1.1**	**-5.1**	**-25.4**	**-0.7**	**-37.4**	**-96.8**
Balance at 1 January 2013	**-27.1**	**-1.1**	**-5.1**	**-25.4**	**-0.7**	**-37.4**	**-96.8**
Amortisation - continuing operations	-	-0.1	-0.8	-5.2	-0.9	-6.9	-13.9
Amortisation - discontinued operations	-	-	-	-0.1	-	-	-0.1
Disposals	-	-	-	0.3	-	-	0.3
Reclassification to assets held for sale	-	-	-	4.0	-	-	4.0
Effect of movement in foreign exchange rates	0.6	0.1	0.5	1.2	0.1	3.8	6.3
Balance at 31 December 2013	**-26.5**	**-1.1**	**-5.4**	**-25.2**	**-1.5**	**-40.5**	**-100.2**
Carrying amount at 1 January 2012	**212.9**	**54.0**	**4.3**	**19.0**	**34.0**	**36.3**	**360.5**
Carrying amount at 31 December 2012	**240.5**	**55.5**	**3.6**	**33.1**	**36.9**	**38.5**	**408.1**
Carrying amount at 1 January 2013	**240.5**	**55.5**	**3.6**	**33.1**	**36.9**	**38.5**	**408.1**
Carrying amount at 31 December 2013	**240.6**	**49.7**	**6.2**	**43.2**	**37.0**	**52.7**	**429.4**

The increase of intangible assets of € 21.3 million in 2013 is mainly due to (i) the acquisition of Gisis of € 45.7 million and the acquisition of Hendrix Misr of € 13.3 million, (ii) capital expenditure of € 20.9 million, (iii) amortisation of € 14.0 million and (iv) the negative effect of foreign exchange rates of € 38.9 million.

Amortisation of intangible assets is reported on the line ‘depreciation and amortisation expenses’ of the consolidated statement of comprehensive income.

Goodwill

At 31 December 2013, the carrying amount of goodwill amounts to € 240.6 million (31 December 2012: € 240.5 million). The change in goodwill mainly relates to (i) the acquisition of Gisis S.A. of € 23.0 million, (ii) the acquisition of Hendrix Misr of € 6.1 million, (iii) the disposal of goodwill of € 4.7 million relating to the sale of operations in Canada, (iv) the acquisition of 3% additional shares in Nutreco Fri-Ribe of € 0.8 million and (v) the negative effect of movement of foreign exchange rates of € 24.3 million.

On 19 July 2013, Nutreco sold one of its operations in Canada (Atlantic Poultry). The disposal of goodwill of € 4.7 million relates to the sale of these animal nutrition activities in Canada.

In February 2013, Nutreco increased its shareholding in its Brazilian subsidiary Nutreco Fri-Ribe Nutriçao Animal S.A. ('Nutreco Fri-Ribe') with 3%. With these additional shares Nutreco has now become full owner. The purchase price amounted to € 1.3 million (which is part of the line acquisition of non-controlling interest in the consolidated cash flow statement) and results in an additional goodwill of € 0.8 million.

In 2013 and 2012, no impairments have been recognised for goodwill.

Concessions, licenses and quota

At 31 December 2013, the carrying amount of concessions, licenses and quota amounted to € 49.7 million (31 December 2012: € 55.5 million) and mainly consists of quota that have been acquired in 2007 as part of the acquisition of Maple Leaf Animal Nutrition. Quota is an acquired right to sell poultry products in markets in which sales of these products are regulated and limited by the government and is recognised in Animal Nutrition (Canada).

Quota has an indefinite useful life as there is no indication of possible rescission of the quota system.

In 2013, no impairments have been recognised for concessions, licenses and quota (2012: nil).

Development costs

At 31 December 2013, the carrying amount of development costs amounted to € 6.2 million (31 December 2012: € 3.6 million). With the introduction of Nutreco's renewed strategy in 2011 (Driving sustainable growth) and the coinciding set-up of its Application and Solution Centres, more emphasis has been put on investments in R&D. The costs related to the development component have become more material recently, resulting in internally-generated intangibles being capitalised in 2013 of € 3.9 million.

Software

During 2013, Nutreco has added internally-generated intangibles of € 14.7 million (2012: € 11.8 million), which mainly relate to certain capitalised expenditures of the Unite-programme. This programme aims at standardisation and optimisation of business processes and includes implementations of ERP systems. The amortisation period of the Unite-programme is ten years. The total amount of internally-generated intangibles at 31 December 2013 amounts to € 32.4 million (2012: € 17.7 million) and has been recorded under software.

Brand names

The useful lives of brand names have been determined on the basic factors, such as the economic environment, the expected use of an asset and related assets or groups of assets, and legal or other provisions that might limit the useful life. The main part of the brand names has an indefinite useful life.

The carrying amount of brand names at 31 December 2013 of € 37.0 million (2012: € 36.9 million) is mainly related to the acquisitions of:

- the brand names Shur-Gain and Landmark Feeds in 2007, recognised in Nutreco Canada;
- the brand name Fri-Ribe related to the Brazilian acquisition in 2009;
- the brand name related to the Vietnamese acquisition of Tomboy in 2010;
- the brand name related to the Brazilian acquisition of Bellman in 2012 and
- the brand name related to the acquisition of Gisis in 2013.

The change in brand names in 2013 of € 0.1 million relates to the acquisition of Gisis for € 5.0 million, amortisation expenses for an amount of € 0.9 million and the negative effect of movement in foreign exchange rates for € 4.0 million.

In 2013 and 2012, no impairments have been recognised for brand names.

Customer relationships

The remaining average amortisation period for customer relationships is 8 years. The increase in 2013 of € 14.2 million mainly relates to (i) the acquisitions of Gisis for € 17.7 million and Hendrix Misr for € 7.2 million, (ii) amortisation expenses for an amount of € 6.9 million and (iii) the negative effect of movement in foreign exchange rates for € 4.2 million.

At 31 December 2013, the carrying amount of customer relationships of € 52.7 million (2012: € 38.5 million) mainly relates to the acquisitions of:

- Nutreco Canada in 2007, recognised for an amount of € 5.4 million (2012: € 8.6 million);
- Shihai of € 11.0 million (2012: € 11.7 million);
- Bellman of € 7.5 million (2012: € 9.5 million);
- Gisis of € 16.2 million in 2013 and
- Hendrix Misr of € 6.5 million in 2013.

Despite challenging market circumstances in China, the valuation of the customer relationships in Shihai is still considered appropriate. In 2013 and 2012, no impairments have been recognised for customer relationships.

There are no intangible assets whose titles are restricted or pledged as security for liabilities.

Borrowing costs

Nutreco has capitalised borrowing costs of € 0.2 million (2012: € 0.3 million), which relates to capitalised expenditures of the Unite-programme. The average interest rate for these capitalised borrowing costs is 3.9% (2012: 3.8%).

Impairment tests for assets with indefinite useful lives

The carrying amounts for assets with indefinite useful lives are allocated to the following (groups of) cash-generating units:

(€ x million)	Goodwill		Concessions, licences and quota		Brand names		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Nutreco Canada	106.8	123.1	48.1	53.7	22.6	25.2	177.5	202.0
Animal Nutrition Europe	4.8	4.6	-	0.1	0.3	0.3	5.1	5.0
Animal Nutrition Americas	32.8	34.3	-	-	-	-	32.8	34.3
Animal Nutrition Brazil	28.2	33.2	-	-	-	-	28.2	33.2
Selko Feed Additives	7.9	7.9	-	-	-	-	7.9	7.9
Skretting South Europe	5.9	-	-	-	-	-	5.9	-
Nutreco Asia & Australia	28.9	33.1	-	-	-	-	28.9	33.1
Skretting Americas & UK	25.3	4.3	-	-	-	-	25.3	4.3
Carrying amount of intangible assets with indefinite useful lives	**240.6**	**240.5**	**48.1**	**53.8**	**22.9**	**25.5**	**311.6**	**319.8**
Carrying amount of intangible assets with definite useful lives	-	-	1.6	1.7	14.1	11.4	15.7	13.1
Total	**240.6**	**240.5**	**49.7**	**55.5**	**37.0**	**36.9**	**327.3**	**332.9**

For impairment testing, goodwill is allocated to (groups of) cash-generating units. This is typically the Business Unit Level, one level below the operating segment, representing the lowest level at which the goodwill and intangibles are monitored internally for management purposes.

Change in composition of cash-generating units in Canada

Since 2012 the Group identified two separate cash-generating units for the operations in Canada in line with IFRS requirements (IAS 36.80 sub b). In December 2013, the Group's reportable segments changed to Animal Nutrition and Fish Feed. This new segmentation allows combining cash-generating units Animal Nutrition Canada and Meat & Other – Canada into cash-generating unit Nutreco Canada, aligning the cash-generating unit with the Group's business unit structure.

Assumptions

At each reporting date, the Group reviews whether there is an indication that any of the (groups of) cash-generating units that contain goodwill, concessions, licenses, quota and brand names may be impaired. Furthermore, the Group carries out an annual impairment test by comparing the carrying amount of the (groups of) cash-generating units that include goodwill to the recoverable amount. The recoverable amounts of the (groups of) cash generating units were based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The key assumptions used in the calculation of recoverable amounts are discount rates and the revenue and EBITA Compound Annual Growth Rate (CAGR). The values assigned to the key assumptions represent management's assessment of future trends and are based on historical data from both external and internal sources.

- The discount rate is a real post-tax measure and reflects a blend of country-specific weighted average cost of capital calculated on the basis of a 3-years average EBITA allocation key.
- EBITA is estimated taking into account past experience, adjusted as follows:
  - For 2014, EBITA is projected using the 2014 Budget, based on developments in 2013 and forecasts of the business, approved by the Executive Board;
  - The anticipated annual growth included in the cash flow projections for the years 2015 to 2016 is in line with business development plans, as approved by the Executive Board and Supervisory Board;
  - The cash flow projections for the years 2017 to 2018 are based on the average of prior years;
  - Cash flows beyond 2018 until 2023 are extrapolated assuming limited or no growth;
  - The terminal value for the period after ten years is determined with the assumption of no growth.

The forecasted cash flows and the blended discount rates used are on a real basis and therefore exclude future inflation. The business development plans are reviewed and adjusted if appropriate to reflect the market participant's view, as required under the fair value less costs of disposal-methodology. The costs of disposal are estimated at 1% of the total fair value of the cash-generating units.

The average key assumptions are shown as follows:

%	Compound annual growth rate revenue[1]	Compound annual growth rate EBITA[1]	Blended discount rate	
	2013-2023	2013-2023	2013	2012
Animal Nutrition	1.9 - 7.1	2.6 - 7.3	5.1 - 7.3	5.0 - 6.4
Fish Feed	2.9 - 6.3	2.3 - 7.3	6.5 - 8.1	5.5 - 8.1

[1] The compound annual growth rate is the year-over-year growth rate over the forecast period.

The upper range of revenue and EBITA CAGR for segment Animal Nutrition is driven by Selko Feed Additives, with Nutreco Canada and Animal Nutrition Europe in the lower range. In segment Fish Feed, Nutreco Asia & Australia is in the upper range, with Skretting Americas & UK in the lower range. The discount rate of the cash-generating units increased compared to the previous reporting period, resulting from higher risk-free interest rates, beta- and country-specific parameters.

Sensitivity analysis

Management performed a sensitivity analysis on the impairment tests of the groups of cash generating units. The groups of cash generating units Nutreco Canada, Animal Nutrition Europe, Animal Nutrition Americas, Selko Feed Additives, Nutreco Asia & Australia, Skretting Southern Europe and Skretting Americas & UK all have substantial headroom. Based on the annual impairment test, it was noted that the headroom for the cash-generating unit Animal Nutrition Brazil was € 20 million. Adverse changes in key assumptions could cause an impairment loss to be recognised. The changes of the blended post-tax discount rate or changes of the revenue or EBITA CAGR over the period 2013-2023 that, if applied, would result in an excess value of nil are:

- a decrease in revenue CAGR of 2.7 percentage points;
- a decrease of EBITA CAGR of 2.6 percentage points;
- an increase in discount rate of 1.6 percentage points.

The results of the impairment test in the other groups of cash generating units have indicated that a reasonable possible change in key assumptions of any group of cash generating units with goodwill, quota and/or brand names would not cause the recoverable amount to fall to the level of its carrying amount.

Following the change in the composition of cash-generating units in Canada, no impairment is necessary based on both the former cash-generating units Animal Nutrition Canada and Meat & Other - Canada, and the newly-defined cash-generating unit Nutreco Canada.

The market capitalization of Nutreco at 31 December 2013 amounts to € 2,437 million and was clearly above the carrying amount of net assets, providing an additional indication that goodwill is not to be impaired.

15 Investments in associates

Nutreco has the following investments in associates, directly or indirectly through subsidiaries:

(€ x million)	Ownership		Amount (€ x million)	
	2013	2012	2013	2012
Couvoir Scott Ltée, Canada (Animal Nutrition)	50%	50%	9.2	10.3
Nanta de Venezuela C.A., Venezuela (Animal Nutrition)	50%	50%	7.9	8.2
Advanced Nutrition Ltd., Canada (Animal Nutrition)	50%	50%	-	-
Aquafeed S.A. de C.V., Honduras (Fish Feed)	60%	-	1.6	-
Nieuwland Feed and Supply Ltd., Canada (Animal Nutrition)	40%	40%	2.7	2.8
Gène-Alliance Inc., Canada (Animal Nutrition)	40%	40%	0.4	0.4
Yantzi's Feed & Seed Ltd., Canada (Animal Nutrition)	40%	40%	0.3	0.4
Dutch Feed Holding B.V., the Netherlands (Animal Nutrition)	33%	-	3.1	-
Lactech L.P., Canada (Animal Nutrition)	33%	33%	3.2	3.7
Ens partnership, Canada (Fish Feed)	33%	33%	1.0	1.0
Centre for Aquaculture Competence A/S, Norway (Fish Feed)	33%	33%	-	-
Beijing Dejia Honesty Livestock Import & Export Co. Ltd., China (Animal Nutrition)	20%	20%	-	-
Balance at 31 December			**29.4**	**26.8**

No goodwill has been recognised separately in relation to these investments in associates. Nutreco is not responsible for the (contingent) liabilities of the associates.

Changes in investments in associates

(€ x million)	2013	2012
Balance at 1 January	**26.8**	**23.2**
Share in results	1.2	2.9
Additions	3.1	-
Dividends received	-0.8	-0.7
Disposals	-	-0.1
Acquisitions through business combinations	1.8	-
Effect of movement in foreign exchange	-2.7	1.5
Balance at 31 December	**29.4**	**26.8**

Additions relate to the 33% share in Dutch Feed Holding B.V., a joint arrangement for animal nutrition activities in the Ukraine. Acquisitions consist of a 60% share in Aquafeed S.A. de C.V. as part of the acquisition of Gisis (see Note 6). Nutreco does not have control over the financial and operating policies of Aquafeed.

Breakdown of the share in results of associates

(€ x million)	2013	2012
Couvoir Scott Ltée, Canada	0.7	1.0
Nanta de Venezuela C.A., Venezuela	0.5	1.4
Advanced Nutrition Ltd., Canada	-	-
Aquafeed S.A. de C.V., Honduras	-0.2	-
Nieuwland Feed and Supply Ltd., Canada	0.1	0.2
Gène-Alliance Inc., Canada	-	-
Yantzi's Feed & Seed Ltd., Canada	0.1	0.1
Dutch Feed Holding B.V., the Netherlands	-	-
Lactech L.P., Canada	-	-
Ens partnership, Canada	-	-
Centre for Aquaculture Competence A/S, Norway	-	0.2
Beijing Dejia Honesty Livestock Import & Export Co. Ltd., China	-	-
Total	**1.2**	**2.9**

In the statement of comprehensive income, the share in results of associates and other investments of € 3.5 million (2012: € 3.2 million) includes the share in results of other investments for an amount of € 2.3 million (2012: € 0.3 million).

Main balance sheet items of associates

The breakdown of the main balance sheet items is as follows:

(€ x million)	Animal Nutrition	Fish Feed	Total 2013	Total 2012
Total non-current assets	40.4	5.1	45.5	38.5
Total current assets	38.1	2.1	40.2	47.4
Total assets	**78.5**	**7.2**	**85.7**	**85.9**
Equity	44.7	5.4	50.1	40.3
Total non-current liabilities	6.8	-	6.8	10.7
Total current liabilities	27.0	1.8	28.8	34.9
Total equity and liabilities	**78.5**	**7.2**	**85.7**	**85.9**

These figures were stated based on the latest audited statutory financial statements, which have several dates ranging from 31 July 2012 to 31 July 2013, with adjustments recognised to align with IFRS.

The total revenue of these associates amounted to € 145.9 million and net profit amounted to € 3.3 million.

16 Other investments

(€ x million)	Equity securities		Debt securities		Total	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Balance at 1 January	**15.6**	**17.5**	**26.8**	**27.7**	**42.4**	**45.2**
Share in result	2.3	0.3	-	-	2.3	0.3
Change in fair value[1]	0.2	0.7	0.2	0.2	0.4	0.9
Additions	-	-	0.4	3.4	0.4	3.4
Disposals/loans repaid	-13.4	-2.6	-0.4	-0.1	-13.8	-2.7
Acquisitions through business combinations	-	-	1.0	-	1.0	0.0
Transfer from/(to) other balance sheet items	-2.7	-	7.9	-4.4	5.2	-4.4
Dividends received	-	-0.3	-	-	0.0	-0.3
Reclassification to assets held for sale	-1.9	-	-6.8	-	-8.7	0.0
Effect of movement in foreign exchange	-	-	-1.6	-	-1.6	0.0
Balance at 31 December	**0.1**	**15.6**	**27.5**	**26.8**	**27.6**	**42.4**

[1] The change in fair value is reflected in Net financing costs in the cash flow statement.

Equity securities

The equity securities consist of interests in several non-listed companies ranging from 1.8% up to 16.67%. Nutreco does not participate in the management of these entities and is not able to exercise significant influence on the strategy and daily operations.

The share in result of € 2.3 million relates to the gain on the previously held interest of 33% in Hendrix Misr, resulting in an equity value of € 2.7 million. This amount was transferred to other balance sheet items following the acquisition of full ownership of Hendrix Misr in April 2013 (see Note 6).

The disposal of € 13.4 million mainly relates to the sale of an unlisted equity participation that was transferred from the Dutch Nutreco Pension Fund to the Group in 2011.

The reclassification to assets held for sale for an amount of € 1.9 million comprise interests in Sociedad Comercializadora de Aves, S.L. (34.96%) and Aragonesa de Piensos S.A. (23.98%).

Debt securities

(€ x million)	2013	2012
Loan to Aegon	7.6	7.4
Loans to customers	26.4	26.9
Tax credits	3.7	3.8
	37.7	**38.1**
Provisions	-10.2	-11.3
Balance at 31 December	**27.5**	**26.8**

Loan to Aegon

At 1 January 2011, the subordinated loans were transferred to Aegon as part of an agreement to place the Dutch pensions plan with the insurer Aegon with an interest rate of one year Euribor plus 0.5%. The loan is initially accounted for at fair value with a subsequent measurement at amortised cost, resulting in a carrying value of € 7.9 million as of 31 December 2013. This loan is accounted for under debt securities for € 7.6 million (2012: € 7.4 million) and under trade and other receivables for € 0.3 million (2012: € 0.2 million).

Loans to customers

The loans to customers are mainly related to the sale of feed. Interest is charged based on normal business conditions. The loans to customers are, amongst others transfers from short-term receivables, which were not paid within one year due to the financial situation of some of our customers. To the extent possible, loans are secured by pledges on assets such as livestock.

Provisions

The provisions relate to loans to customers within the segment Fish Feed, which for the majority are located in China, Ecuador, Italy, Norway and Turkey. Reference is made to credit risk in Note 27.

17 Current and deferred tax assets and liabilities

Current tax receivables and liabilities

Classification of the current tax assets and liabilities, which is determined at fiscal entity level, is as follows:

(€ x million)	31 December 2013	31 December 2012
Income tax receivables	15.4	11.9
Income tax liabilities	-25.2	-23.7
Net income tax liabilities	**-9.8**	**-11.8**

The income tax receivables represent the amount of income taxes recoverable in respect of current and prior periods that exceeds taxes paid at the fiscal unity level. Income tax receivables and liabilities have been offset in cases where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the intention exists to settle on a net basis or to realise the receivable and liability simultaneously.

