MARS pensioenfonds

Stichting Mars Pensioenfonds
Veghel

Annual Report
2015

Stichting Mars Pensioenfonds
Established in 1964

Statutory seat in Veghel
Trade Register of the Chamber of Commerce number: 41081174

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Unless clearly stated otherwise all amounts are in thousands of euros

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INTRODUCTION BY CHAIRMAN

During 2015 the financial position of MPF remained broadly stable around a policy funding ratio of 125%. This was a good performance compared with other pension funds, at about 104% on average at end-2015. All pension funds including MPF were affected by the adjustment (reduction) of the Ultimate Forward Rate (UFR) interest by July 2015 by DNB (De Nederlandsche Bank) and by the slightly decreasing UFR interest rate. The so-called UFR interest rate is the interest rate that pension funds must use when calculating the pension liabilities. In short, the MPF liabilities increased during 2015. However, because our returns stood at 6.6% in 2015 against 0.6% average for other funds, our assets have also increased. This allows our policy funding ratio to maintain stable. Unfortunately, the situation during the first months of 2016 has deteriorated due to the poor stock market and a sharp further fall in the UFR interest rate mainly caused by monetary policy easing by the European Central Bank (ECB).

The year 2015 was again marked by significant changes in our pension plans. There was, like in 2014, an amendment of the fiscal legislation. In 2015, this meant a further reduction in the maximum pension accrual for the final pay plan, which in fact comes down to more participation years needed to accrue the same pension. In general, these changes will result in a more affordable plan for employers. Another part of the changes in fiscal legislation is that as from 1 January 2015 the pensionable salary is capped at Euro 100,000 (2015 amount). This maximum salary was also introduced to the ARP/ASP pension plan. Mars decided to use the so called 3% fiscal contribution tables (instead of the 4%), resulting in higher contributions as from 1 January 2015. However, the return on investments in the ARP plan is no longer guaranteed at CPI + 3% but became dependent on the actual return on assets made by MPF.

In 2015 a new financial assessment framework (nFTK) was introduced and implemented as from July 1, 2015 that meant new rules for indexing and premium policy. In short, this represents a more progressive system of indexation, pension decreases and contribution policy depending on the financial position. These nFTK requirements were met in time and implemented in the ABTN and Financial Agreement with Mars. A continuing part of the Financial Agreement is the commitment of Mars for additional financial support to the Fund if needed according to the contribution policy. In addition, the new financial framework calls for a careful agreement process with the social partners and the Accountability Council regarding the Risk Attitude. This relates to the degree of risk that is acceptable when it comes to the investments of MPF. In the past, this risk posture was largely agreed by with the company, but in 2015 also with the Accountability Council and the Works Council was informed. Finally, there is a (mandatory) Feasibility Test done of the achievable pensions further explained in this Annual Report. Suffice to mention that the results of this feasibility test looked good and was accepted by DNB.

The challenges for the Pension Board remain high. There is constantly more pressure by changes in pension legislation. In 2015 there was a vacancy in the Pension Board which was filled in early 2016. We work together with all stakeholders to the task of creating a future-proof situation for MPF. In that regard, we looked for instance at the possibility of an IORP. That is a combination of the management of MPF along with other pension funds of the Mars group at a central location. Eventually we came to the conclusion that the central support of all Mars funds in Europe by ETBC offer sufficient guarantees to meet these requirements. For the time being, an IORP is not further considered as it does provide some advantages but also entails new complications.

In 2016, the attention of the Pension Board will mainly focus to further strengthen the governance structure of MPF. This means effective succession planning for the Pension Board and all other organs of MPF especially the Accountability Council, the IC and the Compliance Officer. Hence, we work on an MPF Talent Pool which is widely communicated and is also well responded by potential members among the associates.

REPORT OF THE PENSION BOARD

1 KEY FIGURES

	2015	2014	2013	2012	2011
Members and pensioners					
Active members	1,419	1,422	1,427	1,389	1,208
Deferred members	1,199	1,188	1,160	1,158	1,166
Retirees	1,160	1,129	1,126	1,037	970
Pensioners per type					
Old age pension	872	847	833	774	724
Partner- and orphan pension	288	282	283	255	237
Pensions					
Cost covering contribution	29.0%	29.9%	34.6%	35.3%	32.1%
Smoothed cost covering contribution	19.8%	18.9%	20.7%	21.0%	20.9%
Actual contribution	22.8%	20.0%	25.0%	25.0%	20.0%
Execution- and administration costs	2,221	2,258	2,483	1,849	2,310
Benefit payments	29,300	27,900	26,700	25,400	25,200
Interest and Indexation					
Active members (ARP interest)	3.63%	4.64%	5.62%	5.59%	4.77%
Inactive members, conditional indexation	0.00%	1.93%	0.60%	0.29%	1.19%
Assets and solvency					
General reserve	270,300	250,800	243,900	106,200	75,200
Minimum general reserve	44,100	42,300	35,400	36,500	33,400
Regulatory own funds	351,800	272,200	247,800	221,900	209,400
Actuarial Accrued Liabilities at the risk of the pension fund	1,051,000	1,019,000	852,700	878,900	805,200
Funding ratio	124.9%	124.6%	128.6%	112.1%	109.3%
Market Value of assets	1,329,000	1,328,000	1,134,000	999,000	893,000
Investment returns	79,800	187,100	124,000	120,000	600
Investment portfolio					
Real estate investments	195,500	175,400	116,900	52,300	25,900
Equity	704,400	690,700	613,700	464,500	403,200
Fixed income	261,800	216,900	286,000	387,900	360,500
Other investments	167,000	196,200	117,600	94,200	98,300
Investment results					
Total portfolio	6.6%	17.2%	12.1%	13.5%	-0.0%
Benchmark Return	4.7%	17.3%	8.8%	13.0%	0.5%
Average return per year					
Last 5 years	9.4%	9.8%	11.1%	3.8%	2.3%
Last 10 years	6.8%	8.5%	8.4%	8.8%	5.9%
Investments for risk of the participants (ASP and ARP)	34,900	16,900	12,800	7,700	5,100

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2 GENERAL INFORMATION

2.1 Legal structure

Stichting Mars Pensioenfonds (hereinafter: Mars Pension Fund or MPF) was established in 1964 and has its statutory seat in Veghel, Taylorweg 5. Mars Pension Fund is registered in the Trade Register of the Chamber of Commerce under number 41081174. The Articles of Association were last changed in July 2014.

Mars Pension Fund is a company pension fund as referred to in the Pension Act (*Pensioenwet*).

The members of Mars Pension Fund accrue pension benefits for (early or late) retirement, disability and death, based on a final pay scheme or a defined contribution scheme depending on their service commencement date.

2.2 Statutory objectives

Mars Pension Fund provides old age pensions to current and former associates of Dutch Mars companies as well as surviving dependants' pensions to their partners and children in the event of death before or after retirement. Carefully tailored to meet their objectives, the policies adopted by MPF have been recorded in a number of documents. Mars Pension Fund administers the pension agreement as agreed upon with the Dutch Mars companies and according to the plan rules. The most important tasks are related to governing an adequate administration of both pension liabilities and investments, determining the investment policy, setting a proper contribution schedule and communication to members.

Mars Pension Fund has defined in 2015 a mission, vision and a strategy that are part of the ABTN. In this annual report, a summary of the mission, vision, strategy and of the risk attitude is included.

Mission
Mars Pension Fund executes the pension agreements the sponsoring companies have entered into with their (former) associates and have entrusted to the Pension Fund.

Important principles to the Pension Fund are:
- Quality
- Resposibility
- Mutuality
- Efficiency
- Freedom

Vision

As of the start of the financial crisis the economic circumstances for pension funds are difficult. The asset returns are under pressure and the continuing decreasing interest rates cause an increase of liabilities. As a consequence the pension sector in the Netherlands is subject to change which causes new uncertainty. The characteristics of the Pension Fund will also change in the future due to the closed nature of the final pay plan and the increasing size of the ARP- and ASP-plan.

The Pension Fund wants to execute the pension promise of Mars to its (former) associates in an optimal way in these circumstances by:
- Meeting the expectations and balancing the risks of all stakeholders;
- Complying to laws and regulations;
- Executing the pension plans in a cost efficient way;
- Maximizing the conditional indexation / pension result and minimizing the long-term cost of the fund to the sponsoring companies by maximizing the asset returns subject to the risk tolerances of the sponsoring companies and fiduciaries and stakeholders;
- Communicating clearly and openly with its stakeholders in order to keep them informed of developments in the fund and the consequences for the participants and other stakeholders.

Strategy
The Strategy describes actions to realize the Mission and the Vision. Some examples are: frequent contact with the sponsoring companies about the content of the pension plans, strategic issues and the

investment policy, seeking diversity in the governing bodies of MPF and the support by various external experts when appropriate.

Risk attitude
The objectives, policy principles and risk attitude of the Pension Fund are results of the mission, vision and strategy of the Pension Fund. The risk attitude describes the risk appetite and risk tolerance of the Pension Fund as agreed with the stakeholders and is part of the ABTN and the AFA.

Plan rules
The pension promises are documented in the plan rules. Current active members can be a member of either "Plan rules Final Pay Plan" or "Plan rules ARP/ASP plan". "Plan rules ARP/ASP" is a combined defined contribution and cash balance scheme and "Plan rules Final Pay Plan" is a final pay scheme.

ABTN and AFA
The ABTN, one of the most important documents, provides insight into the operation of the Mars Pension Fund and gives a description of the policies pursued by the Pension Fund. The ABTN was last modified on 16 December 2015 and applies from 1 January 2015.

The Administrative and Financial Agreement specifies mutual responsibilities, powers, entitlements and financial, and other obligations between the Mars Pension Fund and the companies listed below:

Companies	Place of Seat
Mars Nederland B.V.	Veghel
Mars Food Europe C.V.	Oud-Beijerland

2.3 Organisation

2.3.1 Pension Board

The Mars Pension Fund is governed by a Pension Board. The Pension Board consists of six members: i.e. three employer and three member representatives from which one is elected by the retirees and two by active members.
The Pension Board appoints one of its members as chairman. The Pension Board's composition must meet the criteria specified in the so-called Plan of Capability (*Geschiktheidsplan*) of Mars Pension Fund. The Pension Board shall pass resolutions by a simple majority vote unless the Articles of Association (*Statuten*) require otherwise. Each Pension Board Member may authorise another Pension Board Member in writing to represent him during a Pension Board meeting, including the authority to vote. A Pension Board Member may not represent more than one other Pension Board Member. Valid resolutions may only pass if at least four Pension Board Members are present or represented at the meeting, of which two being member representatives and two employee representatives.

As of 31 December 2015 the Pension Board has the following members:

On behalf of employers:

Name	Job title in Pension Board	Job title	Date of birth	Year of appoint ment	Year of stepping down
Mrs M. de Mars	Board member	Retiree	8-2-1954	1988	2018
Vacancy					
Mr W. van Ettinger	Chairman of the Board	Self Employed	18-2-1955	1997	2018

In 2015, Mrs A. Poliquin has stepped down as Pension Board member. The employers have nominated Mrs R. Steenbergen (2-7-1969) for Pension Board member on behalf of the employer. The Pension Board have appointed Mrs. R. Steenbergen in the first Board meeting of 2016, subject to DNB approval, which was received in March 2016.

On behalf of employees:

Name	Job title in Pension Board	Job title	Date of birth	Year of appoint ment	Year of stepping down

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Mr W. van de Laar	Board member	Technology Manager Bars Global Scale Team	14-4-1959	2003	2016
Mr J. van Lith	Secretary	Secretary Works Council	19-12-1958	2003	2015*

*The term of Mr J. van Lith ends 31 December 2015, but Mr. J van Lith has indicated he wants to extend his term in 2016 if the active members do not object. This will be confirmed with the active members (March 2016).

On behalf of the pension beneficiaries:

Name	Job title in Pension Board	Job title	Date of Birth	Year of appointment	Year of stepping down
Mr H. Faassen	Board member	Retiree	9-6-1951	2014	2018

Pension Board members are appointed for a four year period as from 1 July 2014. After 1 July 2014 Pension Board members can be reappointed with a maximum of two periods.

2.3.2 Executive Board

The Executive Board consists of:

Name	Job title
Mr W. van Ettinger	Chairman of the Pension Board
Mrs S.Tonnaer	Director
Mr W. de Korte	EMEA Investments Manager

As from March 2015 Mr W. de Korte has taken over the responsibility in the Executive Board over from Mr F. Nieuwland.

2.3.3 Pension Office

The Pension Board has delegated the operational duties to the Pension Office which is led by a director. The Pension Board has specified that the Plan of Capability also applies to the director. The responsibilities of the Pension Office are:

- The day-to-day management of the Fund;
- The implementation and dissemination of the policy set by the Pension Board to all relevant parties involved;
- Preparing recommendations to the Board with assistance from the Pension Office and the Fund’s advisors;
- The outsourcing of the administrative activities after Pension Board approval;
- The Mars Pension Fund’s management reporting.

The Pension Office is part of an internal Mars service group called the European Treasury & Benefits Centre (ETBC). Investment activities are also coordinated by the ETBC. A service level agreement has been agreed between the Pension Fund and the ETBC. The Pension Office manages its responsibilities by frequent meetings and the use of a dashboard, annual activity calendar and a condensed reporting and decision tool.

The Pension Office consists of:

Name	Job title
Mrs S. Tonnaer	Director
Mrs H. Bakermans	Pension Fund Services Manager
Mr W. de Korte	EMEA Investments Manager

Mr W. de Korte has taken the responsibility as member of the Pension Office over from Mr F. Nieuwland in 2015.

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2.3.4 Accountability Council and Review Committee

Accountability Council (*Verantwoordingsorgaan*)

In 2008 the Pension Board has established a Supervisory Board (*Verantwoordingsorgaan*). As from 1 July 2014 the name is changed to Accountability Council and the number of topics on which the Accountability Council must be consulted, has increased. The Accountability Council's role is to critically review the Pension Board's range of policies. A separate section is included in the Annual Report that reflects the Accountability Council's findings.

At the end of 2015 the Accountability Council consists of:

Name	Job title	Year of stepping down	On behalf of
Mr I. Langer	Benefits Director S&F	2016	Employer
Vacancy			Employees
Mr A. Van Gestel	Retiree	2017	Retirees

As Mrs. W. Boot left Mars in 2015, there is a vacancy for the member on behalf of the associates. An initial invite for applications did not result in a candidate for the vacancy. The Talent Pool campaign in 2015/2016 however is expected to result in possible (future) candidates for the Accountability Council and the Pension Board, so the Pension Board expect to appoint the new Accountability Council member in 2016.

Review Committee (*Visitatiecommissie*)

The Pension Board has again decided to have a review done by a Review Committee (*Visitatiecommissie*) in 2016 covering the year 2015. Like last year, the review will be performed by three members of Stichting ITP. The Accountability Council was asked for advice in the selection of the supplier for the Review Committee and agreed with proposed reviewers. A separate section is included in the Annual report that reflects the Review Committee's findings. The Review Committee focuses on adequate risk control, processes and reviews whether the interests of all stakeholders are equally taken into account. Additionally, on request by the Pension Board, the Review Committee evaluated how the Pension Board is functioning.

2.3.5 Administration

As from 1 January 2014 TKP is responsible for the full administration, including the member administration, the investment administration of the Associate Selection Plan (ASP) of the ASP/ASP Pension Plan, and the financial administration and payroll. In 2015 TKP has implemented the plan changes 2015 into their administrative systems. During the implementation the Pension Board has closely monitored developments together with the Pension Fund Services Manager. Also, a Risk Self-Assessment was performed which was monitored regularly. The conversion was finalised during 2015 no formal complaints from members were registered.

2.3.6 Investment Committees

The Pension Board has established two Investment Committees: the Investment Committee for the assets of the Final Pay and the ARP plan, and the Advisory Committee Investment Structure ASP for the ASP plan. Committee members are appointed by the Pension Board.

As from January 2012 the European Investment Committees have been harmonised. MPF's Investment Committee currently has the same members as the other six Investment Committees in Europe. The Investment Committee's responsibilities are to advise the Pension Board on all investment matters and to appoint investment managers for the final pay schemes and the cash balance plan. The responsibilities have been documented in an Investment Committee Charter.

During 2015 the Investment Committee was composed of the following members:

Name	Job title	Details
Mr W. van Ettinger	Self employed	Also Chairman of the Pension Board
Mr R. Lottermann	Retiree (before: President Asia Pacific)	
Mr A. Parton	Commercial VP Global Petcare	

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Mr J. Price	Retiree (before: VP Operations Europe Mars Petcare and Main Meal Food)	
Mr W. Rigler	S&F Staff Officer Western Europe	
Mr F. Nieuwland	Chief Investment Officer	Chairman
Mr F. Bambang Oetomo	Supply Finance Manager Mars Nederland	

In 2015 Mr F. Nieuwland has taken the role of Chief Investment Officer over from Mr D. Szente. In 2016, Mr. F. Bambang Oetomo will leave Mars and resign as member of the Investment Committee, thus leaving a vacancy that is expected to be filled in 2016.
The Advisory Committee Investments ASP provides the Pension Board with both asked and unasked advice related to the investments of the Associate Selection Plan (ASP) that is part of ARP/ASP Pension Plan.

On 31 December 2015 the Advisory Committee Investment Structure ASP for the defined contribution plan is composed of the following members:

Name	Job title	Details
Mr H. Van Berkel	Investment Project Manager	Company representative and Chairman IC-ASP
Mr B. Kanis	Barline Senior Technologist	Member representative
Mr H. van Heesch	Process Area Operator	Member representative
Mr. M. De Vries	PPI Technologist R&D	Member representative
Mr J. Janssen	Treasury Operations Manager	Member representative

Members are appointed by the Pension Board, taken into account that two members at the most will be appointed after consultation with the employer. Mr F. Bambang Oetomo and Mrs L. van Herf have ended their membership in 2015. Mr H. van Berkel has become chairman and Mr M. de Vries and Mr J. Janssen have joined this advisory committee. Mr. F. Plaizier has joined and left the committee in 2015.

2.3.7 Investment Managers

The main investment managers, ranked by value, are Lasalle IM, GMO, Blackstone, PEM, Marathon, Lazard, Neuberger Berman and GLG Partners. The investment manager for the Associate Selection Plan is Vanguard. All available funds for investment by members are index funds.

2.3.8 External Advisors

Where necessary, the Pension Fund and Board use external consultants:

Advice	Third party
Advisory Actuary	Towers Watson, Eindhoven
Tax Advisor	PricewaterhouseCoopers Belastingadviseurs N.V.
Legal Advisors	Blom advocaten, Amsterdam Stibbe N.V., Amsterdam Lovells, London
Communication Advisor	TKP Groningen
ALM Advisor	Towers Watson, Amsterdam
Strategic Asset Allocation	Secor, London
Tactical Asset Allocation	Secor, London
Manager Selection	Secor, London
Transition Management and Portfolio Control	Secor, London
Private Equity	Performance Equity Management, Greenwich. Secor, London
Private Credit	Blackrock Financial Management, Seattle
Hedge Funds	Blackstone, New York
Property Investments	LaSalle IM, London

Audit and control	Third party
Independent auditor	PricewaterhouseCoopers Accountants N.V.
Certifying actuary	Willis Towers Watson

Pension meetings for members	Third party
Independent Financial Advisor	Kröller Boom, Amersfoort

3 FINANCIAL INFORMATION

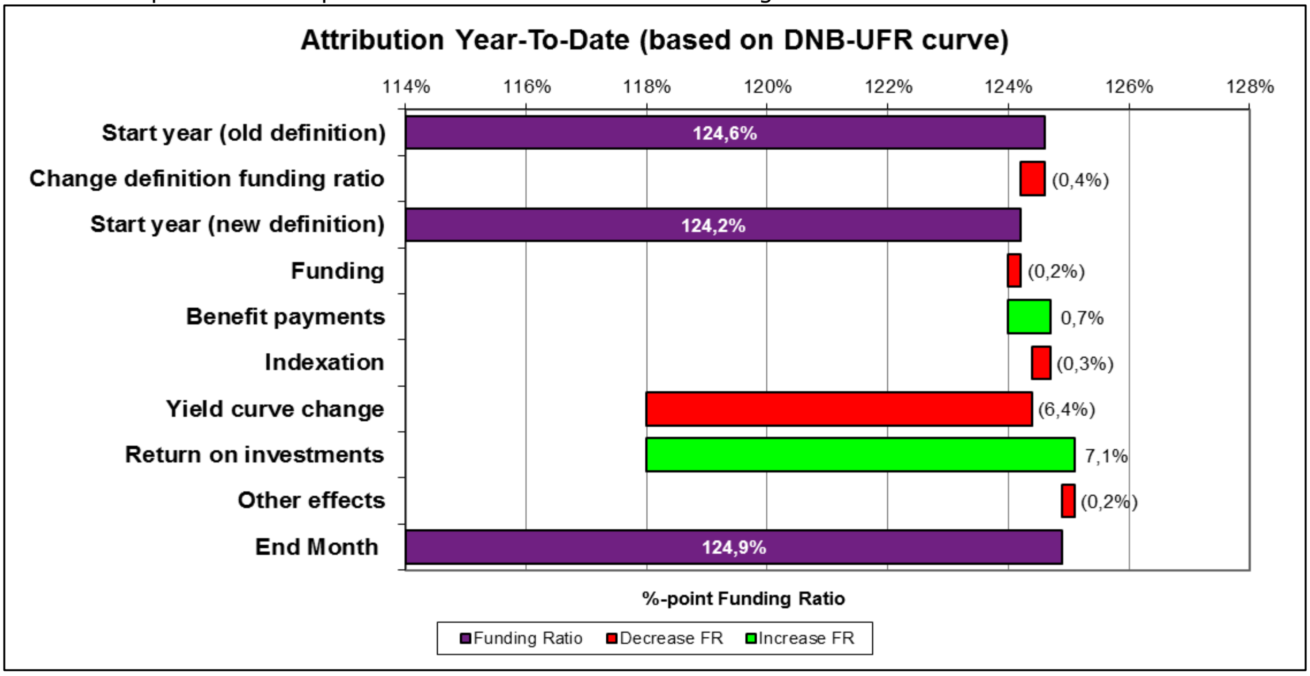
3.1 Funding Ratio

The most important indicator of the financial position is the funding ratio. This is the ratio between the assets of the pension fund and the liabilities. The funding ratio of MPF at year end 2015 is 125%.

