Stichting Mars Pensioenfonds Veghel

Annual Report 2014

Stichting Mars Pensioenfonds
Established in 1964

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

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Unless explicitly mentioned differently all amounts are in thousands of euros

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ANNUAL REPORT

1 KEY FIGURES

Amounts (in thousands EUR)	2014	2013	2012	2011	2010
Members and pensioners					
Active members	1,422	1,427	1,389	1,208	1,241
Deferred members	1,473	1,160	1,158	1,166	1,165
Retirees	1,100	1,126	1,037	970	964
Pensioners per type					
Old age pension	847	833	774	724	721
Partner- and orphan pension	253	283	255	237	237
Pensions					
Cost covering contribution	29.9%	34.6%	35.3%	32.1%	27.2%
Smoothed cost covering contribution	18.9%	20.7%	21.0%	20.9%	19.4%
Actual contribution	20.00%	25.00%	25.00%	20.0%	16.0%
Execution- and administration costs	2,258	2,483	1,849	2,310	3,005
Benefit payments	27,881	26,651	25,350	25,163	24,485
Interest and Indexation					
Active members (MUP interest) average/year	4.64%	5.62%	5.59%	4.77%	3.70%
Inactive members, conditional indexation	1.93%	0.60%	0.29%	1.19%	1.83%
	1-1-2014	1-1-2013	1-1-2012	1-1-2011	1-1-2010
CPI	2.45%	2.32%	2.71%	1.58%	0.38%
Assets and solvency					
General reserve	250,835	243,940	106,230	75,156	199,400
Minimum general reserve	42,289	35,385	36,473	33,414	35,013
Regulatory own funds	272,167	247,766	221,903	209,358	194,465
Actuarial Accrued Liabilities at the risk of the pension fund	1,019,015	852,700	878,900	805,200	700,300
Funding ratio	125%	129%	112%	109%	129%
Assets					
Market Value of assets	1,328,000	1,134,000	999,000	893,000	900,300
Investment returns	206,000	124,000	120,000	600	79,500
Investment portfolio					
Real estate investments	175,400	116,900	52,300	25,900	8,600
Equity	690,700	613,700	464,500	403,200	474,000
Fixed income	216,900	286,000	387,900	360,500	382,500
Other investments	196,200	117,600	94,200	98,300	35,300
Investment results					
Total portfolio	17.2%	12.1%	13.5%	-0.0%	9.0%
Benchmark Return	17.3%	8.8%	13.0%	0.5%	8.2%
Average return per year					
Last 5 years	9.8%	11.1%	3.8%	2.3%	4.6%
Last 10 years	8.5%	8.4%	8.8%	5.9%	5.7%
Investments for risk of the participants (MSP)					
Equity	16,733	12,702	7,685	5,118	4,459
Fixed income	119	81	29	14	5

Unless explicitly mentioned differently all amounts are in thousands of euros

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 the Mars Pension Fund accrue pension benefits for (early or late) retirement, disability and death based on a final pay scheme or a defined contribution and cash balance scheme depending on their start of service 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 dependents' 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 on 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.

In the plan rules the pension promises are documented. Current active members can be a member of either "Plan rules 2004-67" or "Plan rules 2014". "Plan rules 2004-67" is a combined defined contribution and cash balance scheme and "Plan rules 2014" is a final pay scheme.

The ABTN, one of the most important documents, provides insight in 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 December 19, 2013 and applies from 1 January 2014.

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. As from January 1st, 2014, the Pension Board consists of six members instead of eight: 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*) provide otherwise. Each Pension Board Member can authorize another Pension Board Member in writing to represent him during a Pension Board meeting (including the authority to vote). A Pension Board Member can represent not more than one other Pension Board Member. Valid resolutions may only pass if at least

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four Pension Board Members are present or represented at the meeting of which two member representatives and two employee representatives.

As of December 31, 2014 the Pension Board has the following members:

On behalf of the employers					
Name	**Job title in Pension Board**	**Job title**	**Age**	**Year of appointment**	**Year of stepping down**
Mrs. M. de Mars	Board member	Global Controller Mars Food	61	1988	n/a
Mrs. A. Poliquin	Board member	General Counsel-Europe	52	2010	n/a
Mr. W. van Ettinger	Chairman of the Board	Self Employed	59	1997	n/a

On behalf of the employees					
Name	**Job title in Pension Board**	**Job title**	**Age**	**Year of appointment**	**Year of stepping down**
Mr. W. van de Laar	Board member	Technology Manager Bars Global Scale Team	56	2003	2016
Mr. J. van Lith	Secretary*	Secretary Works Council	56	2003	2015

On behalf of the in-active members					
Name	**Job title in Pension Board**	**Job title**	**Age**	**Year of appointment**	**Year of stepping down**
Mr. H. Faassen	Board member	Retiree	64	2014	2018

Pension Board members on behalf of the employers are appointed for an indefinite period. Pension Board members on behalf of the employees and in-active members are appointed for a four year period as from July 1, 2014. After July 1, 2014 Pension Board members can be reappointed with a maximum of two periods.