The movements of the net current assets and liabilities are as follows:

(€ x million)	2013	2012
Balance at 1 January	**-11.8**	**-19.9**
Recognised in profit or loss - continuing operations	-49.9	-39.1
Recognised in profit or loss - discontinued operations	-9.6	-8.1
Recognised in other comprehensive income	2.5	2.3
Payments - continuing operations	39.7	45.0
Payments - discontinued operations	10.5	10.7
Acquisitions and divestments	1.6	-0.1
Transfer to/from deferred tax	-	-3.0
Reclassification to assets held for sale	6.3	-
Effect of movement in foreign exchange	0.9	0.4
Balance at 31 December	**-9.8**	**-11.8**

Deferred tax assets and liabilities

Classification of the deferred tax assets and liabilities, which is determined at fiscal entity level, is as follows:

(€ x million)	31 December 2013	31 December 2012
Deferred tax assets		
Deferred tax asset to be settled after more than 12 months	20.8	19.2
Deferred tax asset to be settled within 12 months	5.6	3.8
Total deferred tax assets	**26.4**	**23.0**
Deferred tax liabilities		
Deferred tax liabilities to be settled after more than 12 months	-23.9	-24.8
Deferred tax liabilities to be settled within 12 months	-4.5	-2.2
Total deferred tax liabilities	**-28.4**	**-27.0**
Net deferred tax assets	**-2.0**	**-4.0**

The net deferred tax liabilities increased by € 3.3 million due to the changes presented in the table below:

(€ x million)	2013	2012
Balance at 1 January	**-4.0**	**-5.0**
Retrospective effect of adoption IAS 19R, through equity	-	7.8
Recognised in profit or loss - continuing operations	7.5	-3.7
Recognised in profit or loss - discontinued operations	1.7	-3.2
Recognised in other comprehensive income	0.9	-3.3
Acquisitions and divestments	-7.2	-5.1
Acquisitions previous year	-	1.6
Transfer to/from current tax	-	3.0
Reclassification from/to assets held for sale	-0.5	3.1
Effect of movement in foreign exchange	-0.4	0.8
Balance at 31 December	**-2.0**	**-4.0**

The net deferred tax relates to the following items:

(€ x million)	Assets		Liabilities	
	2013	**2012**	**2013**	**2012**
Property, plant and equipment	-3.5	-1.8	-10.6	-9.1
Intangible assets	8.4	7.6	-20.8	-14.0
Other non-current assets	5.5	4.3[1]	-0.5	-0.3
Inventories	0.3	1.2	-1.9	-1.9
Biological assets	0.8	0.7	-	-2.2
Trade and other receivables	6.0	5.5	1.2	-
Employee benefits	5.0	2.9	1.0	0.6
Provisions	-	0.3	0.3	-1.0
Trade and other payables	1.9	2.1	2.5	0.1
Deferred tax on valuation differences	**24.4**	**22.8**	**-28.8**	**-27.8**
Deferred tax on net operating losses	**2.0**	**0.2**	**0.4**	**0.8**
Total deferred tax assets and liabilities	**26.4**	**23.0**	**-28.4**	**-27.0**
Net deferred tax liabilities			**-2.0**	**-4.0**

[1] Restated for IAS 19, see Note 1.

Movements in recognised deferred taxation during 2013

(€ x million)	Balance at 1 January 2013	Recognised in profit or loss	Recognised in other comprehensive income	Acquired business combinations	Reclassification from assets/ liabilities held for sale	Effect of movement in foreign exchange	Balance at 31 December 2013
Property, plant and equipment	-10.9	-1.7	-	0.3	-2.7	0.9	-14.1
Intangible assets	-6.5	1.6	-	-6.8	-0.1	-0.6	-12.4
Other non-current assets	4.1	4.5	-	-	-3.5	-0.1	5.0
Inventories	-0.7	-0.9	-	-	-	-	-1.6
Biological assets	-1.5	0.2	-	-	2.1	-	0.8
Trade and other receivables	5.6	2.1	-	-	-0.2	-0.3	7.2
Employee benefits	3.5	-1.1	-0.4	-	4.1	-0.1	6.0
Provisions	-0.7	1.0	-	-	-	-	0.3
Trade and other payables	2.1	1.3	1.3	-	-0.2	-0.1	4.4
Tax loss carried forward	1.0	2.2	-	-0.7	-	-0.1	2.4
Total	**-4.0**	**9.2**	**0.9**	**-7.2**	**-0.5**	**-0.4**	**-2.0**

Movements in recognised deferred taxation during 2012

(€ x million)	Balance at 1 January 2012	Retrospective effect of adoption IAS 19R, through equity	Recognised in profit or loss	Recognised in other comprehensive income	Acquired business combinations	Reclassification to assets /liabilities held for sale	Effect of movement in foreign exchange	Transfer to/from current tax	Balance at 31 December 2012
Property, plant and equipment	-13.1	-	2.3	-	-0.2	-0.1	0.3	-0.1	-10.9
Intangible assets	-5.5	-	3.5	-	-5.1	-	0.7	-	-6.4
Other non-current assets	-0.4	7.8	-	-3.3	-	-	-0.1	-	4.0
Inventories	-4.4	-	3.8	-	-	-	-0.1	-	-0.7
Biological assets	-1.6	-	0.1	-	-	-	-	-	-1.5
Trade and other receivables	9.2	-	-6.5	-	1.9	0.5	-0.1	0.5	5.5
Employee benefits	0.8	-	2.5	-	-	0.1	-	0.1	3.5
Provisions	-0.7	-	-0.1	-	-	0.1	-	-	-0.7
Trade and other payables	6.5	-	-4.3	-	-0.1	-	0.1	-	2.2
Tax loss carried forward	4.2	-	-8.2	-	-	2.5	-	2.5	1.0
Total	**-5.0**	**7.8**	**-6.9**	**-3.3**	**-3.5**	**3.1**	**0.8**	**3.0**	**-4.0**

The unused income tax credits at 31 December 2013 amount to € 4.4 million and are included in other investments for an amount of € 3.7 million (2012: € 3.8 million) and trade and other receivables for an amount of € 0.7 million (2012: € 1.5 million) and are mainly related to R&D tax credits in Canada and Spain.

Net operating losses

A specification of the net operating losses is provided in the table below:

(€ x million)	31 December 2013	31 December 2012
Net operating losses not recognised	18.5	53.8
Net operating losses recognised	8.9	3.7
Net operating losses	**27.4**	**57.5**

The decrease of the not recognised net operating losses is mainly due to the reclassification to assets held for sale.

At the end of December 2013, the total of unrecognised net operating losses is € 18.5 million (2012: € 53.8 million) and will expire as follows:

(€ x million)	31 December 2013	31 December 2012
Expiration < 5 years	2.0	7.1
Expiration 5-10 years	0.5	1.7
Expiration > 10 years	16.0	45.0
Total	**18.5**	**53.8**

Deferred tax assets have not been recognised in respect of these items, because based upon the level of historical taxable income and projections for future taxable income, management believes that it is more likely than not that no sufficient tax profits will be available against which the benefits can be utilised.

18 Inventories

(€ x million)	31 December 2013	31 December 2012
Raw materials	194.4	264.0
Finished products	91.7	106.1
Total	**286.1**	**370.1**

There are no inventories pledged as security for liabilities. In 2013 inventories decreased by € 84.0 million of which € 37.7 million is due to the reclassification to assets held for sale, € 46.4 million relates to price and volume effects and € 24.5 million relates to the negative effect of movement in foreign exchange rates. This is partly compensated by an increase of € 24.7 million, which relates to the acquisitions of Gisis and Hendrix Misr in 2013.

In 2013 inventory days (including biological assets) are 36 days (2012: 42 days). Both years are based on continuing operations.

The write-down of inventories to net realisable value amounts to € 5.7 million (2012: € 8.5 million), which is recognised in the lines 'raw materials and consumables used' and 'changes in inventories of finished goods and work in progress'.

19 Biological assets

(€ x million)	2013	2012
Balance at 1 January	**165.0**	**140.5**
Expenses capitalised	673.5	698.7
Decrease due to sales	-331.4	-299.1
Decrease due to harvest	-353.4	-374.9
Change in fair value - continuing operations	-0.1	-
Change in fair value - discontinued operations	-0.5	-0.2
Reclassification to assets held for sale	-148.5	-
Effect of movement in foreign exchange rates	-0.5	-
Balance at 31 December	**4.1**	**165.0**

The decrease of biological assets is mainly due to the reclassification to assets held for sale. At balance sheet date, Nutreco has biological assets in Canada and the Netherlands related to poultry livestock, turkey livestock, hatching eggs and a small amount of animals for research purposes.

The table below shows the biological assets per relevant country and applied valuation method:

(€ x million)	Spain	Canada	The Netherlands	Total
Fair value less costs to sell	-	2.7	0.2	2.9
At cost less accumulated depreciation and impairment losses	-	1.2	-	1.2
Carrying amount at 31 December 2013	**0.0**	**3.9**	**0.2**	**4.1**
Fair value less costs to sell	132.0	3.7	0.1	135.8
At cost less accumulated depreciation and impairment losses	26.3	2.9	-	29.2
Carrying amount at 31 December 2012	**158.3**	**6.6**	**0.1**	**165.0**

Canada

The value and the volumes of the biological assets in Canada can be summarised as follows:

(€ x million)	2013	2012
Fair value less costs to sell (level 2)		
Broilers	1.3	2.1
Hatching eggs	0.7	1.0
Turkeys	0.7	0.6
Total	**2.7**	**3.7**
At cost less accumulated depreciation and impairment losses		
Parent stock		
Gross carrying amount	5.2	8.2
Accumulated depreciation and impairment losses	-4.0	-5.3
Total	**1.2**	**2.9**
Carrying amount at 31 December	**3.9**	**6.6**

(Volumes x million)	2013	2012
Broilers	1.1	1.2
Hatching eggs	2.9	2.4
Turkeys	0.1	0.1
Parent stock	0.4	1.6
Number of animals at 31 December	**4.5**	**5.3**

Poultry livestock

Parent stock

Parent stock refers to chicken breeders and laying hens. Chicken breeders are held for the production of hatching eggs in order to produce day-old chicks. Laying hens are held for the production of embryonated eggs. For accounting purposes parent stock is capitalised like a production asset. Parent stock is not sold and no active market exists for these birds. Other references to market prices such as market prices for similar assets are also not available. Valuation based on a discounted cash flow method is considered to be unreliable given the uncertainty with respect to mortality rates and the amount of eggs a hen will produce. Consequently, parent stock is measured at cost minus depreciation and impairment losses. Costs include all production costs incurred during the rearing phase (e.g. cost of a day-old chick, feed costs, medication and farmer fees). Parent stock is depreciated using a straight-line method starting from the laying phase and taking into account a small residual value (i.e. slaughter value). The depreciation period for chicken breeders and laying hens is 28 weeks and 44 weeks respectively.

Broilers & turkeys

In Canada, there is an active market for broilers and turkeys. Market prices for broilers & turkeys are established by provincial marketing boards who act as sales agents for the poultry producers. The fair value of broilers and turkeys is measured on the basis of full production costs plus a proportional share of the margin to be realised at sale. Full production costs relate to all actual costs incurred up to a certain phase of the growth cycle and include cost of day-old chick, feed, medication and other direct production costs. Broilers are marketed at about 6 weeks and turkeys at about 13 or 17 weeks dependent on the bird's type. The margin is derived from the market price as set by the provincial marketing boards and cost is allocated to the different phases of the growth cycle on the basis of a percentage of completion method and discounted at the applicable rate.

Hatching eggs

Hatching eggs are used both for the production of day-old chicks and for the production of embryonated eggs, which are sold to the pharmaceutical industry. There is no active market with quoted market prices for hatching or embryonated eggs. Hatching eggs are not sold to the open market and accordingly there is no recent market transaction price available. Market prices for similar assets are also not available. The fair value of hatching eggs is determined in a way similar to the fair value of broilers & turkeys. The growth cycle of a broiler or turkey starts with a hatching egg and accordingly a proportional part of the broiler or turkey margin should be allocated to the egg. Management considers this proportional share of the margin to be minimal so that the fair value of the egg is best reflected by the full production costs. The production costs of an egg include all costs incurred for parent stock in the laying phase (e.g. depreciation, feed, medication and farmer fees). Embryonated eggs are sold to the open market and therefore a recent market transaction price is available. The fair value of embryonated eggs is measured on the basis of full production costs plus a proportional share of the margin to be realised at sale.

Other biological assets

In Canada, a limited number of animals (i.e. dairy cows and hogs) are held by the research & development department for research purpose. These animals are measured at cost and revalued to slaughter value.

The Netherlands

The biological assets in the Netherlands amount to € 0.2 million (2012: € 0.1 million). A limited number of animals (i.e. dairy cows and hogs) are held by the research & development department for research purpose. These animals are measured at cost and revalued to slaughter value.

20 Trade and other receivables

(€ x million)	31 December 2013	31 December 2012
Trade receivables – third parties	607.0	757.8
Trade receivables – related parties	4.9	2.8
Trade receivables	**611.9**	**760.6**
Prepayments	14.3	12.9
Tax receivable (no income tax)	25.8	30.8
Fair value foreign exchange derivatives	9.3	5.8
Fair value cross-currency interest rate derivatives	0.9	-
Fair value interest rate derivatives	1.6	2.3
Other	32.8	45.0
Total other receivables	**84.7**	**96.8**
Total trade and other receivables	**696.6**	**857.4**

In 2013, trade and other receivables decreased by € 160.8 million of which € 117.1 million is due to the reclassification to assets held for sale, € 55.5 million relates to the negative effect of movement in foreign exchange rates, € 26.3 million relates to price and volume effects and € 4.8 million is due to a decrease in days sales outstanding. Furthermore, the impact of the acquisitions of Gisis and Hendrix Misr in 2013 amounts to € 44.3 million.

Trade receivables are shown net of impairment, amounting to € 45.2 million (2012: € 69.4 million). In 2013, € 1.1 million (2012: € 6.8 million) was charged through profit or loss, of which € 9.8 million (2012: € 17.6 million) was recognised as impairment losses and € 8.7 million (2012: € 10.8 million) was recognised as a reversal of impairment losses. See also Note 27.

Days sales outstanding are 67 days (2012: 68 days). Both years are based on continuing operations.

Nutreco's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 27. Nutreco has credit insurance, in a number of countries, to mitigate the credit risk on customers. In some countries, part of credit risk on customers is mitigated by non-recourse factoring for an amount of € 6.2 million. In 2012 this amounted to € 81.3 million. This decrease is due to the reclassification to assets held for sale.

Receivables that will be due after one year are presented as debt securities, as part of other investments.

The following table shows the fair value of derivative financial instruments per hedge category:

(€ x million)	Total	Fair value through profit or loss	Cash flow hedge accounting	Net investment hedge accounting	Fair value hedge acccounting
Derivative financial instruments at 31 December 2013					
Fair value foreign exchange derivatives	9.3	4.3	0.6	4.4	-
Fair value cross-currency interest rate derivatives	0.9	-	-	0.9	-
Fair value interest rate derivatives	1.6	-	-	-	1.6
Total fair value	**11.8**	**4.3**	**0.6**	**5.3**	**1.6**
Derivative financial instruments at 31 December 2012					
Fair value foreign exchange derivatives	5.8	2.1	0.2	3.5	-
Fair value interest rate derivatives	2.3	-	-	-	2.3
Total fair value	**8.1**	**2.1**	**0.2**	**3.5**	**2.3**

21 Cash and cash equivalents

(€ x million)	31 December 2013	31 December 2012
Deposits	25.9	71.2
Bank accounts	119.1	178.5
Transit/cheques	1.8	13.1
In hand	0.1	0.2
Cash and cash equivalents	**146.9**	**263.0**
Bank overdrafts	-19.2	-19.5
Cash and cash equivalents - continuing operations	**127.7**	**243.5**
Cash and cash equivalents - discontinued operations	4.6	-
Cash and cash equivalents in the cash flow statement	**132.3**	**243.5**

Cash and cash equivalents are at Nutreco's free disposal (see Note 27). Bank overdrafts are included in the interest-bearing borrowings (current) in the balance sheet (see Note 23).

22 Equity attributable to the owners of Nutreco

Share capital

	Number of shares (x million)		Amount (€ x million)	
	2013	**2012**[1]	**2013**	**2012**
Authorised share capital				
Ordinary shares	142	142	17.0	17.0
Cumulative preference shares 'D'	142	142	17.0	17.0
Cumulative preference shares 'E'	62	62	7.5	7.5
Balance at 31 December	**346**	**346**	**41.5**	**41.5**

[1] For comparison reasons the share numbers for the financial year 2012 have been amended (doubled) due to the share split on 2 May 2013.

On 2 May 2013, every ordinary and cumulative preference 'D' and 'E' share in the authorised share capital of Nutreco with a par value of € 0.24 was divided and split into two shares of each class. After this share split, the authorised capital of Nutreco amounts to € 41,520,000, divided into 142,000,000 ordinary shares, 142,000,000 cumulative preference 'D' shares and 62,000,000 cumulative preference 'E' shares, all with a nominal value of € 0.12. The numbers of Nutreco shares reported in these financial statements are the numbers after the above-mentioned share split. For comparison reasons, the share numbers before 2 May 2013 (including the financial year 2012) have been changed accordingly.

During the year under review, no shares (2012: nil) were issued while in the period from February till March 1,400,000 (2012: 1,400,000) ordinary shares were repurchased at an average price of € 35.91 per share. At 31 December 2013, no cumulative financing preference shares 'D' or 'E' were outstanding (2012: nil).

At 31 December 2013, a total of 70,237,364 (2012: 70,237,364) ordinary shares had been issued, consisting of 70,237,364 (2012: 70,237,364) shares that are fully paid up and listed on the NYSE Euronext Amsterdam, of which 1,368,956 ordinary shares (2012: 1,037,838) were held in treasury.

Special rights regarding Nutreco's shares are disclosed in 'Other information' of the Company financial statements.

Treasury shares

Treasury shares are accounted for as a reduction of the equity attributable to the owners of the parent. Treasury shares are recorded at cost, representing the market price on the acquisition date. When issued, shares are removed from treasury stock on a First In First Out (FIFO) basis.
Any difference between the cost and the cash received at the time treasury shares are issued is recorded in retained earnings.

To cover future stock dividends and employee stock plans, Nutreco acquired 1,400,000 (2012: 1,400,000) of its issued ordinary shares through purchases on the Euronext Stock Exchange. In addition, Nutreco acquired 174,956 (2012: 277,150) of its issued ordinary shares through purchases on the Euronext Stock Exchange to cover the tax effects on the vesting of the shares.
The total amount paid to acquire these shares was € 56.5 million (2012: € 47.2 million) at an average price of € 35.88 (2012: € 28.12) per share and these shares are held as treasury shares.

In 2013 Nutreco re-issued 1,243,838 (2012: 1,345,006) treasury shares for stock dividend, performance shares and employee share participation scheme for a total consideration of € 36.4 million (2012: € 36.4 million).

Nutreco holds treasury shares to cover for its liabilities for performance plans. Before 2010, performance plan shares were conditionally held by the beneficial employees.

The movement in the treasury shares can be summarised as follows:

	Number of shares[1]		Amount (€ x 1,000)	
	2013	**2012**	**2013**	**2012**
Balance at 1 January	**1,037,838**	**705,694**	**29,397**	**18,677**
Employee share participation scheme	-21,070	-29,380	-583	-791
Share repurchase/re-issuance	1,574,956	1,677,150	56,510	47,163
(Interim) stock dividend	-819,202	-1,074,084	-24,501	-29,166
Performance shares	-403,566	-241,542	-11,330	-6,486
Balance at 31 December	**1,368,956**	**1,037,838**	**49,493**	**29,397**

[1] For comparison reasons the share numbers before the share split on 2 May 2013 have been amended (doubled) including the financial year 2012.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. As at 31 December 2013, the hedging reserve amounted to € -3.7 million (2012: € -4.0 million).

Cash flow hedges have been defined for foreign exchange deals related to forecast transactions and corn futures which will both mature within 12 months and for (cross-currency) rate swaps. The change in fair value related to the foreign exchange derivatives amounted to € 0.2 million as at 31 December 2013 (2012: € -2.0 million), the change in fair value related to the corn futures amounted to nil (2012: € 0.1 million), and the change in fair value related to the (cross-currency) interest rate swaps amounted to € 0.1 million as at 31 December 2013 (2012: € 3.4 million).