The historical development of the (nominal) Funding Ratio of the Mars Pension Fund is presented in the table below:

	Funding Ratio	Ongoing Solvency Margin Ratio
31 December 2011	109.3%	126.0%
31 December 2012	112.1%	125.2%
31 December 2013	128.6%	129.1%
31 December 2014	124.6%	126.7%
31 December 2015[1]	124.9%	132.4%

During 2015 the funding ratio changed considerably, but the funding ratio at the end of 2015 was almost equal to the funding ratio at the end of 2014. These changes were caused by changes in the applied interest rates for calculating the pension liabilities and the development of the investments. Overall the effects of impact of developments in 2015 are shown in next figure:



De Nederlandsche Bank (DNB) made two significant changes in the interest rates pension funds have to use for the calculation of their pension liabilities.

1) From 2015 the 3-months average of the interest rates (RTS) does not apply anymore. Due to the fact that interest rates were decreasing during the last three months of 2014, this had a negative impact on the funding ratio per 1 January 2015 of approximately 5 percent.
2) On 15 July 2015 DNB adjusted the interest rates for liabilities over 20 years (UFR). This also had a negative impact on the funding ratio.

The investments developed positively and made a positive contribution of approximately seven percent to the funding ratio.

[1] The definition of the funding ratio has changed per 1 January 2016, but has been taken into account for the calculation of the ratio at 31 December 2015. The funding ratio now also includes the liabilities and assets at the risk of the members. This change of definition has a negative impact of 0.4% on the ratio.

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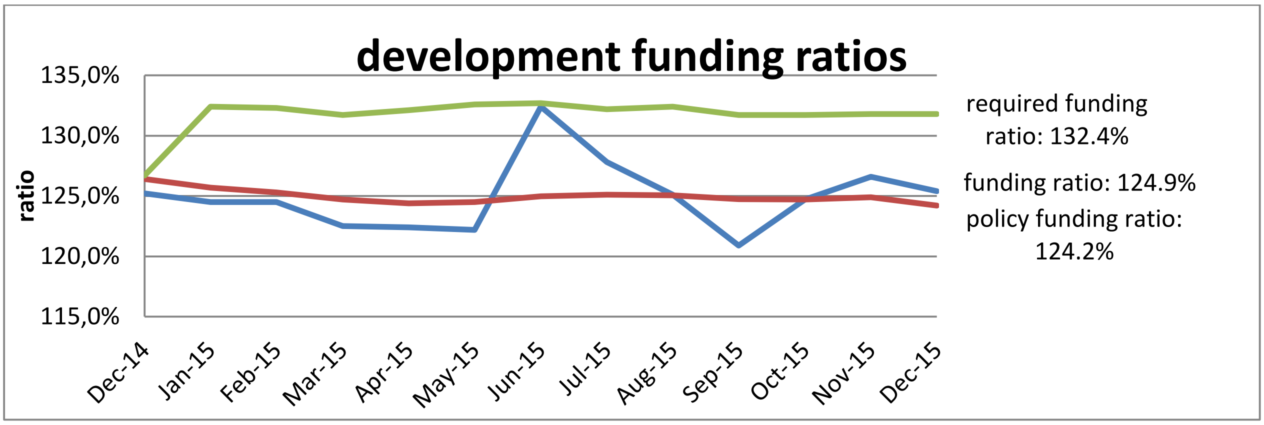
3.2 Policy Funding Ratio

In 2015 the Policy Funding Ratio (PFR) has been introduced. The policy funding ratio is the average of the Funding Ratios over the past twelve months. The Policy Funding Ratio is relevant to determine if the pension fund is allowed to index or to execute transfers of pension rights. Due to the development of the funding ratio within the years 2014 and 2015 and a change in the calculation per 1 January 2015 (this caused a decrease of 0.4 percent points) the policy funding ratio decreased from 126.4% to 124.2%. The Ongoing Solvency Margin Ratio increased as a result of new calculation-rule introduced by DNB starting from 2015.
In the next figure the development of the ratios during 2015 are shown.

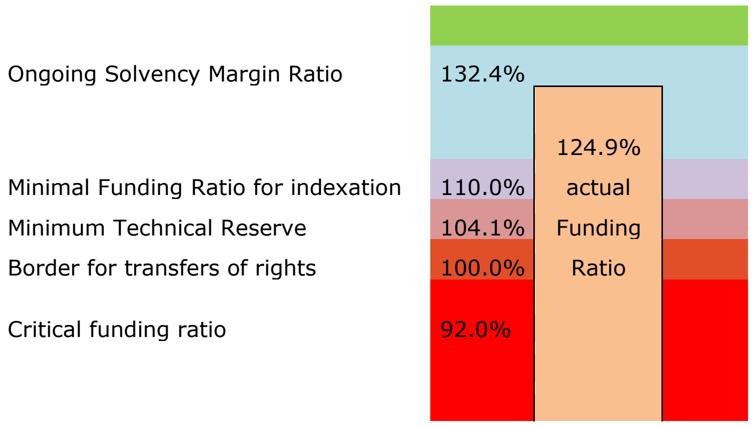


3.3 Relevant ratios

As part of the introduction of the new Financial Framework (nFTK) MPF has introduced several indicators. In this section a brief overview of these indicators and their relevance is set out:

- The **funding ratio for future proof indexation** at 31 December 2015 is approximately 116.7%. The new FTK determines that pension funds are only allowed to give full indexation according to their indexation policy if the policy funding ratio is more than the funding ratio for future proof indexation. Below that level only partial indexation is allowed.
- The **Ongoing Solvency Margin Ratio** (OSMR) at year end 2015 is 132.4% (31 December 2014 126.7%). This ratio depends on the actual risk profile of the pension fund. At 1 January 2015 DNB changed some parameters in the model to determine the OSMR causing an increase from 126.7 percent to 132.7 percent. The OSMR is an important ratio for the financial position of the pension fund. If the policy funding ratio is below the level of the OSMR, the pension fund has a deficit. As a consequence the pension fund is required to issue a recovery plan.
- The **Target Indexation Limit** is the maximum of the funding ratio for future proof indexation and the OSMR and equals 132.4% at the end of 2015. When the Policy Funding Ratio is at or above this limit, MPF will give a full indexation according to the indexation policy of MPF.
- The **110%-border** is also relevant for indexation. If the policy funding ratio is below this level, indexation of pension rights is not allowed anymore.
- The **Minimum Technical Reserve** (MTR) is 104.1%. A reduction of pension rights is required if a pension fund has a policy funding ratio that is for a consistent period of five years lower than the MTR.
- Thee **100%-border** is significant for transfers of pension rights. If the policy funding ratio is below this level, pension funds are not allowed to pay amounts to or receive amounts from other pension funds. Although the policy funding ratio of MPF is beyond this level, other pension funds can be in a situation that transfer of rights cannot take place.
- The **Contribution Cut Limit** is the maximum of the funding ratio for future proof indexation and the OSMR plus 5% and equals 137.4% at the end of 2015. When the Policy Funding Ratio is at or above this limit, MPF is allowed to reduce the contribution to be paid by the employer.
- The **critical funding ratio** is the lowest possible Funding Ratio at which the pension fund can recover within the legally required period without any additional contributions from the employer and without reduction of the pension rights. This critical funding ratio is calculated at 92% at the beginning of 2015.

In the next scheme an overview of all relevant ratios is set out (as at 31 December 2015):



3.4 Recovery Plan

Because the funding ratio at 1 January 2015 was below the Ongoing Solvency Margin Ratio, MPF was required to issue a recovery plan. In this plan was set out how the funding ratio could develop in the next twelve years given a set of assumptions. This recovery plan shows that MPF can, on the very short term, not give full indexation, but on the longer term it is expected that this can be compensated. It should be taken into account that this projection is based on assumptions and that the actual realisation can differ from this projection. The recovery plan has, according to instructions, been sent to DNB before 1 July 2015 and has been approved by DNB.

As a consequence of the financial position at 31 December 2015 MPF was required to send an updated recovery plan to DNB before 1 April 2016. MPF has fulfilled this requirement. The updated recovery plan shows comparable results as the original recovery plan. This plan has also been approved by DNB.

Feasibility test

According to the new regulations pension funds are obliged to perform an annual feasibility test as of 1 January 2015. This test should show that the expected pension results are within the financial limits for the long term as defined in the risk attitude (see paragraph 4.2). This risk attitude including the financial limits for the long term are developed by the Mars Pension Fund together with the stakeholders. In 2015 the Mars Pension Fund performed the initial feasibility test. The test showed that:

- the contribution policy is sufficiently realistic and achievable over the test horizon;
- the Mars Pension Fund has sufficient capacity for expected recovery within the recovery plan horizon;
- the expected pension result at fund level is sufficiently in line with the established lower limit in the risk attitude; and
- the pension result at fund level in a negative scenario does not deviate too much from the expected pension result at fund level.

As of 2016 an annual feasibility test should be performed. This test should show that the expected pension result at fund level is sufficiently in line with the established lower limit and whether the pension result at the fund level in a negative scenario does not deviate too much from the expected pension result at fund level.

3.5 Costs

The Federation of Dutch Pension Funds has made some recommendations about how execution costs should be published. The costs to run the Pension Fund can be split into execution-and administration costs, and investments related costs.

3.5.1 Execution- and administration costs

The execution- and administration costs are specified in the Annual Accounts (11.7 Notes to the statement of income and expenses – note 17).

The following table shows the execution- and administration costs in total and per member:

	2015	2014
Annual execution- and administration costs	2,221	2,258
Costs per member in euros: active members and retirees	861	885
Costs per member in euros: active members, retirees and inactive members	587	603

These costs include both the ongoing costs as well as the project costs. In 2014 costs are relatively high due to the project to implement the new member administration and financial administration, including payroll with the administrator TKP. In 2015 the advisory costs are high due to the changes in legislation and advises concerning IORP.

As MPF has a high standard on member administration and communication, it results in relatively high costs.

3.5.2 Investments costs

The table below shows the investment related costs incurred by the Pension Fund in 2015.

	Costs outside the funds (in bps)	Costs inside the funds (in bps)	Total costs (in bps)
Management fees	0.30%	0.31%	0.61%
Advisory fees	0.13%	0.00%	0.13%
Other fees	0.04%	0.11%	0.15%
Performance fees	0.00%	0.11%	0.11%
Total	**0.46%**	**0.45%**	**0.99%**
2nd layer costs			0.51%
Transaction costs			0.16%
Total			**1.66%**

The percentages in the table represent all investment-related costs excepted for the operational costs for real estate, but included the costs for real estate management. The total investment costs are EUR 21.8 million and the operational costs for real estate are EUR 12.0 million.
The average amount of investments during 2015 amounts to EUR 1,307 million, which gives a cost ratio of 1.66%.

The costs are reported on a so called look-through basis: all direct costs (invoices paid by the Pension Fund) as well as all costs charged indirectly through the funds that the Pension Fund invests in. These are costs related to Management fees, Advisory fees, Performance fees and Other fees (which include custody fees, legal fees, administrative / audit costs).
These costs differ from the costs reported in the annual accounts, where a disclosure is given of the direct costs only, based on invoices paid or charged by the custodian.

An estimation is made of the transaction costs: costs which are invisible to the Pension Fund and generally not yet recorded and available from the custodian records. Based on the directions provided by the Federation of Dutch Pension Funds, an estimation of the transaction costs has been made by Secor, which are adopted in this report.

The investment managers have provided data for the so-called second-layer costs within Fund of Funds structures (costs charged to the underlying funds). For those funds where final audited accounts are not yet available (PEM Effem Fund I, PEM Effem Fund II and BAAM SAFII), a best estimate was included.

MPF has a high investment costs structure, however, one should always consider this together with the Risk profile, Investment strategy and performance of the Pension Fund.

The relatively high investment costs can be explained by the way the Pension Fund has defined the investment principles and advisory structure as described in the ABTN.

The key drivers that MPF believes to drive investment success:
- Expert outsourcing: For each of the major steps in pension fund investment management. MPF seeks to contract with best-in-class expert advisors. It is the belief that the Pension Fund will

Unless clearly stated otherwise all amounts are in thousands of euros

benefit from specialised advice and specialised management, and there is not one external organization that is best-in-class in every service area.
- Careful Implementation: Even Intelligent Investment advice is not very useful without the proper and timely means of implementation. We always ask from the Pension Fund's advisors to complement their recommendations with the way in which this should be implemented.
- Four guiding investment principles:
    - Exploit risk, illiquidity and time premiums. The Pension Fund has used and will use the fact that it is a long-term investor, to collect risk premiums that are only available to the patient investor.
    - In general the Pension Fund approaches investment ideas from a value perspective. The structural reward, some would call this sustainable alpha, should be clear from the outset.
    - A firm belief in active investment management. Investors create structural/ behavioural inefficiencies in capital markets. The Pension Fund seeks to employ investment managers who have shown the capability to exploit these inefficiencies and who are modest enough to continuously challenge their own investment approach.
    - A firm belief that innovations in investment management or investment opportunities lead to first mover advantages which the Pension Fund would like to exploit.

As a result of these believes the Investment Portfolio of MPF has the following cost characteristics:
- The Pension Fund has a relatively small internal team and pays relatively high fees to obtain strategic advice.
- Assets of the Pension Fund are 100% externally and actively managed, which is the most costly solution, but which the Board believes will provide the highest outperformance on the longer term and net of costs.
- The Pension Fund has a high allocation to risky assets as well as alternatives (illiquid) investments, and these managers generally charge higher fees.
- Some of the alternatives investments are within fund of funds structures, which involve an extra layer (second layer) of costs, including a performance based compensation.

The Pension Board believes that the costs involved with implementing MPF's investment strategy are justified by the longer term excess performance.
The Pension Board will continue to monitor the costs, with the input from the Strategic Advisor, ETBC and the Investment Committee.

3.6 Pension Plans

On 1 January 2015 the law "Wet verlaging maximumopbouw- en premiepercentages pensioen en maximering pensioengevend inkomen (Witteveenkader-2015)" came into effect. This meant in short that:

- The maximum allowable pension accrual for defined benefit plans and maximum contributions for defined contribution plans were decreased;
- A pensionable salary cap was introduced (2015; EUR 100,000).

As a result Mars has introduced a new (adjusted) final pay pension plan (hereafter: Final Pay Pension Plan) and a new (adjusted) ARP/ASP plan, applicable as of 1 January 2015. .

All active members were converted to these new plans. For those members who were already a member of the pension plan before 1 January 2004, this new final pay plan called "Final Pay Pension Plan" applies. This conversion of the accrued rights in the new plan resulted for the active members in 'additional pension rights' that will not increase with the individual salary increases but with a conditional wage indexation. For those members who became a member on or after 1 January 2004, the defined contribution plan called "ARP/ASP pension Plan" applies.

The distribution of the active members (including disabled members) at 31 December is:

	2015	2014	2013
Old plan rules[1]	n/a	n/a	39
ARP/ASP Pension Plan	685	660	617

Unless clearly stated otherwise all amounts are in thousands of euros

Final Pay Pension Plan	738	762	771
Sum of total	**1,423**	**1,422**	**1,427**

[1] In 2014, all the pension rights in the old plan rules were converted to the new final pay plan.

Indexation of the accrued pensions of the members of the Final Pay Plan

The decision for the indexation per 1 January 2016 was made on 12 November 2015 based on the Policy Funding Ratio at the end of September 2015 (124.7%). The indexation per 1 January 2016 is included in the AAL year-end 2015.

Indexation for retirees and deferred members in January 2016
As the Policy Funding Ratio at the end of September 2015 is below the OSMR (or TIL), the partial indexation will be 0.30% in line with the indexation policy. This is based on the following:
The CPI is 0.60%. The target indexation is 75% of this CPI: 0.45%. As the Wage index (1.48%) is higher than the target indexation, this does not further limit the target indexation. As there is no retained wage indexation over the previous years, no catch up for wage index is given. So the full target indexation according to the policy is 0.45%. Based on the Policy Funding Ratio, the partial factor is 67.7% which results in an indexation of 0.30% per 1-1-2016. The Policy Funding Ratio does not give room for catch-up indexation, which becomes at a total of 2.75% (was 2.60%).

Indexation EOP and EPP 2014 and 2006 for active members
This indexation is unconditional and based on the CBS wage index for Food & Beverage industry private sector and will be 1.33% on 1 January 2016, based on the full period of September-September.

Indexation EOP and EPP 2015 for active members
This indexation is conditional (depending on the Policy Funding Ratio) and based on the CBS wage index for Food & Beverage industry private sector based on the full period of September-September. Based on the Policy Funding Ration, the partial factor is 67.7%, which results in an indexation of 0.90%.

For both the active and inactive members in the ARP/ASP Pension Plan, the (annualised) interest on the ARP Plan is conditional and depending on the means available. MPF strives for an indexation of CPI plus 3%. In 2015, the actual return on assets was enough to give an interest of the Price Index plus 3%. The interest was 1.92% for the period 1 January 2015 until 30 June 2015 and 1.68% for the second half of 2015, resulting in a total yearly return of 3.63%.

3.7 Actuarial

In this section we summarise the actuarial report.

	31 December 2015	**31 December 2014**
Market Value of Assets at risk of the pension fund	1,321,307	1,269,850
Market Value of Assets at risk of the members	34,891	16,852
Market Value of Assets Total	1,356,198	1,286,702
Actuarial Accrued Liabilities at the risk of the pension fund	1,050,994	1,019,015
Actuarial Accrued Liabilities at the risk of the members	34,891	16,852
Actuarial Accrued Liabilities Total	1,085,885	1,035,867
Actual Funding Ratio	124.9%	124.6%*
Ongoing Solvency Margin Ratio	132.4%	126.7%
Minimum Technical Reserve	104.1%	104.2%

***based on the old definition under FTK. The Actual Funding Ratio as at 1 January 2015 based on the new definition under nFTK is equal to 124.2%.

During the financial year 2015 the Actuarial Accrued Liabilities (AAL) at risk of the pension fund increased with EUR 31,979. An important reason for this is the yield curve change. The Market Value of Assets increased by EUR 51,457 during 2015.
The profit and loss account (P/L) shows a positive result of EUR 19,478 leading to the general reserve increasing from EUR 250,835 to EUR 270,313 at the end of 2015. The Funding Ratio increased during 2015 from 124.6% to 124,9%. Because the Ongoing Solvency Margin Ratio (OSMR) is 132.4%, there is a reserve deficit per 31 December 2015.

Unless clearly stated otherwise all amounts are in thousands of euros

The cost covering contribution on market value is determined at EUR 23,653. The smoothed cost covering contribution equals EUR 16,160. The actual contribution was EUR 20,414. For more information we refer to Chapter 8.

3.8 Administrative and Financial Agreement

The Administrative and Financial Agreement (AFA) was revised in 2015, as the nFTK (new financial framework) came into effect as from 1 January 2015 which had an impact on the indexation policy and the contribution policy. Both policies are written down in the ABTN and AFA of MPF.

The structural contribution for the employers remained 20% of the salary sum of all active members. In case the Policy Funding Ratio is below the Legally Required Solvency Ratio, the contribution will increase to a maximum of 25%, unless the resulting actual contribution would not be cost-covering or would be insufficient for timely recovery according to the recovery plan. In case the smoothed cost covering contribution is higher than 25%, the contribution will be equal to the smoothed cost covering contribution. In case the Policy Funding Ratio is lower than the Minimal Technical Funding Ratio (104.1%), the maximum percentage of 25% is not applicable and the annual contribution will the maximum of 20% and the smoothed cost covering contribution plus one fifth of the extra contribution necessary to recover to at least 104.2%. When the Policy Funding Ratio is higher than the so called Contribution Cut Limit (CCL, a new term in nFTK) a lower contribution is possible. More details are provided in the actuarial section.

