Triodos Investment Management

WESSANEN (KONINKLIJKE) NV

MEETING DATE	Thu, 16 Apr 2015 14:00 pm	TYPE	AGM	ISSUE DATE	Thu, 07 May 2015
MEETING LOCATION	Sheraton hotel at Schiphol airport, the Netherlands				
CURRENT INDICES	PIRC Global				
SECTOR	Food Products				

	PROPOSALS	ADVICE
1	**Opening of the meeting** Non-voting agenda item.	**Non-Voting**
2	**Receive Report of Management Board** Non-voting agenda item.	**Non-Voting**
3	**Discuss the remuneration report** Non-voting agenda item.	**Non-Voting**
4	**Approve the financial statements** Disclosure is acceptable and the report was made available sufficiently before the meeting. No serious governance concerns have been identified.	**For**
5	**Approve the dividend** The Board proposes a dividend of EUR 0.10 per share. The dividend is covered by earnings. Acceptable proposal.	**For**
6	**Discharge the Management Board** Standard proposal. No serious governance concerns have been identified. Acceptable proposal.	**For**
7	**Discharge the Supervisory Board** Standard proposal. No serious governance concerns have been identified. Acceptable proposal.	**For**
8	**Re-elect Ronald Merckx to the Management Board** Executive director on the Management Board. Acceptable proposal.	**For**

9 Approve Amendments to the Remuneration Policy **Abstain**

It is proposed to approve the remuneration policy for 2015 with a binding vote.

There is lack of good disclosure with respect of targets and measurable criteria for variable remuneration, which prevents shareholders from making an informed assessment. Performance criteria are disclosed, but quantified targets are missing for short term incentives. The policy caps the CEO's total variable remuneration at 150% of his fixed salary and it may be overpaying for underperformance, in absence of quantified targets. Severance payments are capped at 12 months of salary. However, in case of change of control short term incentives will be fully paid out for one year and performance share will vest, which is deemed excessive. The Board can award discretionary payments to executives, which raises concerns. There are claw back clauses in place which is welcomed.

Triodos appreciates the rationale of the changes of the remuneration policy, in particular the increased emphasis on the long-term performance. We welcome the introduction of a second performance indicator, Return on Capital Employed, and the introduction of a Share Ownership Guideline. In addition, we very much welcome the introduction of sustainability metrics for the Short Term Incentive although we would recommend to also implementing sustainability metrics for the Long Term Incentive.

However, we have a number of concerns relating to the proposed amendments. First, we have concerns over the new Share Matching Plan. The proposal states the investment shares (in relation to the STI) will be matched in accordance with a share matching plan, subject to performance, after a three-year vesting period. However, the share matching plan is matching the short term incentive, which we find confusing. Furthermore, the performance condition set for the Share Matching Plan was not fully clear to us but we have learned it is based on three-year EBITE. However, yearly EBITE is already included in the performance targets for the short term incentive. We do not consider this best practice, using the same performance indicator twice in the remuneration system, although there is a small difference in the applied time-frame.

More in general, and also in relation to the above, we would recommend better disclosure on the quantification of targets for the Short Term Incentive and Matching Plan, to be able to evaluate whether these targets are challenging. Furthermore, we consider the share matching potentially excessive as the matching is not limited to the Share Ownership Guideline. In case of stretch performance, the maximum total remuneration for the CEO could amount up to 300% of fixed salary or 75% of total remuneration. We believe a Share Ownership Guideline can be implemented without matching schemes or similar constructions. Also, in case of change of control following a takeover or merger or comparable event, short term incentives will be fully paid out for one year and performance share will vest, which is not according to best practice in our view.

Based on the balance of the above and because Wessanen has promised to yearly evaluate the remuneration policy with its shareholders, we abstained.

10 Authorise Share Repurchase **For**

The board requests shareholder approval to repurchase shares up to 10% of the issued share capital until 17 October 2016. Acceptable proposal.

11 Appoint the auditors **Abstain**

Deloitte proposed. Non-audit fees were approximately 100% of audit fees during the year under review. Non-audit fees over a three year basis were approximately 87.5% of audit fees. There are concerns that this level of non-audit fees creates a potential for conflict of interest on the part of the independent auditor. However, as we appreciate the explanation of Wessanen with regard to the non-audit fees, we abstained.

12 Close meeting and allow questions **Non-Voting**

Non-voting agenda item.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 11 - Appoint the auditors

The New EU audit regulatory framework

Starting 1 January 2015, audit within the EU is regulated by Directive 2014/56/EU (which amends Directive 2006/43/EC) and Regulation (EU) n. 537/2014. These provide for significant harmonization of the issue within the EU and for substantial changes in auditor's term and rotation, non-audit fees and conflict of interest. EU Member States have two years to implement the provisions contained in the Directive.

Major changes in EU audit framework

Auditors' term and rotation

Auditors must undertake obligatory rotation at least every 10 years, however Member states can provide for shorter term. The term can be renewed once but the company must either call a public tendering or appoint another audit firm for joint auditing.

Prohibited non-audit services

The Directive 2014/56/EU provides a series of prohibited non-audit services, such as provision of tax advice and services linked to the client's financial and investment strategy, including tax compliance, tax advice, corporate finance and valuation services. Member States also have the option to allow certain tax and valuation services on condition that they do not have a direct effect on the financial statements or, if they do, that the effect is immaterial.

Non-audit fees

Non-audit fees are capped at 70% of audit fees in the Directive, at the level of both the company and the group. Members States can adopt a lower threshold at level of their national legislation. This provision applies only if the audit firm in question has audited a company for at least three consecutive financial years. That is, after the third year, non-audit fees should be capped at 70% of the average of the non-audit fees paid in the last three consecutive financial years.

Excessive non-audit fees and potentially creating conflict of interest and by that hindering an objective audit of the Company. Excessive non-audit fees may not be supported during the year under review or the three previous years. In addition, appointments of those auditors who did not disclose in detail the nature of their non-audit services may not be supported.

Dutch regulatory framework

Dutch listed companies are required to change their audit firm at least every 8 years, starting 1 January 2016. In addition, audit firms will not be allowed to provide non-audit services for audit clients except where they relate to assurance on information for use by third parties and assurance for the purposes of the company's supervisory board.

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