All cash flow hedges are highly effective as at 31 December 2013. During 2013 no material ineffectiveness is recognised in profit or loss.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of net investments in foreign operations, including intercompany loans with a permanent nature, and liabilities that are used as hedging instrument in a net investment. As at 31 December 2013, the translation reserve amounted to € -55.8 million (2012: € -7.0 million). The change in the translation reserve was mainly caused by fluctuations of the Australian Dollar, the Brazilian Real and the Norwegian Krone.

Non-controlling interest

At 31 December 2013, the non-controlling interest mainly consists of Gisis S.A. in Ecuador (25%), Productos Mixtos, S.A. de C.V. in Honduras (25%), Piensos Nanfor S.A. (50%) and Piensos Nanpro S.A. (50%) in Spain and Newtech Feed L.P. in Canada (45.05%). For disclosure on the change of non-controlling interest, reference is made to Note 6 Acquisitions.

The key items for profit or loss (based on the non-Nutreco share) for the non-controlling interests are shown in the table below:

(€ x million)	**2013**	**2012**
Revenue	95.5	79.5
Gross margin	9.2	7.3
Operating result	2.5	1.5
Total result for the period	0.6	0.8

23 Interest-bearing borrowings

Total interest-bearing borrowings are as follows:

(€ x million)	31 December 2013	31 December 2012
Interest-bearing borrowings (non-current)	359.7	481.4
Interest-bearing borrowings (current)	139.0	43.4
Total	**498.7**	**524.8**

The specification of interest-bearing borrowings (non-current) is as follows:

(€ x million)	31 December 2013	31 December 2012
Private placement	253.6	364.4
Syndicated loans	100.1	112.2
Other long-term loans	6.0	4.8
Total	**359.7**	**481.4**

The breakdown of interest-bearing borrowings (non-current) by currency:

(€ x million)	31 December 2013	31 December 2012
US dollar	227.8	338.2
Canadian dollar	102.4	114.3
Euro	24.7	26.2
Other currencies	4.8	2.7
Total	**359.7**	**481.4**

The specification of interest-bearing borrowings (current) is as follows:

(€ x million)	31 December 2013	31 December 2012
Current portion private placement	96.1	-
Short-term loans	24.9	25.7
Bank overdrafts	19.2	19.5
Capitalised refinancing costs	-1.2	-1.8
Total	**139.0**	**43.4**

Syndicated loan

In December 2013, Nutreco extended the maturity of the revolving credit facility from September 2017 to December 2018. The facility amount is € 500.0 million and may be used for loans in various currencies. The facility is granted by a group of international relationship banks.

The interest rates are based on Euribor or Libor of the applicable currency, whereas the interest margin is a function of the ratio of net senior debt to earnings before interest, tax, depreciation and amortisation (EBITDA). As a result of the amendment in December 2013, interest margin and fees have slightly improved compared to the former conditions.

The financial covenants of the syndicated loan facility are related to net senior debt compared to EBITDA and EBITDA compared to net financing costs. EBITDA and net financing costs are calculated on a 12-month rolling basis. Nutreco remained well within the financial covenants agreed upon with the syndicated loan facility. Reference is made to chapter capital risk management in Note 27.
At 31 December 2013, an amount of € 100.1 million (2012: € 112.2 million) was drawn under the € 500.0 million revolving credit facility.

Private placements

In July 2012, Nutreco issued senior notes in a private placement in the United States of America and Europe for a total amount of $ 218.0 million and € 25.0 million. The senior notes consist of four tranches of $ 78.0 million, $ 45.0 million, $ 95.0 million and € 25.0 million, which mature in respectively 2017, 2019, 2022 and 2019.

In April 2009, Nutreco issued senior notes in a private placement in the United States of America for a total amount of $ 150.0 million. The senior notes consist of three tranches of $ 54.3 million, $ 37.2 million and $ 58.5 million, which mature in respectively 2014, 2016 and 2019.
In May 2004, Nutreco issued senior notes in a private placement in the United States of America for a total amount of $ 204.0 million. The senior notes consist of three tranches of which the first two tranches of $ 46.0 million and $ 80.0 million matured in respectively 2009 and 2011. The third tranche of $ 78.0 million will mature in 2014.

Interest rates on the private placements are fixed for the life of each of the eight outstanding tranches.

The financial covenants of the private placements are related to net senior debt compared to EBITDA and EBITDA compared to net financing costs. EBITDA and net financing costs are calculated on a 12-month rolling basis. During 2013, Nutreco remained well within the financial covenants agreed upon with the private placements. Reference is made to chapter capital risk management in Note 27.

At 31 December 2013, the private placements amounted to $ 446.0 million and € 25.0 million (2012: $ 446.0 million and € 25.0 million).

Uncommited facilities

In addition to the syndicated loan facility and the private placements, credit facilities of € 366.0 million (2012: € 332.6 million) are available to Nutreco.

Of the total facilities of € 1,214.9 million (2012: € 1,195.8 million), an amount of € 498.7 million (2012: € 524.8 million) had been used as of 31 December 2013. Reference is made to liquidity risk in Note 27.

The average fixed interest rate on the non-current interest-bearing borrowings was 4.05% as at 31 December 2013 (2012: 4.45%) and the average variable interest rate on the non-current interest-bearing borrowings was 5.30% as at 31 December 2013 (2012: 5.48%). The interest rates of the major facilities ranged from 2.59% to 8.22% (2012: 2.59% to 8.22%) depending on the currency of the non-current interest-bearing borrowings. Reference is made to interest rate risk in Note 27.

Securities

All credit facilities are unsecured except for some standalone credit facilities of not fully-owned subsidiaries. Most of the credit facility agreements contain negative pledge and pari passu clauses. Several Group companies are jointly and severally liable for the amounts due to credit institutions.

24 Employee benefits

Employee pension plans have been established in a number of countries in accordance with legal requirements and the local situation in the countries involved.

Defined benefit plans

The Company operates a number of defined benefit pension plans in Belgium, Canada, France, Germany, Italy, Mexico, Norway and the United Kingdom. The largest pension plans are in Canada and the United Kingdom, which together account for 88 percent of our defined benefit obligations. The benefits provided by all these plans are based on employees' years of service and compensation levels. The measurement date for all defined benefit plans is 31 December 2013.

In Canada, the Company operates 3 defined benefit plans, which can be described as follows:

- The Nutreco Canada Inc. Employees' Retirement Plan 200 ('Plan 200') is a defined benefit pension plan registered with the Office of the Superintendent of Financial Institutions Canada and the Canada Revenue Agency and is administered in compliance with their regulations. This plan is currently open to central and east region hourly employees of Nutreco Canada. Plan 200 is structured to be a career average earnings plan, where the majority of members accrue an annual benefit payable at age 65, equal to a percentage of employee contributions as well as a flat dollar benefit per year.
- The Nutreco Canada Inc. Employees' Retirement Plan 300 ('Plan 300') is a combination defined benefit/defined contribution pension plan registered with the Financial Services Commission of Ontario and the Canada Revenue Agency and is administered in compliance with their regulations. The defined benefit provisions are closed to new employees, while the defined contribution provisions are open to salaried employees of Nutreco Canada. The defined benefit provision of Plan 300 is structured to be a final average earnings plan, where all members accrue an annual benefit payable at age 65, equal to a percentage of their best average earnings, offset by government benefits, for all services. The defined contribution provision of Plan 300 allows members to accumulate an individual account balance through annual contributions based on a percentage of earnings by both members and the company.
- The Nutreco Canada Inc. Supplemental Employee Retirement Plan ('SERP') is an unfunded pension plan secured by a Letter of Credit. Members of Plan 300 are eligible to join the SERP if their accrued benefits exceed the maximum limitations prescribed by the Canada Revenue Agency. The SERP provides members with benefits in excess of the Income Tax Act limitations in order to keep their benefits whole.

In the United Kingdom the Company operates the Nutreco (UK) pension scheme, which is structured to provide benefits based on final pensionable pay. The Nutreco (UK) pension scheme is closed to new and existing members since 30 June 2005, which effectively results in the fact that the members of the scheme no longer accrue benefits. The benefits on retirement of the plan participants is based on the salary at the time the scheme closed, adjusted for inflation, and their service up to the time of closure. The Nutreco (UK) Pension Scheme is managed by a trustee that is independent of the company.

The overall plans cover 1,470 (2012: 1,474) persons currently or previously employed within the Group. These plans require detailed reporting and disclosure information for the financial statements.

The actual 2013 pension expense of € 3.1 million is € 0.6 million lower than expected, mainly due to special events in Belgium and Canada. The 2014 estimated expense of € 2.6 million is lower than the 2013 expense, primarily due to the increase of the discount rate and the assets expected to perform better than in 2013.

In Belgium there are two special events to highlight. First, following the divestment of the Hendrix business in 2012, the accrued benefits of 22 former Belgian participants were transferred to ForFarmers, which resulted in a settlement gain of € 0.1 million. Secondly, one company was closed, causing the lay-off of 6 employees that resulted in a curtailment gain of € 0.1 million.

In Canada, the accrued benefits for 52 former participants were transferred out and as a result of the sale of activities from Atlantic Poultry (Canada), 49 members of Plan 200 and 8 members of Plan 300 stopped accruing credited service under their respective Canada pension plans and transferred employment to the purchaser. Assets and liabilities in respect of past service benefits have not been transferred. Following the elimination in future service accruals for the members, curtailment accounting was triggered and resulted in a curtailment gain of € 0.1 million.

During 2013, the mortality tables for Belgium, France and Norway were changed to reflect further improvements in the life expectancy, resulting in an increase of the defined benefit obligation of € 2.3 million.

Risks related to pension plans

The volatility of the financial markets requires Nutreco to closely monitor the development of the funded status of the defined benefit pension plans in order to forecast the financial consequences hereof and to take actions in time.

During 2013 the financial position of the pension plans in Canada have improved primarily due to higher than expected investment returns, offsetting a decrease in the discount rates. However, uncertainty on the development of the financial markets and the discount rates to be applied could result in higher contributions by the employer. Initiatives have been started to update the ALM study to review the asset allocation in relation to the pension obligations and to evaluate the possibility to close one of the defined benefit plans by offering other arrangements to participants.
Further, on 20 July 2007, Nutreco acquired Maple Leaf Foods (MLF) in Canada. The actual asset transfer following the acquisition of Plan 200 took place on 16 December 2013. The actual transfer for Plan 300 has not yet taken place. The transfer of assets from the MLF plans to the Nutreco plan is subject to the approval of the regulatory authorities. In Canada this approval process can take several years, in which time the actual transfer of assets will not take place. A material change in the asset value arising from this event, however, is not expected.

On 1 April 2011, the Company agreed to make payments of £ 2.0 million per annum to the trustee of the Nutreco (UK) Pension Scheme, for a ten-year period. In the course of 2013, the three-year actuarial evaluation of the UK pension scheme's funding position has been conducted, which confirmed the adequacy of the recovery plan. Uncertainty on the development of the funding shortfall for this pension plan could lead to an increase of the payment arrangement with the trustee of the Nutreco (UK) Pension Scheme.

Defined contribution plans

In addition to defined benefit plans, Nutreco is engaged in defined contribution agreements with local pension funds or with insurance companies.
During 2013, the Company contributed € 16.5 million (2012: € 18.9 million) to defined contribution plans.
These contributions were recognised as an expense in profit or loss and related entirely to continuing operations in 2013 and 2012.

The components of the employee benefits in the consolidated statement of financial position for the financial years 2013 and 2012 are shown in the following table:

(€ x million)	31 December 2013	31 December 2012
Net defined benefit asset	-0.2	-0.1
Total employee benefit asset	**-0.2**	**-0.1**
Liability for net defined benefit obligations	18.2	34.8
Liability for defined contribution obligations	2.3	4.3
Liability for long-term service obligations	1.9	1.7
Liability for wages and variable payments to be paid	23.5	29.2
Accrued holiday entitlements	7.6	8.0
Total employee benefit liabilities	**53.5**	**78.0**

The following table shows the reconciliation from the opening balance for net defined liability (asset) and its components.

(€ x million)	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Balance at 1 January	**144.0**	**135.3**	**-109.3**	**-102.2**	**34.7**	**33.1**
Included in profit or loss						
Current service cost	2.0	2.0	-	-	2.0	2.0
Past service credit	-0.2	-1.9	-	-	-0.2	-1.9
Interest cost (income)	5.7	6.1	-4.6	-4.7	1.1	1.4
Loss (gain) on settlement	-0.1	-			-0.1	0.0
Administrative expenses and taxes	-	-	0.3	0.4	0.3	0.4
	7.4	**6.2**	**-4.3**	**-4.3**	**3.1**	**1.9**
Included in OCI						
Remeasurements loss (gain):						
- Actuarial loss (gain) arising from:						
- demographic assumptions	2.3	-0.1	-	-	2.3	-0.1
- financial assumptions	-6.6	9.2	-	-	-6.5	8.2
- experience adjustment	-1.7	-0.1	-	-	-1.7	-0.1
- Return on plan assets excluding interest income:	-	-	-5.0	-1.8	-5.0	-1.8
- Effect of movement in exchange rates	-7.9	1.9	6.3	-1.6	-1.7	1.3
	-13.9	**10.9**	**1.3**	**-3.4**	**-12.6**	**7.5**
Other						
Contributions paid by the employer	-0.5	-0.7	-6.7	-8.2	-7.2	-8.9
Contributions paid by the participants	0.3	0.4	-0.3	-0.4	0.0	0.0
Settlement payments from plan	-0.3	-5.2	0.3	5.2	0.0	0.0
Benefits paid	-3.5	-3.2	3.5	4.0	0.0	0.8
Effect due to the business combinations and divestments	-	0.3	-	-	0.0	0.3
	-4.0	**-8.4**	**-3.2**	**0.6**	**-7.2**	**-7.8**
Balance at 31 December	**133.5**	**144.0**	**-115.5**	**-109.3**	**18.0**	**34.7**

Represented by:	**2013**	**2012**
Net defined benefit asset (France)	-0.2	-0.1
Net defined benefit liability (Canada)	5.6	17.5
Net defined benefit liability (UK)	5.2	9.0
Net defined benefit liability (Germany)	2.5	2.6
Net defined benefit liability (Italy)	1.9	2.2
Net defined benefit liability (Mexico)	1.6	1.8
Net defined benefit liability (Belgium)	1.2	1.4
Net defined benefit liability (Norway)	0.2	0.3
	18.0	**34.7**

Expenses and income recognized in profit or loss

The expenses and income are recognized in personnel cost in profit or loss (see Note 8) and can be summarised as follows:

(€ x million)	2013	2012
Expenses related to defined benefit obligations	3.1	1.9
Expenses related to defined contribution obligations	16.5	18.9
Expense / income arising from long-term service obligations	-0.1	-0.2
Expense arising from share-based payments	4.0	3.7
Expense arising from employee share participation scheme	0.2	0.1
Total expenses and income recognised in profit or loss	**23.7**	**24.4**

The table below provides a summary of the number of employees participating in a defined benefit pension plan:

(Number of participants)	Active		Deferred		Pensioners		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
United Kingdom	-	-	281	308	140	116	421	424
Canada	258	261	26	22	31	25	315	308
Belgium	42	46	89	102	-	-	131	148
Germany	73	78	13	12	38	38	124	128
Italy	131	129	-	-	-	-	131	129
Mexico	262	249	-	-	-	-	262	249
Norway	-	-	-	-	12	12	12	12
France	74	76	-	-	-	-	74	76
Total	**840**	**839**	**409**	**444**	**221**	**191**	**1,470**	**1,474**

Plan assets related to defined benefit obligations

At 31 December 2013, the plan assets consist of the following:

	United Kingdom		Canada		Other defined benefit plans		Total	
	Amount	in %	Amount	in %	Amount	in %	Amount	in %
Equity instruments								
UK Company stock	7.5	12.5	-	-	-	-	7.5	6.5
US Company stock	4.5	7.5	5.6	11.9	-	-	10.1	8.7
Eurozone Company stock	3.3	5.5	-	-	-	-	3.3	2.9
Japan Company stock	2.1	3.5	-	-	-	-	2.1	1.8
Canadian Company stock	-	-	11.1	23.5	-	-	11.1	9.6
Other Company stock	1.0	1.7	5.6	11.9	-	-	6.6	5.7
Total equity instruments	**18.4**	**30.7**	**22.3**	**47.3**	**0.0**	**0.0**	**40.7**	**35.2**
Debt instruments								
A Corporate debt instruments	4.5	7.5	8.7	18.4	-	-	13.2	3.9
AA Corporate debt instruments	2.2	3.7	-	-	-	-	2.2	1.9
AAA Corporate debt instruments	1.7	2.8	-	-	-	-	1.7	9.0
AAA Government debt instruments	33.1	55.1	14.8	31.3	-	-	47.9	41.5
Total debt instruments	**41.5**	**69.1**	**23.5**	**49.7**	**0.0**	**0.0**	**65.0**	**56.3**
Assets held by insurance company	**-**	**-**	**-**	**-**	**8.3**	**100.0**	**8.3**	**7.2**
Cash and cash equivalents	**0.1**	**0.2**	**1.4**	**3.0**	**-**	**-**	**1.5**	**1.3**
Total plan assets	**60.0**	**100.0**	**47.2**	**100.0**	**8.3**	**100.0**	**115.5**	**100.0**

At 31 December 2012, the plan assets consisted of the following:

	United Kingdom		Canada		Other defined benefit plans		Total	
	Amount	in %	Amount	in %	Amount	in %	Amount	in %
Equity instruments								
UK Company stock	4.4	9.5	-	-	-	-	4.4	4.0
US Company stock	2.6	5.6	4.3	9.7	-	-	6.9	6.3
Eurozone Company stock	1.8	3.9	-	-	-	-	1.8	1.6
Japan Company stock	1.1	2.4	-	-	-	-	1.1	1.0
Canadian Company stock	-	-	8.7	19.7	-	-	8.7	8.0
Other Company stock	0.7	1.5	4.3	9.7	-	-	5.0	4.6
Total equity instruments	**10.6**	**22.9**	**17.3**	**39.1**	**0.0**	**0.0**	**27.9**	**25.5**
Debt instruments								
A Corporate debt instruments	-	-	12.7	28.8	-	-	12.7	11.6
AA Corporate debt instruments	7.6	16.4	-	-	-	-	7.6	7.0
AAA Corporate debt instruments	-	-	-	-	-	-	-	-
AAA Government debt instruments	28.1	60.7	11.5	26.0	-	-	39.6	36.2
Total debt instruments	**35.7**	**77.1**	**24.2**	**54.8**	**0.0**	**0.0**	**59.9**	**54.8**
Assets held by insurance company	**-**	**-**	**-**	**-**	**18.8**	**100.0**	**18.8**	**17.2**
Cash and cash equivalents	**-**	**-**	**2.7**	**6.1**	**-**	**-**	**2.7**	**2.5**
Total plan assets	**46.3**	**100.0**	**44.2**	**100.0**	**18.8**	**100.0**	**109.3**	**100.0**

Actuarial assumptions

%	Discount rate		Salary increases		Inflation (RPI)	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
United Kingdom	4.4	4.6	-	-	3.4	3.2
Canada	4.7	4.0	3.5	3.5	2.0	2.0
Belgium	3.5	3.3	3.5	3.5	2.0	2.0
Germany	3.5	3.3	2.5	2.5	2.0	2.0
Italy	3.5	3.3	-	-	2.0	2.0
Mexico	7.2	5.8	5.0	5.0	4.0	4.0
Norway	3.7	2.3	3.5	3.0	2.5	2.5
France	3.5	3.3	2.3	2.3	2.0	2.0
Average	**4.5**	**4.2**	**3.5**	**3.5**	**2.7**	**2.6**

Sensitivity analysis

Assuming discount rates can have a significant effect on the defined benefit obligation reported for the employee benefit plans, a sensitivity analysis was performed. A 0.5% change in the assumed discount rates would have the following effects as at 31 December 2013:

(€ x million)	Defined benefit obligation		Salary increase		Inflation (RPI)	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
United Kingdom	-5.8	6.4	n.a.	n.a.	5.5	-5.1
Canada	-4.1	4.5	1.1	-1.1	0.1	-0.1
Belgium	-0.4	0.4	0.4	-0.4	0.2	-0.2
Germany	-0.2	0.2	0.1	-0.1	0.1	-0.1
Italy	-0.1	0.1	n.a.	n.a.	0.1	-0.1
Mexico	-0.1	0.1	0.1	-0.1	0.0	0.0
Norway	-0.1	0.1	0.0	0.0	n.a.	n.a.
France	0.0	0.0	n.a.	n.a.	0.0	0.0
Total	**-10.8**	**11.8**	**1.7**	**-1.7**	**6.0**	**-5.6**

Cash flows

Nutreco expects to contribute € 7.2 million to the defined benefit pension plans in 2014. This includes a payment of £ 2.0 million following the arrangement with the trustees of the UK pension scheme, during a 10-year period which started 1 April 2011.