In previous years, the decision for indexation and contribution was made in January of that year. As from 2014, however, the Pension Board decides in November or December about the indexation and the contribution for the next year, based on the Funding Ratio of September. This way, the indexation can be applied as from January and there is no more need for back payments. In the meeting of 12 November 2015, the Pension Board decided about the 2016 indexation and the 2016 contribution. As the Funding Ratio as per end September 2015 was below the Legally Required Solvency Ratio the Pension Board decided to set the contribution for 2015 at 25% of the pensionable salary sum of all active members. This is the normal contribution of 20% plus an additional contribution of 8.6% because of the level of the Funding Ratio, but maximized at 25%. The smoothed cost covering contribution 2015 was below this 20%, so the actual contribution of 25% is cost covering.

4 RISK SECTION

This section describes the risk management processes, the risk attitude and the most important risks within Mars Pension Fund. The section concludes with the in control statement of the Pension Board for 2015.

4.1 Risk management processes

Risk management should ensure that the Pension Board can control the (impact of) risks of the Mars Pension Fund. Effective management of financial and non-financial risks can help the Pension Board to fulfil the mission, vision and strategy of the Mars Pension Fund.
Dutch pension funds are legally required to implement policies to permanently manage financial and non-financial risks.
Mars Pension Fund has several risk management processes and policies in place. The formal policies are laid down in the policy documents of Mars Pension Fund such as the ABTN, AFA, the Outsourcing Plan, the Integrity Plan and the Risk Policy statement. The director of the Mars Pension Fund, together with the Pension Office, is responsible for the development and execution of the risk management policies and regularly reports about the processes and policies to the Pension Board. Mars Pension Fund considers the integration of risk management in the organization of Mars Pension Fund to be very important. To emphasize this importance Mars Pension Fund has performed an risk analysis and updated the Integrity Plan in 2015. Furthermore all associated persons, members of staff (including all members of the board) of the fund, are obliged to sign the Code of Conduct of the Mars Pension Fund. Mars Pension Fund has appointed a Compliance Officer. The Compliance Officer reviews the control measures taken and makes sure there are no violations of the controls.

4.2 Risk attitude

In 2015 Mars Pension Fund has developed together with the stakeholders a risk attitude for the Pension Fund. This is a requirement from the Dutch Pensions Act, and it relates to investment risk. Important elements of the risk attitude are:

- Investment risk should be taken to achieve the ambitions of Pension Fund. Both the sponsoring companies and the Pension Fund believe that investment risk is rewarded with a higher expected return;
- the sponsoring companies accept that investment risk might result in high additional contributions in the short term in case of shortages, because expectations are that in the long term this investment risk results in higher returns and therefore on average higher indexation results and lower company contributions (due to contribution reductions);
- the Pension Fund accepts that investment risk might result in limited indexation in the short term, because expectations are that in the long term this investment risk results in higher returns and therefore a better indexation including repair of missed indexation and benefit reductions.

This risk attitude is translated in financial limits for both the short and the long term.
The Pension Board acknowledges that the current risk attitude is only related to financial risks. The Pension Board will further discuss whether this risk attitude should be extended to other financial risk and non-financial risks. Having a clearly defined risk appetite helps to make well- founded strategic and tactical decisions and to account for those decisions. Furthermore it helps to manage expectations. Also it helps to bring actual risk levels in line with the risk appetite and to give insight in relations between different risks.

4.3 Risk categories

Below the risk categories strategy, operational activities, laws and regulations, financial position and financial reporting are discussed.

Strategy
The Pension Board is responsible for the strategy of the Mars Pension Fund. The strategy will be discussed in the Pension Board meetings when appropriate. As of 2015 the Pension Board organizes a yearly meeting to discuss strategy and way of working.

Operational activities
The majority of the operational activities of Mars Pension Fund are outsourced to external parties such as TKP (administration), Willis Towers Watson (actuarial calculations), Secor (investment activities) and

several investment managers. Mars Pension Fund has performed a risk analysis and developed an Outsourcing Plan in 2015 which covers the risks that MPF has identified and recognized regarding outsourcing. Furthermore the Outsourcing Plan contains the control measures that are taken to mitigate these risks and the requirements MPF asks from its outsourcing relationships. An important step in the outsourcing process is the control and evaluation of the outsourcing relationship, which is done, among others, by regular reports from the outsourcing relationship and periodic consultation and evaluation with the outsourcing relationship. It becomes increasingly important to investigate the effectiveness of the risk management by outsourcing partners, such as IT risk and integrity risk.
For the operational activities that are not outsourced the following control measures, among others, are applicable:

- maintaining the segregation of duties for control purposes within the Pension Office
- maintaining clear regulations concerning powers and responsibilities, e.g. the Instruction for the Director of MPF, the IC-Charter for Investment Committee and the Instruction for the ASP Investment Structure Advisory Committee and the Instructions for the Accountability Council and for the Review Committee;
- the specification of authorization structures for making payments, issuing investment instructions (subscriptions/fundings/redemptions to approved mandates/funds), entering into new advisory and/or investment management agreements;
- the protection of the computerized information systems by means of access security, e.g. passwords, and backup procedures;
- the application of the four-eyes principle.

Compliance with laws and regulations
MPF operates within the boundaries of several laws and regulations. Compliance to laws and regulations is part of the vision of MPF and therefore managing compliance risk is a critical process. Input is provided by the external legal advisor and the Compliance Officer is responsible for independent monitoring of compliance with the law and oversight of the adequacy and effectiveness of internal rules and procedures.

Financial position
The overall investment risk management policy of the Pension Fund has been documented in a Risk Policy statement that identifies the key investment risks for the Pension Fund and how those risks will be managed. The Pension Board recognizes that the Pension Fund's key risk is that it may have insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Pension Board has identified a number of risks, which have the potential to cause the Pension Fund's funding level to deteriorate and therefore contribute to funding risk:

- interest rate risk (or "mismatch risk"): the risk of a significant difference in the sensitivity of asset and liability values to changes in the interest rate. The Pension Board has adopted a policy interest rate hedge of 50% of the indexed liabilities and a dynamic target hedge table depending on the level of the real interest rate (the interest rate hedge will increase with increases in the level of the real interest rate). On a regular basis asset and liability management studies are conducted to assess the appropriate level of "mismatch risk" given the maturity of the Pension Fund, the relationship with the sponsoring companies and the available buffers.
- the risk of a shortfall of liquid assets relative to the Pension Fund's immediate liabilities ("cash flow risk"). As part of the asset and liability management studies the future cash flow requirements for pension payments are compared with the cash flow generation within the investment portfolio (coupons, dividends and rental income) and the contribution payments to avoid a liquidity mismatch.
- the failure by the fund managers to achieve the rate of investment return assumed by the Pension Board ("manager risk"). The investment managers are selected based on rigorous manager research.
- the failure to spread investment risk including currency risk ("risk of lack of diversification"). The investment portfolio is diversified over a range of asset classes, currencies and investment managers and is invested through a range of well diversified pooled funds.
- the possibility of failure of the Pension Fund's sponsoring Company ("covenant risk"). The covenant risk is managed by maintaining a good relationship with the sponsoring Company through ongoing dialogue, and the execution agreement. Furthermore due consideration will be given to the financial strength of the sponsoring Company and its ability to pay regular and additionally required contributions in the setting of its investment strategy.
- the risk of fraud, poor advice or acts of negligence ("operational risk"). The Pension Board has sought to minimize such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable compensation clauses are included in all contracts for professional services received.

- the risk that members of the Pension Fund live longer of shorter than expected (longevity and short term risk). This risk is covered by applying the most recent mortality rates including expected future improvement of the mortality rates of the specific member population within MPF. Furthermore MPF reinsures the death-in-service risk by a stop-loss insurance.

The above risks are taken into account when drafting the Investment Policy statement which comprises the actual Investment Policy of MPF.

The total investment Risk is controlled by defined limits to asset class weightings as well as volatility in funded status. Limits for both measures are defined such that these are consistent. Monitoring thereof is ongoing under the supervision of the Pension Office, and reported at least quarterly to the Pension Board, and immediately in case of breach of these limits.

Financial reporting
MPF has outsourced the monthly funding ratio reporting to Willis Towers Watson and the financial annual reporting to TKP. An external certified ISAE 3402 statement describes the quality of the services of TKP. Both the certifying actuary and the auditor are performing their legal duties regarding the financial annual reporting. When appropriate, the advising actuary is asked to perform additional checks on the accrued benefits to ensure the correct implementation of the pension plan rules in the pension administration.

4.4 In control statement 2015

With the in control statement 2015 MPF makes an explicit statement about the quality of the internal risk management processes and policies. This reflects the importance MPF attaches to controlled pension administration and a transparent accountability about this. MPF chooses to focus the in control statement on the external financial reporting.
The Pension Board declares with respect to the external financial reporting that with a reasonable degree of assurance the internal risk management processes and policies have worked in such a way in 2015 that the external financial reporting does not contain any inaccuracies of material importance.

5 INVESTMENT SECTION

5.1 Investment Policy and Strategy

The long-term investment policy for the Pension Fund was established following the strategy review and ALM-study in 2013. The table below also shows the interim policy allocation (which takes into account that alternatives may deviate from their policy allocations) and the actual asset allocation at the end of 2015.[1]

	Long Term Investment Policy	31-12-2015 interim policy	End 2015 Asset Allocation	Minimum	Maximum
Equities	**45.0%**	**41.7%**	**40.9%**	**35.0%**	**55.0%**
Developed Equities	36.0%	33.4%	33.8%	-	-
Emerging Market Eq.	9.0%	8.3%	7.1%	-	-
Fixed Income	**25.0%**	**23.3%**	**20.6%**	**5.0%**	**45.0%**
Bonds	15.0%	13.3%	8.7%	5.0%	25.0%
Diversified HY Bonds	10.0%	10.0%	11.9%	0.0%	20.0%
Alternatives	**30.0%**	**34.0%**	**36.3%**	**5.0%**	**45.0%**
Property	15.0%	15.5%	15.5%	5.0%	25.0%
Private Equity	5.0%	7.8%	7.8%	0.0%	10.0%
Hedge Funds	5.0%	6.0%	8.3%	0.0%	10.0%
Private Credit	5.0%	4.7%	4.7%	0.0%	10.0%
Cash	**0.0%**	**1.0%**	**2.1%**	**0.0%**	**5.0%**
Hedges					
Currency	70.0%	59.8%	60.7%	0.0%	70.0%
Interest Rate	50.0%	0.0%-50.0%	14.5%	0.0%	75.0%
Inflation	0.0%	0.0%	0.0%	0.0%	75.0%

Over time, the Policy Portfolio has evolved to incorporate a wider range of attractive asset classes, benefitting from improved diversification and exposure to evolving investment opportunities. The interim policy includes the substitution rules for Alternatives that deviate from their Long Term Investment Policy allocations. The allocation to Private Credit, which was introduced midway through 2013, continued to be ramped up during 2015, reaching 4.7% at the end of the year (i.e. 94% of the Strategic allocation target).

The LDI program, which started in 2012 with a Strategic coverage target of 50%, is based on a dynamic table dependent on current interest rates. The primary goal of the LDI strategy is to reduce the Fund's funded status volatility. The collateral required for the LDI strategy is reflected in the actual asset allocation of cash per end of 2015. The results of the ALM Study and the Investment Strategy review indicate that the funded status volatility would be reduced from around 12% currently, to 8% when a 50% interest rate hedge has been implemented. At the end of 2015 the dynamic LDI coverage target (as determined by the LDI trigger table) was 16%. A tactical underweight of 1.5% to the dynamic target resulted in a liability coverage target of 14.5%.

5.2 General Financial Market Developments 2015 and Outlook 2016

Global Equity returns rebounded from a difficult third quarter, and resulting in calendar year ending performance of 9% in Euro terms, respectively. In contrast, Emerging Markets Equity decidedly negative for the year. Developed markets on a relative basis as such outpaced their emerging market counterparts.

Fixed Income was marginally positive for the year. The negative returns for government bonds illustrated the risk-on behaviour of investors in the last quarter as perceptions concerning the global economy improved. In particular, local currency emerging market debt generated strong returns for the last quarter, offsetting most of the losses from earlier in the year.

[1] Sources: Investment Policy Statement Stichting Mars Pensioenfonds November 2013
Exposure Report Stichting Mars Pensioenfonds December 2015 – Secor IA

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The overall macro setting is largely unchanged since September 2014. The global economy is still on a 3%+ growth trajectory. There have been some upside and downside surprises for individual economies, but the underpinnings for continuing, moderate expansion remain in place – i.e., stimulative monetary/fiscal policies, relatively strong consumer positions, and an improving employment backdrop.

A number of factors, however, have come to the fore in the past year that have elevated market concerns – most notably the ~70% plunge in oil prices and the Chinese authority's inept handling of last summer's stock market decline and the so-called mini-devaluation. Lower oil prices are having far-reaching effects which are a net plus for the global economy but, unfortunately, they are also putting considerably financial pressure on oil exporters, bankrupting many oil producers, adversely affecting the High Yield Fixed Income market, and reducing investment.

The elevated concerns related to China – the world's second-largest economy – are understandable but they relate largely to diminishing confidence rather than to a significant deterioration in the principal economic indicators such as retail sales and GDP growth. Despite a strong trade surplus and spending $700 billion of its $4 trillion of reserves over the past year and a half, Chinese policy makers are yet to convince the markets that they are merely shifting from a de facto peg against the USD to one against a 13-country trade-weighted currency basket.

Although the markets' current concerns about oil prices and China's currency may be overstated, they should not be ignored. These identifiable economic uncertainties along with evolving geopolitical risks – Iran/Saudi Arabia, populism, possible Brexit – will most certainly give investors much to think about in the year ahead. Moreover, the markets' changing structure – "post-crisis" regulations, less proprietary trading, unprecedented flows into bonds and ETFs – are likely, at a minimum, to amplify the volatility that will accompany the ebb and flow of market concerns over the year ahead.

5.3 Return on investments

The investment portfolio of the Pension Fund outperformed the benchmark by 1.9%, achieving a net performance of 6.6% versus a net benchmark return of 4.7%[1].

The table below shows the detailed performance versus individual benchmarks for all the main components of the policy mix.
For the main asset categories as defined by DNB, the performance has been as follows[2]:

	Portfolio	Benchmark	Relative Performance
Property	8.3%	12.6%	-4.3%
Public Equities	12.3%	8.0%	4.3%
Private Equities	30.4%	18.4%	12.0%
Fixed Income	-1.3%	-0.2%	-1.1%
Hedge Funds	2.5%	-0.7%	3.2%
Private Credit	2.5%	-5.1%	7.6%
Other	0.0%	0.0%	0.0%
Total return mandate investments	**8.5%**	**6.6%**	**1.9%**
Plan Level Currency Hedge	-1.4%	-1.4%	0.0%
Plan Level LDI	-0.5%	-0.5%	0.0%
Plan Level TRH	0.0%	0.0%	0.0%[3]
Total return (including overlays)	**6.6%**	**4.7%**	**1.9%**

Over the course of the year, the Plan's outperformance of 1.9% was driven by the allocation to Private Equity and Private Credit, while the Property and GMO Discretionary Mandate allocations also detracted excess performance over the year. The allocation to Public Equities has been a consistent source of alpha return in a challenging market environment.

1 Over the course of 2014, the Plan moved from gross performance reporting to net performance reporting, with the goal to provide a more accurate representation of the value added by active management.
2 Source: Mellon Performance Report Mars Pension Fonds December 2014
3 The TRH Equity protective overlay has been unwound during Q1 2015.

Unless clearly stated otherwise all amounts are in thousands of euros

As mentioned above, most Alternative managers contributed positively to excess returns in 2015, some even with double digit outperformance, with the notable exception of Lasalle (Property; -4.7%). PEM (Private Equities; +12.0%), PIMCO BRAVO II (Private Credit; +13.0%), Blackstone BTO (Private Credit; +11.1%), Pramerica (Private Credit; +19.4%) and Blackstone Effem fund (Hedge Funds; +3.2%) together were an important driver of the Plan's outperformance. Within Public Equities, notable manager outperformance was seen by Ardevora (Global; +10.8%), Marathon (EAFE; +7.9%), GLG (Japan; +7.5%), Vanguard (US; +7.4%) and Fisher (Emerging Markets; +5.3%).

Manager underperformance was experienced within Public Equities by Pzena (Emerging Markets; -1.8%). The Fixed Income managers showed various returns in 2015: PIMCO (High Quality Bonds; +0.6%), Neuberger Berman (High Yield Bonds; -0.3%) and Lazard (EMD; +0.9%)[1]. The Fund's balanced manager, GMO, underperformed for the year (Discretionary Mandate; -2.6%).

The average portfolio weight compared to the average benchmark weights have been as follows[2]:

Asset Category	Benchmark	Average Portfolio weight	Average Policy Weight
US Equity	MSCI US Net Div (unhedged)	8.3%	8.1%
Emerging Markets	MSCI Emerging Mrkt Net Div index (unhedged)	5.6%	4.8%
EAFE Equities	MSCI EAFE Net Div Index (unhedged)	9.6%	8.1%
Global Equity	MSCI All Country World Index (unhedged)	11.4%	11.4%
Global Bond	Barclays Global Aggregate ex JPY (EUR Hedged)	5.9%	11.3%
Diversified Credit (High Yield / EMD)	BofA ML US High Yield Master II Index (H0A0) (EUR hedged) 50% JPM EMBI Global Index / 50% JPM GBI-EM Global Diversified Index (unhedged)	11.5%	12.0%
GMO Discretionary	80% MSCI ACWI Net & 20% JPMorgan Global Gov Bond Index (unhedged)	11.4%	12.0%
Property	IPD UK All Property (Custom) EUR Hedged	12.6%	12.5%
Private Equity	Cambridge FoF Vintage Year Weighted	6.4%	6.4%
Private Credit	BofA ML US High Yield Master II Index (H0A0) (EUR hedged)	4.1%	4.0%
Hedge Funds	HFRI FOF Weighted Composite (Eur hedged)	8.5%	6.0%
Cash / Plan Level Overlays	LIBID 1 Week Bid Index (EUR)	1.8%	1.8%
Total	**Total Plan Benchmark**	**100.0%**	**100.0%**

1 Lazard was funded in June '15

2 Source: BNY-Mellon Performance Report Stichting Mars Pensioenfonds December 2015

Unless clearly stated otherwise all amounts are in thousands of euros

In the longer term, the Pension Fund outperformed relative to the strategic benchmark, please see the table below[1]:

Year	Portfolio (Net)	Benchmark (Net)
2015	6.6%	4.7%
2014	17.2%	17.3%
2013	11.6%	8.8%
2012	12.9%	12.2%
2011	-0.4%	0.1%
2010	8.5%	8.4%
2009	21.9%	20.6%
2008	-20.8%	-23.9%
2007	5.6%	5.5%
2006	11.3%	11.4%
2005	24.7%	19.3%
2004	12.4%	11.1%
2003	15.3%	14.5%
2002	-13.3%	-17.3%
2001	-2.6%	-8.2%
Average last 5 years	9.4%	8.1%
Average last 10 years	6.8%	5.5%

Measured over a longer period of five and ten years, the average return for the Pension Fund lies above the strategic benchmark.

5.4 Sustainability

Full focus of the Pension Board is on compliance to regulatory requirements in this regard. In the coming years the Pension Board will investigate possibilities to further integrate the aspects of environment, climate, human rights and social impact of investments. Beyond that, managing Investments to the defined Risk/Return profile is considered to be in the best interest of the Plan and its stakeholders.

Unless clearly stated otherwise all amounts are in thousands of euros

6 PENSIONS

The Mars Pension Fund manages 2 sets of plan rules for the active deferred members and retirees. A brief description of these plan rules is provided in the section below.

6.1 Developments in Legislation and Regulations

Developments in fiscal legislation
In 2014 the fiscal legislation as from 1 January 2015 became final. For Mars Pension Fund this meant that two plans needed to change as from 1 January 2015:

Final Pay Plan*
The two major changes compared to Plan 2014 are:
- Old age pension accrual percentage is 1.657% (was 1.9%)
- The pensionable salary is capped at EUR 100,000.

* As from 1 January 2015 all members of Plan 2014 were transferred to this Final Pay Plan

ARP/ASP Plan**
The two major changes compared to Plan 2004-67 are:
- Using the 3% contribution table instead of the 4% contribution table;
- The unconditional return on assets becomes a conditional return on assets;
- The pensionable salary is capped at EUR 100,000.

Developments in governance regulations

In 2015 the Financial Framework (nFTK) changed. The Pension Board has prepared and submitted all the requirements of nFTK on time in 2015. nFTK means changed regulation regarding, among others:
- Policy funding ratio
- Recovery plan
- Contribution policy
- Indexation, benefit reduction and repair policy;
- Necessary buffers

The risk attitude was determined (see paragraph 4.2) and a feasibility test performed to test whether the expected pension results meet the ambition. This risk attitude became part of the ABTN, together with the mission, vision and strategy of MPF, the communication strategy and other changes regarding nFTK. Also the AFA was updated with the nFTK requirements and the policies and the risk attitude agreed between MPF and Mars.

6.2 Final Pay Plan

The Final Pay Pension Plan is a final pay defined benefit plan, which has been in effect since 1 January 2015. This regulation applies to the closed group of associates who were already active members of the 2000 Pension Plan before 31 December 2003, and born on or after 1 January 1950.