In 2014, Mr. H. Faassen is appointed as Pension Board member on behalf of the retirees for a period of four years.

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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. F. Nieuwland	EMEA Investments & Funding Manager

As from March 2015, Mr. W. de Korte (EMEA Investments Manager) will take over the responsibility from Mr. F. Nieuwland in the Executive Board.

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 Mars Pension Fund;
- The implementation and dissemination of the policy set by the Pension Board to all relevant parties involved;
- Preparing recommendations to the Board with help of 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 coordinated by the ETBC as well. 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. F. Nieuwland	Investments & Funding Manager

Mrs. S. Tonnaer was formally appointed as the new Director (taking over from Mr. F. Bambang Oetomo) after DNB approval in the meeting of December 16, 2014.
Mr. W. de Korte will take over the responsibility from Mr. F. Nieuwland in 2015 as member of the Pension Office.

2.3.4 Accountability Council and Review Committee

Accountability Council (Verantwoordingsorgaan)

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

At the end of 2014 the Accountability Council consists of:

Name	Job title	Year of stepping down	On behalf of
Mr. I. Langer	Benefits Director S&F	2016	Employer
Mrs. W. Boot	S&F Site Head Mars NL	2015	Employees
Mr. A. Van Gestel		2017	Retirees

In 2014, Mr. H. Faassen became a member of the Pension Board, leaving a vacancy in the Accountability Council. After an election process, Mr. A. van Gestel was appointed as the new member of the Accountability Council on behalf of the retirees.

In 2015, Willemien Boot will leave Mars. As a result there will be elections in 2015 for a new Council member on behalf of the members.

Review Committee (Intern Toezicht)

In 2014, the Pension Board has decided to have a review by a Review Committee (*Visitatiecommissie*) in 2015. 3 Members of Stichting ITP will do the review. The advice of the Accountability Council was asked in the selection of the supplier for the Review Committee. In the annual report a separate section is included 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.

2.3.5 Administration

As from 1 January 2014, the member administration, the investment administration of the Associate Selection Plan of Plan 2004-67, and the financial administration and payroll are outsourced to TKP in Groningen. The Pension Board has agreed a contract and the Pension Office has defined processes and deliverables in an SLA with TKP. The Pension Board keeps overview of the processes and deliverables by reviewing the quarterly SLA report that TKP provides. Mrs. H. Bakermans is responsible for managing the activities and project work of TKP.

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 advice 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 2014 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	
Mr. J. Price	Retiree. Before: VP Operations Europe Mars Petcare and Main Meal Food.	
Mr. W. Rigler	S&F Staff Officer Western Europe	
Mr. D. Szente	Chief Investment Officer	Chairman
Mr. F. Bambang Oetomo	Supply Finance Manager Mars	

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	Nederland	

As from 2014, Mr. F. Bambang Oetomo is a member of the Investment Committee. In 2015, Mr. F. Nieuwland will take over the role of Chief Investment Officer from Mr. D. Szente.

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 Plan 2004-67.

On 31 December 2014 the Advisory Committee Investment Structure ASP for the defined contribution plan is composed of the following members:

Name	Job title	Details
Mr. F. Bambang Oetomo	Director	Company representative
Mr. B. Kanis	Barline Senior Technologist	Member representative
Mr. H. van Heesch	Process Area Operator	Member representative
Mrs. L. VanHerf	Accounting Analyst	Member representative
Mr. H. van Berkel	Investment Reporting & Control Analyst	Member representative

Members are appointed by the Pension Board, taken into account that at most two members will be appointed after consultation with the employer. In 2015, Mr. F. Bambang Oetomo, Mrs. L. VanHerf will end their membership. Mr. H. van Berkel will become chairman and Mr. M. de Vries and Mr. F Plaizier will join this advisory committee.

2.3.7 Investment managers

The main investment managers, ranked by value are PIMCO, GMO, Marathon, MSIM, Neuberger Berman, Lasalle IM, Blackstone and Arrowstreet. 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 uses outside consultants in carrying out its duties.

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
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	Towers Watson, Apeldoorn

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

3 FINANCIAL INFORMATION

3.1 General Financial Market Developments 2014 and outlook 2015

The global economy continued to expand at a moderate pace in 2014, with a divergent recovery among the major developed markets (strong growth in the US and UK contrasting with weaker growth in the Eurozone and Japan). The sharp and unexpected, supply-induced decline in oil prices after four relatively stable years was a significant net plus for the major developed market economies and for the global economy in aggregate. The effects of lower oil prices for the emerging economies were mixed, however. Major importers in Asia benefitted considerably from lower oil and commodity prices, while exporters such as Russia and Brazil were adversely impacted.