The following table shows the expected cash flows for the next years:

(€ x million)	2014	2015	2016	2017	2018	2019-2023
United Kingdom	2.4	2.4	2.4	2.4	2.4	5.4
Canada	4.4	3.7	3.5	2.0	1.4	5.2
Belgium	0.1	0.1	0.0	0.9	0.3	1.2
Germany	0.2	0.2	0.2	0.2	0.2	1.2
Italy	0.0	0.0	0.0	0.0	0.0	0.2
Mexico	0.1	0.0	0.0	0.0	0.0	0.5
Norway	0.0	0.0	0.0	0.0	0.0	0.2
France	0.0	0.0	0.0	0.0	0.2	0.4
Total	**7.2**	**6.4**	**6.1**	**5.5**	**4.5**	**14.3**

The weighted average duration for all defined benefit plans is 17.6 years. For the most significant defined benefit plans the weighted average duration is as follows:

- UK Nutreco Pension fund – 19.5 years,
- Canadian Retirement Plan 200 – 19 years,
- Canadian Retirement Plan 300 – 16.3 years,
- Canadian Supplemental Employee Retirement Plan – 18.3 years.

Share-based compensation

To stimulate the realisation of long-term Company objectives and goals, Nutreco has the following share-based incentive plans:

Long-term incentive plan 2007

At the Annual General Meeting of Shareholders of 26 April 2007, a long-term incentive plan for the year 2007 and beyond was approved. The long-term incentive plan (LTI Plan) is designed to enhance the alignment between the remuneration and the implementation of the Company's strategy over the longer term. The key terms of the approved LTI Plan applying as from 2007 are as follows:

- On an annual basis, where the grant date is the first business day of that plan year, performance shares will be granted conditionally. The conditional grant will vest three years and two months as of grant date.
- Vesting is subject to whether the Company achieves a pre-set level of the Total Shareholders' Return (TSR) relative to a peer group that was proposed to and approved by the General Meeting of Shareholders and that consists of all companies, except for Nutreco, listed on the NYSE Euronext Amsterdam AEX, AMX and AScX segments. The achievement of the performance conditions shall be audited by an independent advisor.
- No vesting takes place if the TSR achieved during the three-year performance period is below the median position of the peer group. Vesting of 50% of the initial granted number of shares takes place when the Company's TSR is at the median position, linearly up to a maximum of 150% of the initially granted number of shares if the Company achieves the number one position within the peer group.
- For members of the Executive Board a lock-up will be effective for a period of five years after grant date or until the end of employment term as Executive Board member, whichever is the shortest, with the allowance to sell shares as from vesting date in order to satisfy taxes due.
- Participants of the plan are entitled to cash dividends each year on the number of shares granted, but these are only paid out in case of vesting.

In 2013 the number of performance shares conditionally awarded to the Executive Board amounted to 63,818 (2012: 88,766), of which the number of shares granted to the CEO amounted to 25,432 (2012: 20,872), to the CFO 12,990 (2012: 14,176), to the COO Animal Nutrition 12,698 (2012: 14,176) and to the COO Aquaculture 12,698 (2012: 9,298).

In addition, a total of 127,218 (2012: 130,842) performance shares were awarded to a number of senior executives and senior staff of the Company. These performance shares were subject to similar terms and conditions as those applying to the Executive Board, with the exception of the lock-up period after vesting, which is not applicable for non-Executive Board participants.

For the grants made under the 2011 Performance Share Plan, for which the performance period runs from 1 January 2011 until 31 December 2013, the Total Shareholders Return has resulted in a 19th position (2012: 3rd position) within the ranking of the peer companies. Therefore this ranking will result in a vesting of 90% (2012: 144%) of the initial grant. The vesting date will be 1 March 2014 (three years and two months after the grant date).

Movements in LTI shares of the members of the Executive Board

The movements in the number of LTI shares outstanding of the members of the Executive Board can be summarised as follows:

(Number of shares)[1]	Vesting	Expiration – restricted until	Balance at 1 January 2013	Granted in 2013	Vested in 2013[2]	Balance at 31 December 2013	
						To be vested	Restricted[3]
K. Nesse							
2009	2012	2014	13,450				13,450
2010	2013	2015	15,246		21,954		11,864
2011[4]	2014	2016	15,844			15,844	
2012[4]	2015	2017	20,872			20,872	
2013[4]	2016	2018		25,432		25,432	
G. Boon							
2011[4]	2014	2016	15,844			15,844	
2012[4]	2015	2017	14,176			14,176	
2013[4]	2016	2018		12,990		12,990	
V. Halseth							
2010[5]	2013	2015	7,206		10,376		4,984
2011[4,5]	2014	2016	6,490			6,490	
2012[4,5]	2015	2017	9,298			9,298	
2013[4]	2016	2018		12,698		12,698	
J.A. Vergeer							
2009	2012	2014	16,906				16,906
2010	2013	2015	15,246		21,954		14,576
2011[4]	2014	2016	15,844			15,844	
2012[4]	2015	2017	14,176			14,176	
2013[4]	2016	2018		12,698		12,698	

[1] For comparison reasons the share numbers before the share split on 2 May 2013 have been amended (doubled). See also page 116.
[2] Vesting percentage in 2013: 90%.
[3] After income tax.
[4] If performance targets are met, vesting of the 2011, 2012 and 2013 performance shares will take place on 1 March 2014, 2015 and 2016, respectively. The shares are entitled to dividend and the dividend is restricted until 1 March 2014, 2015 and 2016, respectively.
[5] Granted before date of appointment as a member of the Executive Board.

The economic value per share of the LTI shares in the year when granted was: 2009 € 7.58, 2010 € 12.95, 2011 € 15.71, 2012 € 17.56 and in 2013 € 20.55.

In 2013, the share price on vesting date for LTI shares granted in 2010 was € 35.60 (2012: € 28.18). All shares that vest are subject to income tax.

Bonus conversion plan

A bonus conversion plan was introduced in 2007 for a range of senior executives and staff. Under the terms of the plan, the eligible managers, with the exclusion of the members of the Executive Board, are entitled, but not obliged, to invest part of the proceeds of the annual performance payment which is awarded to them, if any, in shares of the Company. After a three-year period, the Company will match the eligible managers' investment in a ratio ranging from a guaranteed 25% linearly up to a maximum of 300% depending on the Company's TSR performance over the three-year period. In the year under review, 76 (2012: 62) managers opted to invest in a total of 20,682 (2012: 22,526) shares. The bonus conversion plan, which started in 2011 will be matched for 135% on 1 March 2014 (2012: 282%).

Employee share participation scheme

On 15 March 1999, the Company introduced an employee share participation scheme. Each year, the Supervisory Board decides whether the Company's performance allows execution of the employee share participation scheme. In any year in which the employee share participation scheme is allowed, each employee of a Nutreco company is granted the opportunity to buy Nutreco shares up to a maximum of € 1,800 during a defined period. Every employee who subscribes also receives a bonus of 25% (or less, depending on restrictions imposed by national legislation for certain foreign staff) on the subscription in the form of additional shares. Bonus conditions may change from one year to another. The purchase price per share equals the closing market price 21 days after the publication of the annual results. The shares bought under the employee share participation scheme are put in a stock deposit during a period of three years. During this period, these shares cannot be sold or transferred.

In February 2013, the Supervisory Board decided that the 2012 results of the Company allowed the execution of the employee share participation scheme. Under this plan, 376 employees (2012: 414) bought (including ESP bonus) 21,070 shares (2012: 29,380 shares).

Remuneration of (former) members of the Executive Board and of the Supervisory Board

Remuneration of members of the Executive Board 2013

(in €)	Salary costs	Performance bonus[1]	LTI shares[2]	Pension costs	Other compensation[3]	Crisis tax[4]	Total 2013
K. Nesse	601,958	330,809	379,453	67,926	78,886	104,098	1,563,130
G. Boon	457,045	239,366	255,000	69,947	33,318	95,618	1,150,295
V. Halseth	415,799	233,987	175,439	68,771	21,753	-	915,749
J.A. Vergeer	446,608	233,987	252,999	94,269	40,540	43,887	1,112,290
Total	**1,921,410**	**1,038,149**	**1,062,891**	**300,914**	**174,497**	**243,603**	**4,741,464**

1 The performance bonus relates to the performance in the year reported and is to be paid in the subsequent year.
2 The valuation of the LTI shares is based on IFRS accounting principles and does not reflect the value of vested LTI shares.
3 Other compensation mainly includes insurances, private use of company cars, allowances for expenses and housing.
4 The crisis tax of 16% as imposed by the Dutch government is payable by the employer on the part of the salaries exceeding € 150,000.

Remuneration of (former) members of the Executive Board 2012

(in €)	Salary costs	Performance bonus[1]	LTI shares[2]	Pension costs	Other compensation[3]	Crisis tax[4]	Total 2012
K. Nesse[5]	493,116	365,940	271,039	71,667	52,938	48,375	1,303,075
G. Boon	437,813	285,690	165,997	65,114	20,267	83,276	1,058,157
V. Halseth[6]	164,933	102,988	119,554	29,797	9,553	-	426,825
J.A. Vergeer[7]	430,016	466,430	231,834	90,490	13,624	81,508	1,313,902
W. Dekker[8]	653,751	401,250	348,512	179,298	30,068	550,892	2,163,771
Total	**2,179,629**	**1,622,298**	**1,136,936**	**436,366**	**126,450**	**764,051**	**6,265,730**

1 The performance bonus relates to the performance in the year reported and is to be paid in the subsequent year.
2 The valuation of the LTI shares is based on IFRS accounting principles and does not reflect the value of vested LTI shares.
3 Other compensation mainly includes insurances, private use of company cars, allowances for expenses and housing.
4 The crisis tax of 16% as imposed by the Dutch government is payable by the employer on the part of the salaries exceeding € 150,000.
5 Mr K. Nesse, member of the Executive Board, was appointed as CEO on 1 August 2012.
6 Mr V. Halseth was appointed as member of the Executive Board on 1 August 2012.
7 Total renumeration of Mr. J.A. Vergeer in 2012 includes variable payment for relocation allowance of € 200,000 as contractually agreed.
8 Mr W. Dekker stepped down from the Executive Board on 1 August 2012 and has left Nutreco at 31 December 2012 (full year costs reflected in 2012).

Remuneration of members of the Supervisory Board 2013

(in €)	Board remuneration	Committee remuneration			Total 2013
		Remuneration	Audit	Sustainability	
J.M. de Jong	55,000	5,000	-	-	60,000
R.J. Frohn	43,000	-	10,000	-	53,000
A. Puri	43,000	7,500	-	7,500	58,000
H.W.P.M.A. Verhagen	43,000	5,000	-	-	48,000
J.A.J. Vink	43,000	-	7,500	5,000	55,500
Total	**227,000**	**17,500**	**17,500**	**12,500**	**274,500**

Remuneration of members of the Supervisory Board 2012

(in €)	Board remuneration	Committee remuneration			Total 2012
		Remuneration	Audit	Sustainability	
J.M. de Jong	55,000	5,000	-	-	60,000
R.J. Frohn	43,000	-	10,000	-	53,000
A. Puri[1]	43,000	6,875	-	7,500	57,375
H.W.P.M.A. Verhagen[2]	43,000	5,625	-	-	48,625
J.A.J. Vink	43,000	-	7,500	5,000	55,500
Total	**227,000**	**17,500**	**17,500**	**12,500**	**274,500**

[1] Mr A. Puri was member of the Remuneration Committee in the first quarter of 2012; as from 1 April 2012 he is the Chairman of the Renumeration Committee.
[2] Mrs H.W.P.M.A. Verhagen was Chairman of the Remuneration Committee in the 1st quarter of 2012; as from 1 April she is a member of the Remuneration Committee.

Shares owned by the Executive Board and Supervisory Board

(Number of shares)	31 December 2013	31 December 2012[1]
Conditional shares		
K. Nesse	87,462	71,056
G. Boon	43,010	30,020
V. Halseth[2]	33,470	22,994
J.A. Vergeer	74,200	68,784
Available shares		
K. Nesse	5,644	-
G. Boon	3,562	562
V. Halseth[2]	20,072	17,732
J.A. Vergeer	-	-

[1] For comparison reasons the share numbers for the financial year 2012 have been amended (doubled) due to the share split on 2 May 2013. See also page 116.
[2] Mr V. Halseth was appointed as member of the Executive Board on 1 August 2012.

Conditional shares are the total of unvested and restricted shares.

For the movement in shares held by the Executive Board, please see page 176 of the consolidated financial statements.

None of the Supervisory Board members held any ordinary shares in 2013 or 2012.

25 Provisions

(€ x million)	Restructuring	Claims	Total
Balance at 1 January 2013	**5.3**	**1.0**	**6.3**
Additions charged	5.5	0.3	5.8
Release	-0.8	-0.7	-1.5
Utilised	-6.5	-	-6.5
Reclassification to liabilities held for sale	-	-0.3	-0.3
Balance at 31 December 2013	**3.5**	**0.3**	**3.8**
Non-current	1.6	0.2	1.8
Current	1.9	0.1	2.0

Restructuring

Provisions for restructuring include costs related to certain compensation to staff and costs that are directly associated with plans to execute specific activities and closing of facilities. For all restructuring provisions a detailed plan exists and the implementation of the plan has started or the plan has been announced before the balance sheet date.

The 2013 additions charged of € 5.5 million mainly relate to the restructuring in Canada, China and Corporate. An amount of € 2.0 million is recognised as other operating expenses and an amount of € 3.5 million is recognised as personnel expenses in the statement of comprehensive income. Furthermore, there was a release of the restructuring provision of € 0.8 million, which was recognised as other operating expenses.

The amount of € -6.5 million utilised mainly relates to animal nutrition activities in Belgium and Corporate.

Claims and litigation

A number of claims as a result of normal course of business are pending against the Group. These claims, justified or not, were issued by suppliers, customers, former employees and consumers. The major part of the provision for claims as at 31 December 2013 consists of exposures from several customers of Nutreco that relate to discussions about past supplies.

Management ensures that these cases are firmly defended. In consultation with in-house and outside legal counsels, management regularly evaluates relevant facts and circumstances of those claims.
Nutreco has global liability insurance coverage with a self-insured retention and a maximum pay-out level.

While the outcome of these disputes cannot be predicted with certainty, management believes that, based upon legal advice and information received, the provisions recorded at 31 December 2013 reflect the best estimate about the outcome of the claims. These provisions are reviewed periodically and adjusted if necessary to the extent that cash-outflow of related proceedings is probable, including defense costs and reimbursements by our insurance policies. Since the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty, final settlement can differ from this estimate and could require revisions to the estimated provision, which could have a material adverse effect on Nutreco's consolidated financial position and consolidated results of operations for a particular period.

Most claims are expected to be completed within two years from the balance sheet date.

26 Trade and other payables

(€ x million)	31 December 2013	31 December 2012
Trade creditors – third parties	525.2	869.4
Taxes and social security contributions	13.4	16.6
Other liabilities	48.4	66.5
Deferred income and accrued expenses	127.1	227.0
Fair value foreign exchange derivatives	5.2	5.8
Fair value cross-currency interest rate derivatives	13.5	14.5
Fair value interest rate derivatives	3.2	4.8
Total trade and other payables	**736.0**	**1,204.6**
Recorded under:		
Trade and other payables (non-current)	21.3	-
Trade and other payables (current)	714.7	1,204.6
Total	**736.0**	**1,204.6**

The exposure of Nutreco to currency and liquidity risk related to trade and other payables is disclosed in Note 27.

In 2013, trade and other payables decreased by € 468.6 million of which € 300.1 million is due to the reclassification to liabilities held for sale, € 126.4 million due to a decrease in trade creditor days, € 59.0 million relates to the negative effect of movement in foreign exchange rates, € 25.5 million relates to price and volume effects. This is partly offset by € 44.7 million related to the acquisitions of Gisis and Hendrix Misr completed in 2013. The amount under non-current trade and other payables of € 21.3 million consists of a put-call option related to the acquisition of Gisis.

Trade creditor days in 2013 are 82 days (2012: 97 days). Both years are based on continuing operations.

Nutreco notices that suppliers sell, factor or confirm their trade receivables on Nutreco companies, which enables these suppliers to maintain or extend the payment terms. As of 31 December 2013, Nutreco was aware of € 147.7 million (2012: € 326.1 million) usage of such solutions within Fish Feed. This decrease is due to the reclassification to assets held for sale.

The following tables show the fair value of derivative financial instruments per hedge category.

(€ x million)	Total	Fair value through profit or loss	Cash flow hedge accounting	Net investment hedge accounting	Fair value hedge accounting
Balance at 31 December 2013					
Fair value foreign exchange derivatives	5.2	3.5	1.2	0.5	-
Fair value cross-currency interest rate derivatives	13.5	-	7.3	6.2	-
Fair value interest rate derivatives	3.2	-	3.2	-	-
Total	**21.9**	**3.5**	**11.7**	**6.7**	**0.0**

(€ x million)	Total	Fair value through profit or loss	Cash flow hedge accounting	Net investment hedge accounting	Fair value hedge accounting
Balance at 31 December 2012					
Fair value foreign exchange derivatives	5.8	4.2	1.1	0.5	-
Fair value cross-currency interest rate derivatives	14.5	-	2.9	11.6	-
Fair value interest rate derivatives	4.8	-	4.8	-	-
Total	**25.1**	**4.2**	**8.8**	**12.1**	**0.0**

27 Financial instruments and risk management

Financial risk management

The Group is exposed to a variety of financial risks, such as credit risk, interest rate risk, foreign currency risk, liquidity risk and capital risk. These risks are inherent to the way the Group operates as a multinational with a large number of local operating companies. The Group's overall risk management policy is to identify, assess, and if necessary mitigate these financial risks in order to minimise potential adverse effects on financial performance. The treasury risk management policy includes the use of derivative financial instruments to hedge certain exposures. The Executive Board is ultimately responsible for risk management. Financial risk management is, except for commodities risk and credit risk of non-financial counterparties, carried out by Group Treasury in line with clearly formalised treasury risk management policies.

Group Treasury identifies, evaluates and hedges financial risks at corporate level, and monitors compliance with the treasury risk management policies within the Group. Nutreco has a Risk Management Advisory Board that advises the Executive Board on risk management.

The capitalisation and funding of subsidiaries is a joint responsibility of Group Treasury and Group Tax, whereas the combination of equity and short-term intercompany loans is mostly used as financing structure. Decisions regarding the debt to equity ratio are based on various aspects including minimum regulatory requirements and the flexibility to change the structure. Except for dividend withholding tax in some countries and the currency control restrictions in Venezuela, the Group has no restrictions in paying intercompany cash dividends or in repaying intercompany loans.

The operating companies are primarily responsible for identifying and managing financial risks, especially in relation to transactions in foreign currencies, commodities and credit risk for non-financial counterparties.

Within the boundaries set forth by the treasury risk management policy, the operating companies execute appropriate foreign currency risk management activities. Nutreco does not allow for extensive treasury operations to be executed by operating companies with external parties, unless approved by Group Treasury. To the extent possible, derivative financial transactions are executed through Group Treasury.

Group Treasury is responsible for reporting to the Executive Board on the Group's exposures to a number of financial risks, including liquidity, foreign exchange, interest rate and credit risk on financial counterparties.

As a consequence of the challenging economic conditions, the Group analysed the impact on its operations and corporate functions. Contingency planning and other measures have been taken to mitigate adverse impact to the extent possible. The measures taken consist of, amongst others, counterparty risk analyses for treasury and analyses of operational risks.