Old age pension	1.657% of pensionable salary including the average shift percentage minus offset
Partner's pension	70% of accrued old age pension, in case of death it is assumed that the membership would have continued
Orphan's pension	14% of accrued old age pension
Disability benefit	Full disabled: 75% of pensionable salary minus social security ceiling. Continuation of accrual on costs of the Pension Fund
Offset (franchise)	As from 1 January 2015: EUR 20,286.28
Employee contribution	0%
Normal retirement age	67
Flexible options	Early or postponed retirement, purchase of temporary retirement pension, exchanging partner's benefit for additional old age pension or vice versa

Unless clearly stated otherwise all amounts are in thousands of euros

Entitlements acquired elsewhere during employment with the company, e.g. from the pension plan or the BPF Sweets (*Stichting Bedrijfstakpensioenfonds voor de Zoetwarenindustrie)* or from the Disability Act (*WAO* or *WIA*), are deducted from the Fund's pension benefits.

6.3 ARP/ASP Pension Plan

The ARP/ASP Pension Plan is a so-called Contribution Agreement (*premieovereenkomst)* and consists of the following two modules:

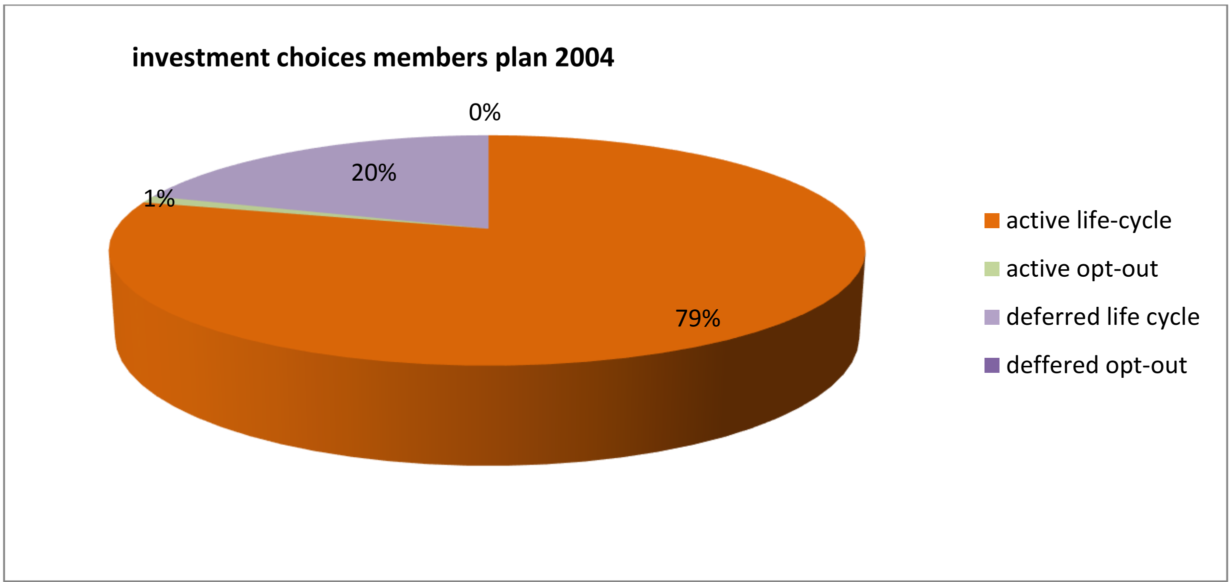
A) Associate Retirement Plan (ARP) (*Medewerker Uittredings Plan MUP*)
B) Associate Selection Plan (ASP) (*Medewerker Selectie Plan MSP*)

Members of the ARP/ASP Pension Plan are those employees registered by the Company and who entered the Company's service after 31 December 2003, and who are exempted from mandatory membership of the pension plan of the *Stichting Bedrijfstakpensioenfonds voor de Zoetwarenindustrie* (BPF Sweets).

	ARP	ASP
Type	Individual defined contribution plan with no individual investment choices	Individual defined contribution plan with investment module
Employee contribution	No	Compulsory contribution of 2.2% plus voluntary contribution with an age related maximum
Employer contribution	Age related	Equal to voluntary contribution of employee
Offset (Franchise)	EUR 13,890.02	EUR 13,890.02
Addition of interest	CPI + 3% (which is conditional and depending on the interest made by MPF)	Not applicable
Investment choice	Not applicable	Either Life Cycle mix or free choice
Annuity	At retirement with the Pension Fund or insurance company (choice of member)	At retirement with insurance company
Death during active membership	Risk based partner pension of 1.33% of the pensionable earnings (excluding offset of EUR 20,286.28 for 2015) for each year of membership that has been achieved until 1 January 2015 plus 1.16% of the pensionable earnings (excluding offset of EUR 20,286.28 for 2015) for each year of membership that can be achieved. Balance flows to Pension Fund.	Balance flows to the Pension Fund, surviving benefits comes via ARP
Death before retirement as deferred member	Surviving dependants can use balance to buy annuity with the Pension Fund or Insurance company	Surviving dependants can use balance to buy annuity with Insurance company
Disability	Full disabled: disability pension of 75% of pensionable salary minus social security ceiling. Continuation of contributions on costs of the Pension Fund	Continuation of contributions for costs of the Pension Fund, disability pension is not applicable as it comes via ARP
Normal retirement age	67	67
Flexible options	Early or postponed retirement, purchase of temporary retirement	Early or postponed retirement, purchase of temporary retirement

Unless clearly stated otherwise all amounts are in thousands of euros

	pension, size of partner's benefit and old age pension	pension, size of partner's benefit and old age pension



6.4 Indexation Policy and Interest Addition

Final pay Pension Plan:
The Pension Fund aims for annual adjustment of the pension benefits for deferred pensioners and retirees under the final pay pension scheme. Every year the Pension Board decides the extent to which benefits will be adjusted.

The annual adjustment/indexation ambition is determined as:

A) 75% of the Consumer Price Index (CPI) 'all-households' as published by CBS over the months September versus September of the preceding year;
B) If A is higher than 3%, the outcome will be maximised at 3%;
C) The final indexation percentage will never be higher than the wage index. Any positive difference between the lower of A and B and the Wage Index is then retained and if, in the following year(s), the Wage Index exceeds the lower of A and B, this retained amount of indexation is provided as additional indexation in that year, as long as the total amount of indexation given in that year does not exceed the Wage Index for that year.

Any adjustment will only be granted if and insofar as the Pension Fund's financial position permits it. This is fully within the decision-making power of the Pension Board. The Pension Board decides every year whether or not, and, to what extent indexation is granted.

There is no financial reserve for the indexation and no contribution paid for the indexation. The costs of the indexation are financed from the reserves of the Pension Fund.

The Additional Pension entitlements for active members resulting from the conversions in 2006 and 2014 will be unconditionally adjusted annually according to the wage index. There is no financial reserve for the indexation, but the contribution for this indexation is part of the unconditional accrual in the cost covering contribution.
The Additional Pension entitlements for active members resulting from the conversion in 2015 will be conditionally adjusted annually according to the wage index and depends on the financial situation of MPF.

ARP/ASP Pension Plan
The balance on the Pension Accrual Account of the ARP is increased by the addition of interest during active and inactive membership. The interest additions occur on a daily basis and in such a manner that the interest additions on an annual basis are at a maximum equal to a percentage amounting to "CPI all

households” plus 3%. This will never exceed an addition of interest more than 13% on an annual basis. The interest addition is depending on the actual interest made by MPF. The minimum addition is 0%. The Pension Board decides every six months whether or not, and to what extent indexation will be granted. There is no contribution paid for this interest addition.

As of 1 January 2015 the design of the ARP pension plan has been changed in that the interest additions are now conditional. Therefore as of 1 January 2015 the liabilities of the ARP plan are classified as liabilities at the risk of the members, instead of liabilities at the risk of the pension fund. As of 1 January 2015 the ARP-capital was therefore not included in the assets and liabilities underlying the calculation of the funding ratio. However, in a letter in December 2015, DNB informed all pension funds of the change in defining the Policy Funding Ratio (PFR).
This means that as from the quarterly and monthly reports 2016 and the “jaarstaten 2015”, all pension funds will have to calculate the (Policy) Funding Ratio on the basis of the total assets and the total liabilities of the fund, so not just the part for risk of the fund. This means for MPF that the ARP-ASP plan will be included again in assets and liabilities. The same applies for calculation of the Ongoing Solvency Margin Ratio.

The Balance of the ASP is developing according to the investment results.

The partner pensions and orphans pensions of members that have died during active service are indexed according to the indexation policy for the final pay schemes.

6.5 Reinsurance

The Pension Fund has a reinsurance contract for the death-in-service and disability-in-service risks with Zwitserleven as from 1 January 2014 until 31 December 2016. This reinsurance can be seen as a catastrophe-risk-coverage because it is based on stop-loss insurance with a net retention of 1,870 which is approximately 200% of the risk premium. Declaration is possible 24 months after the contract period.

7 GOVERNANCE AND COMPLIANCE

The Pension Board had 4 physical Pension Board meetings in 2015, 2 meetings by telephone regarding nFTK (new financial framework) and 1 Day Away session. The Competency Teams of the Pension Board were involved with 'their' topics. Besides this, the Pension Board participated in the tripartite meeting on behalf of the year end close. In 2015 there were 8 Walk In sessions (internal training sessions for members of the Pension Board and Accountability Council). Besides the physical meetings, regular and ad-hoc conference calls were organised to deal with specific topics and to monitor the dashboard.

During the year the following items were the most important or most frequently discussed topics.

7.1 Governance committees

The Pension Board uses a dashboard and balance sheet management reports in order to have an adequate oversight of the status and development of all activities. During 2015 Pension Board members have attended several meetings organised by the Pensioenfederatie, DNB and external experts in order to maintain their expertise and also attended the internal training sessions, the "Walk In sessions".

In the December 2013 meeting, the Pension Board decided on the future of its governance model; a Joint Board with an Accountability Council (Verantwoordingsorgaan) and a Review Committee (Visitatiecommissie) as from 1 July 2014 performing annual reviews, starting in 2015.

The sustainability of Mars Pension Fund going forward is a topic the Pension Board will continue to review. One of the challenges Mars Pension Fund faces is to find adequate and motivated (future) members for the Pension Board, Accountability Council and Advisory Committee ASP and Investment Committee. That's why the Pension Board organised a Pension Talent Campaign that started in 2015 and continued in 2016.

In 2014 and beginning 2015 the Pension Board has investigated the possibility of an IORP and has decided not to proceed in March 2015.

In 2014 the Pension Board has started with the recommendations from the Code Pension Funds and has continued to work with these recommendations in 2015. An overview of the recommendations that were not yet, or only partly applied, can be found in 7.6.

In November 2015, during the so-called Day Away meeting, the Pension Board performed some (self) evaluation of both the Pension Board members as the Pension Office. Each member of the Pension Board and Pension Office had one-on-one talks with each other to give feedback and at least one development point. The Pension Board also updated the Competency Teams Matrix and the Capability Matrix.

Pension Board members are appointed to areas of expertise defined by DNB. These Competency Teams are the first contact Board members for these areas, have developed thorough knowledge of their area, and also manage the area in more detail and advise other Pension Board members on their topics. With the expected approval of Mrs R. Steenbergen as Pension Board member in 2016, the roles and responsibilities of the Competency Teams are as follows:

Topic	Scope	Pension Board Members
Legal	Pension Law Governance	Mr W. van Ettinger Mr H. Faassen
Actuarial	Actuarial Accrued Liability Contribution ALM / CA	Mr H. Faassen Mr W. van Ettinger
Investments	Strategic Assets Allocation	Mr W. van Ettinger Mrs M. de Mars
Administration	Member administration Financial administration Pensioners payroll	Mr W. van de Laar Mrs R. Steenbergen (temporary: Mr H. Faassen)
Communication	Pension Communication	Mr W. van de Laar Mr J. van Lith
Governance	Governance	Mrs M. De Mars Mr W. van Ettinger
Outsourcing	Outsourcing	Mrs R. Steenbergen (temporary Mrs. M. de Mars) Mr W. van Ettinger

7.2 Duty of Care (Zorgplicht) ARP/ASP Plan

Members of the ARP/ASP Pension Plan have the possibility to opt-out from the Life Cycle Mix and choose their own investment mix. Opting out is only possible after completing a questionnaire to help members learn and understand what their investment profile is. Members need to answer the questions and find out their investment profile before they can opt out. The current website www.marspensioen.nl supports the members in their choice and keeps a record of member's investment profiles. At the end of 2015 1% of the members had chosen for opting out. In 2015, the Pension Board has investigated whether the current questionnaire and risk profiles meet the requirements of the Duty of Care legislation. Although MPF meets the key elements of the Duty of Care legislation, we will see whether improvements can be made when implementing the expected act on variable pension benefits, thus meeting current and future duty of care requirements.

7.3 Communication

A general communication strategy plan was applicable in 2015 and a separate communication plan was in place for the plan changes 2014/2015. In 2015 the Pension Board approved of the new Communication Action plan 2016 and the Strategic Communication plan for the period 2016-2018.

The changes of the pension plans as from 1 January 2015 were already communicated in 2014 to all members both by the employer and by Mars Pension Fund. This communication was done by letters and by news items on the website.
During 2015 the planner went life for the 2015 plan for the members of the ARP/ASP Pension Plan. The Final Pay Plan was already updated in 2014 for the 2015 changes.

During 2015 the planner was further developed, such as the introduction of a Dashboard to support members' financial planning.

In June and July 2015 Mars Pensioenfonds organised a communication survey for active members and retirees. The main goal of the survey was to find out how these participants perceive the way the pension fund communicates and informs. With the results the communication can be improved and adjusted to the needs of the target audience.

During 2016 the new legislation on Pension Communication is on the agenda of the Pension Board. The preparations for "Pensioen123" have already started in 2015.

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7.4 Legal

In 2015 the plan rules for the Final Pay Plan were finalised after approval by the Ministry of Finance as well as the Tax Authorities.
The draft plan rules for the ARP/ASP Pension Plan were reviewed in 2015 by the Tax Authorities resulting in some comments and additional changes. The proposed plan rules were approved by the Pension Board in 2015. Formal approval of the final ARP/ASP plan rules by both the employer and the Tax Authorities is expected in 2016.
Due to the legislation around the nFTK (new financial framework, the following documents were updated in 2015:

- the ABTN
- The AFA

The Pension Board decided in 2015 to perform a market review for the legal advisor of MPF in 2016.

7.5 Supervisors

There were no penalties from DNB received during 2015. DNB has not given any instructions to the Pension Fund. DNB selected MPF for investigation on the investment policy and investment control in 2014. The report of DNB was received in 2015. DNB noted that the complexity and level of control are high and match, there is a good balance between the risks and controls. DNB has still some recommendations about the design and operation of control (risk management and ALM). These findings of DNB were addressed in an action plan that was shared with DNB in 2015 and finally approved by DNB.DNB gave MPF the opportunity to submit all the nFTK requirements before 1 August 2015. These documents (the ABTN and the Recovery Plan and also the Feasibility Test) were submitted on 22 July 2015. After submission MPF discovered that the lower limits of the Feasibility Test were not totally in line with nFTK and informed DNB about this. DNB reviewed the Feasibility Test bearing this in mind and informed MPF that all other aspects of the Feasibility Test were correct and gave MPF the opportunity for submitting the adjusted Feasibility Test and adjusted ABTN in January 2016.

In 2015, MPF received two letters from DNB, one concerning the funding ratio report of the third quarter 2015, which was submitted after the deadline. The reason for this was that eline was not properly used, so the report apparently was not sent in. With the second letter DNB informed MPF that the annual report 2014 did not meet the requirements on transparency regarding sustainable investments and should bear this in mind for the annual report 2015.

In January 2016 an update of the ABTN and the Feasibility Test were submitted to DNB. MPF received no letters in 2015 from AFM.

7.6 Code of Conduct

The Pension Fund complies with most of the principles in the Code Pension Funds. Although, in some situations the principles are not (yet) completely met. Other principles are a mandatory part of the annual report, whether they are met (indicated by *) or not. The deficiencies are:

Principle	Subject	Explanation
4	The board of trustees will ensure there is a contingency procedure so it can take action in emergency situations.	In the Articles of Association (AoA), the process of decision making is described. The Daily Board can make the day to day decisions. Pension Board members can represent other Pension Board members. The email addresses and mobile numbers of all Pension board members are known with the Pension Office, they can contact the Pension Board members immediately. MPF has outsourced the member administration and financial administration and receives an annual report about the business continuity management. The duties and powers and decision making process of the AoA apply to not for an emergency situation only but for all situations.

Unless clearly stated otherwise all amounts are in thousands of euros

		MPF has no specific contingency procedure in place yet.
18*	In its annual report, the board of trustees must unambiguously and clearly describe the mission, vision and strategy of the pension fund. In addition, it should describe whether and the extent to which the pension fund has achieved its objectives.	The Pension Board has defined a mission, vision and strategy that are part of the ABTN. In the annual report a summary of the mission, vision and strategy is included.
20*	In its annual report, the board of trustees must report the costs of administering the pension scheme.	The execution- and administration costs and the investment costs are part of the annual report, taken into account the 'Recommendations regarding administration costs' by the Pension Federation.
21*	In its annual report, the board of trustees will report the degree of compliance with the code of conduct and this Code, as well as providing an evaluation of the board's performance.	Part of the annual report process is the letter of the Compliance Officer to the board of the Pension Board members, and so monitoring the compliance with the Code of Conduct (CoC) and with the law and the effectiveness of internal rules and procedures. The annual confirmation of all relevant parties with the CoC is accessible for all Pension Board members and members of the AC. The compliance with the Code Pension funds is explained in the annual report as from 2014
27*	The board of trustees will lay down its considerations concerning sustainable investments and ensure these are available to stakeholders. In this regard, the board will also take account of good corporate governance.	Full focus of the Pension Board is on compliance to regulatory requirements in this regard. In the coming years the Pension Board will investigate possibilities to further integrate the aspects of environment, climate, human rights and social impact of investments.
36	The board of trustees should ensure the service providers have a whistleblower procedure. If a whistleblower procedure is in place, those who are financially dependent on the service provider can report any irregularities within the organization without endangering their position. This could relate to irregularities of a general, operational and/or financial nature.	MPF has an included in 2014 a whistle blower policy in the Code of Conduct. Contracts with Investment managers do require quarterly confirmation that management has been in line with agreed objectives, whereas pooled investments are bound by respective regulation to do that. Point of attention remains how this policy is represented in the contracts with the suppliers.
39	At least once every four years, the board of trustees will assess the performance of the auditor and actuary. The board will discuss the outcome of these assessments with the auditor or actuary. The board will also inform the internal supervisors and the VO or BO of the outcome of these assessments.	The dashboard is discussed every Pension Board meeting (at least four a year), and with that the performances of the accountant and the actuary (and the other advisors) are assessed. The Pension Office strives for an annual review of the external advisors, together with the Pension Board members who have the competency actuarial or legal. The Pension Board has in 2015 not actively informed the Accountability Council of the outcome of these assessments. The minutes of the Pension Board meetings and the monthly dashboards however, are also accessible for the members of the Accountability Council. In 2016 the Pension

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		Board will formalize the way the AC will be informed.
41*	The board of trustees must ensure there is an adequate internal complaints and disputes procedure, which is easily accessible to stakeholders. In its annual report, the board will elaborate on the way complaints have been dealt with and set out any ensuing changes to the schemes or processes.	MPF had a complaints & disputes policy that can be downloaded by every member via the website of MPF. And Pension Board members can find it in MPF's online portal (eMPF). In the quarterly report from the administrator (TKP) there will be an overview of complaints in that quarter and how they are dealt with. This report is also accessible for each Pension Board member on eMPF. And the number of complaints is also an item on the monthly dashboard.
49	The board of trustees will compile a specific profile for each position on the board; this will stipulate the requirements for suitability and the estimated time needed to fulfil for the function.	A specific profile for each position on the Pension Board is worked on and expected to be ready in 2016.
65	The board of trustees, the VO or the BO will ensure the composition of their own bodies is complementary. Moreover, the bodies must reasonably reflect the composition of the stakeholders.	The selection committee will focus on the requirements as stated in the profile and on which behalf the member must be elected (active or retiree). When more than 1 candidate is suitable for the role other components like the pension plan and location are taken into account and after that age and sex can be taken into account. When application are organized, the diversity rules are clearly stated but in 2016 this will be included in the Capability Plan of MPF.
66*	In consultation with the relevant body, the board of trustees will adopt concrete measures to ensure the fund's bodies have a diverse composition. In addition, the board will indicate how and within which terms it intends to achieve the desired level of diversity in respect of age and gender. The board must lay this down in a diversity policy. Annually, the board will assess the extent to which the objectives of this policy have been achieved. Once every three years, the board will review its diversity policy.	The diversity policy of MPF is included in the new job profiles. Diversity within the Pension Board is important. For Mars Pension Fund, the diversity in competencies and knowledge is the most important, followed by diversity in pension plan and in location. If possible, diversity of age and sex is taken into account, whereby suitability prevails. The diversity policy is not yet included in the Capability Plan of MPF.
67	At least one man and one woman will hold a seat on the VO.	In 2015, 2 male members in the AC and one vacancy. This aspect of age diversity is taken into account in application procedures.
68	The board of trustees, the VO or the BO will comprise of at least one member over the age of forty and one member under the age of forty.	The current Pension Board members and members of the AC are not under the age of forty. This aspect of age diversity is taken into account in application procedures.