Global equity markets produced mixed results, with US equities outpacing their EAFE and EM counterparts by more than 15% over the course of the year. US stock returns were driven by multiple expansion and above average profit margins. On the flip side, European stocks were hampered by uninspiring growth, while emerging market stocks were negatively impacted by growth concerns. With strong US labour markets signalling that an initial policy rate increase is on the horizon, the US dollar appreciated by 6.2%,13.8% and 11.7% versus the GBP, EUR and CHF, respectively, over the course of the year.

Sovereign debt posted strong returns for the year largely due to increasing monetary stimulus (particularly in Japan and Europe), and lower than expected inflation. Credit markets provided a positive return for the year but results for the fourth quarter were mixed. 2014 was a particularly eventful year for the High Yield markets, with the dramatic sell-off in the summer followed by further downward pressure, particularly on energy sector credits in the fourth quarter. Emerging Market Debt posted strong returns for the year, although Local Currency Debt was negatively impacted by the strengthening of the USD relative to EM currencies.

The global economy appears to be entering its fourth consecutive year of approximately 3% growth. Although the most likely macro outlook – which calls for a slight step-up in the pace of global growth in 2015 – might appear to be ordinary on the surface, its underpinnings can by no means be labelled as “business as usual.” Critical assessments must be made about the impacts on the global economy of various factors, including: lower oil prices, strong dollar/depreciating currencies, diverging monetary policies, and deflationary forces. Assumptions must also be made about the vulnerability of the most likely macro outlook to economic risks such as a hard landing in China, political uncertainty – particularly growing populism in Europe – and escalating geopolitical risks. The core outlook remains positive over the medium-term time frame. Monetary policies and fiscal policies, to a lesser extent, continue to provide tailwinds for the developed markets, and this could provide a backdrop for return-seeking assets to outperform sovereign debt.

3.2 Return of MPF

The investment portfolio of the Pension Fund performed broadly in line with the benchmark, achieving a net performance of 17.2% versus a net benchmark return of 17.3%.

Note: 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.

3.3 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.

3.3.1 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 23).

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

	2014	2013
Annual execution- and administration costs	2,258	2,483
Costs per member in euro's: active members and retirees	895	970
Costs per member in euro's: active members, retirees and inactive members	565	670

These costs include both the ongoing costs as well as the project costs. In 2013, the project to implement the new member administration and financial administration including payroll with the new administrator TKP started so a high level of costs for administration is for 2013 and 2014 expected until the implementation of the administration is ready. In 2015, higher advisory costs are expected due to the changes in legislation and the investigation the possibility of IORP.

As we have a high standard on member administration and communication we are aware MPF has relatively high costs.

3.3.2 Investments costs

The table below shows the investment related costs incurred by the Pension Fund in 2014.

Investment related costs	Costs outside the funds	Costs inside the funds	Total costs
	in bps.	in bps.	in bps.
Management fees	0,24%	0,27%	0,51%
Advisory fees	0,13%	0,00%	0,13%
Other fees	0,04%	0,09%	0,13%
Performance fees	0,00%	0,09%	0,09%
Total	**0,42%**	**0,45%**	**0,86%**
2nd layer costs			0,30%
Transaction costs			0,25%
Total			**1,41%**
Benchmark			0,95%
Difference vs Benchmark			**0,46%**

It includes 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).[1]
As of this year transaction costs are included in the overview. These costs are invisible for the Pension Fund and generally not yet recorded and available, which is recognised by many Dutch pension funds. Based on the directions provided by the Federation of Dutch Pension Funds, an estimation of the transaction costs has been made by CEM.
The investment managers have provided data for the so called second-layer costs within Fund of Funds structures (costs charged to the underlying funds). There where the data was not available (Blackstone SAF II) a best estimate was included (based on Blackstone Effem I data).

[1] Directly invoiced investment related costs are specified in the Annual Accounts (chapter 11.7, note 22).

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The Benchmark from the CEM exercise on 2013 data was 95bps. The outcome of the CEM exercise based on 2014 data, which will provide a new benchmark, will be completed in August 2015. However, it can be assumed that the costs structure is reasonably stable across the years.
From the CEM analysis it can be concluded that the Pension Fund has a high investment costs structure, however one should always consider this together with the investment performance of the Pension Fund. Over the last 10 years the Pension fund has added 1.3% annually (net of fees) relative to its strategic benchmark.

The relatively high investment costs can be explained by the way the Pension Fund has structured the investment policy, organisation and approach:

- The 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 alternative investments, which are assumed to provide the highest return and these managers generally charge higher fees.
- The Pension Fund has a relatively small internal team and pays relatively high fees to obtain strategic advice.