Financial instruments by class and by category

Financial assets 31 December 2013

(€ x million)	Note	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Held to maturity	Available for sale	Carrying amount	Fair value
Equity securities	16	-	0.1	-	-	-	0.1	0.1
Debt securities	16	27.5	-	-	-	-	27.5	27.5
Trade receivables	20	611.9	-	-	-	-	611.9	611.9
Other receivables	20	58.6	-	-	-	-	58.6	58.6
Fair value foreign exchange derivatives	20	-	4.3	5.0	-	-	9.3	9.3
Fair value cross-currency interest rate derivatives	20	-	-	0.9	-	-	0.9	0.9
Fair value interest rate derivatives	20	-	1.6	-	-	-	1.6	1.6
Cash and cash equivalents	21	146.9	-	-	-	-	146.9	146.9
Total		**844.9**	**6.0**	**5.9**	**0.0**	**0.0**	**856.8**	**856.8**

Financial liabilities 31 December 2013

(€ x million)	Note	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Carrying amount	Fair value
Interest-bearing borrowings (non-current)	23	-	-	-359.7	-359.7	-381.4
Interest-bearing borrowings (current)	23	-	-	-139.0	-139.0	-141.2
Trade payables	26	-	-	-525.2	-525.2	-525.2
Other payables	26	-21.3	-	-40.5	-61.8	-61.8
Fair value foreign exchange derivatives	26	-3.5	-1.7	-	-5.2	-5.2
Fair value cross-currency interest rate derivatives	26	-	-13.5	-	-13.5	-13.5
Fair value interest rate derivatives	26	-	-3.2	-	-3.2	-3.2
Total		**-24.8**	**-18.4**	**-1,064.4**	**-1,107.6**	**-1,131.5**

Financial assets 31 December 2012

(€ x million)	Note	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Held to maturity	Available for sale	Carrying amount	Fair value
Equity securities	16	-	15.6	-	-	-	15.6	15.6
Debt securities	16	26.8	-	-	-	-	26.8	26.8
Trade receivables	20	760.6	-	-	-	-	760.6	760.6
Other receivables	20	72.2	3.6	-	-	-	75.8	75.8
Fair value foreign exchange derivatives	20	-	2.1	3.7	-	-	5.8	5.8
Fair value interest rate derivatives	20	-	2.3	-	-	-	2.3	2.3
Cash and cash equivalents	21	263.0	-	-	-	-	263.0	263.0
Total		**1,122.6**	**23.6**	**3.7**	**0.0**	**0.0**	**1,149.9**	**1,149.9**

Financial liabilities 31 December 2012

(€ x million)	Note	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Carrying amount	Fair value
Interest-bearing borrowings (non-current)	23	-	-	-481.4	-481.4	-517.6
Interest-bearing borrowings (current)	23	-	-	-43.4	-43.4	-43.4
Trade payables	26	-	-	-869.4	-869.4	-869.4
Other payables	26	-	-	-83.1	-83.1	-83.1
Fair value foreign exchange derivatives	26	-4.2	-1.6	-	-5.8	-5.8
Fair value cross-currency interest rate derivatives	26	-	-14.5	-	-14.5	-14.5
Fair value interest rate derivatives	26	-	-4.8	-	-4.8	-4.8
Total		**-4.2**	**-20.9**	**-1,477.3**	**-1,502.4**	**-1,538.6**

The following methods and assumptions were used to estimate the fair value of financial instruments:

Equity securities

Equity securities consist of Nutreco's participation in several companies in which Nutreco does not have control or significant influence. The financial statements of these investments for the financial year 2013 have not been approved and received before publication of the Nutreco results. As the fair value can therefore not be measured reliably, the participations are valued at cost.

Furthermore, equity securities include an unlisted equity participation for which the fair value cannot be based on current market data. As a consequence, fair value is determined based on 'unobservable' inputs that are obtained on a quarterly basis from the external fund manager.

Debt securities

The Aegon loan is initially accounted for at fair value with a subsequent measurement at amortised cost. For all other debt securities the carrying amounts approximate fair value.

Cash and cash equivalents and trade and other payables

The carrying amounts approximate fair value because of the short maturity of those instruments.

Trade and other receivables

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

Interest-bearing borrowings (current and non-current)

The fair value is estimated on the basis of discounted cash flow analyses, including interest for the current year, based upon Nutreco's incremental borrowing rates for similar types of borrowing arrangements and interest rate contracts with comparable terms and maturities.

Trade and other payables

The fair value of trade and other payables is calculated at the present value of future cash flows, discounted at actual market rates at the reporting date.

Fair value foreign exchange derivatives, interest rate derivatives and cross-currency interest rate derivatives

The fair value calculation of the foreign exchange derivatives, interest rate derivatives and cross-currency interest rate derivatives is based on the discounted cash flow method of future cash flows. The discounted calculation is based on actual market foreign exchange rates and actual market yield curves on the reporting date.

Credit risk

Credit risk represents the accounting loss that has to be recognised on the reporting date if other counterparties fail to perform as contracted. To reduce credit risk, Nutreco performs ongoing credit analysis of the financial condition of its counterparts, including creditworthiness and liquidity. Following the financial crisis, continued attention is paid to the liquidity of other parties such as banks, insurance companies, customers and strategic suppliers.

Nutreco has strong positions in mature markets such as Canada, Norway and the US. The increased focus on geographical regions and markets like Brazil, China, Russia, South East Asia and Africa has resulted in a wider international spread of customers thus affecting the credit risk from emerging markets. The risk profile of Nutreco's customers differs per business segment:

- Animal Nutrition has, due to the geographical presence, a widely spread portfolio of customers in all continents and, due to its growth strategy towards emerging markets, an increased exposure to emerging markets.
- Fish Feed: as a consequence of the concentration in the salmon farming industry, Nutreco observes a concentration of risk, which has been partly mitigated by credit insurance. As a consequence of the growth strategy towards emerging markets and towards feed for other aquaculture species, the exposure to a more widely spread portfolio of customers in emerging markets will increase.

The outstanding amount of Nutreco's largest customer Marine Harvest accounts for approximately 4% (2012: 3%) of the total outstanding amount as per 31 December 2013.

As part of an agreement to place the Dutch pension plans with the insurer Aegon as of 1 January 2011, the former sub-ordinated loans to the Dutch Nutreco Pension Fund of € 12.1 million have been transferred to Aegon. The interest rate is one year Euribor plus 0.5%. The loan is initially accounted for at fair value with a subsequent measurement at amortised cost, resulting in a carrying value of € 7.9 million as of 31 December 2013. This loan is accounted for under debt securities for € 7.6 million (2012: € 7.4 million) and under trade and other receivables for € 0.3 million (2012: € 0.2 million).

As at 31 December 2012, a loan of € 3.6 million recorded under trade and other receivables, was related to Euribrid, a former investment of Nutreco divested in 2007. This loan has been repaid in 2013.

Nutreco has an exposure to banks created by cash balances and the usage of cash investments and derivative financial instruments. The exposure created by cash balances and cash investments equals the notional amount; the exposure created by the derivative financial instruments equals the fair value of these instruments.

Nutreco has an exposure to reputable banks that have a sufficient credit rating. Banks are carefully selected, monitored and credit limits are (temporarily) reduced in the event of uncertainty. Generally, cash and cash deposits and derivative financial instruments are held with banks with a credit rating of at least A- (Standard & Poor's). The maximum exposure as well as the maximum maturity of such exposure is a function of the credit rating of the counterparty.
The maturity of the exposure is, except for (cross-currency) interest rate derivatives, short-term and spread over various banks to reduce the counterparty risk. Nutreco is exposed to credit losses in the event of non-performance by other parties to derivative financial instruments but, given the credit ratings, management does not expect this to happen. Allowances are recognised when necessary.

The maximum amount of credit risk of all financial assets is € 856.8 million (2012: € 1,149.9 million).

Rating cash and bank

Cash at banks and short-term bank deposits

(€ x million)	31 December 2013	31 December 2012
AA-	22.8	51.7
A+	16.1	72.3
A	56.4	118.2
A-	31.2	-
BBB+	-	0.3
BBB	3.5	6.7
< BBB	16.4	12.6
Not classified	0.5	1.2
Total	**146.9**	**263.0**

The cash at banks includes an amount of € 6.7 million (2012: € 9.4 million), which is part of notional cash pools and a corresponding amount is reported as bank overdrafts. Banks with a rating below A- are located in countries with low sovereign credit ratings. Locally registered banks are not able to have ratings higher than their host country's sovereign credit rating. The cash at banks with a rating below BBB is mainly related to cash positions in China, Russia and Ecuador.

All derivative financial instruments are concluded with counterparties that have a credit rating of at least A-.

Ageing of trade and other receivables

(€ x million)	Gross amount		Impairment	
	2013	2012	2013	2012
Before due date	586.8	758.6	12.4	19.3
0 < 3 months after due date	97.0	96.4	4.6	4.8
3 < 6 months after due date	15.0	14.4	0.9	4.1
6 months and longer after due date	43.0	57.4	27.3	41.2
Total trade and other receivables at 31 December	**741.8**	**926.8**	**45.2**	**69.4**

Movements in impairment of trade and other receivables

(€ x million)	2013	2012
Balance at 1 January	**69.4**	**73.4**
Additions charged	9.8	17.6
Release	-8.7	-10.8
Utilised	-5.4	-11.4
Acquisitions through business combinations	2.9	0.4
Transfer to other investments – debt securities	-1.5	0.1
Reclassification to assets held for sale	-18.8	-
Effect of movement in foreign exchange	-2.5	0.1
Balance at 31 December	**45.2**	**69.4**

Interest rate risk

Nutreco is partly financed with interest-bearing borrowings in order to obtain an optimal capital structure. The specification of the total interest-bearing borrowings is disclosed in Note 23. It is Nutreco's long-term policy to manage its interest rate risk exposure by fixing 50-70% of interest rates of interest-bearing borrowings. Nutreco has agreed fixed interest rates for the private placements. In addition, part of the floating syndicated loan has been fixed by means of an interest rate swap. Any short-term debt is at floating interest rates, resulting in a cash flow interest rate risk. The interest rate risk is measured on the mix of fixed and floating debt including the effects of derivative financial instruments.

In July 2012, Nutreco issued senior notes in a private placement in the United States of America and Europe for a total amount of $ 218.0 million and € 25.0 million. The senior notes consist of four tranches of $ 78.0 million, $ 45.0 million, $ 95.0 million and € 25.0 million that mature in respectively 2017, 2019, 2022 and 2019.

Cross-currency interest rate swaps, with a fixed interest, have been contracted to swap interest and future repayment liabilities of $ 91.0 million to Euro, which for $ 46.0 million mature in 2017 and for $ 45.0 million in 2019.

In April 2009, Nutreco issued senior notes in a private placement in the United States of America for a total amount of $ 150.0 million. These senior notes consist of three tranches of $ 54.3 million, $ 37.2 million and $ 58.5 million which mature in 2014, 2016 and 2019 respectively.

Cross-currency interest rate swaps, with a fixed interest, have been contracted to swap interest and future repayment liabilities of $ 54.3 million to Canadian $, which terminate in 2014. In addition, the fixed rate of $ 37.2 million of the private placement has been swapped to floating by means of fixed-to-floating interest rate swaps that mature in 2016.

In May 2004, Nutreco issued senior notes in a private placement in the United States of America for a total amount of $ 204.0 million. These senior notes consist of three tranches of which the first two tranches of $ 46.0 million and $ 80.0 million matured in respectively 2009 and 2011. The third tranche of $ 78.0 million will mature in 2014.

A cross-currency interest rate swap, with a fixed interest rate, has been contracted to swap interest and future repayment liabilities of $ 60.4 million to Canadian $, which terminates in 2014.

The interest rate risk of the loan drawn under the syndicated loan agreement has been hedged by a floating-to-fixed interest rate swap of Canadian $ 150.0 million which matures in 2016.

As per the reporting date, 66% of the interest on Nutreco's interest-bearing borrowings has been fixed (2012: 86%). The decrease of this percentage is mainly due to the increase of floating rated interest-bearing borrowings and the classification of the current portion of the private placement as floating rated debt.

The average fixed interest rate on the interest-bearing borrowings (non-current) as at 31 December 2013 is 4.05% (2012: 4.45%) and the average variable interest rate on the interest-bearing (non-current) borrowings as at 31 December 2013 is 5.30% (2012: 5.48%). The interest rates of the major currencies are ranging from 2.59% to 8.22% (2012: 2.59% to 8.22%) depending on the currency of the interest-bearing borrowing (non-current).

Sensitivity analysis

(€ x million)	2013	2012
Exposed interest-bearing borrowings (non-current)	-0.3	-0.3
Exposed interest-bearing borrowings (current) and cash and cash equivalents	0.1	2.2
Total	**-0.2**	**1.9**

At the balance sheet date, € 33.0 million (2012: € 28.2 million) of interest-bearing borrowings (non-current) is exposed to interest rate fluctuations. The exposure on the sum of interest-bearing borrowings (current) and cash and cash equivalents amounts to € 7.9 million net cash (2012: € 219.6 million net cash) at the reporting date.

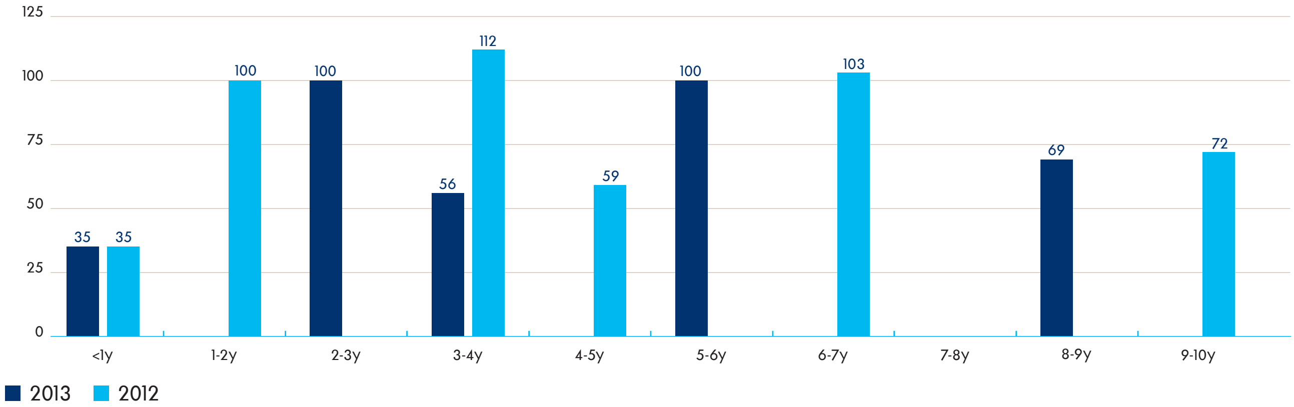
An increase of 100 basis points of all floating interest rates at the reporting date would have increased the net financing costs in profit or loss by € 0.2 million (2012: decrease of € 1.9 million). A decrease of 100 basis points in interest rates at 31 December 2013 would have had the equal but opposite effect. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

An increase of 100 basis points of all floating interest rates at the reporting date would have increased the fair value of the outstanding interest rate swaps by € 2.1 million per 31 December 2013 (31 December 2012: € 3.2 million). As a consequence of applying cash flow hedge accounting for the interest rate swaps, the hedging reserve in equity would decrease by € 2.8 million (2012: € 4.2 million) and the net financing costs would increase by € 0.7 million (2012: € 1.0 million).

Repricing analysis

The following graph shows the repricing calendar for non-current interest-bearing borrowings as recognised at the balance sheet date:

(€ x million)



Foreign currency transaction risk

Foreign currency transaction risks within Nutreco mostly relate to the purchase of raw materials. In both Animal Nutrition and Fish Feed, price changes as a result of foreign currency movements generally can be passed through to customers. Additionally, in some markets, sales contracts include price clauses to cover foreign currency movements. The possibility and time to pass foreign currency movements through to customers vary per market and are regulary assessed.

Nutreco's foreign currency transaction exposure is determined by foreign currency movements that are not likely to be passed through to customers. This foreign currency exposure is managed by means of derivative financial instruments like forward foreign exchange contracts and swaps as well as short-term bank balances in foreign currencies. Consistent with the average pass through period, the average maturity of derivative financial instruments is 3 months, generally with a maximum of 12 months.

Per 31 December 2013, foreign currency transaction risks for trade receivables mainly comprise the currencies Euro and US dollar for respectively € 32.4 million (2012: € 37.9 million) and € 23.1 million (2012: € 30.5 million). The foreign currency transaction risks for trade payables are, depending on the functional currency of an operating company, in the currencies Euro and US dollar for respectively € 90.7 million (2012: € 109.7 million) and € 114.9 million (2012: € 175.0 million).

Nutreco's risk management policy describes that recognised exposures of operating companies, mainly consisting of working capital and monetary items in non-functional currencies, are generally fully hedged. These exposures are offset internally as much as possible and only the remaining exposure is hedged using derivative financial instruments. The monthly revaluation of recognised items and the revaluation of the related derivative financial instruments are, according to the fair value accounting principles, reported in the gross margin of operating companies.

Unrecognised exposures, like highly probable forecasted payments and receipts in non-functional currencies in the coming 3 months, are hedged on the basis of pass through possibilities and probability of occurrence. These exposures are offset internally as much as possible and only the remaining exposure is hedged using derivative financial instruments. These are mainly used in cash flow hedge relationships.

The impact of unhedged transactions and balances in foreign currencies resulted in a gain recognised in cost of sales of € 0.9 million in 2013 (2012: € 2.8 million loss).

The revaluation of derivative financial instruments for which hedge accounting is applied is reported, for the effective part, in equity. The amount recognised in the cash flow hedge reserve in equity is recycled through profit or loss at the same moment the underlying hedge item is recognised in profit or loss. At 31 December 2013, derivative financial instruments with a negative fair value of € 3.7 million (2012: negative € 4.0 million) are reported in the hedging reserve, as part of equity.

On a monthly basis, operating companies report their recognised and unrecognised exposures as well as the related derivative financial instruments to Group Treasury. This report is used to determine compliance with the treasury risk management policy and to determine the need for additional hedging transactions.

Group Treasury is the counterparty for derivative financial instruments of the operating companies, resulting in a foreign currency exposure for Group Treasury which is, together with the exposure from corporate transactions, hedged through derivative financial instruments externally.

The revaluation of corporate monetary items and internal and external derivative financial instruments is reported separately as part of net financing costs to the extent not recognised in equity. In 2013, the foreign currency exposure of Nutreco Corporate resulted in a positive foreign currency effect of € 0.6 million (2012: positive € 0.4 million).

On 31 December 2013, the notional amount of outstanding foreign exchange derivative financial instruments related to foreign exchange transaction risk totalled € 565.9 million (2012: € 513.0 million), mainly relating to US dollar, British pound, Norwegian krone, Canadian dollar and Australian dollar. The net fair value of the outstanding foreign exchange derivative financial instruments related to foreign exchange transaction risk hedging amounted to positive € 0.2 million (2012: negative € 3.0 million).

Foreign currency translation risk

Nutreco is exposed to foreign currency translation risks of investments in foreign operations, including long-term loans to foreign subsidiaries, and the net income of these foreign operations. Nutreco aims to minimise any direct impact on its other comprehensive income as a consequence of foreign currency risk related to net investments. The objective is to restrict the annual and cumulative impact on its equity as a consequence of foreign currency risk related to net investments.

The translation exposure is measured on currency limits, a portfolio limit and the investment limit for specific net investments. The currency limit is defined as the maximum exposure to a certain foreign currency as a percentage of the capital invested in that foreign currency. The risk that the total value of the portfolio of net investments changes significantly in a year is managed by a portfolio limit. The probability of a significant change is calculated by the weighted exposure per currency and the volatility per currency. Within the framework of these risk limits, hedging decisions are weighting the costs and risks of hedging for each of the currencies.

Nutreco measures the translation exposure by the total amount of the capital invested per foreign currency reduced by the amount of net investment hedges in the same foreign currency. At the balance sheet date € 365.6 million (2012: € 395.6 million) of interest-bearing borrowings in foreign currencies, including the effect of Canadian dollar and US dollar (€ 88.7 million) cross-currency interest rate swaps, are effectively used as net investment hedge for investments in Canadian dollar and US dollar.

Revaluation of these interest-bearing borrowings and related cross-currency interest rate swaps is recognised in the translation reserve.

To mitigate the foreign currency exposure of foreign operations, the currency of Nutreco's external funding is matched with the required financing of foreign operations, either directly by external foreign currency interest-bearing borrowings or by derivative financial instruments such as foreign exchange swaps and cross-currency interest rate swaps.

In addition, Nutreco has used foreign currency exchange swaps to further reduce the exposure to translation risks of shareholders' equity of foreign Group companies or non-consolidated companies. On 31 December 2013, the notional amount of outstanding foreign exchange derivative financial instruments related to translation risk totalled € 291.2 million (2012: € 346.9 million), mainly relating to Australian dollar, Canadian dollar, British pound and Norwegian krone. The net fair value of the outstanding foreign exchange derivative financial instruments related to translation risk amounted to positive € 3.9 million (2012: positive € 3.1 million).