7.7 Compliance Officer

In 2007 the Pension Board appointed Mrs J. van den Broek as Compliance officer within the Mars Pension Fund. In July 2016, Mrs J. van den Broek will resign as Compliance Officer, after her report regarding 2015 to the Pension Board is finished (see chapter 11). Main responsibilities of the Compliance Office are:

- Independent monitoring of compliance with the Code of Conduct;
- Independent monitoring of compliance with the law;
- Independent oversight of the adequacy and effectiveness of internal rules and procedures.

The main provisions in the Code of Conduct are:

- Standards: Every associated person is expected to behave in line with the highest standards of business ethics under all circumstances;
- Confidentiality: Associated persons may not disclose any information concerning the business – including individual pension details - and investments of the Pension Fund to third parties;
- Insider knowledge: An associated person may not use insider knowledge;
- Restriction on accepting business gifts, invitations, other functions, participation in other companies and institutions.

8 ACTUARIAL SECTION

The actuarial analysis of the 2015 result is shown in the next table:

	2015		2014	
Contributions and costs				
Employer contributions	16,302		12,790	
Employee contributions	1,250*		1,840	
Accrual of benefits (including surcharge for future costs)	-17,096		-16,709	
Contribution surcharge for costs	1,875		1,843	
Available for costs out of provision	589		550	
Execution and administration costs	-2,221		-2,258	
		669		-1,944
Return and yield curve change				
Return on investments	79,750		187,113	
Interest addition provision	-1,780		-3,530	
Yield curve change	-44,692		-176,212	
Exclusion 3-months averaging	11,843		-	
Transition fixed UFR to flexible UFR	-22,516		-	
		22,605		7,371
Other results				
Result on benefit transfers	281		-5	
Result due to conversion per 1 January 2014	-		-5,180	
Result on other actuarial assumptions	-76		4,103	
Other income	44		13	
Indexation	-2,583		-15,589	
Change in mortality assumptions	-		9,330	
Corrections	-1.492		8,796	
		-3,826		1,468
Result		**19,478**		**6,895**

* The employee contribution of 2015 is excluding the company match while the employee contribution of 2014 is including the company match.

The cost covering contribution, smoothed cost covering contribution and the actual contribution (employers and employees) are as follows:

	EUR
Cost covering contribution	23,653
Smoothed cost covering contribution	16,160
Actual contribution	20,414

Cost covering contribution (CCC)

- The actuarial required contribution for pension accrual (coming service and past service) and the risk cover for death-in-service and disability-in-service;
- The solvency surcharge on the contribution for the unconditional components of the pension commitment in relation to the risk profile. This is a surcharge for maintaining the Ongoing Solvency Margin Ratio buffers;
- A surcharge for costs for executing the pension plan, 2.3% of pensionable salaries.

The CCC equals 23,653.

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Smoothened Cost Covering Contribution (SCCC)

The Financial Assessment Framework provides the possibility to mitigate contributions. This can be done by using an interest rate that is based on an ongoing average over the past (with a maximum of 10 years) or by using an expected return. The Pension Fund has opted mitigation based on an expected return using the strategic investment mix of the Pension Fund. The discount rate used to calculate the SCCC is 5.95%. The SCCC equals 16,160.

Actual contribution

The actual contribution is agreed upon between the Pension Fund and the company in the Administrative & Financial Agreement. The actual employer contribution is equal to 20% of pensionable salaries, increased in case of a reserve deficit to a maximum of 25% of pensionable salaries. The Pension Fund increases contribution when the funding ratio is below the Ongoing Solvency Margin Ratio (OSMR). The Pension Fund decreases contribution when the funding ratio is more than 5% above the OSMR. For 2015 the actual employer contribution is equal to 22.8%.

The Pension Fund receives total contribution that consists of employer and employee contributions. The actual employee contribution is equal to the compulsory and voluntary MSP contributions. The employee contributions add up to 1.5% of total pensionable salary for all pension plan members.

In 2015 the actual total contribution to the pension fund equals 20,414. This total actual contribution is less than the Cost Covering Contribution (market value) but more than the Smoothened Cost Covering Contribution.

Minimum Technical Reserve

The Minimum Technical Reserve (MTR) is defined in the Financial Assessment Framework ("Besluit FTK") and depends on the risks that the pension fund runs. Risks can be financial risks, such as investment risks, and demographic risks, such as mortality and invalidity. The more the pension fund has reinsured such risks, the lower the MTR. For Mars Pension Fund the MTR is calculated in detail as specified in article 11 of the Financial Assessment Framework.

The minimum regulatory own funds are derived from the required margin per risk and amount to 44,521. The Minimum Technical Reserve amounts to 104.1% of the total AAL (including risk of the pension fund and risk of the members). The Funding Ratio equals 124.9%. Based on these figures the pension fund is not in a situation of a funding deficit.

Ongoing Solvency Margin Ratio

The Ongoing Solvency Margin Ratio (OSMR) is defined in the 'Decree in relation to the Financial Assessment Framework for pension funds'. The regulatory own funds are the market value of assets that a pension fund needs to maintain a state of equilibrium. In a state of equilibrium the own funds are at such a level that the pension fund's assets will exceed its obligations with a 97.5% probability in one year's horizon. The amount of the own funds and hence of the regulatory own funds in the state of equilibrium depends on the pension fund's risk profile. The OSMR is determined by using the standard model, as defined by the supervisor DNB. The standard model defines several types of risk (i.e. market risk, interest risk) and calculates the (negative) effect of this risk on the regulatory own funds. The calculations of the standard model depend on market conditions and therefore fluctuate over time. Due to the introduction of the nFTK the calculation of the OSMR has been changed, which has resulted in an increase of the OSMR.

The regulatory own funds are derived from the required margin per risk and amount to 352,190. The Ongoing Solvency Margin Ratio amounts to 132.4% of the AAL at risk of the pension fund. The actual Funding Ratio equals 124.9%. Based on these figures the Pension Fund is still in a situation of a reserve deficit.

The conclusion of the certifying actuary on the financial position is that the financial position is not sufficient.

9 REPORT BY THE REVIEW COMMITTEE

9.1 Report

A Review Committee, comprising 3 independent experts appointed by the board of the pension fund, carried out a second annual review in March/April 2016 of documents and procedures of the pension fund. The review also involved interviews with representatives of the board, accountability council and Pension Office.

The Review Committee looked at seven different areas of the operation of the pension fund: management decision taking, governance, financial-economic management, investment management, communication, outsourcing and risk management. One member of the review Committee attended a regular board meeting of the pension fund.

The Review Committee was satisfied as to how the recommendations from the previous Review Committee had been tackled.

The review Committee continues to form a good impression of the qualities and steering capacity of the board and the members of the Pension Office. The pension fund is under control.

The main recommendations are:

1. Update the competencies/suitability plan;
2. Carry out more frequent ALM studies;
3. Target a reduction in unit cost;
4. Achieve the deadline for compliance with communication law;
5. Develop a SRI policy;
6. Make a back-up plan to use in the event that SECOR has to be replaced;
7. Continue to give body to finding candidates for the pension board and accountability committee;
8. Work with a longer-term contract when outsourcing the administration;
9. Draw up an integral risk management document/plan.

9.2 Response Pension Board on report of the Review Committee

The Pension Board would like to thank the Review Committee for its observations. The Pension Board is of the opinion that a good review was delivered and that the subsequent discussions we have had with the members of the Review Committee were constructive and useful. We are pleased with the opinion by the Review Committee that the Pension Board is in control. The Chairman of the Review Committee attended the March 2016 Board meeting and concluded that proceedings during the meeting were performed in an adequate and balanced way. The Pension Board would like to comment briefly on the main points raised by the Review Committee.

- Update the Suitability Plan – The Pension Board agrees. This is a priority during 2016
- Carry Out more frequent ALM studies – The Pension Board will discuss this during the upcoming ALM. Regular attention to the ALM aspects is required. To this objective we agree. Especially we will take into account the risk side of the investments and our interest rate management. However we do not believe that liabilities change to such a degree that full ALM studies should be carried out more often than once in every 3 years.
- Target a reduction in Unit Cost--The Review Committee makes a fair point as to the expenses of the Pension Fund which are driven by relatively high investment management costs, when compared to most other pension funds. Also our advisory costs such as actuarial and legal are relatively high. The administrative costs are also substantial. We are aware of this as well as of the reasons behind this. The Mars Fund follows a high conviction/ambition investment strategy, delivering superior investment returns. In addition the Mars plans are of a particular complexity given the plans ambitions on many fronts, which implies that they are more expensive to manage. At the same time we realize that cost management is very important. We have for example take part in benchmark studies, which are only partially effective as we are so different in our approach. At the moment we are targeting savings in the area of VAT treatment which should bring costs to a lower level. Where we can we will try to save costs by a good attribution of work between internal and external resources which are more expensive.
- Communication – We will achieve the deadline for compliance with the communication law.

- Develop a SRI Policy – This will be dealt with in the second half of 2016 and should lead to a clear policy framework in 2017.
- Make a back-up plan for Secor- This is a European wide target that ETBC are working on at our request.
- Succession Planning for Pension Board and Accountability Council – This is a key priority for 2016, which is well underway now with new candidates for both governance bodies and aspirant members identified and installed. A talent pool has been started.
- Outsourcing contracts – The recommendation to consider longer term contracts is under review right now.
- Draw up an Integral Risk Management Plan – The Pension Board will work on this in 2016 and review how it can be included in our existing risk management procedures.

10 REPORT BY THE ACCOUNTABILITY COUNCIL

10.1 Report

Introduction
The Accountability Council (AC) has been put in place to be compliant with the rules for good pension fund governance. The roles and responsibilities of the Council are written in the bylaws of the pension fund and the rules of the Accountability Council. The Pension Board has to give account to the Accountability Council.

The Accountability Council consists of representatives of active members in the pension fund, pensioners and sponsors. A vacancy for the member representing active members exists. This vacancy is currently being recruited for.

The Pension Board has to give account with respect to the policy setting, the policy execution and compliance with principles for good pension fund governance as set by the "Stichting van de Arbeid". The Pension Board has regular interactions with the Accountability Council with respect to the policies and achieved results.

The accountability to the Accountability Council is mainly driven by the question whether the Pension Board has made their policies and decisions in a balanced way, taking the interest of all stakeholders into account.
Based on the annual accounts, the report of the Review Committee ("Visitatiecommissie") and other documents, the Accountability Council members assess the work done and policy decisions for the future made by the Pension Board (PB). The Accountability Council is entitled to consult the Pension Board members and the Review Committee.

The Accountability Council has the right to advise on a number of subjects in relation to the AC itself and the structure of the internal governance:

- The compensation scheme for the Pension Board, Accountability Council members and other bodies within MPF;
- The structure of the internal governance;
- The MPF complaints and disputes procedure;
- The MPF communication and information policy;
- Transfer of the liabilities or acquisition of liabilities;
- Liquidation, merger or split of MPF;
- The termination, change of the administration & financial agreement;
- Change of the legal form of MPF;
- Merger of MPF with another pension fund;
- Selection of members of the Review Committee.

An external actuary and a pension lawyer advise the Accountability Council when necessary to allow them to execute their jobs in the best possible manner.

The Accountability Council has considered the comments it made during past years as well as the corresponding responses from the Pension Board in its report. In addition, it has also considered the proposed policies of the Pension Board for the coming year.

In summary the Accountability Council continues to find that the Pension Board of Stichting Mars Pensioenfonds (MPF) is proactive and engaged in the management of the fund. It seeks appropriate professional advice and works well with strong and committed sponsors to serve the interests of the beneficiaries of the Pension Fund.

The Pension Board operates with a clear annual plan and is responsive to the findings of both the Accountability Council and the Review Committee.

With regard to the findings of the Accountability Council in the 2014 annual report

We note that The Pension Board has made good progress in its response to the comments made by the Accountability Council last year.

The work to comply with nFTK was completed in time which required significant effort both for the pension board and the pension management team.

Significant progress has been made with regard to identifying succession options for the pension board members and related governance bodies. This is a great achievement and helps to manage one of the most significant challenges in providing good governance for the plan.

The walk-in sessions remain an effective tool in ensuring members of the Pension Board and the Accountability Council have adequate training to fulfil their roles.

Finally, we again note the ongoing strong relationship maintained between the Pension Board and the plan sponsors.

With regard to the findings of the Accountability Council on the 2015 annual report

The Accountability Council would like the Pension Board to consider the following areas in 2016.

- The annual report has a considerable emphasis on risk management. The Accountability Council commends this approach. The Accountability Council has three suggestions to enhance risk management, each of which are in use in other Mars group plans.
    - Firstly perhaps the Pension Board could consider a limited scope audit of new benefits put into payment to satisfy itself that the administrator is correctly interpreting the plan rules.
    - Secondly the Pension Board might wish to consider satisfying itself that risk management actions are both implemented and are effective by looking at retrospective examples of where they have been used.
    - Thirdly the Pension Board may find it useful to formally review the risk management position of MPF regularly in board meetings.

- We commend the Pension Board for the appointment of the Review Committee this year, and urge them to fully consider their findings and finally, as we did last year, we observe that the Pension Board maintain a close working relationship with the sponsor. We are pleased with this approach and ask that the Pension Board continue their efforts in this area, especially in this time of considerable change.

- We also recognise the considerable effort made by the Pension Board to ensure that the Accountability Council are consulted on all relevant matters.

10.2 Response Pension Board on report by the Accountability Council

The Pension Board would like to thank the Accountabilty Council for its observations and would like to comment on the individual points in the sequence at which they have been made by the Accountability Council.

- Risk Management – We are grateful for the suggestions by the Accountability Council in relation to risk management, which are all very useful. We have also noted the remark by the Review Committee for a more comprehensive risk management framework. It is our intention in 2016 to work on an effective framework capturing all financial and non-financial risks. The Dashboard that the Board currently is using may be a logical way of keeping track of the identified risks. We will also make sure that what we put in place will receive appropriate Pension Board input and is hence understood by all Pension Board members. Subsequently we will look forward to feedback by both the Accountabilty Council and the Review Committee in next year's reports.

- Relationship to all Stakeholders- We are welcoming all observations and recommendations by both the Accountabilty Council as well as the Review Committee and are grateful for them. It helps to get a '' relative'' outside view and feedback. We also intend to continue working closely with the plan sponsors, and in fact both Social Partners. To that end we will also target updates to the Works Councils of Veghel and Oud- Beijerland when appropriate.

10.3 Follow-up on issues from last year

In the annual accounts 2014 the Accountability Council (AC) mentioned some points of attention in their report. In this section we give more insight into the follow-up of these points of attention.

- nFTK – The Pension Board agrees that our first and foremost attention has to be with the implementation of the new regulations of the nFTK before July 1, 2015. We are well underway with this supported by ETBC and our advisors notably Towers Watson. This was all finalized on time, except for the Feasibility Test which was submitted before the deadline but it turned out that one of the limits needed adjusting. This will be shortly rectified in E-line of DNB. Further communication to Stakeholders (WC, Employer [BSC]) to be organized.
- New Finance Agreement – As part of the nFTK work this will be picked up as well as soon as possible. We will build on the current Finance Agreement and try to retain as much as possible the same structures albeit with new (generally) higher boundaries as to funding and indexation trigger levels as the nFTK is a more prudent approach as to the financial position of the Pension Fund. Was finalized and submitted on time apart from the Feasibility Test (point made above).
- Correct administration of (changed) plan rules- The Pension Board agrees that this is one of our key targets to ensure through proper administration that accrued rights are correctly reflected. We are still confident that we are working with the right provider to make this happen. The Pension Board had many meetings with our new administrators to cover this and also various other points. What helps is that the 100k and the new accrual rate as many other points are particular country aspects that the provider needs to tackle for other pension funds too. Actually the more vulnerable aspects are the specific benefit characteristics of the Mars plans such as the early retirement factor and other points that require even more attention. The reports concerning the member and financial administration (the quarterly administration reports, the ISAE report and the controls performed during the annual report) give the Pension Board the information about the quality of the administration. These reports give the Pension Board still confidence that TKP performs the administration well.
- Ongoing education - We have found the Walk In sessions very valuable and have in 2015 continued them at a regular rate. They are proving particularly helpful to take us, and the members of the Accountability Council, through the current changes. Dates for 2016 have already be set.
- Internal assessment - The Pension Board takes the input by the Review Committee very serious as well as the report by DNB on our investments. We can look back at a very fruitful cooperation with the sponsor as we worked through considerable legal changes over the year, and look forward to continue this relationship in the near and long term.

11 LOOKING FORWARD

11.1 Pension Fund Governance

New legislation for the new governance models became applicable as from 1 July 2014. In 2014, the Pension Board started with the recommendations from the Code Pension Funds, proceeded in 2015 and will finalize in 2016.The Pension Board will continue to review the sustainability of Mars Pension Fund going forward and will explicitly consider other governance and execution alternatives.
In 2015, special attention has been given to succession planning by the Pension Board and the Company in 2015. A Pension Talent Pool campaign started in 2015 and will continue in 2016. The goal of this campaign is to find suitable, motivated (aspirant) members for the Pension Board, the Accountability Council, the Investment Committee and the ASP Advisory Committee. There is a vacancy for the Accountability Council and for Pension Board member on behalf of the members in 2016.

In 2016, the Pension Board will perform a market review for an external Compliance Officer, for several reasons. The current (internal) Compliance Officer has indicated that the (increasing) activities can no longer match with her role within Mars, so a new Compliance Officer must be found. The current Compliance Officer will resign after her activities for 2015 are finalised. The Pension Board expects that an external party will bring more professionalism and independency than a Mars associate in this role.

In 2016, a market review for the legal advisor for MPF will be performed.

In 2016 the following documents will be submitted to DNB:

- The corrected updated Feasibility Test (correction of the lower limits) will be submitted to DNB in January 2016;
- The updated ABTN (with the correction of the lower limits of the feasibility test, the outsourcing policy and integrity policy and the communication strategy);
- A new recovery plan 2016;
- A Feasibility Test 2016.

11.2 Investments

In 2013 MPF completed an ALM study and based on the advice of Secor Investment Advisors the Pension Board of MPF has ratified a new Investment Policy. Implementation of the new Investment Policy has led to a re-allocation between existing asset classes and the addition of a new - Private Credit - asset class in 2013.

The allocation to the Private Credit asset class has further ramped up to desired allocation during 2015. The Private Equity investments are expected to reduce as the EFFEM I fund comes into the harvesting phase, and the EFFEM II fund is maturing. To maintain the current allocation to Private Equity, the strategic advisor is in the process of conducting an asset class review and a search for a fund to complete the portfolio and potentially even increase the allocation.

The current property allocation is still below the strategic target and the current investment environment, in relation to the Brexit discussions, limits transaction opportunities for our Property exposure (direct investments in the, mainly secondary, UK market). It is planned to add a Property Fund of Funds to the portfolio in 2016. Furthermore, the strategic advisor, in collaboration with the Plan’s local advisor, is investigating further opportunities for alpha generation through Portable Alpha and systematic rebalancing. Both have already been approved for implementation by the Investment Committee.

The interest rate hedge will generally increase linearly with the relevant interest rate. The specific interest rate environment and the development of the financial position of the Pension Fund will determine the LDI hedge movement in 2016. The ongoing inclusion of an Equity Tail Risk Hedge as part of the portfolio is dependent on the macro economic developments and outlook.

The Interest rate hedge is still on the lowest level due to the historically low (real) interest rates.
A new ALM study is planned for beginning 2016.

11.3 Pension Schemes

The review by the Tax Authorities of the plan rules of the ARP/ASP Pension Plan will be finalized in 2016.

In 2016, new legislation is expected for defined contribution plans and both Mars and MPF will investigate the opportunity to make positive changes to the current ARP/ASP plan. As mentioned we will also take Duty of Care requirements into account at this point.

There are no other foreseen plans or necessities to change other aspects of our plans.

11.4 Pensions

In addition to the pension plans mentioned in paragraph 7.1 (plan 2014) and 7.2 (plan 2004-67), there is the pension scheme of the industry-wide pension Fund (Stichting Bedrijfstakpensioenfonds voor de Zoetwarenindustrie), the BPF Sweets. Participation in BPF Sweets depends on the level of the pensionable salary. Because of the level of this threshold (EUR 41,697), the number of members is low. No major change in this threshold is expected in 2015. Mars Pension Fund performed an update of the 'equality test' in order to maintain dispensation from BPF Sweets; the qualitative analysis was done in 2015. In 2016, the assumptions for the quantitative analysis were shared with BPF Sweets for agreement. The quantitative analysis based on these assumptions will be performed in 2016.