Translation exposure for foreign currencies

(€ x million)	Capital invested		Net investment hedge		Exposure	
	2013	2012	2013	2012	2013	2012
Australian dollar	51.8	63.6	22.7	27.6	29.1	36.0
Brazilian real	67.4	74.8	12.0	14.5	55.4	60.3
British pound	50.8	45.0	25.0	25.6	25.8	19.4
Canadian dollar	293.7	353.8	290.0	341.8	3.7	12.0
Chinese yuan renminbi	44.9	45.2	16.8	24.3	28.1	20.9
Norwegian krone	167.3	170.0	68.7	78.0	98.6	92.0
US dollar	239.7	233.5	174.5	182.2	65.2	51.3
Other currencies	129.3	110.7	40.7	45.4	88.6	65.3
Balance at 31 December	**1,044.9**	**1,096.6**	**650.4**	**739.4**	**394.5**	**357.2**

Sensitivity analysis foreign currency translation risk

A 10% strengthening of the main foreign currencies, as listed in the table below, against the Euro at the reporting date would have increased equity by € 30.6 million (2012: € 29.1 million). A 10% weakening of these same main foreign currencies against the Euro at the reporting date would have had the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

The impact on equity of a 10% strengthening of the main foreign currencies on the exposure is as follows:

(€ x million)	31 December 2013	31 December 2012
Australian dollar	2.9	3.6
Brazilian real	5.5	6.0
British pound	2.6	1.9
Canadian dollar	0.4	1.2
Chinese yuan renminbi	2.8	2.1
Norwegian krone	9.9	9.2
US dollar	6.5	5.1
Total	**30.6**	**29.1**

Liquidity risk

The primary objective of liquidity management is providing sufficient cash and cash equivalents at all times to enable Nutreco to meet its payment obligations. Management monitors forecasts of the Group's liquidity reserve on the basis of expected cash flows. Nutreco aims for sufficient committed credit facilities, a well-spread maturity schedule of its non-current interest-bearing borrowings and a strong liquidity position. Of the total facilities of € 1,214.9 million an amount of € 750.6 million matures in more than 1 year.

In December 2013, Nutreco extended the maturity of the revolving credit facility from September 2017 to December 2018. The facility amount is € 500.0 million and may be used for loans in various currencies. The facility is granted by a group of international relationship banks. Nutreco issued senior notes in private placements in 2004, 2009 and 2012 and consist of eight outstanding tranches of $ 54.3 million, $ 78.0 million (2014), $ 37.2 million (2016), $ 78.0 million (2017), $ 58.5 million, $ 45.0 million, € 25.0 million (2019) and $ 95.0 million (2022).

The tranches of $ 78.0 million and $ 54.3 million respectively that mature in 2014 are part of interest-bearing borrowings (current).

Of the total facilities of € 1,214.9 million, an amount of € 498.7 million had been used as at 31 December 2013 (2012: € 1,195.8 million and € 524.8 million, respectively). In addition, Nutreco has € 146.9 million (2012: € 263.0 million) of cash and cash equivalents available as at 31 December 2013.

Terms and debt repayment schedule

Terms and conditions of outstanding non-current interest-bearing borrowings are as follows:

(€ x million)	Currency	Effective interest rate at 31 December 2013	Effective interest rate at 31 December 2012 (%)	Year of maturity	Interest reprising	Carrying amount at 31 December 2013	Carrying amount at 31 December 2012
Syndicated loan	CAD	3.43	3.63	2018	Fixed	100.1	112.2
Private placement	USD	-	4.85	2014	Fixed	-	59.0
Private placement	USD	-	6.80	2014	Fixed	-	41.0
Private placement	USD	5.22	5.48	2016	Semi Annual	28.5	30.5
Private placement	USD	8.22	8.22	2019	Fixed	42.3	44.2
Private placement	USD	2.85	2.85	2017	Fixed	56.5	59.0
Private placement	USD	3.04	3.04	2019	Fixed	32.6	34.0
Private placement	EUR	3.13	3.13	2019	Fixed	24.9	24.9
Private placement	USD	4.22	4.22	2022	Fixed	68.8	71.8
Other non-current interest bearing borrowings	Var.	5.63	5.24	Var.	Floating	6.0	4.8

Maturity profile financial liabilities 2013

The following tables show the maturity of Nutreco's contractually agreed (undiscounted) cash flows, including interest, as at the balance sheet date:

(€ x million)	Total amount	6 months or less	6-12 months	1-5 years	More than 5 years
Financial liabilities at 31 December 2013					
Interest-bearing borrowings (non-current)	-432.5	-7.3	-7.5	-233.2	-184.5
Interest-bearing borrowings (current)	-141.8	-141.8	-	-	-
Trade payables	-525.2	-525.2	-	-	-
Other payables	-61.8	-40.5	-	-21.3	-
Total outflow non-derivative financial liabilities	**-1,161.3**	**-714.8**	**-7.5**	**-254.5**	**-184.5**
Foreign exchange derivatives inflow	438.1	437.8	0.3	-	-
Foreign exchange derivatives outflow	-436.6	-436.3	-0.3	-	-
Cross-currency interest rate derivatives inflow	118.4	42.0	1.1	41.4	33.9
Cross-currency interest rate derivatives outflow	-130.9	-48.1	-1.0	-44.4	-37.4
Interest rate derivatives inflow	4.3	0.6	0.8	2.9	-
Interest rate derivatives outflow	-7.4	-1.3	-1.4	-4.7	-
Total net inflow/outflow derivative financial liabilities	**-14.1**	**-5.3**	**-0.5**	**-4.8**	**-3.5**

Maturity profile financial liabilities 2012

(€ x million)	Total amount	6 months or less	6-12 months	1-5 years	More than 5 years
Financial liabilities at 31 December 2012					
Interest-bearing borrowings (non-current)	-581.0	-8.8	-11.1	-360.8	-200.3
Interest-bearing borrowings (current)	-43.4	-43.4	-	-	-
Trade payables	-869.4	-869.4	-	-	-
Other payables	-83.1	-83.1	-	-	-
Total outflow non-derivative financial liabilities	**-1,576.9**	**-1,004.7**	**-11.1**	**-360.8**	**-200.3**
Foreign exchange derivatives inflow	418.3	416.3	2.0	-	-
Foreign exchange derivatives outflow	-424.6	-422.5	-2.1	-	-
Cross-currency interest rate derivatives inflow	178.2	3.9	3.8	133.9	36.6
Cross-currency interest rate derivatives outflow	-193.6	-3.9	-3.9	-147.3	-38.5
Interest rate derivatives inflow	6.5	0.8	1.1	4.6	-
Interest rate derivatives outflow	-11.3	-1.5	-1.5	-8.3	-
Total net inflow/outflow derivative financial liabilities	**-26.5**	**-6.9**	**-0.6**	**-17.1**	**-1.9**

The following table shows the (undiscounted) cash flows, including interest, as at the balance sheet date of foreign exchange derivatives classified as financial liability per hedge category at 31 December 2013:

(€ x million)	Total amount	6 months or less	6-12 months
Fair value accounting – inflow	238.9	238.9	-
Fair value accounting – outflow	-235.5	-235.5	-
Net investment hedge accounting – inflow	98.7	98.7	-
Net investment hedge accounting – outflow	-99.4	-99.4	-
Cash flow hedge accounting – inflow	100.5	100.2	0.3
Cash flow hedge accounting – outflow	-101.8	-101.5	-0.3

The following table shows the (undiscounted) cash flows, including interest, as at the balance sheet date of foreign exchange derivatives classified as financial liability per hedge category at 31 December 2012:

(€ x million)	Total amount	6 months or less	6 – 12 months
Fair value accounting – inflow	238.9	236.9	2.0
Fair value accounting – outflow	-243.4	-241.3	-2.1
Net investment hedge accounting – inflow	109.9	109.9	-
Net investment hedge accounting – outflow	-110.6	-110.6	-
Cash flow hedge accounting – inflow	69.5	69.5	-
Cash flow hedge accounting – outflow	-70.6	-70.6	-

Fair value of financial assets and liabilities

The financial assets and liabilities at fair value have been disclosed by the level of the following fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The estimated fair value of financial assets and liabilities by the level of fair value hierarchy is as follows:

(€ x million)	31 December 2013	31 December 2012
Assets		
- Level 2		
Fair value foreign exchange derivatives	9.3	5.8
Fair value cross-currency interest rate derivatives	0.9	
Fair value interest rate derivatives	1.6	2.3
- Level 3		
Fair value equity securities	-	13.2
Liabilities		
- Level 2		
Fair value interest-bearing borrowings (non-current)	-381.4	-517.6
Fair value interest-bearing borrowings (current)	-141.2	-43.4
Fair value foreign exchange derivatives	-5.2	-5.8
Fair value cross-currency interest rate derivatives	-13.5	-14.5
Fair value interest rate derivatives	-3.2	-4.8
- Level 3		
Trade and other payables (non-current)	-21.3	-

During 2013 there were no transfers between level 1, level 2 and level 3.

Level 3 financial instruments include unlisted private equity participations which has been sold by the Group as of 31 December 2013 and option contracts. These private equity investments and option contracts cannot be valued directly from quoted market prices or by using valuation techniques supported by observable market prices or other market data.

The following tables show the movements of the fair value measurements in Level 3 of the fair value hierarchy for financial assets and liabilities:

(€ x million)	2013	2012
Financial assets - level 3		
Balance at 1 January	13.2	13.4
Total gains and losses recognised in profit or loss (net financing costs)	0.2	0.7
Disposals	-8.8	-
Other changes	-4.6	-0.9
Balance at 31 December	**0.0**	**13.2**

(€ x million)	2013	2012
Financial liabilities - level 3		
Balance at 1 January	0.0	-
Aquisitions throught business combinations	-20.7	-
Total gains and losses recognised in profit or loss (net financing costs)	-2.1	-
Effect of movement in foreign exchange results	1.5	-
Balance at 31 December	**-21.3**	**0.0**

Level 3 sensitivity information

The table below presents the level 3 financial instruments carried at fair value as at the balance sheet date for which fair value is measured using valuation techniques based on assumptions that are not supported by market-observable inputs. There may be uncertainty about a valuation, resulting from the choice of the valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market-observable, or as a result of other elements affecting the valuation technique or model.

Due to the sale of the unlisted private equity participations, the Group did not perform a detailed sensitivity analysis at the balance sheet date.

The Group did perform a sensitivity analysis to assess the range of reasonably possible alternative assumptions that would have a significant impact (i.e. increase and decrease) on the fair value of non-current trade and other payables. In the case that the EBITDA multiples differ 1-5% from the current valuation, the fair value of the non-current trade and other payables would increase/decrease with a range between € 0.1 million and € 0.6 million.

(€ x million)	Valuation technique	Main assumptions	Carrying value
Level 3 financial assets			
Equity securities	Private equity - valuation statements	Net asset value / EBITDA multiples	-
Level 3 financial liabilities			
Trade and other payables (non-current)	Discounted cash flows	EBITDA multiples	-21.3

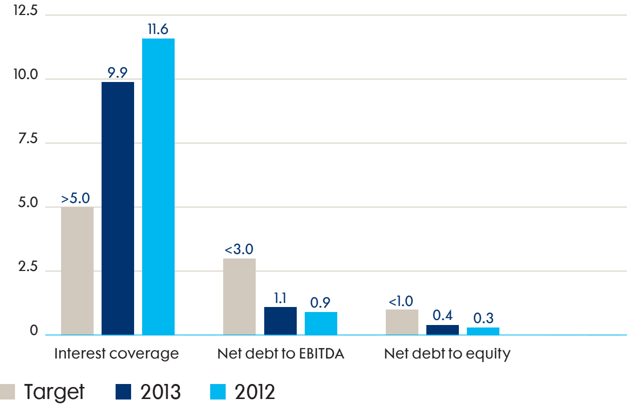
Capital risk management

An optimal capital structure contributes to Nutreco's objective to create shareholder value as well as the objective to satisfy its capital providers. Nutreco maintains a conservative financial strategy targeting a net debt to equity ratio of approximately 1.0, a maximum net debt to EBITDA ratio of 3.0 and a minimum interest coverage ratio of 5.0. The capital structure, in relation to the mentioned targets, is reported monthly. The strategic targets are evaluated regularly taking Nutreco's business profile and the objectives of Nutreco's capital providers into account. The capital of Nutreco consists of issued and paid-up share capital, share premium, retained earnings and other reserves (translation and hedging).

The financial covenants of Nutreco's core financing facilities, being the syndicated loan and the private placements, are net senior debt compared to EBITDA of maximum 3.5 and EBITDA compared to net financing costs of at least 3.5 EBITDA with net financing costs calculated on a 12-month rolling basis. The interest rates of the syndicated loan facility are based on Euribor or Libor of the optional currency, whereas the interest margin is a function of the ratio of net senior debt to EBITDA.

During 2013, Nutreco remained well within the financial covenants agreed upon for both the syndicated loan and the private placements. As at 31 December 2013, the interest coverage ratio amounts to 9.9 (2012: 11.6), the net debt to EBITDA ratio amounts to 1.1 (2012: 0.9) and the net debt to equity ratio amounts to 0.4 (2012: 0.3).
As at 31 December 2013, Nutreco has a net debt position of € 351.8 million (2012: € 261.8 million).

Capital risk management ratios
(per 31 December)



These ratios have been calculated based on continuing and discontinued operations, before exceptional items.

Commodity risk management

Risks relating to derivative financial instruments

The Group uses raw materials that are subject to price volatility caused by weather, supply conditions, political and economic variables and other unpredictable factors.

As part of the Group's commodity risk management strategy, contracts have been concluded for the purchase of raw materials in line with the Nutreco Procurement Risk Management Policy.

28 Contingent assets and liabilities

At 31 December 2013, the total lease and rental commitments amount to € 259.4 million (2012: € 174.5 million).

The annual operating lease and rental commitments and contingencies are:

(€ x million)	31 December 2013	31 December 2012
Year 1	37.9	47.0
Year 2	36.0	43.7
Year 3	35.3	40.2
Year 4	34.6	36.9
Year 5	35.6	1.4
After five years	80.0	5.3
Total lease and rental commitments	**259.4**	**174.5**
Other contingencies		
Capital commitments	0.4	4.4
Guarantees	39.2	36.2

At 31 December 2013, a part of the total lease and rental commitments relates to a Skretting contract with a strategic fish feed transporter on outbound logistics. The 2013 amount includes the extension option.

In the normal course of business, certain group companies issued guarantees totalling € 39.2 million (2012: € 36.2 million). Included are guarantees of € 7.6 million (2012: € 14.7 million) that are issued on behalf of Nutreco Insurance N.V. and Nutreco Assurantie N.V., both 100% owned captive reinsurance companies, in favour of their general and products liability insurer in relation to potentially incurred but not reported nor provided liability claims in the years 2013 and 2012.

Following the agreement of 2011, Trouw UK reconfirmed in October 2013 to make payments of £ 2.0 million per annum to the trustees of the UK pension scheme till 31 March 2021. The total amount is based on the valuation per 31 December 2012 and subsequent discussions with the trustees, in order to compensate for the funding shortfall as per 31 December 2012.

In 2012 Nutreco signed a contract to outsource IT services until 2017 with an option to extend by three years.
The commitment is estimated at an amount of € 39.9 million at 31 December 2013, including the extension option.

At 31 December 2013 Nutreco has no significant contingent assets that meet the disclosure requirements.

29 Related party transactions

Nutreco has a related party relationship with its subsidiaries, associates, equity investments, joint ventures, pension funds and key management. Nutreco considers the members of the Executive Board as key management (see Note 24).

Transactions between related parties are subject to conditions that usually govern comparable sales and purchases with third parties. The details for related party transactions are as follows:

(€ x million)	2013	2012
Revenue to related parties	27.5	30.3
Amounts owed from related parties	4.9	2.8

The revenue to related parties is mainly related to associates in Canada.

A number of key management personnel or their related parties, hold (board) positions in external companies giving them significant influence over the financial or operating policies of these companies. None of these companies had transactions with the Group during the year.

30 Subsequent events

No subsequent events occurred.

31 Notes to the consolidated cash flow statement

General
The consolidated cash flow statement is drawn up on the basis of a comparison of the financial positions as at 1 January and 31 December. Changes that do not involve cash flows, such as effects of movement in foreign exchange rates, revaluations and transfers to other balance sheet items, are eliminated. Changes in working capital due to the acquisition or sale of consolidated companies are included under investing activities.

Net cash from operating activities
Cash used for the payment of interest and income taxes reflects the actual amounts paid during the year.

Net cash used in investing activities
Cash used in the purchase of long-lived assets consists of the capital expenditures during the year.

Dividends paid
In 2013, € 41.7 million (2012: € 35.7 million) dividends were paid to the shareholders of Nutreco with ordinary shares.

Sundry
Most of the movements in the cash flow statement can be reconciled to the movement schedules for the balance sheet items concerned. For those balance sheet items for which no detailed movement schedule is included, the table below shows the relation between the changes according to the financial position and the changes according to the cash flow statement:

(€ x million)	Working capital[1]	Employee benefits	Provisions	Interest-bearing debt[2]
Balance at year-end 2012	187.9	-77.9	-6.3	-505.3
Balance at year-end 2013	272.1	-53.3	-3.8	-479.5
Balance sheet movement	**-84.2**	**-24.6**	**-2.5**	**-25.8**
Adjustments				
Effect of movement in foreign exchange	-20.6	2.2	0.1	30.4
Acquisition through business combinations	44.8	-1.1	-	-28.1
Reclassification	-5.2	-	-	-
Capex creditors	8.3	-	-	-
Reclassification to assets/liabilities held for sale	12.5	5.6	0.3	1.4
Other	-8.1	15.3	-0.1	-2.1
Change in cash flow	**-52.5**	**-2.6**	**-2.2**	**-24.2**

[1] Inventories, biological assets, trade and other receivables, and trade and other payables.
[2] Non-current interest-bearing borrowings and current interest-bearing borrowings excluding bank overdrafts.

The adjustment ‘Other’ for Working capital mainly comprises changes in fair value of foreign exchange derivatives and other payables. The adjustment ‘Other’ for employee benefits mainly relates to the movement of the defined benefit plans reflected in Other Comprehensive Income.

The change in cash flow of interest-bearing debt of € -24.2 million can be split in € -25.6 million for repayment of borrowings and € 1.4 million for proceeds from borrowings.

The settlement of foreign exchange derivatives of € 23.8 million (2012: € -8.0 million) and € 28.1 million (2012: € -21.1 million) reflects the cash settlement of foreign exchange derivatives which are used for respectively hedging foreign exchange transaction risk and net investment hedging activities.

Company balance sheet

(€ x million)	Note	31 December 2013	31 December 2012
Financial fixed assets	4	**1,630.7**	**1,215.6**
Current assets			
Deferred tax assets		3.7	0.5
Income tax receivables		3.4	9.3
Receivables from Group companies	5	385.7	84.1
Trade and other receivables		11.1	-
Cash and cash equivalents		75.2	0.2
		479.1	**94.1**
Total assets		**2,109.8**	**1,309.7**
Issued and paid-up share capital		8.4	8.4
Share premium		159.5	159.5
Treasury shares		-49.5	-29.4
Retained earnings		694.5	614.9
Undistributed result		150.2	176.8
Legal reserve		-20.9	10.2
Shareholders' equity	6	**942.2**	**940.4**
Non-current liabilities			
Interest-bearing borrowings	7	353.7	364.4
		353.7	**364.4**
Current liabilities			
Interest-bearing borrowings	7	94.9	-
Liabilities to Group companies	5	691.1	-
Trade and other payables		27.9	4.9
		813.9	**4.9**
Total liabilities		**1,167.6**	**369.3**
Total equity and liabilities		**2,109.8**	**1,309.7**

Company income statement

(€ x million)	Note	2013	2012
Net result from Group companies		152.4	190.5
Other net result	8	-2.2	-13.7
Net result		**150.2**	**176.8**

Notes to the Company financial statements

Accounting policies for the Company financial statements

1 General

The Company financial statements are part of the 2013 consolidated financial statements of Nutreco N.V. With reference to the Company income statement of Nutreco N.V., use has been made of the exemption pursuant to section 402 of Book 2 of the Netherlands Civil Code.

In the course of 2013, the in-house bank activities have been transferred from Nutreco Nederland B.V. to Nutreco N.V.

2 Basis for preparation and measurement

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its Company financial statements, Nutreco N.V. makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the Company financial statements of Nutreco N.V. are the same as those applied for the consolidated IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the net asset value method. These consolidated IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as IFRS). Please see Note 1 for a description of these principles.

The share in the results of participating interests consists of the share of Nutreco N.V. in the result of these participating interests. Results on transactions where the transfer of assets and liabilities between Nutreco N.V. and its participating interests and mutually between participating interests themselves are not incorporated insofar can be deemed to be unrealised.

3 Changes in accounting policies

For changes in accounting policies please see Note 1.

4 Financial fixed assets

(€ x million)	2013	2012
Balance at 1 January	**1,215.6**	**1,025.3**
Net result from Group companies	152.4	190.5
Additions	262.7	-0.2
Balance at 31 December	**1,630.7**	**1,215.6**

Additions of € 361.6 million mainly relate to inter-company loans that were transferred to Nutreco N.V. as part of the transfer of in-house bank activities from Nutreco Nederland B.V. to Nutreco N.V. in the course of 2013.

5 Receivables from/liabilities to Group companies

The receivables from Group companies and liabilities from Group companies have a maturity shorter than one year.

In 2013 the receivables from Group companies and liabilities from Group companies relate to the in-house bank activities of Nutreco N.V. which were transferred from Nutreco Nederland B.V. in the course of 2013. In 2012 the receivable from Group companies relates to Nutreco Nederland B.V., who acted as an in-house bank in 2012.

6 Shareholders' equity

Treasury shares
The shares held in treasury are accounted for as a reduction of the equity attributable to the equity holders.

The treasury shares are deducted from other reserves.

Legal reserve
The legal reserve consists of the following:

(€ x million)	31 December 2013	31 December 2012
Hedging reserve	-3.7	-4.0
Translation reserve	-55.8	-7.0
Participations	38.6	21.2
Total legal reserve	**-20.9**	**10.2**

The legal reserve can not be used for dividend distribution.

7 Interest-bearing borrowings
Interest-bearing borrowings consist of the private placements and syndicated loans. See Note 23 of the consolidated financial statements.

8 Other net results
Other net results mainly represent the interest expenses related to the interest-bearing borrowings and the interest income from subsidiaries and associates. Furthermore, it includes remuneration of the members of the Supervisory Board (see Note 24).

9 Contingent assets and liabilities
Guarantees as defined in Book 2, section 403 of the Netherlands Civil Code have been given by Nutreco N.V. on behalf of several Group companies in the Netherlands and filed with the Chamber of Commerce in 's-Hertogenbosch. The liabilities of these companies to third parties and to investments in associates totalled € 110.9 million as at 31 December 2013 (2012: € 274.5 million).

Nutreco N.V. is jointly liable for several credit facilities of its subsidiaries.

Nutreco N.V. is the parent company of the fiscal unity for both corporate income taxes and value-added taxes. The Company is therefore jointly and severally liable for the debts of these taxes of the subsidiaries belonging to the fiscal unity.

10 Average number of employees
The Company did not employ any employees in 2013.

11 Other disclosures

Audit fees
For a summary of audit fees, please see Note 9 – Other operating expenses.

Participations
For an overview of participations please see page 209-211.

Amersfoort, 5 February 2014

The Supervisory Board
The Executive Board

Other information

Profit appropriation

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

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

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

Of the profit remaining after payment to holders of preference shares, such amount will be allocated to the reserves as the Executive Board shall decide, subject to the approval of the Supervisory Board and subject to the adoption of the annual accounts at the Annual General Meeting of Shareholders. The profit remaining shall be at the disposal of the General Meeting of Shareholders.

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

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

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

Dividend policy

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

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

Dividends

On 24 April 2013, the Company delivered 565,090 shares as a final stock dividend over the year 2012. The cash dividend was paid out on the same date and amounted to € 30.3 million (2012: € 22.6 million).

On 15 August 2013, the Company paid out a cash interim dividend over the year 2013 of € 11.4 million (2012: € 13.1 million), which is € 0.30 per ordinary share (2012: € 0.30) and 254,112 shares have been delivered as an interim stock dividend.

Proposal profit appropriation

After the balance sheet date, the Executive Board proposed a dividend per ordinary share over the year 2013 of € 1.00 (2012: € 1.03). The final dividend of € 0.70 (2012: € 0.73) will be payable in cash or shares at the shareholder's option. The value of the stock dividend will be virtually equal to the cash dividend. The ex-dividend date is 31 March 2014.

The conversion ratio will be determined after trading hours on 15 April 2014, based on the weighted average share price on the last three days of the period allowed for shareholders to notify the Company of their preference, 11, 14 and 15 April 2014. Both the cash and stock dividends will be placed at the shareholders' disposal on 22 April 2014. These dividends have not been provided for and income tax consequences are not recognised as a liability.

Cumulative preference (anti-takeover construction) 'D' shares

The objective of the 'Stichting Continuïteit Nutreco' (Foundation), established in 1997, is to care for and protect the interests and continuity of the Company, its enterprise(s) connected therewith and all of those involved by, amongst other things, preventing as much as possible influences which would threaten the continuity, independence and identity of the Company in a manner contrary to such interests.
A call-option agreement has been entered into between the Foundation and Nutreco N.V., which enables the Foundation to acquire Nutreco preference shares 'D' up to a maximum equal to the number of outstanding shares issued at the date in question. In the case of a (gradual) acquisition of or an offer by a third party for the Nutreco shares, the Foundation may exercise the call option only in case such build-up of shares or offer has not received the support of the Executive Board and the Supervisory Board of Nutreco N.V.

At balance sheet date, the Board of the Foundation consisted of the following members:

- Mr J.G. van der Werf (chairman)
- Mr P. Barbas
- Mr C. van den Boogert
- Prof J. Huizink

The Executive Board of Nutreco and the Board of the Foundation are both of the opinion that, regarding the independence of management, there is full compliance with the requirements stipulated in article 5:71c of the Dutch Act on Financial Supervision (Wet op het Financieel Toezicht) and section 2:118a par. 3 of the Dutch Civil Code.

Cumulative preference (financing) 'E' shares

The Articles of Association incorporate the possibility to issue cumulative preference shares 'E' for financing purposes. The authorisation to issue cumulative preference shares 'E' is dependent on a specific authorisation that will be submitted to the approval of the General Meeting of Shareholders when the need arises to issue shares of this class.

Issuance of shares and pre-emptive rights

Shares may be issued following a resolution by the General Meeting of Shareholders with the approval of the Supervisory Board. The General Meeting of Shareholders may designate the Executive Board as the authorized body to resolve to issue shares, for a period of time not exceeding five years. Upon the issuance of new ordinary shares, holders of Nutreco's ordinary shares have a pre-emptive right to subscribe to ordinary shares in proportion to the total amount of their existing holdings of Nutreco' s ordinary shares. This pre-emptive right does not apply to any issuance of shares to employees of Nutreco or a group company of Nutreco.
The General Meeting of Shareholders may decide to restrict or exclude pre-emptive rights and may also resolve to designate the Executive Board as the corporate body authorised to restrict or exclude pre-emptive rights for a period not exceeding five years.

The General Meeting of Shareholders of 28 March 2013 approved a designation of the Executive Board, to resolve the issuance and/or granting of rights to acquire common shares up to a maximum of 10% (and 20% in case of mergers and/or acquisitions) of the issued common shares for a period of 18 months, starting on April 1, 2013 subject to the approval of the Supervisory Board. In the same meeting, the Executive Board, subject to approval of the Supervisory Board, was designated the authority to restrict or exclude the pre-emptive rights of holders of ordinary shares upon the issuance of ordinary shares and/or upon the granting of rights to subscribe for ordinary shares for a period of 18 months, starting on April 1, 2013.

Repurchase of shares

Nutreco may acquire fully paid up shares of any class in its capital for a consideration only following authorisation by the General Meeting of Shareholders and subject to certain provisions of Dutch law and the Company's Articles of Association, if shareholders' equity minus the payment required to make the acquisition is not less than the sum of paid-in and called-up capital and any reserves required by Dutch law or Nutreco's Articles of Association.
The Executive Board has been authorised through 30 September 2014 to acquire ordinary shares in the Company up to a maximum of 10% of the issued share capital, subject to the approval of the Supervisory Board. Such acquisition of shares, at the stock exchange or otherwise, will take place at a price between the nominal value and 110% of the average price of the shares on NYSE Euronext Amsterdam during the five trading days prior to the acquisition as published in the Officiële Prijscourant of NYSE Euronext Amsterdam.

The authorisation to acquire shares provides Nutreco with the required flexibility to fulfill its obligations deriving from employee-related share plans, (interim) stock dividend or for other purposes. The Company has the right to re-issue these shares at a later date.

Legal transparency obligations (Article 10 of the Takeover Directive)

Most of the information that needs to be disclosed under Article 10 Takeover Directive Decree 2004/25/EC, and section 391 sub-sections 5, book 2 of the Dutch Civil Code is available in various sections of the annual report. Nutreco N.V. wishes to include the following explanatory notes:

- The Articles of Association do not provide for any limitation of the transferability of the (registered) ordinary shares. The transfer of cumulative preference shares 'D' and 'E' is subject to the approval of the Executive Board in accordance with the provisions of Article 13 of the Articles of Association.
- No agreement has been concluded with any shareholder that could give rise to any limitation of shares or any limitation of the voting rights.
- No agreements have been made with any Executive Board member and/or employee providing for a payment in the event of termination of employment following a public takeover bid.
- Nutreco N.V. has financial agreements, such as its syndicated loan facility and its US Private Placement Note Purchase Agreements, that have change of control clauses due to which they can be altered or terminated on condition of a change in control of the Company after a public takeover bid has been made.
- Nutreco Nederland B.V. and Nutritional Ingredients B.V., both subsidiaries of Nutreco N.V., have a raw materials purchase agreement with DSM Nutritional Products AG, which can be terminated in the case of a change of ownership of the Company.

Appointment of the external auditor

At the Annual General Meeting of Shareholders held on 28 March 2013, KPMG Accountants N.V. was appointed as the Company's external auditor for a period expiring at the closure of the accounting year 2014.
Based on the new Auditors Bill in the Netherlands that will take effect on 1 January 2016, which introduces mandatory rotation of the audit firm every eight years, and since KPMG has been the Company's auditor since 1994, we will initiate a selection process to nominate another external registered audit firm in the course of 2014. The proposal for the new-to-be appointed auditor for the 2016 accounts will be presented for approval to the General Meeting of Shareholders in the first half of 2015.

Ten years of Nutreco income statement[1]

(€ x million)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenue	3,867	5,229	4,721	4,940	4,512	4,943	4,021	3,009	3,002	3,269
Raw materials	3,085	4,133	3,705	3,907	3,567	3,976	3,153	2,286	2,185	2,381
Gross margin	**782**	**1,096**	**1,016**	**1,033**	**945**	**967**	**868**	**723**	**817**	**888**
Personnel costs	338	481	457	487	442	428	368	308	381	417
Depreciation of property, plant and equipment	42	58	54	56	53	51	42	40	57	83
Other operating expenses	193	308	296	291	280	305	303	260	248	276
Total operating expenses	**573**	**847**	**807**	**834**	**775**	**784**	**713**	**608**	**686**	**776**
Operating result before amortisation (EBITA)	209	249	209	199	170	183	155	115	131	112
Amortisation expenses	14	14	13	13	12	11	6	2	3	6
Amortisation of goodwill	-	-	-	-	-	-	-	-	7	-
Operating result (EBIT)	**195**	**235**	**196**	**186**	**158**	**172**	**149**	**113**	**121**	**106**
Net financing costs	-29	-26	-27	-36	-32	-31	-10	8	-17	-32
Share in results of associates and other investments	4	3	3	2	1	2	1	-	48	4
Result before tax	**170**	**212**	**172**	**152**	**127**	**143**	**140**	**121**	**152**	**78**
Taxation	-42	-54	-45	-39	-35	-37	-26	-16	-11	-22
Result after tax	**128**	**158**	**127**	**113**	**92**	**106**	**114**	**105**	**141**	**56**
Result after tax from discontinued operations	23	19	5	-	-	11	7	415	-4	26
Total result for the period	**151**	**178**	**132**	**113**	**92**	**117**	**121**	**520**	**137**	**82**
Non-controlling interest	1	1	1	2	3	2	2	1	3	4
Result for the period attributable to owners of Nutreco	**150**	**177**	**131**	**111**	**89**	**115**	**119**	**519**	**134**	**78**
Number of employees in FTE as at year-end	7,307	9,654	9,565	9,913	9,690	9,278	9,090	7,919	6,993	12,408
Operating result (EBITA) as a % of revenue	5.6%[2]	4.8%	4.4%	4.0%	3.8%	3.7%	3.8%	3.8%	4.3%	3.2%
Turnover rate of weighted average capital employed[3]	3.2	4.4	4.4	5.0	4.5	5.0	5.2	3.6	2.8	3.9
Return (EBITA) on weighted average capital employed	18%[2]	21%	19%	20%	17%	19%	20%	14%	11%	14%
Interest cover	9.9	11.8	9.6	7.1	7.0	7.5	19.5	-19.4	10.8	6.1
Dividend (€ x million)	69	71	63	52	46	49	56	359	52	23
Dividend per share	1.00[4]	2.05	1.80	1.50	1.32	1.43	1.64	1.60	1.52	0.53

[1] Initially reported figures.
[2] EBITA excluding exceptional items.
[3] Revenue divided by average capital employed.
[4] Based on shares after share split (1:2) on 2 May 2013.

Ten years of Nutreco balance sheet[1]

(€ x million)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Property, plant and equipment	500	640	583	565	517	478	429	281	287	470
Intangible assets	429	408	361	347	310	286	319	91	84	166
Financial non-current assets	84	96	100	88	90	77	95	82	553	96
Non-current assets	**1,013**	**1,144**	**1,044**	**1,000**	**917**	**841**	**843**	**454**	**924**	**732**
Inventories/biological assets	290	535	437	437	356	385	342	235	204	473
Financial current assets	-	-	-	-	-	-	-	-	156	-
Trade and other receivables	712	869	751	685	620	734	600	531	416	462
Cash and cash equivalents	147	263	177	231	233	228	208	579	90	137
Assets held for sale	462	7	140	11	-	-	-	-	-	-
Current assets	**1,611**	**1,674**	**1,505**	**1,364**	**1,209**	**1,347**	**1,150**	**1,345**	**866**	**1,072**
Total assets	**2,624**	**2,818**	**2,549**	**2,364**	**2,126**	**2,188**	**1,993**	**1,799**	**1,790**	**1,804**
Equity attributable to the owners of Nutreco	942	972	875	810	730	655	643	744	698	527
Non-controlling interest	20	9	8	10	11	11	8	6	13	15
Total equity	**962**	**981**	**883**	**820**	**741**	**666**	**651**	**750**	**711**	**542**
Interest-bearing borrowings	360	481	370	282	414	467	410	250	280	502
Provisions / employee benefits	30	14	14	11	15	14	25	37	29	68
Other non-current liabilities	50	27	31	25	15	12	19	2	10	16
Non-current liabilities	**440**	**522**	**415**	**318**	**444**	**493**	**454**	**289**	**319**	**586**
Current interest-bearing borrowings	139	43	58	156	42	128	87	92	166	11
Current portion of provisions / employee benefits	26	43	42	49	57	37	45	31	22	27
Other current liabilities	740	1,229	1,074	1,021	842	864	756	637	572	638
Liabilities held for sale	317	-	77	-	-	-	-	-	-	-
Current liabilities	**1,222**	**1,315**	**1,251**	**1,226**	**941**	**1,029**	**888**	**760**	**760**	**676**
Total equity & liabilities	**2,624**	**2,818**	**2,549**	**2,364**	**2,126**	**2,188**	**1,993**	**1,799**	**1,790**	**1,804**
Capital employed[2]	1,314	1,242	1,134	1,027	964	1,033	984	552	1,106	1,002
Net debt[3]	349	261	251	207	223	367	290	-237	356	376
Current assets divided by non-interest-bearing debt	1.46	1.33	1.27	1.29	1.41	1.54	1.49	2.01	1.49	1.64
Solvency ratio (equity of the parent divided by total assets)	36%	35%	34%	34%	34%	30%	32%	41%	39%	29%
Net debt[3] divided by equity of the parent	37%	27%	29%	26%	31%	56%	45%	-27%	51%	71%

[1] Initially reported figures.
[2] Total assets less cash and cash equivalents and non-interest-bearing liabilities, except dividends payable.
[3] Non-current interest-bearing borrowings and current interest-bearing borrowings less cash and cash equivalents for continuing and discontinued operations.

Other information

Independent auditor's report

To: the Supervisory Board and the Annual General Meeting of Shareholders of Nutreco N.V.

Report on the audit of the financial statements

Our opinion with respect to the consolidated financial statements

In our opinion the consolidated financial statements as set out on pages 109-194 give a true and fair view of the financial position of Nutreco N.V., Amersfoort ('the Company') as at 31 December 2013 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Our opinion with respect to the company financial statements

In our opinion the company financial statements as set out on pages 195-197 give a true and fair view of the financial position of the Company as at 31 December 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Our engagement

We have audited the financial statements 2013 of the Company which include the consolidated financial statements and company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2013, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with the Dutch law, including Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section Our responsibility for the audit of the financial statements of our report. We are independent of the Company within the meaning of the relevant Dutch ethical requirements as included in the 'Verordening op de gedrags- en beroepsregels accountants' (VGBA) and the 'Verordening inzake de onafhankelijkheid van accountants' (ViO) and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. Key audit matters are selected from the matters communicated with the Executive Board and Supervisory Board, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters as described below, and we do not express an opinion on these individual matters.

Sensitivities with respect to the valuation of goodwill

The annual impairment test was significant to our audit as the assessment process is complex and judgmental by nature as it is based on assumptions on future market and/or economic conditions. The assumptions used included future cash flow projections, discount rates, perpetuity and sensitivity analyses. We specifically focused on the valuation of goodwill allocated to the Animal Nutrition Brazil business' given the available headroom. Our procedures included, among others, using a valuation expert assisting us in evaluating the model and assumptions used, in particular the future growth rates and discount rates which are key to the outcome of the impairment test. We further focused on the adequacy of the Company's disclosures on key assumptions in Note 14 of the financial statements.

Estimates with respect to the valuation of trade receivables

Trade receivables balances were significant to the Company as these represent approximately 23% of the total of the consolidated statement of financial position of the Company. Assessing the trade receivables impairment requires judgment due to the specific risks. In the audit of trade receivables, local KPMG member firms were involved and instructed to evaluate the reasonableness of the impairments recognised taking into account the local facts and circumstances which are considered key considerations. We challenged the assumptions used to calculate the trade receivables impairment amount, notably through detailed analyses of aging of receivables and assessing specific local risks. We further focused on the adequacy of the Company's disclosures about the trade receivable impairment and the related risks such as credit risk, liquidity risk and the aging of trade receivable in Note 27 of the financial statements.

Potential divestment of compound feed and meat activities in Spain and Portugal has a significant effect on financial statements

On 1 July 2013 the Company publicly announced that it considered the strategic opportunities for its compound feed and meat activities in Spain and Portugal. These activities are significant to the Company as these constitute 27% of total sales for the year. After consideration of the available options the Company concluded on its intention to divest and reclassified and restated the activities to held for sale and discontinued operations. We focused on the adequacy of the Company's disclosures and accounting of discontinued operations on the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated cash flow statement and the notes and evaluated the timing of the classification of held for sale.

Acquisition of the business of Gisis has a significant effect on the financial statements

On 1 June 2013 the Company acquired a 75% stake in the business of Gisis in Ecuador and Honduras for a total consideration of € 63.3 million net of cash acquired which is material to the Company. The Company recognised the purchase price allocation which resulted in amongst others € 23.0 million of goodwill and € 22.7 million of other intangible assets recognised. Valuating the intangible assets was significant to our audit as the assessment process is complex and judgmental by nature as it is based on assumptions on future market and/or economic conditions. The Company hired a third party valuation expert to assist in the valuation of these intangible assets including goodwill. Our procedures included using a valuation specialist as part of the audit team in order to assist us in challenging the assumptions used, notably the discount rate and projected cash flows.

Furthermore we focused on the adequacy of the disclosures in Note 6 of the financial statements.

In addition we performed audit procedures over the 31 May 2013 as well as the 31 December 2013 financial information of Gisis.

Going concern

The financial statements of the Company have been prepared using the going concern basis of accounting. The Executive Board has not identified a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, and accordingly none is disclosed in the financial statements of the Company.