Veghel, 21 June 2016

The Pension Board

Mr W. van Ettinger (Chairman)

Mr J. van Lith (Secretary)

Mrs M. de Mars

Mr W. van de Laar

Mr H. Faassen

Mrs R. Steenbergen

ANNUAL ACCOUNTS

12 ANNUAL ACCOUNTS

12.1 Consolidated Balance Sheet

(after appropriation of result in EUR 1,000)

ASSETS	Note[1]	31-12-2015		31-12-2014	
Investments for risk Pension Fund	1				
Real estate investments		195,459		175,437	
Equities		704,370		690,735	
Fixed income		261,792		216,931	
Hedge funds		117,086		103,854	
Derivatives		17,736		64,516	
Other financial investments		32,125		76,238	
			1,328,568		1,327,711
Investments for risk members	2		34,891		16,852
Receivables and prepayments					
Other receivables	3		4,502		4,519
Other assets					
Cash	4		3,057		3,414
			1,371,018		**1,352,496**
LIABILITIES					
Foundation capital and reserves					
Foundation capital	5		0		0
General reserves	6		270,313		250,835
Technical provision for risk of the pension fund					
Actuarial accrued liabilities	7	1,049,741		1,018,197	
Provision for future disability	8	1,253		818	
			1,050,994		1,019,015
Pension provision for risk of the members	9		34,891		16,852
Current liabilities	10		14,820		65,794
			1,371,018		**1,352,496**

[1] The reference numbers refer to the corresponding numbers in the notes to the balance sheet.

Unless clearly stated otherwise all amounts are in thousands of euros

12.2 Consolidated Statement of Income and Expenses

(in EUR 1,000)

INCOME	Note[1]	2015		2014	
Contributions from employer and employees	11		18,587		15,499
Contributions for account and risk of members	12		1,827		1,840
Investment results for risk Pension Fund	13	79,750		187,113	
Investment results for risk of members	14	953		1,205	
			80,703		188,318
Other income	15		44		13
Total INCOME			**101,161**		**205,670**
EXPENSES					
Benefits payment	16		29,336		27,881
Execution- and administration costs	17		2,221		2,258
Change pension provision:					
• Change ARP to provision for risk members		-12,290		-	
• Accrual of benefits		12,848		14,869	
• Indexation		2,583		15,589	
• Addition of interest		1,780		3,530	
• Change of mortality assumptions		-		-9,330	
• Yield curve change		55,365		176,212	
• Withdrawal for payments of pension benefits and pension execution costs		-29,982		-28,425	
• Withdrawal for other actuarial- and technical assumptions (retirement)		-171		-1,776	
• Changes as a result of transfer of rights		-893		817	
• Change of pension plan		-		5,180	
• Other changes pension provision		2,304		-10,213	
Change provision pension liabilities for risk of the pension fund	18		31,544		166,453
Change provision for future disability	19		435		-86
Change provision for risk of the members	20		18,039		4,069
Reinsurance	21		44		36
Transfer of pension rights for risk pension fund	22		612		-812
Transfer of pension rights for risk members	23		-548		-1.024
Other expenses	24		0		0
Total EXPENSES			**81,683**		**198,775**
NET RESULT			**19,478**		**6,895**
Proposed appropriation of net result:					
- Added to the general reserves			19,478		6,895

[1] The reference numbers refer to the corresponding numbers in the notes to the Profit and Loss Account.

Unless clearly stated otherwise all amounts are in thousands of euros

12.3 Consolidated cash flow statement

(in EUR 1,000)

	2015		2014	
Contributions received	20,425		18,371	
Received from transfers of rights	1,358		812	
Pension benefits paid	-29,336		-27,881	
Paid for transfers of rights	-1,593		-7	
Paid execution- and administration costs	-2,221		-2,258	
Paid contribution reinsurance	-44		-36	
Total cash flow from pension activities		-11,411		-10,999
Cash flow from investment activities				
Sale and redemption of investments	779,118		859,866	
Received direct investment returns	32,969		40,492	
Purchase investments	-801,113		-875,043	
Paid costs asset management	-23,634		-18,499	
Other amounts received	-		44,185	
Other amounts paid	-4,785		-	
Total cash flow from investment activities		17,445		51,001
Net cash flow		**-28,856**		**40,002**
Exchange results and conversion difference on cash		838		722
CHANGE CASH		**-28,018**		**40,724**
Movements in cash and cash equivalents can be broken down as follows:				
Presented as other financial investments		47,716		75,377
Presented as Cash in Balance sheet		3,057		3,414
Balance per 31 December		50,773		78,791
Balance per 1 January		78,791		38,067
CHANGE CASH		**-28,018**		**40,724**

Note: the direct method is used for the valuation of the cash flows.

Unless clearly stated otherwise all amounts are in thousands of euros

12.4 General

Activities
Stichting Mars Pensioenfonds (hereinafter: Mars Pension Fund or MPF) was established in 1964 and has its statutory seat in Veghel, The Netherlands (Taylorweg 5, 5456 AE).

Mars Pension Fund provides old age pensions to current and former associates of Dutch Mars companies as well as surviving dependants' pensions to their partners and children in the event of death before or after retirement. Mars Pension Fund administers the pension agreement as agreed upon with the Dutch Mars companies, and according to the plan rules.

12.5 Accounting policies

General
The (consolidated) financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code.

Investments and pension accruals are valued at fair value. The other assets and liabilities are also being valued at fair value. Profits and losses have been recorded in the financial year they are related to.

The cash flow statements is calculated using the direct method.

Comparison with prior year
The accounting policies are consistent with those applied during the previous year, with the exception of the estimation changes as described under "Estimation changes".

Due to a change of policy, the module Associate Retirement Plan (ARP) amounting EUR 12,290 is from 1 January 2015 no longer part of the provision for risk of the Pension Fund, but is a provision for risk of the members.

Estimation changes
In 2015 De Nederlandsche Bank (DNB) made two changes to the interest rates to be used for the calculation of the pension provision. From 2015 the 3-month averaging of the interest rates (RTS) does not apply anymore. The impact of this change is from the year-end perspective EUR 11.8 million positive. In July 2015 the long-term interest rate (for the period 20 years or longer) has been adjusted to comply more with actual market rates. Due to this adjustment the provision pension liabilities increased, which had a negative impact on profit and therefor reserves of Mars Pension Fund of EUR 22.5 million.

Funding ratio
The funding ratio has been calculated as the ratio between the net assets of the pension fund and the actuarial accrued liabilities. In 2015 also the investments and provisions for risk members are included. The policy funding ratio is calculated as the average of the funding ratios over the past twelve months.
For the calculation of the actual funding ratio the liabilities have been calculated taking stable future indexation policies into account.

Consolidation
In 2009 Mars Real Estate Investments B.V. was founded, Mars Pension Fund owns 100% of the shares of MREI B.V. In the consolidated balance sheet and profit and loss account of Mars Pension Fund the figures of the participation in MREI B.V. are included. Intercompany transactions and balances in this annual report are established "at arm's length"

The consolidation includes the financial information of MPF and its group companies and other entities in which it exercises control or whose central management it conducts

The consolidated company is:
- Mars Real Estate Investments B.V., Veghel (100%)

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realised through transactions with third parties. Unrealised losses on intercompany transactions are eliminated as well, unless such a loss qualifies as an impairment. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies.

Accounting policies for assets and liabilities

Recording of assets and liabilities
An asset is recognised on the balance sheet when it is probable that future economic benefits will flow to the pension fund and its value can be reliably determined.
A liability is recognised on the balance sheet when it is probable that the settlement thereof will be accompanied by an outflow of resources and the extent of the amount can be reliably determined.

Foreign currency
Other receivables, debts and obligations, as far as stated in foreign currency, are being converted at the exchange rate per balance sheet date, except for as far as the exchange risk has been covered. In those cases valuation is based upon the agreed forward price. The exchange results, as a result of the conversion, are being presented as part of the investments income in the profit and loss account.

Investments at the risk of the pension fund
All investments are at the free disposal of the pension fund. There are no investments in the contributing companies.

Real estate investments are direct investments in property. Real estate investments are initially valued at cost value; subsequent valuation is done at fair value, being the market value. Market value is partly based on available market data and is compiled by external appraisers. An independent appraiser values each property in the portfolio in December every year. This valuation is used to report the value of the fund's real estate investments.

Equities are valued at the latest available quoted market price per balance sheet date. The value of the private equity and hedge fund investments presented under equities are being determined by independent parties on a fair value basis.

Bonds are valued at fair value including the accrued interest at balance date. Bond funds are valued at the closing price as advised by the Investment Manager.

The investment funds are valued at latest available quoted market price per balance sheet date. This is the unit value of the investment funds per balance sheet date.

Derivatives: At year end interest rate swaps and currency swaps, which are traded publicly, are based upon models using observable input. Interest is accrued on a monthly basis upon the conditions of the contract. Therefore these amounts are included in the change in the fair value.

Options are being valued at the market price at year-end. If no market price is available on an official exchange, the value of the 'over-the-counter' option contract is determined by the Investment Manager, using general accepted pricing models like Black & Scholes, and the market data at year-end.

The fair value of futures contracts is determined by using the market price at year-end. The fair value of the forward currency contracts is based on the forward market rate at year-end and is based on the gain or loss that would be realised if the contract would be closed-out at year-end.

Negative positions of derivatives are presented as short term liabilities.

The other financial investments are valued at fair value at balance sheet date. The cash presented under other financial investments is valued at cost value at balance date.

As far as above investments are stated in foreign currency, valuation is done at the exchange rate per balance sheet date. Transactions related to investments in foreign currency within the reporting period are reported in the annual accounts at the rate at time of settlement.

Investments at the risk of the members
The investments at the risk of the members are valued at latest available quoted market price per balance sheet date. This is the unit value of the investment funds per balance sheet date.

Cash
Cash is being valued at nominal value.

Actuarial accrued liability
The actuarial accrued liabilities at risk of the pension fund (AAL) are set at fair value. The market value is calculated as the present value of estimated future cash-flows, based on the unconditional pension entitlements as at the balance sheet date. The unconditional pension entitlements include the accrued pension entitlements.

The actuarial accrued liability is based on the applicable pension plans as at the balance sheet date and on the pension entitlements that can be attributed to the service years completed as at the balance sheet date. This includes all granted increases based on the indexation policy to any members as at balance sheet date.

The pension liability for active members is determined as the present value of the accrued benefits up until balance sheet date. The pension liability for non-active members, disabled members, and surviving dependants, is determined as the present value of the pension entitlements granted.

Life expectancy rates in determining actuarial accrued liabilities:
- The life expectancy rates for males and females are derived from the AG Projection Table 2014-2062 male mortality table as published by the Dutch Actuarial Association.
- The mortality rates for experience rating are adjusted with fund specific correction factors based on the Towers Watson 2014 experience rates model.

Actuarial interest rate
Term structure of interest rates, published by DNB, applicable as at the calculation date. For all calculations at year-end 2015, the UFR is used as this is the prescribed term structure of DNB. As mentioned before, DNB has changed the interest term structure compared to 2014.

Assumed retirement ages
For the 2006 Pension Plan it is assumed that active and deferred members retire at age 61. All other (inactive) members are assumed to retire at the normal retirement age of the pension plan.

Future costs
The actuarial accrued liability takes into account an addition of 2% for future costs for executing the pension plans.

Actuarial partner assumption
For the valuation of partner pensions the following assumptions are used:
- For retirees the actual marital/partner status is used
- For active and deferred members a 100% rate of partner occurrence is assumed up to and including the retirement date.
- It is assumed that the male is three years older than the female.

The IBNR provision for disability is equal to twice the expected yearly loss. The expected yearly loss is set equal to the risk premium for disability as used in the determination of the cost covering contribution and is for 2015 equal to 1,254.

Other assets and liabilities
The other assets and liabilities are stated at the fair value of the consideration – this is typically the acquisition price – less any provisions deemed necessary. The book value of the liabilities approximates the fair value. Other assets and liabilities are all due/to be settled within one year.

Provisions are taken for actual rights existing per balance sheet date where a cash outflow is expected and where the amount can be determined in a reliable manner.

The provisions are valued at the best estimate value for the amounts required to be able to settle the liabilities per balance sheet date. The provisions are being valued at the cash value of the expenses which will likely to be required to settle the liabilities.

When liabilities are likely to be compensated by another party, this compensation will be presented in the balance sheet as an asset if it is likely this compensation will be received along with the settlement of the liability.

Accounting policies for results

General
Income is recognised in the profit and loss account when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen which value can reliably be determined. Expenses are recognised when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen which value can reliably be determined.

Interest and investment results at the risk of the pension fund
The investment results at the risk of the pension fund are investment results where the risk of the investments is for the pension fund. In the profit and loss account, the income and losses are assigned to the reporting year to which they apply. All direct and indirect investment results are directly presented under the income statement. The investments costs are presented separately.

Interest and investment results at the risk of the members
The investment results at the risk of the members are investment results where the risk of the investments is for the members.

Other cost
Costs are determined on a historical basis and assigned to the reporting year to which these apply.

Reinsurance
The Pension Fund has reinsurance on a stop-loss basis in order to insure the risk of death-in-service and disability-in-service. In 2015, no amounts can be claimed.

Cash flow report

For the preparation of the cash flow statement the direct method is used, whereby all income revenue and expenditure is presented as such. A distinction is made between cash flows from pension and cash flow from investment activities.

The movements presented in the cash flow report are the movements in cash on the current account, the investment accounts of the Pension Fund as well as the movements in the cash accounts of Mars Real Estates Investments.

The balance of the cash on the current accounts of Mars Pension Fund is presented separately under assets.

12.6 Notes to the Balance Sheet

1 Investments for risk Pension Fund

Asset Category	Real Estate	Equities	Fixed Income	Hedge funds	Deri-vatives	Other	Total
Value per 31 December 2014	**116,936**	**613,698**	**285,967**	**56,283**	**28,818**	**32,504**	**1,134,206**
Reclassifications		7,851	-7,751			-100	0
Purchases	40,180	170,047	632,459	32,357			875,043
Sales	-221	-156,294	-701,753	-1,598			-859,866
Valuation changes	18,542	55,433	8,009	16,812	18,169		116,965
Other					17,529	43,834	61,363
Value per 31 December 2015	**175,437**	**690,735**	**216,931**	**103,854**	**64,516**	**76,238**	**1,327,711**
Derivatives credit YE 2014					-48,502		-48,502
Purchases	4,535	116,475	415,708		264,395		801,113
Sales	-428	-199,119	-366,260	-1,439	-211,872		-779,118
Valuation changes	15,915	96,279	-4,587	14,671	-52,737		69,541
Other						-28,522	-28,522
Subtotal	**195,459**	**704,370**	**261,792**	**117,086**	**15,800**	**47,716**	**1,342,223**
Derivatives credit							1,936
Deducted: investments for risk members							-15,591
Value per 31 December 2015							**1,328,568**

At the end of 2014 the negative derivative-positions amounting Eur 48,502 has been presented as a liability. At the end of 2015 the negative derivative-positions amount to Eur 1,936.

Included in the investment-category 'Other' is cash available for investment for an amount of Eur 47,716 (2014: Eur 75,377). This amount includes Eur 14,210 (2014: Eur 15,827) of cash in Mars Real Estate Investments B.V.

Since 2015 a part of the total investment portfolio is considered as investment for risk of members (ARP). This amount (EUR 15,591) is deducted from the investments for risk Pension Fund and included in the investments for risk of members.

Positions more than 5% per investment-category:

Real Estate	31-12-2015		31-12-2014	
	EUR	%	EUR	%
Angel Place	18,995	10%	18,040	10%
Clarendon	17,638	9%	17,718	10%
Edinburgh	16,824	9%	13,884	8%
Westside	16,960	9%	16,107	9%
Ankerside	21,709	11%	19,973	11%
Exchange	34,599	18%	37,369	21%
Tokenspire	11,532	6%	7,095	4%
Four Seasons	36,973	19%	28,349	16%

Equities	31-12-2015		31-12-2014	
	EUR	%	EUR	%
Fisher investments institution	38,291	5%	41,337	6%
Ardevora global equity fund	-	-	41,981	6%
Pem - effem fund Dutch	43,668	6%	42,518	6%
Pem – effem II	53,685	8%	-	-
International equity fund	-	-	46,459	7%
Capita financial managers Ireland ltd	38,999	6%	-	-
Arrowstreet common global equity ccf usd	56,298	8%	51,367	7%

Unless clearly stated otherwise all amounts are in thousands of euros

Vanguard investment series plc us opportunities fund	54,009	8%	52,575	8%
Gmo quality fund	135,910	19%	75,034	11%
Marathon international equity	83,644	12%	76,690	11%

Fixed Income	31-12-2015		31-12-2014	
	EUR	%	EUR	%
Gmo asset allocation bond fund	34,996	13%	24,576	11%
Neuberger berman high yield bo	77,869	30%	64,427	30%
Lazard ltd	81,897	31%	-	-
Capital international emerging market debt	-	-	78,330	36%

Hedge funds	31-12-2015		31-12-2014	
	EUR	%	EUR	%
Blackstone strategic alliance offshore fund ii ltd	7,494	6%	8,361	8%
Blackstone fof stichting Dutch	109,593	94%	95,493	92%

Fair value hierarchy

The following tables summarise the valuation of investments by level within fair value hierarchy as of 31 December 2015 and 2014. Derivatives are shown net of Assets/Liabilities (clean value) and the table is before deduction of investments for risk of members.

Asset Category	Level I (direct market listed)	Level II (abstracted)	Level III (modeling)	Total
Real estate investments	309	-	195,150	195,459
Equities	83,466	461,625	159,279	704,370
Fixed income	19,530	242,262	-	261,792
Hedge funds and derivatives (assets & liabilities)	-	132,886	-	132,886
Other financial investments	48,892	-	-1,176	47,716
Total per 31 December 2015	**152,197**	**836,773**	**353,253**	**1,342,223**

Asset Category	Level I (direct market listed)	Level II (abstracted)	Level III (modeling)	Total
Real estate investments	634	-	174,803	175,437
Equities	94,195	480,040	116,500	690,735
Fixed income	-9,749	226,680	-	216,931
Hedge funds and derivatives (assets & liabilities)	-	119,868	-	119,868
Other financial investments	75,337	-	904	76,241
Total per 31 December 2014	**160,417**	**826,588**	**292,207**	**1,279,212**

2 Investments for risk members

As of 1 January 2015 the design of the Plan 2004-67 has been changed. Almost all risks in this pension plan were transferred to the members and therefore as of 1 January 2015 the liabilities of the Plan 2004-67 are classified as liabilities at the risk of the members instead of liabilities at the risk of the pension fund. In 2015, the ARP-capital is therefore not included in the assets and liabilities underlying the calculation of the funding ratio. Therefor the investments have been presented separately starting 2015.

The investments for risk members consist of:

	31-12-2015	31-12-2014
Investments concerning ARP-plan	15,591	-
Investments concerning ASP-plan	19,300	16,852
Total	**34,891**	**16,852**

In 2015 the investments developed as follows:

Unless clearly stated otherwise all amounts are in thousands of euros

	ASP	ARP
Balance per 1 January	16,852	-
Change ARP from DB to DC	-	12,290
Premiums	1,827	2,421
Transfers	190	358
Investment result	431	522
Balance per 31 December	**19,300**	**15,591**

The ARP-related investments are deducted from the total investments for risk of the Pension Fund. At year-end the ASP-related investments consist for 99% of stocks and for 1% of bonds.

The investments for risk members are invested in passive investments funds. The accounting policies for these investments are in line with the accounting policies for the investments at the risk of the Pension Fund.

3 Other receivables

	31-12-2015	31-12-2014
Contributions from employer	1,023	-
Other receivables (rents)	3,479	4,519
Total	**4,502**	**4,519**

4 Cash

	31-12-2015	31-12-2014
Cash at Rabobank	3,057	3,414

The section Cash includes the funds in bank accounts which are repayable on demand and freely available.

5 Foundation capital

The foundation's capital amounts to EUR 454 and remained unchanged during the financial year. As a result of the presentation in thousands of euros, the foundation capital is zero.

6 General reserves

The general reserves changed due to the addition of the profit of the pension fund:

	2015	2014
Balance per 1 January	250,835	243,940
Result for the year	19,478	6,895
Balance per 31 December	**270,313**	**250,835**

The minimum regulatory own funds, 4.1% of the actuarial accrued liabilities at the risk of the pension fund, equals EUR 44.1 million. Legally required own funds amount to EUR 352 million and are equal to 32.4% of the actuarial accrued liabilities at the risk of the pension fund. The present own funds are higher than the minimum regulatory own funds, but below the regulatory own funds.

Since 2015 policy decisions should be based on the newly introduced 'policy funding ratio' (beleidsdekkingsgraad). This ratio is the average of the funding ratios during the past 12 months. The policy funding ratio at 31 December 2015 is 124.2% (31 December 2014: 126.4%). The policy funding ratio is lower than the legally required solvency ratio and therefor there is a reserve deficit.

The following table shows the ratios of regulatory own funds, minimum regulatory own funds, the policy funding ratio and present own funds.

	31-12-2015	31-12-2014
Actual funding ratio	124.9%	124.6%
Minimum required solvency ratio	104.1%	104.2%
Policy Funding Ratio	124.2%	126.4%
Legally required solvency ratio	132.4%	126.7%

The funding ratio is calculated by: Net assets divided by AAL (provision for pension liabilities) at risk of the pension fund (including provision for future disability). The net assets are determined by adding the general reserve to the AAL at risk of the pension fund (including the IBNR provision) and excluding the short term liabilities. There are no subordinated loans and/or special reserves.

As a consequence of the financial position (reserve deficit) and new regulations from DNB (the introduction of the nFTK per 1 January 2015) MPF was required to issue a recovery plan. This plan was submitted to DNB on 1 July 2015. Per 1 April 2016 the recovery plan has been updated.

The Actual funding ratio at year-end is calculated as the ratio between the net-assets and the total technical liabilities of the pension fund. Although the pension fund reported a profit for the year 2015 the funding ratio decreased due to the fact that the technical liabilities increased.

7 Actuarial accrued liabilities

This table reflects the changes in the technical provisions at the risk of the Pension Fund (excluding future disability):

	2015	2014
Provision for pension liabilities ultimo previous year	**1,018,197**	**851,744**
Adjustment ARP to provision for risk members	-12,290	-
Interest	1,780	3,530
Indexation to the account of the pension fund	2,583	15,589
Accrual of benefits (including surcharge for future costs)	12,848	14,869
Mortality	150	-1,870
Other actuarial and technical assumptions (retirement)	-171	-1,776
Disability / rehabilitation	662	453
Individual transfer value (balance)	-893	817
Benefit payments (incl. surrender value)	-29,393	-27,875
Available for costs	-589	-550
Yield curve change	55,365	176,212
Corrections	1,492	-8,796
Change of mortality assumptions	-	-9,330
Result due change in the pension plan per 1 January 2014	-	5,180
Total change	**31,544**	**166,453**
Provisions for pension liabilities ultimo year	**1,049,741**	**1,018,197**

The pension liability for active members is determined as the present value of the accrued benefits up until balance sheet date. The pension liability for non-active members, disabled members, and surviving dependants is determined as the present value of the pension entitlements granted.

Active members of the plan 2014 receive unconditional indexation on supplementary benefits. All benefits are conditionally indexed after retirement or after withdrawal. Indexation for deferred members is dependend on the Pension Fund’s financial position.

As of 1 January 2015 the Plan 2004-67 has been changed. Almost all risks in this pension plan were transferred to the members and therefore as of 1 January 2015 the liabilities of the Plan 2004-67 are classified as liabilities at the risk of the members instead of liabilities at the risk of the pension fund. As a result of this, the number of active and deferred members decreased by respectively 686 and 252 members.

	31-12-2015	31-12-2015	31-12-2014	31-12-2014
	Members	AAL	Members	AAL
Actives (including disabled)	733	414,867	1,422	419,738
Deferred participants	947	155,677	1,473	159,317
Pensioners	1,160	498,582	1,100	457,484
Sub-total	**2,840**	1,069,126	**3,995**	**1,036,539**
Minus: BPF Zoetwaren		-19,385		-18,342
Total	**2,840**	**1,049,741**	**3,995**	**1,018,197**

8 Provision for future disability

Unless clearly stated otherwise all amounts are in thousands of euros

	2015	2014
Balance per 1 January	818	904
Regular change	435	-86
Balance per 31 December	**1,253**	**818**

The IBNR provision for future disability is set equal to twice the yearly risk premium for disability.

9 Pension provision at the risk of the members

The 2004 Pension Plan (Plan 2004-67) is a so-called contribution agreement (*premieovereenkomst)* and consists of the following two modules: Associate Retirement Plan (ARP) (*Medewerker Uittredings Plan MUP*) and Associate Selection Plan (ASP) (*Medewerker Selectie Plan MSP*). Members of Plan 2004-67 are those employees registered by the Company, who entered the Company's service after 31 December 2003 and who are exempted from mandatory membership of the pension plan of the *Stichting Bedrijfstakpensioenfonds voor de Zoetwarenindustrie* (industry-wide pension fund for the sugar and chocolate processing industry).

Starting January 2015, the ARP-capital is not included in the assets and liabilities underlying the calculation of the funding ratio and the above mentioned interest addition of CPI plus 3% is no longer granted by the pension fund. Therefor the investments have been presented separately starting 2015.

The provision for risk members consist of:

	31-12-2015	31-12-2014
Investments concerning ARP-plan	15,591	-
Investments concerning ASP-plan	19,300	16,852
Total	**34,891**	**16,852**

In 2015 the provision developed as follows:

	ASP	ARP
Balance per 1 January	16,852	-
Change ARP from DB to DC	-	12,290
Premiums	1,827	2,421
Transfers	190	358
Investment result	431	522
Balance per 31 December	**19,300**	**15,591**

10 Current liabilities

	31-12-2015	31-12-2014
Derivatives	1,936	48,502
Accrued expenses and other liabilities	12,046	15,881
Wage tax and premiums social security	838	821
Contribution to employer	-	554
Contribution for the account and risk of members deposit	-	36
Total	**14,820**	**65,794**

Negative derivate-positions are classified as current liabilities and positive derivative-positions are classified as assets. A further explanation on the derivatives can be found in paragraph 11.7 "Risk management".

The accrued expenses includes EUR 542,000 (2014: EUR 2,698,000) corporate income tax and VAT concerning Mars Real Estate Investments.

Rights and obligations not included in the balance sheet

With respect to the investments in the Private Equity and Private Credit Funds, MPF has an off-balance sheet commitment of EUR 83.6 million to these managers to invest in their funds. Non-compliance can lead to interest being charged as well as legal- and other collection costs.

The pension fund has a contract with TKP for the administration. This contract expires on 1 January 2017 and an annual fixed fee of EUR 485 thousand is agreed. The agreement has a nine months' notice.

Unless clearly stated otherwise all amounts are in thousands of euros

12.7 Risk Management

The Pension Funds regulations require a proper financial position in relation to the risks of the Pension Fund. One of the main requirements is the solvency of the fund.

The solvency margin is, based on the risk profile and according to regulatory standards, calculated as follows:

Solvency margin	31-12-2015		31-12-2014	
	EUR	%	EUR	%
S1 interest rate risk	60,300	5.6	56,268	5.5
S2 market risk on equities and property	268,347	24.7	215,286	21.1
S3 currency risk	91,405	8.4	105,667	10.4
S4 commodity risk	-	-	-	-
S5 credit risk	62,333	5.7	16,409	1.6
S6 technical insurance risk	33,281	3.1	31,814	3.1
S10 Active risk	46,031	4.2	n/a	n/a
Correlation-effect	-209,856	-19.3	-153,277	-15.0
Regulatory own funds	351,841	**32.4**	**272,167**	**26.7**

12.7.1 Interest rate risk (S1)

A pension fund has interest rate risk because the interest rate sensitivity of the investments is different from the interest rate sensitivity of the liabilities. If the relevant interest rate changes, the investments will react differently than the liabilities and this has a consequence for the funded status. A measure of interest rate sensitivity is the so-called duration, which is technically the weighted average remaining maturity of all cash flows. The duration approximately represents the percentage change in the value of investments and liabilities as a result of a 1% interest rate change.

	31-12-2015 in years	31-12-2014 in years
Fixed income duration (excluding derivatives)	4.3	4.0
Pension assets duration (including derivatives)	3.3	3.3
Duration of the (nominal) pension liabilities	18.0	17.9

The duration of the pension assets is much shorter than the duration of the liabilities. It is assumed that all non-fixed income assets have zero duration.
In 2011 the Pension Board has adopted a formal interest rate hedging procedure. This interest rate hedging procedure is dynamic in nature. The interest rate hedge will generally increase linearly with the relevant interest rate, but small tactical deviations are possible. The Pension Board and its Investment Committee have carefully implemented the necessary infrastructure to enable this interest rate hedging procedure. The strategic level of the interest rate hedge is 50% of the assets. Per the end of 2015 the dynamic LDI coverage target (as determined by the LDI trigger table) was 16%. A tactical underweight of 1.5% to the dynamic target resulted in a liability coverage target of 14.5%.

The Pension Fund's fixed income portfolio (Bonds), excluding derivatives, can be divided into the following subcategories.

Fixed income - Asset categories	31-12-2015		31-12-2014	
	EUR	%	EUR	%
Government Bonds	21,528	8%	29,016	13%
Mortgages and MBS	2,448	1%	812	0%
Credits	15,513	6%	11,575	5%
Mutual Funds	204,303	78%	180,748	83%
Cash and cash-like instruments	18,000	7%	-5,220	-1%
Total	**261,792**	**100%**	**216,931**	**100%**

Unless clearly stated otherwise all amounts are in thousands of euros

12.7.2 Market Risk (S2)

Market risk can be split into interest rate risk, currency risk and price risk. The investment guidelines define the strategy that Mars Pension Fund will adopt to control market risk. In practice, the Investment Committee oversees the controls regarding market risk, in line with the agreed policy framework and investment guidelines. Periodically all aggregated market positions is reported to the Investment Committee and the Pension Board.

In the table below, the sectorial division of the Pension Fund's equity investments is presented[1]

	31-12-2015	31-12-2014
Consumers	18,445	23,342
Energy	4,269	15,328
Financials	19,458	21,361
Health care	5,049	6,209
Industrials	11,754	12,566
Information Technology	9,275	4,066
Materials	12,064	6,801
Other	624,056	601,062
Total	**704,370**	**690,735**

12.7.3 Currency Risk (S3)

At the end of 2015 about 86% (2014: 71.0%) of the investment portfolio (including the property assets, property cash and operational cash account, excluding investments for risk members) has been invested outside of the Euro zone. The actual EUR (look-through) exposure of the total portfolio before and after hedging was 58.5% at the end of 2015 (59.5% at the end of 2014). The total net market value of the outstanding currency forward contracts at the end of the year was EUR 9.3 million.

The look-through currency exposure before and after plan level hedging can be specified as follows:

Currency	31-12-2015			31-12-2014
	Before Hedging	Currency Derivatives	Net position after hedging	Net position after hedging
Euro	182,414	604,139	786,553	757.515
British pound	264,615	-208,288	56,327	31.930
Japanese yen	64,823	-75,649	-10,826	31.054
US Dollar	812,980	-296,762	516,218	256.944
Other	8,124	-14,174	-6,049	196.579
Total	**1,332,956**	**9,266**	**1,342,223**	**1.274.022**

12.7.4 Commodity/Price Risk (S4)

All investments and all asset classes are subject to the risk of price movement. Some to a limited extent such as short maturity government bonds, some to a higher extent such as emerging market equities. One must bear in mind, however, that the asset classes with the highest price risk also tend to have the highest expected returns. In other words, the portfolio of the pension fund needs to take some price risk, otherwise the expected return will not be sufficient. This trade-off between risk and return is addressed in the ALM study and this has resulted in a strategic investment policy in which the price risk of asset classes will be accepted when the expected return is commensurate. Generally, movements in price lead to movements in value and the value changes are directly and fully reflected in the value of the investment portfolio. On a strategic level the pension fund manages the impact of price risk by diversifying by investing in different asset classes and by considering only active investment management. On a tactical level the Pension Fund controls the price risk by underweighting perceived overvalued asset classes within the allowable ranges. Hedging it through derivatives like options and futures can also mitigate price risk.

The equity investments can be divided into the following regions:

[1] Excluding Derivatives

Unless clearly stated otherwise all amounts are in thousands of euros

Equity - Regions	31-12-2015	31-12-2014
Mature markets	615,779	616,643
Emerging Markets	88,591	74,092
Total	**704,370**	**690,735**

The fixed income investments can be divided into the following regions:

Fixed Income - Regions	31-12-2015	31-12-2014
Mature markets	174,797	211,571
Emerging Markets	86,995	5,360
Total	**261,792**	**216,931**

12.7.5 Credit Risk (S5)

Credit risk can be defined as the risk of financial losses for the pension fund as a consequence of a counterparty default or payment impairment, if the Pension Fund is a creditor of this counterparty. The Pension Fund's exposure to Bond issuers, banks (through deposits), reinsurers, and OTC derivative counterparties are all subject to credit risk.

Settlement risk is a specific element of credit risk that needs to be mentioned because it relates to all investment transactions. This occurs when parties, with which the Pension Fund has engaged in financial transactions, are incapable of honouring their obligations under the transaction within pre-agreed time limits, and this inability to honour the obligations leads to a financial loss for the Pension Fund.

There are various ways in which a pension fund can control credit and settlement risks, first and foremost to impose counterparty exposure limits on the total fund level and to implement an effective collateral management programme. Mars Pension Fund also gives its fixed income investment managers investment guidelines that seek to diversify the credit risk as broadly as possible. The Pension Fund tries to mitigate the settlement risk by only investing in markets where a proper and reliable clearing and settlement system is in operation. The Pension Fund requires from its investment managers to perform a due diligence investigation into the clearing and settlement system of each market before the manager is allowed to invest in a new market. If and when the Pension Fund engages directly in transactions in non-exchange traded instruments such as OTC derivative transactions, it will only do so when ISDA and CSA agreements have been established with the transaction counterparties so that the Pension Fund's financial position in such a transaction is properly collateralised.

The credit rating split of all debt issues in the fixed income portfolio is as follows[1]:

	31-12-2015	31-12-2014
AAA	889	49,246
AA	38,221	12,704
A	17,931	19,347
BBB	15,783	44,028
Lower than BBB	109,219	77,582
No rating	79,749	14,024
Total	**261,792**	**216,931**

No rating applies to those securities for which no rating can be found due to specific agreements between two counterparties. At the end of 2015 (and 2014) there is no concentration risk, i.e. no more than 50% of the total fixed income portfolio is invested in any given sector or category.

12.7.6 Technical Insurance risk (S6)

The most important technical insurance risks are the longevity-, death-in-service-, disability-in-service- and the indexation-risk.

The **longevity risk** is the risk that participants live longer than assumed in the determination of the AAL. As a result there is too little (or not enough) cash available for the financing of the accrued benefits. The pension fund has used the mortality table AG Projection table 2014 to take the most recent mortality

[1] Excluding Derivatives

Unless clearly stated otherwise all amounts are in thousands of euros

assumptions and the increased long-term trend in mortality probabilities (and therefore the life expectancy) into account.
It has been shown that in general the mortality of pension fund members is lower than the mortality of the entire population. The AG Projection tables are based on data of the total population in the Netherlands. For a correct calculation of the AAL the difference in life expectancy between the total population and the population of the Mars Pension Fund should be taken into account. For this reason the pension fund uses the MPF specific experience rating based on the Towers Watson 2014-experience rating model.

The **death-in-service risk** is the difference between the cash value of a spouse's pension that starts immediately after the death of a member and the cash value of all accrued benefits of the member. This risk is expressed in the risk premium for death-in-service.

The **disability-in-service risk** for the pension fund consists on the one hand of the costs for continuation of the pension accrual, which is equal to the cash value of the pension accrual for the future and on the other hand the costs for the disability benefit. The risk premium for disability-in-service is used for this risk.

The death-in-service and disability-in-service-risk are both partly reinsured by Zwitserleven (for more information see 21 Reinsurance premiums).

The fund has incorporated these risks into the buffer for insurance technical risk at year-end 2014 by using the standard model as presented by DNB.

The **indexation risk** is the risk for the pension fund that the indexation ambition of the board in relation to the price indexation cannot be realised. The extent to which this can be achieved depends on the developments in interest rates, investment returns, wage inflation and demography (investment and actuarial results), depending on the funding ratio of the pension fund. The indexation policy is conditional.

12.7.7 Liquidity Risk

Liquidity risk is the risk that investments cannot be sold within an acceptable time period and/or cannot be transformed into cash at an acceptable price, as a consequence of which the fund cannot meet its financial obligations. The liquidity needs of the Pension Fund are modelled and taken into consideration in the investment strategy review, and the resulting asset allocation reflects the Pension Fund's liquidity needs. The Pension Fund will invest sufficiently in highly liquid assets that can be sold quickly and efficiently in most market circumstances. Furthermore, the Pension Fund invests in assets that generate periodical income streams that can be used to meet the Pension Fund's financial obligations, thereby reducing and/or eliminating the need to sell investments to meet cash needs. Income generating assets include (almost) all fixed income investments and property investments. At the end of the year the Pension Fund has sufficient liquid assets to meet its liquidity needs. However, the intention, as mentioned, is not to sell these assets but to use the income from income generating assets to supply the required liquidity. The ETBC also creates a liquidity planning for the Pension Fund on a monthly basis.

12.7.8 Concentration Risk (S2)

Large individual investments in the portfolio can lead to concentration risk. In order to determine which investments could be earmarked as large positions, one must add or compare all positions against the same debtor per asset class. Large positions are then defined as positions that constitute more than 2% of the total investment value of the portfolio. In the investment section a break-down is given of larger positions. Generally speaking, concentration risk can occur if there is too little diversification within the investment portfolio. Concentration risks can occur in regional, sector or counterparty exposures. For example, loan or equity portfolios that are invested in only a few different sectors could lead to concentration risks.

12.7.9 Other Financial Risks (S10)

1 Systemic Risk

Systemic risk occurs when the global financial system (all financial and capital markets) no longer functions properly, in which case the pension fund would not be able to trade its investments. The global financial and banking system has witnessed this to some extent in the credit crisis of 2007/2008 where a lot of "structured" investment products, particularly related to US sub-prime mortgages could no longer be sold, leading to severe problems for many banks and other financial institutions around the globe. A few financial institutions even went bankrupt, since they could not meet their liquidity requirements because they were unable to sell securities for which there suddenly was no market. It is difficult for any financial institution to directly control a systemic risk or systemic failure . However, careful monitoring of liquidity, counterparty and concentration risk can help mitigate the impact of a systemic crisis.

2 Specific Financial Instruments (Derivatives)

Within the ranges of the agreed strategic investment possibility, the Pension Fund can use financial derivatives to hedge financial risks or to enhance or restrict certain exposures. The possible financial effects of using derivatives will always be taken into consideration.
The use of financial derivatives will expose the Pension Fund to price risk and counterparty risk (the risk that counterparties to the transaction cannot meet their financial obligations). Using only approved counterparties and collaterals can mitigate this risk. The following instruments can be used:

Futures
These are standard exchange traded instruments that can be used to change the exposure to asset classes. Futures are used to implement the Pension Fund's tactical investment strategy and for rebalancing purposes. Tactical deviations from policy are permissible within the predefined ranges of the strategic investment policy.

Equity Put Options
This concerns exchange traded or over-the-counter (OTC) options with which the Pension Fund can limit the downside risk of an equity portfolio. The Pension Fund has to pay a premium to obtain a put option. This premium is dependent on the actual value of the underlying equity index, the maturity of the options, and the exercise price of the option. In case the Pension Fund writes a put option (sell a put option), then the premium received would be exposed to price risk in case the underlying index decreases in value.

Equity Call Options
This concerns exchange traded or over-the-counter (OTC) options with which the Pension Fund can capture the upside potential of an equity portfolio. The Pension Fund has to pay a premium to obtain a call option. This premium is dependent on the actual value of the underlying equity index, the maturity of the options and the exercise price of the option. In case the Pension Fund writes a put option (sell a put option), then the premium received would be exposed to price risk in case the underlying index increases in value.

Forward Contracts
These are individual contracts with financial counterparties where both parties agree to buy one currency or security and sell another currency or security at a predetermined price (the forward rate) and at a predetermined time. Currency forward contracts are used to hedge exchange rate risks. Bond Forwards are used in Fixed Income strategies.

Swaps
A swap is defined as an over-the counter contract with a counterparty (usually a bank) in which both contract parties agree to exchange interest payments on a pre-agreed notional value. The use of swaps will help the Pension Fund to increase the interest rate sensitivity of the portfolio, thereby reducing the duration mismatch.

Swaptions
A swaption is an option contract on a swap. The option buyer is allowed to enter into a swap contract with a counterparty at a predetermined interest rate, with a predetermined maturity at a predetermined time. The option buyer will only do so if the contract terms are better than the market terms at the time of exercise.

The table below shows the derivatives positions in the Pension Fund as per 31 December 2015:

Type of contract	Expiry Date	Notional Values	Market Value assets	Market Value liabilities
Futures	Various	197,556	508	751
Currency Forward contracts	Various	616,336	9,266	-
Options	Various	13,400	-	26
Interest Rate Swaps	Various	121,281	6,907	582
Total Return Swaps	Various	384	978	390
Credit Default Swaps	Various	8,750	77	187
Total		**957,707**	**17,736**	**1,936**

12.8 Notes to the statement of income and expenses

11 Contributions from employer and employees

The actual employer contribution amounts 22.8% (2014: 20.0%) of the pensionable salaries reduced with the contributions from the employers registered in BPF Zoetwaren. The actual contribution amounts to 20,425. The cost covering contribution and the smoothened cost covering contribution amount to 22,749 and 15,256 respectively.

The costs covering-, smoothened- and actual contributions are:

	2015	2014
Cost covering contribution	23,653	23,997
Smoothened contribution	16,160	15,135
Actual contribution	20,414	17,339

The actual contribution of 20,425 (2014: 17,339) includes the contribution for the account and risk of members of 1,827 (2014: 1,840) as mentioned in note 12.