- As part of our audit of the financial statements, we have concluded that the use of the going concern basis of accounting is appropriate;
- Our audit of the financial statements has not identified a material uncertainty for the use of the going concern basis of accounting

The use of this basis of accounting is appropriate unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. However, neither the Executive Board nor the auditor can guarantee the Company's ability to continue as a going concern.

Responsibilities of the Executive Board and Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Executive Board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibility for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Dutch Standards on Auditing will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with the Dutch Standards on Auditing we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Company to express an opinion on the financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We are required to communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide 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.

Report on the directors' report and other information

Pursuant to the legal requirement under Part 9 of Book 2 of the Dutch Civil Code regarding our responsibility to report on the directors' report and the other information:

- We have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the other information as required by Part 9 of Book 2 has been annexed.
- We report that the directors' report, to the extent we can assess, is consistent with the financial statements.

Amstelveen, 5 February 2014

KPMG Accountants N.V.
R.P. Kreukniet RA

Independent assurance report

To the Readers of the Nutreco Integrated Report 2013

Introduction
We were engaged by the Executive Board of Nutreco N.V. (further 'Nutreco') to provide assurance on the Sustainability Chapter (pages 32-47) in the Nutreco Integrated Report 2013 (further 'the Sustainability Chapter'). The company's management is responsible for the preparation of the Sustainability Chapter of The Report, including the identification of material issues. Our responsibility is to issue an assurance report based on the engagement outlined below.

What was included in the scope of our assurance engagement
Our assurance engagement was designed to provide:
- limited assurance on whether the information on the Sustainability Chapter is presented fairly, in all material respects, in accordance with the G3 Guidelines of the Global Reporting Initiative.
- reasonable assurance on whether the data for Vendor policies signed (page 36), the average score on the employee engagement survey for engagement on sustainability (page 42) and information related to NutrECO-line: the Nutreco Nutritional Solutions Sustainability Programme described on (page 40) are presented in accordance with the stated reporting criteria.

We do not provide any assurance on the achievability of the objectives, targets and expectations of Nutreco.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those for a reasonable level of assurance.

Which reporting criteria did Nutreco N.V. use
Nutreco applies the Sustainability Reporting Guidelines (G3) of the Global Reporting Initiative, supported by internally developed guidelines as described in section 'About the Sustainability Chapter'. It is important to view the performance data in the context of these criteria.

Which assurance standard did we use
We conducted our engagement in accordance with Standard 3410N: Assurance engagements relating to sustainability reports, issued by the Royal Netherlands Institute of Register Accountants. This standard requires, among others, that the assurance team possesses the specific knowledge, skills and professional competencies needed to provide assurance on sustainability information, and that they comply with the requirements of the Code of Ethics for Professional Accountants of the International Federation of Accountants to ensure their independence.

What did we do to reach our conclusions
Our procedures for limited assurance included the following:
- A risk analysis, including a media search, to identify relevant sustainability issues for Nutreco in the reporting period.
- Evaluating the design and implementation of the systems and processes for the collection, processing and control of the information in Sustainability Chapter, including the consolidation of the data for the Sustainability Chapter.
- Interviews with relevant staff at corporate and business level responsible for providing the information in the Sustainability Chapter.
- Evaluating internal and external documentation, based on sampling, to determine whether the information in the Sustainability Chapter is supported by sufficient evidence.

Our additional procedures for reasonable assurance included:
- Testing the application of the reporting criteria used in the preparation of the reported information related to Vendor policies, Employee Survey and NutrECO-line: the Nutreco Nutritional Solutions Sustainability Programme.
- Reconciling the information related to NutrECO-line: the Nutreco Nutritional Solutions Sustainability Programme with the results of our separate engagement to provide reasonable assurance on the design and implementation of this Programme.
- Evaluating the design and existence, and testing the operating effectiveness, of the processes for collecting and processing the data for Vendor policies and Employee engagement survey.
- Testing internal and external documentation, based on sampling, to determine whether the reported data are supported by sufficient evidence.

Additionally we determined, as far as possible, whether the information concerning sustainability in the other sections of The Report is consistent with the information in the Sustainability Chapter.

During the assurance process we discussed the necessary changes to the Sustainability information in the Sustainability Chapter and reviewed the final version of the Sustainability Chapter of The Report to ensure that it reflects our findings.

Conclusions

Based on the procedures performed, as described above, nothing has come to our attention to indicate that the information on the Sustainability Chapter is not fairly presented, in all material respects, in accordance with the reporting criteria.

In our opinion the data for Vendor policies signed (page 36), the average score on the employee engagement survey for engagement on sustainability (page 42) and the information related to the NutrECO-line: Nutreco Nutritional Solutions Sustainability Programme described on page 40 are presented in accordance with the stated reporting criteria.

We also report, to the extent of our competence, that the information on sustainability in the rest of The Report is consistent with the information presented on the Sustainability Chapter.

Amsterdam, 5 February 2014

KPMG Sustainability,
Part of KPMG Advisory N.V.

W.J. Bartels RA, Partner

Participations of Nutreco

(100% unless mentioned otherwise)

Animal Nutrition

Belgium
- Nutreco Belgium N.V. | Ghent

Brazil
- Bellman Nutriçao Animal Ltda | Mirassol
- Log Bell Logística Integrada Ltda | Valinhos
- Nutreco Brasil Nutriçao Animal Ltda | São Paulo

Canada
- 138324 Canada Ltée | Upton
- 2542-1462 Quebec Inc. | St-Jean sur Richelieu
- 2969-1821 Quebec Inc. | St-Felix de Valois
- 6804373 Canada Inc. | Montreal
- Agriplacement J2M Inc. | Upton
- Couvoir Scott Ltée | Scott Junction | 50%[2]
- Ferme Baril de St.-Félix Inc. | St-Felix de Valois
- Ferme Berthier Inc. | Berthier
- Ferme Gaston Inc. | St-Felix de Valois
- Ferme Léo Henault Inc. | St-Felix de Valois
- Gène-Alliance Inc. | Yamachiche | 40%[2]
- Isoporc Inc. | St-Hugues | 17%[3]
- Lactech Inc. | Lévis, Quebec | 50%[2]
- Lactech L.P. | Lévis, Quebec | 32.95%
- Les Produits Agricoles Norelco Inc. | Upton
- Newtech Feed Inc. | Montréal | 54.95%
- Newtech Feed L.P. | Saint Hyacinthe | 54.95%
- Nieuwland Feed & Supply Limited | Drayton | 40%[2]
- Poirier Berard Ltée | St-Felix de Valois
- Shur-Gain Holding Inc. | Toronto
- Willie Dorais Inc. | Upton
- Yantzi's Feed & Seed Ltd. | Tavistock | 40%[2]

Czech Republic
- Trouw Nutrition Biofaktory, s.r.o. | Prague

Egypt
- Hendrix Misr S.A.E. | Cairo

Germany
- Sloten GmbH | Diepholz
- Trouw Nutrition Deutschland GmbH | Burgheim

Greece
- Trouw Nutrition Hellas S.A. | Athens

Guatemala
- Trouw Nutrition Guatemala S.A. | Guatemala City

Hungary
- Trouw Nutrition Környe Kft. | Környe

India
- Hifeed India Pvt. Ltd. | Tamil Nadu
- Trouw Nutrition India Pvt. Ltd. | Bangalore

Indonesia
- PT Trouw Nutrition Indonesia | Jakarta

Italy
- Nutreco Italy S.p.A. | Mozzecane

Mexico
- Nutreco México S.A. de C.V. | Zapopan, Jalisco
- Trouw Nutrition México S.A. de C.V. | Zapopan, Jalisco

Netherlands
- DutchFeed Holding B.V. | Amsterdam | 33.33%
- Hifeed Russia B.V. | Boxmeer
- Masterlab B.V. | Boxmeer (to be merged with Nutreco Nederland B.V.)
- Selko B.V. | Goirle
- Sloten B.V. | Deventer
- Sloten Groep B.V. | Deventer (to be merged with Sloten B.V.)
- Trouw Horos B.V. | Boxmeer
- Trouw Nutrition Hifeed B.V. | Boxmeer
- Trouw Nutrition International B.V. | Boxmeer
- Trouw Nutrition Nederland B.V. | Putten
- Trouw Nutrition Russia B.V. | Boxmeer

Paraguay
- Trademan Latinoamerica S.A. | Assunción

Poland
- Trouw Nutrition Polska Sp. Z o.o. | Grodzisk Mazowiecki

People's Republic of China
- Beijing Dejia Honesty Livestock Import & Export Co. Ltd. | Beijing | 20%[2]
- Taigao Nutrition Technology (Beijing) Co. Ltd. | Beijing
- Taigao Nutrition Technology (Hunan) Co. Ltd. | Xiangtan
- Trouw Nutrition Technology (Beijing) Co. Ltd. | Beijing

Romania
- Hifeed Romania Srl | Bucharest

[1] Fully consolidated.
[2] Investment in associates (see Note 15).
[3] Other investments (see Note 16).
[4] No influence.

Aquaculture

Russian Federation
- Techkorm LLC | Moscow
- Trouw Nutrition C.I.S. | Moscow (in liquidation)
- Trouw Nutrition Voronezh LLC | Belgorod

Slovak Republic
- Trouw Nutrition Slovakia, s.r.o. | Bratislava

Spain
- Trouwfarma S.A. | Madrid
- Trouw Nutrition España S.A. | Madrid

Turkey
- Trouw Nutrition Turkey | Ankara

Ukraine
- Trouw Nutrition UKR LLC | Kiev

United Kingdom
- Frank Wright Ltd. | Ashbourne
- Nordos (UK) Limited | Wincham, Northwich
- Trouw Nutrition Limited | Wincham, Northwich
- Trouw Nutrition (Northern Ireland) Limited | Belfast
- Trouw Nutrition (UK) Limited | Wincham, Northwich

United States
- Trouw Nutrition USA LLC | Highland, Illinois

Venezuela
- Nanta de Venezuela C.A. | Aragua | 50%[2]

Australia
- Gibson's Ltd. | Launceston, Tasmania
- Tassal Ltd. | Hobart, Tasmania | 11.27%[3] (in liquidation)

Canada
- Skretting Canada Inc. | Toronto

Chile
- Comercializadora Nutreco Chile Ltda. | Santiago
- Portuaria Pargua Ltda. | Santiago

Ecuador
- Gisis S.A. | Duran | 75%

France
- Trouw France S.A.S. | Vervins

Honduras
- Aquafeed, S.A. de C.V. | San Francisco de Yojoa | 60%
- Productos Mixtos, S.A. de C.V. | San Pedro Sula | 75%

Ireland
- Trouw Aquaculture Limited | Roman Island, Westport

Italy
- SC Italia S.p.A. | Mozzecane (VR)
- Skretting Italia S.p.A. | Mozzecane (VR)

Japan
- Skretting Co. Ltd. | Fukuoka

Norway
- Centre for Aquaculture Competence A/S | Stavanger | 33%[2]
- Gastronomisk Institutt A/S | 2.10%[3]
- Lofitorsk A/S | 1.80%[3]
- Skretting Aquaculture Research Centre A/S | Stavanger
- Skretting A/S | Stavanger
- Skretting Eiendom A/S | Stavanger
- Skretting Investment A/S | Stavanger
- Skretting Russia A/S | Stavanger

People's Republic of China
- Skretting China Co. Ltd. | Shanghai
- Zhuhai Shihai Aqua Seed Co., Ltd. | Doumen Town
- Zhuhai Shihai Feed Co., Ltd. | Doumen Town
- Zhuhai Yinjieli Biological Science & Technology Co., Ltd. | Doumen Town

Spain
- Skretting España S.A. | Burgos

Sweden
- T. Skretting AB Sweden | Stockholm

Turkey
- Skretting Yem Uretim Anonim Sirketi | Bodrum

United Kingdom
- Trouw Aquaculture Limited | Invergordon
- Trouw (UK) Limited | Wincham, Northwich

United States
- Moore-Clark USA Inc. | Seattle, Washington
- Nelson and Sons, Inc. | Utah
- ENS LLC Partnership | Utah | 33%[2]

Vietnam
- Nutreco International (Vietnam) Co. Ltd. | Ho Chi Minh City

[1] Fully consolidated.
[2] Investment in associates (see Note 15).
[3] Other investments (see Note 16).
[4] No influence.

Corporate

Belgium
- Hendrix N.V. | Merksem
- Nutreco Feed Belgium N.V. | Ingelmunster
- Nutreco Capital N.V. | Ghent

Canada
- Nutreco Canada Inc. | Guelph

Chile
- Inversiones Nutreco Limitada | Santiago
- Nutreco Chile Participations SpA | Santiago

Curaçao
- Nutreco Insurance N.V. | Willemstad

France
- Nutreco France S.A.S. | Vervins

Germany
- Nutreco Deutschland GmbH | Burgheim

Hong Kong
- Nutreco Asia Co. Ltd. | Hong Kong

Netherlands
- Nutreco Asia Support B.V. | Amersfoort
- Nutreco Assurantie N.V. | Boxmeer
- Nutreco Brasil B.V. | Boxmeer
- Nutreco Chile Holding B.V. | Boxmeer
- Nutreco International B.V. | Boxmeer
- Nutreco Investments B.V. | Amersfoort
- Nutreco Nederland B.V. | Boxmeer
- Nutreco North America B.V. | Boxmeer
- Nutritional Ingredients B.V. | Amersfoort
- Trouw International B.V. | Boxmeer

Spain
- Comore Directorship S.L. | Madrid
- Nutreco España S.A. | Madrid
- Nutreco Servicios S.A. | Madrid

United Kingdom
- Nutreco Limited | Northwich
- Trouw (UK) Pension Trust Limited | Wincham, Northwich

United States
- Anchor USA Inc. | Delaware
- Nutreco USA Inc | Delaware

Discontinued operations
- Agrovic Alimentación, S.A. | Madrid
- Alimentação Animal Nanta, S.A. | Marco de Canaveses
- Alimentación Animal Nanta, S.L. | Madrid
- Aragonesa de Piensos, S.A. | Utebo (Zaragoza) | 23.98%[1,3])
- Grupo Sada p.a. S.A. | Madrid
- Inga Food S.A. | Madrid
- Nanta S.A. | Madrid
- Piensos Nanfor S.A. | La Coruña | 50%[1]
- Piensos Nanpro S.A. | Segovia | 50%[1]
- Sada p.a. Andalucia, S.A. | Alcalá de Guadaira
- Sada p.a. Canarias S.A. | Santa Cruz de Tenerife
- Sada p.a. Castilla-Galicia, S.A. | Valladolid
- Sada p.a. Catalunya S.A. | Lleida
- Sada p.a. Producciones Ganaderas S.A. | Madrid
- Sada p.a. Tenerife S.A. | Santa Cruz de Tenerife
- Sada p.a. Valencia, S.A. | Sueca
- Sada Portugal, Lda | Rio de Galinhas
- Sociedad Comercializadora de Aves, S.L. | Madrid | 34.96%[1,3]

[1] Fully consolidated.
[2] Investment in associates (see Note 15).
[3] Other investments (see Note 16).
[4] No influence.

GRI-Index

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LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members regarding serious diseases	**Partially: Human resources, Our working environment**	**26, 39**
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PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	**Partially: Development of sustainable nutritional solutions**	**40**
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	**Incident Notification system**	**39**

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Nutreco** has presented its report "Annual Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 31 January 2014

B+
GRI REPORT
GRI CHECKED

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

The "+" has been added to this Application Level because Nutreco has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: *Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 27 January 2014. GRI explicitly excludes the statement being applied to any later changes to such material.*

Glossary

AgriVision
Biennial conference organised for the agriculture industry

Animal health products
Preventive products focused towards specific health requirements for animals

AquaVision
Biennial conference organised for the aquaculture industry

ARC
Skretting Aquaculture Research Centre headquartered in Stavanger, Norway

ASC
Aquaculture Stewardship Council

ASCs
Application and Solution Centres

CFE
Compound or complete feed equivalent

Circadian cycle
Biological rhythms that are connected to a day/night cycle of 24 hours which impact the feeding patterns of animals

Compound feed
Compound (or complete) feeds are blended feeds of various ingredients to match the nutritional requirement of farmed animals. The main ingredients are macro-ingredients such as grains and soya, and micro-ingredients such as premixes, vitamins and minerals. Other ingredients include natural health components, organic acids, aromatic substances and pigments

Concentrates
Premixes to which high-protein feedstuffs have been added. Suitable for supplying to farmers to blend with macro-ingredients such as grain available on the farm

EBITA
Earnings Before Interest, Tax and Amortisation

EBITDA
Earnings Before Interest, Tax, Depreciation and Amortisation

EMS
Early mortality syndrome, a type of disease affecting shrimp

Extruders
Equipment to force a mix of feed ingredients through the round holes of a die plate. The extruded material is cut at set distances to form pellets. Pellet size is controlled by the diameter of the holes and distance between cuts

Farm minerals
All premixes contain farm minerals. Farm minerals can include things such as: calcium, phosphorus, magnesium, sulphur, sodium, copper, manganese, zinc, iodine, cobalt, selenium and fluorine

Feed specialties
Feed specialties are high-precision and high-value products which are used in low volumes. They include special feeds for transitional phases (e.g. for transitional phases such as gestation and weaning - young animal feed), farm minerals, feed additives (e.g. vitamins) and animal health products

Fishmeal
Meal made from ground fish such as anchovies, which is then fed to carnivore fish (e.g. salmon)

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

Fish oil
A co-product from the production of fishmeal. Fish oil contains omega-3 fatty acids and is used in fish and shrimp feed

Go-to-market
Nutreco strategy which is intended to bring products to our customers in a more structured manner

GRI
Global Reporting Initiative

Grower feed
Feed for fish formulated for their sea growing phase

Home-mixers
Farmers that grow their own bulk feed, which is then combined with premix

Integrator
Large farm enterprises that produce their own compound feed for their livestock, using supplied premixes

Life start
Research focus area which is concerned with optimising the nutrition of young animals at the early stages of their life

Marine species
Fish living in seawater such as sea bass, sea bream, yellowtail and barramundi

MicroBalance
Fish feed concept of using micro nutrients to replace fishmeal with other raw material sources such as soymeal

Milk replacers
Product used to replace milk for weaning animals. Nutreco's brands include Milkivit, Sprayfo and Optivia

Model
Used to help farmers make decisions on their feed choices. For example Watson, Newton, Novolec and Rumenac

NIR
Platorm using near infrared reflectance imaging for rapid assessment of feed ingredients and finished feed

Non-salmonid
Species other than salmonid including barramundi, tilapia, tambaqui, pangasius, sea bass, sea bream, shrimp, snakehead and yellowtail

Nutrace
Nutrace is Nutreco's company-wide proactive programme to assure feed-to-food quality. Nutrace is specified in five standards: Certified Quality, Ingredient Assessment and Management, Monitoring, Risk Management and Tracking & Tracing

NutrECO-line
NutrECO-line is the name for the Nutreco nutritional solutions programme, a programme to design, test and verify (by a third party) the methodology and set of criteria to assess the sustainability of Nutreco's portfolio of new nutritional solutions

Precision feeding
Innovation theme that focuses on services and models that provide customers with optimised feed value and predictable animal performance

Premix
Premixes are a blend of feed additives. There are feed additives for different purposes, for example, nutritional (vitamins, minerals, etc.), technological (emulsifiers, antioxidants, etc.), sensory (flavours and colourants) and zootechnical (digestion enhancers)

Ruminants
Cattle, sheep, goats and deer

Salmonid
Salmonid species such as Atlantic and chinook salmon, trout

Split Feeding System
A layered feeding concept comprising a morning feed and an afternoon feed to better meet the nutritional requirements of hens for egg formation

Sustainability
A sustainable supply is one that can be continued without depleting the resource from which it comes. For example, a proportion of a fish stock may be harvested each year without negatively affecting the ability of the population to survive at its present level

Sustainable Economic Aquafeeds (SEA)
Skretting's programme for developing sustainable feed solutions for aquaculture that take into account environmental considerations and business economics

Trace minerals
Minerals required in small amounts for healthy diets which include calcium, phosphorus, potassium, sulphur, sodium, chlorine, and magnesium

Unite
Unite is a Nutreco project to optimise and standardise business processes, management information, master data and supporting ERP systems

Young animal feed
Specialised feed tailored to the needs of young animals

Nutreco is a global leader in animal nutrition and fish feed

Our advanced feed solutions are at the origin of food for millions of consumers worldwide.

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