The cost covering contribution is based on the actuarial assumptions applicable as per 31 December 2014, including an interest rate term structure according to the instructions of DNB per this date. The smoothened cost covering contribution is, in accordance with the ABTN, based on a fixed discount rate of 5.95%. This causes the smoothened contribution to be lower than the cost covering contribution. The actual contribution is based on the contribution policy and at least equal to the smoothened cost covering contribution (determined at the beginning of the financial year) and is expressed as a percentage of the pensionable salary.

The (smoothened) cost covering contribution is:

	2015		2014	
	CCC	SCCC	CCC	SCCC
Unconditional accrual	18,083	12,169	17,575	10,711
Solvency surcharge	3,695	2,116	4,579	2,581
Surcharge for administration costs	1,875	1,875	1,843	1,843
Total	**23,653**	**16,160**	**23,997**	**15,135**

For more information is referred to chapter 8 “Actuarial section” of this report.

The actual contribution is agreed between the pension fund and the sponsor in the Administrative and Financial Agreement. The actual employer contribution is equal to 20 percent of pensionable salaries, increased in case of a reserve deficit to a maximum of 25%.

12 Contributions for the account and risk members

	2015	2014
Obligatory employee contribution	665	778
Voluntary employee contribution	581	531
Employer contribution	581	531
Total contribution	**1,827**	**1,840**

Unless clearly stated otherwise all amounts are in thousands of euros

13 Investment results for risk Pension Fund

	Direct investment results	Indirect investment results	Investment related costs	Total 2015	Total 2014
Real Estate investments	23,755	11,778	-13,480	22,053	42,444
Equities	5,673	96,278	-820	101,131	107,535
Fixed Income	959	-4,587	-151	-3,779	22,809
Derivatives and hedge funds	178	-52,737	-145	-52,704	11,912
Other financial investments	2,913	14,674	-2,483	15,104	3,890
Investment results	**33,478**	**65,406**	**-17,079**	**81,805**	**188,590**
Other investment related costs			-2,055	-2,055	-1,477
Net Investment result			**-19,134**	**79,750**	**187,113**

Investment related costs
The investment related costs include management fees for external asset managers, investment advice, custody fee and other investment related costs (i.e. tax- and legal advice). The total amount of investment related costs of 19.1 million also include the operational costs related to the direct investments in real estate (13.5 million in 2015 and 15.5 million in 2014).

	2015	2014
Management fee external asset managers	3,127	1,545
Investment advice	1,642	1,525
Operating costs real estate	13,480	15,477
Custody fee	281	268
Value added tax on costs foreign asset managers	200	232
Other investment related costs	404	390
Release of accrual previous year	-	-938
Total	**19,134**	**18,499**

The investment related costs represent only the direct costs outside the investment funds. The costs inside the investment funds amount to EUR 14.8 million, including an estimation of EUR 2.1 million for transaction fees. These fees are settled in the direct investment results. In total all investment related costs count to EUR 33.8 million.

14 Investment results for risk of members

	2015	2014
Direct- and indirect investment results	953	1,206
Management fee and administration costs	-	-1
Total	**953**	**1,205**

15 Other income

	2015	2014
Other	44	13
Total	**44**	**13**

16 Benefits payment

	2015	2014
Retirement pension	25,212	23,869
Partner pension	3,793	3,709
Disability pension	256	231
Orphan pension	75	72
Total	**29,336**	**27,881**

Unless clearly stated otherwise all amounts are in thousands of euros

17 Execution- and administration costs

	2015	2014
Administration costs	739	634
Actuarial (advising)	350	402
Advisory costs	80	123
Cross charges from the employer	160	156
Governance costs	370	389
Audit and advisory services	91	94
Communication costs	10	3
Contributions	85	73
Actuarial (certifying)	35	72
Other costs	301	312
Total	**2,221**	**2,258**

Compared to the 2014 financial statements, a change of the classification of actuarial advisory costs has been processed. In 2014 a part of these costs was allocated as governance costs instead of actuarial (advising).

The increase of administration costs is the consequence of the fact that starting form 2015 these activities are subject of VAT-charges. The 2014 advisory costs (actuarial, legal and included in governance costs) were high due to the orientation on IORP possibilities.

Since the Pension Fund does not have employees, there are no salary payments or social insurance charges. The work on behalf of the Pension Fund is performed by three employees (2014: three employees) who have employment contracts with Mars Nederland B.V. and have been outsourced to Mars Pension fund. The costs are charged to Mars Pension fund and included in this report. The total remuneration paid to members of the Pension- and Supervisory Board for their membership in the Board is EUR 82 (2014: EUR 79).

Audit and advisory services

	2015	2014
Audit annual accounts	91	70
Other auditing services (migration)	-	24
Total	**91**	**94**

18 Change provision for pension liabilities for risk of the pension fund

	2015	2014
Change provision	31,544	166,453

The change in 2015 includes a ‘profit’ of 12,290 caused by the shift of the ARP to the Provision for pension liabilities for risk of the members. For more details we refer to the notes under reference number 2.

19 Change provision for future disability

	2015	2014
Provision change for future disability	435	-86

For more details we refer to the notes under reference number 8.

20 Change provision for risk of the members

	2015	2014
Provision change for the account and risk of members	18,039	4,069

The change in 2015 includes an amount of 12,290 with respect to the changed presentation of the ARP-provision. For more details we refer to the notes under reference number 2.

21 Reinsurance

Unless clearly stated otherwise all amounts are in thousands of euros

The Pension Fund has a new reinsurance contract for the death-in-service and disability-in-service risks with Zwitserleven, valid from 1 January 2014 to 31 December 2016. This reinsurance can be seen as a catastrophe-risk-coverage because it is based on stop-loss insurance with a net retention of 1,870 which is approximately 200% of the risk premium. Declaration is possible within the first 24 months after the contract period.

22 Transfers of pension rights for risk pension fund

	2015	2014
Incoming transfer values	160	962
Outgoing transfer values	-772	-150
Total	**-612**	**812**

23 Transfers of pension rights for risk members

	2015	2014
Incoming transfer values	929	1,024
Outgoing transfer values	-381	-
Total	**548**	**1,024**

Unless clearly stated otherwise all amounts are in thousands of euros

12.9 Single balance sheet

after appropriation of results (in EUR 1,000)

ASSETS	Note[1]	31-12-2015		31-12-2014	
Investments for risk Pension Fund	25				
Real estate investments		309		633	
Equities		704,370		690,735	
Fixed income		261,792		216,931	
Hedge funds		117,086		103,854	
Derivatives		17,736		64,516	
Other financial investments	26	17,915		60,525	
			1,119,208		1,137,194
Investments for risk members	2		34,891		16,852
Investments in subsidiaries	27		200,366		179,398
Receivables and prepayments					
Other receivables	28		2,659		1,393
Other assets					
Cash	4		3,057		3,414
			1,360,181		**1,338,251**
LIABILITIES					
Foundation capital and reserves					
Foundation capital	5		-		-
General reserves	6		270,313		250,835
Technical provision at the risk of the pension fund					
Actuarial accrued liabilities	7	1,049,741		1,018,197	
Provision for future disability	8	1,253		818	
			1,050,994		1,019,015
Pension provision at the risk of the members	9		34,891		16,852
Current liabilities	29		3,983		51,549
			1,360,181		**1,338,251**

[1] The reference numbers refer to the corresponding numbers in the notes to the balance sheet.

Unless clearly stated otherwise all amounts are in thousands of euros

12.10 Single statement of income and expenses

(in EUR 1,000)

INCOME	Note[1]	2015		2014	
Contributions from employer and employees	11		18,587		15,499
Contributions for account and risk of members	12		1,827		1,840
Investment results for risk Pension Fund	30	58,782		149,234	
Investment results for risk of members	14	953		1,205	
			59,735		150,439
Other income	15		44		13
Total INCOME			**80,193**		**167,791**
EXPENSES					
Benefits payment	16		29,336		27,881
Execution- and administration costs	17		2,221		2,258
Change pension provision:					
• Change ARP to provision for risk members		-12,290		-	
• Accrual of benefits		12,848		14,869	
• Indexation		2,583		15,589	
• Addition of interest		1,780		3,530	
• Change of mortality assumptions		-		-9,330	
• Yield curve change		55,365		176,212	
• Withdrawal for payments of pension benefits and pension execution costs		-29,982		-28,425	
• Withdrawal for other actuarial- and technical assumptions (retirement)		-171		-1,776	
• Changes as a result of transfer of rights		-893		817	
• Change of pension plan		-		5,180	
• Other changes pension provision		2,304		-10,213	
Change provision pension liabilities for risk of the pension fund	18		31,544		166,453
Change provision for future disability	19		435		-86
Change provision for risk of the members	20		18,039		4,069
Reinsurance	21		44		36
Transfer of pension rights for risk pension fund	22		612		-812
Transfer of pension rights for risk members	23		-548		-1.024
Other expenses			0		0
Total EXPENSES			**81,683**		**198,775**
NET RESULT			**-1,490**		**-30,985**
Result subsidiary (MREI)	**31**		**20,968**		**37,880**
TOTAL NET INCOME			**19,478**		**6,895**

[1] The reference numbers refer to the corresponding numbers in the notes to the Profit and Loss Account.

Unless clearly stated otherwise all amounts are in thousands of euros

12.11 Accounting policies

General
The accounting policies used for the single balance sheet and profit and loss account are the same as those used for the consolidated financial statements of Mars Pension Fund.

Investments in subsidiaries
This is a 100% participating interest in Mars Real Estate Investments B.V. in Veghel. Participating interests are carried at net asset value, determined in accordance with the accounting policies used for the consolidated financial statements.

12.12 Notes to the single Balance Sheet

General
When the balance value presented on the single balance sheet equals the value presented on the consolidated balance sheet, this balance sheet item has the same reference number as shown on the consolidated balance sheet. Details of these balance sheet values can be found in paragraph 11.6 "Notes to the consolidated Balance Sheet".

25 Real estate investments

	2015	2014
Balance per 1 January	633	934
Purchases	-	145
Sales	-428	-220
Valuation changes	104	-226
Balance per 31 December	**309**	**633**

26 Other financial investments

	31-12-2015	31-12-2014
Cash available for investments	33,506	59,550
Deducted investments ARP	-15,591	-
Other	-	975
Total	**17,915**	**60,525**

Since 2015 a part of the total investment portfolio is considered as investment for risk of members (ARP). This amount (EUR 15,591) is deducted from the investments for risk Pension Fund and included in the investments for risk of members. The category 'other' includes a small amount of pending trades.

27 Investments in subsidiaries

This item consists of the capital investment in Mars Real Estate Investments B.V. (MREI) and loans to MREI. The capital investment as well as the loans are presented as Investments in subsidiaries.
The development during the last two years of the participation in MREI can be specified as follows:

Type of contract	Capital	Loans	Total value
Balance per 31 December 2013	**43,958**	**72,409**	**116,367**
Additions	9,496	15,655	25,151
Operational result 2014	28,413	-	28,413
Revaluations (foreign currency)	3,571	5,896	9,467
Balance per 31 December 2014	**85,438**	**93,960**	**179,398**
Additions			
Operational result 2015	11,290	-	11,290
Revaluations (foreign currency)	4,703	4,975	9,678
Balance per 31 December 2015	**101,431**	**98,935**	**200,366**

The Senior Debt loans (EUR 84,150) have an average interest rate of 4.63% and the Junior Debt loans (EUR 14,785) have an average interest rate of 9.65%. The final maturity date of all loans is 2 November 2020 and all loans are denominated in GBP. There are no particular warranties underlying the loan.

Unless clearly stated otherwise all amounts are in thousands of euros

28 Other receivables

	31-12-2015	31-12-2014
Contribution from employer	1,023	-
Accrued Interest Intercompany loan MREI	1,404	1,256
Advance payment benefits	62	14
Prepaid expenses	170	123
Total	**2,659**	**1,393**

29 Current Liabilities

	31-12-2015	31-12-2014
Derivatives	1,936	48,502
Accrued expenses and other liabilities	1,209	2,230
Wage tax and premiums social security	838	817
Total	**3,983**	**51,549**

Negative derivate-positions are classified as current liabilities and positive derivative-positions are classified as assets. A further explanation on the derivatives can be found in paragraph 11.7 "Risk management".

12.13 Notes to the single statement of income and expenses

30 Investments results for risk Pension Fund

	Direct investment results	Indirect investment results	Investment related costs	Total 2015	Total 2014
Real Estate investments	1	104	-	105	-180
Equities	5,673	96,278	-820	101,131	107,535
Fixed Income	959	-4,587	-151	-3,779	22,809
Derivatives and hedge funds	178	-52,737	-145	-52,704	12,462
Other financial investments	2,913	10,231	-2,483	10,661	3,341
Investment results	**9,724**	**49,289**	**-3,599**	**55,414**	**145,967**
Other investment related costs			-2,055	-2,055	-1,477
Interest on loan to subsidiary				5,423	4,744
Net Investment result			**-5,654**	**58,782**	**149,234**

31 Result subsidiary (MREI)

The result of the subsidiary is compiled of:

	2015	2014
Operational result	11,290	28,413
Results on exchange rates	9,678	9,467
Total	**20,968**	**37,880**

Veghel, 21 June 2016

The Pension Board,

W. van Ettinger (Chairman)
J. van Lith (Secretary)
Mrs M. de Mars
Mr W. van de Laar
Mr H. Faassen
Mrs R. Steenbergen

Unless clearly stated otherwise all amounts are in thousands of euros

OTHER INFORMATION

13 OTHER INFORMATION

13.1 Statutory Arrangement for the appropriation of result

In the Articles of Association of the pension fund no arrangement is included for the appropriation of the balance of the statement of income and expenses.

The annual appropriation of the balance of the statement of income and expenses is arranged in the funds' ABTN.

It is proposed to add the positive balance result of 2015 with an amount of EUR 19.478 to the general reserve. This proposal has already been incorporated in the balance sheet.

Administrative and Financial Agreement

For the funding of the accrual of the pension entitlements with Mars Pension Fund the companies are obliged to pay contribution to the Pension Fund. The rules to determine the contribution, based on the Funding Level are described in detail in the Administrative and Financial Agreement.

Subsequent events

The method for determining the funding ratio has been changed by DNB as of 1 January 2016. For reasons of relevancy, in the annual accounts the new ratios have already been recorded.

13.2 Actuarial Statement

Assignment
The assignment to issue an Actuarial Statement, as referred to in the Pension Act in respect of the financial year 2015 was issued to Towers Watson Netherlands B.V. by Stichting Mars Pensioenfonds, established in Veghel.

Independence
As the certifying actuary I am independent of Stichting Mars Pensioenfonds, as required by Section 148 of the Pension Act. I do not carry out any other work for the pension fund.

Data
The data on which my audit was based were provided by and were compiled under the responsibility of the board of the pension fund.
In testing the assets of the pension fund and in assessing its financial position, I have based my assessment on the financial data on which the annual accounts are based.

Agreement external auditor
Based on the mutual 'Handreiking' the external auditor and I both apply, there has been agreement about the activities and expectations concerning this year's assessment. For the assessment of the technical provisions and the financial position as a whole I have determined the materiality to be equal to € 3,900,000. With the external auditor I have agreed to report any observed discrepancies above a level of € 260,000. These agreements have been recorded and the results of my assessments have been discussed with the external auditor.
In addition, I have used the basic data that has been subject to the assessment of the external auditor within the context of his review of the annual accounts. The external auditor has informed me on his findings regarding the reliability (material accuracy and completeness) of the basic data and other principles that are important for my judgement.

Activities
In carrying out the assignment, in accordance with my legal responsibility as stipulated in Section 147 of the Pension Act, I have examined whether the pension fund complies with Section 126 up to and including Section 140 of the Pension Act.
The basic data provided by the pension fund are such that I have accepted these data as the point of departure for my assessment activities.

As part of the activities pertaining to the assignment I have, for instance, assessed whether
- the technical provisions, the minimum required net assets and the required net assets have been determined adequately;
- the cost covering contribution has been determined in compliance with the legal requirements;
- the investment policy is in accordance with the prudent person rule.

In addtion I have formed an opinion of the financial position of the pension fund. This opinion is based on the liabilities of the pension fund incurred up to and including the balance sheet date and the available assets on that date, also taking into account the financial policy of the pension fund.
My audit was carried out in such a way that it may be ascertained with a reasonable degree of certainty that the results do not contain any inaccuracies of material importance.
The activities described and the implementation thereof are in accordance with the applicable standards and common practice of the Royal Dutch Actuarial Association and, in my view, provide a sound basis for my opinion.

Opinion
The technical provisions have been determined adequately. The net assets of the pension fund on the balance sheet date were lower than the statutory required net assets, but were not lower than the statutory minimum required net assets.
Taking into account the above, I have satisfied myself that, viewed as a whole, the pension fund has complied with Sections 126 up to and including Section 140 of the Pension Act, with the exception of Section 132 (reserve deficit).

The policy funding ratio of the pension fund on the balance sheet date is lower than the funding ratio associated with the statutory required net assets, but at least equal to the funding ratio associated with the minimum required net assets.
My opinion of the financial position of Stichting Mars Pensioenfonds is based on the liabilities of the pension fund incurred up to and including the balance sheet date and the available assets on that date. In my opinion, the financial position of Stichting Mars Pensioenfonds is not sufficient, because the available net assets are lower than the statutory required net assets.

Apeldoorn, 21 June 2016

R. Kruijff AAG
affiliated with Towers Watson Netherlands B.V.

13.3 Independent auditors report

To: the Pension Board of Stichting Mars Pensioenfonds

Report on the financial statements 2015

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Mars Pensioenfonds as at 31 December 2015, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2015 of Stichting Mars Pensioenfonds, Veghel ('the foundation'). The financial statements include the consolidated financial statements of Stichting Mars Pensioenfonds and its subsidiaries (together: 'the Group') and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2015;
- the consolidated and company income statement for the year then ended;
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

We are independent of Stichting Mars Pensioenfonds in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Pension Board

The Pension Board is responsible for:

- the preparation and fair presentation of the financial statements and for the preparation of the report of the pension board, both in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the pension board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the pension board is responsible for assessing the foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the pension board should prepare the financial statements using the going-concern basis of accounting unless the pension board either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so. The pension board should disclose events and circumstances that may cast significant doubt on the foundation's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A more detailed description of our responsibilities is set out in the appendix to our report.

Report on other legal and regulatory requirements

Our report on the Board report and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the report of the pension board and the other information):

- we have no deficiencies to report as a result of our examination whether the report of the pension board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed;
- we report that the report of the pension board, to the extent we can assess, is consistent with the financial statements.

Amsterdam, 21 June 2016
PricewaterhouseCoopers Accountants N.V.

H.C. van der Rijst RA

Appendix to our auditor's report on the financial statements 2015 of Stichting Mars Pensioenfonds

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the pension board.

- Concluding on the appropriateness of the pension board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the foundation to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the pension 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.

13.4 Terminology

AAL	Accrued Actuarial Liabilty
ABTN	Actuariële Bedrijfs Technische Nota
AFA - Administrative & Financial Agreement	Uitvoeringsovereenkomst
AFM	Autoriteit Financiële Markten
AG	Actuarieel Genootschap
ALM	Asset Liability Management
ARP (MUP)	Associate Retirement Plan (Medewerker Uittredings Plan)
ASP (MSP)	Associate Selection Plan (Medewerker Selectie Plan)
BoJ	Bank of Japan
BPF (industry wide pension fund)	Bedrijfstak Pensioen Fonds
BTO	Bank and Thrift Opportunity Fund
CBS	Centraal Bureau voor de Statistiek
CCC	Cost Covering Contribution
CPI	Consumenten Prijs Index
CSA	Credit Support Annex
CTFR	Continuity Test Funding Ratio
Defined Contribution Pension Scheme (DC)	Beschikbare premieregeling
DNB	De Nederlandsche Bank
EAFE	European And Far East
EB – Executive Board	Dagelijks bestuur
ECB	Europese Centrale Bank
EM	Emerging Markets
EMD	Emerging Market Debt
ETBC	European Treasury & Benefits Centre
FED	Federal Reserve Board
(n)FTK	(nieuw) Financieel Toetsingskader
GDP	Gross Domestic Product (Bruto Nationaal Product)
IBNR	Incurred But Not Reported
IMA	Investment Management Agreement
ISDA	International Swaps and Derivatives Association
KPI	Key Performance Indicators
LDI	Liability Driven Investments
MPF	Stichting Mars Pensioenfonds
MREI	Mars Real Estate Investments B.V.
MRSR/MTR	Minimum legally Required Solvency Ratio (minimal vereist eigen vermogen)
OTC	Over The Counter
OSMR	Ongoing Solvency Margin Ratio (vereist eigen vermogen)
PCC	Pensioen Communicatie Commissie
PFR	Policy Funding Ratio
RIG	Russel Investment Group
RSR	Required Solvency Ratio
RTS	Rentetermijnstructuur
SLA	Service Level Agreement
SCCC	Smoothened Cost Covering Contribution
TRH	Tail Risk Hedge
UFR	Ultimate Forward Rate
UPO (Uniform Pension Overview)	Benefit Statement (Uniform Pensioen Overzicht)