The Pension Board will continue to monitor the costs and will engage CEM for an annual analysis for the coming years.

3.4 Pensions

During 2014 the liabilities have increased by 19.5% to EUR 1.02 billion. An important reason for this is the yield curve change (increase of AAL of 176,212).
On 1 January 2014 the law “Wet verhoging AOW- en Pensioenrichtleeftijd (Wet VAP)” came into force. As a result Mars has introduced a new (adjusted) final pay pension plan (hereafter: plan 2014), applicable as of 1 January 2014. The Pension Board has decided in the Pension Board meeting of 4 October 2013 that all members of the old defined benefits plans are transferred to the new plan.

For those members who were already a member of the plan before 1 January 2004, this new final pay plan called “plan 2014” is applicable. For those members who became a member on or after 1 January 2004 the defined contribution plan called “Plan 2004-67” is applicable.

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

	2014	2013	2012
Old plan rules[1]	n/a	39	43
Plan 2004-67	660	617	516
Plan 2014	762	771	830
Sum of total	**1,422**	**1,427**	**1,389**

For the members in the plan 2014 the pensions in payment and deferred rights were increased as per 1 January 2014 by 1.93%. The estimated funding ratio year-end 2013 (129.5%) was above the estimated Legally Required Solvency Ratio (128.0%). Based on the indexation policy, with a reference price inflation of 2.45% and a Wage index for this period of 1.29%, the Pension Board decided to fully grant the indexation ambition for 2014 of 1.84% and to grant a correction regarding the previous year of 0.09% (related to the missed opportunity in 2013 to catch up with the retained amount of indexation because of the wage index cap). The indexation was not included in the AAL as at 31 December 2013 and is therefore included in the AAL in 2014.

In the Pension Board meeting of 12 November 2014 the Pension Board made a decision about the indexation as of 1 January 2015. The estimated funding ratio per 31 October 2014 (124.1%) was below the

[1]The active members in the old plan rules are all disabled members whose pension continuously accrues in the old plan. As from 1-1-2014 the rights of these members are converted into Plan 2014.

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estimated Legally Required Solvency Ratio (127.6%). Based on the indexation policy the Pension Board decided to grant a total indexation percentage of 0.84% as per 1 January 2015. This consists of two parts:

- A partial factor of 85.2% of the full indexation ambition for 2015 of 0.66% (=75% of 0.88%) resulting in an indexation percentage of 0.56%;
- Additional indexation of 0.28%. If the Wage index in a following year exceeds the target indexation, the retained amount can be provided as additional indexation in that year. Based on the partial factor the Pension Board granted 0.24% catch up for the wage index. Furthermore the Pension Board decided by the discretionary power to grant the remaining catch up for the wage index of 0.04%.

This indexation per 1 January 2015 is included in the AAL year-end 2014.

The total outstanding (catch up) indexation at the end of 2013 equalled 2.86%. After the above granted indexations there remains a total amount of 2.59% on outstanding indexations as per 1 January 2015.

For the active members in Plan 2004-67 the (annualised) interest on the ARP was 5.45% for the period 1 January 2014 until 30 June 2014 and 3.83% for the second half of 2014. For deferred members the interest is conditional based on the Funding Ratio per end of December and end of June in any year. The Funding Ratio per end of December 2013 and June 2014 was higher respectively lower than the Legally Required Solvency ratio for that particular month. Therefore the interest for deferred members was equal to 5.45% for the first half of 2014 and 3.50% for the second half of 2014 respectively.

3.5 Actuarial

In this section we summarize the actuarial report.

Financial position	31 December 2014	31 December 2013
Market Value of Assets	1,269,850	1,096,588
Actuarial Accrued Liabilities at the risk of the pension fund	1,019,015	852,648
Actuarial Accrued Liabilities at the risk of the members	16,852	12,783
Actual Funding Ratio	124.6%	128.6%
Legally Required Solvency Ratio	126.7%	129.1%
Legally Required Minimum Solvency Ratio	104.2%	104.2%

During the financial year 2014 the Actuarial Accrued Liabilities (AAL) at risk of the pension fund increased with 166,367. An important reason for this is the yield curve change (increase of AAL of 176,212). The Market Value of Assets increased by 173,262 during 2014.
The profit and loss account (P/L) shows a positive result of 6,895 leading to the own funds increasing from 243,940 to 250,835 in 2014. The Funding Ratio decreased during 2014 from 128.6% to 124.6%. Because the Legally Required Ratio is 126.7%, there is a reserve deficit per 31 December 2014.

The cost covering contribution on market value is determined at 23,997. The smoothed cost covering contribution equals 15,135. The actual contribution was 17,339. For more information we refer to Chapter 9.

3.6 Funding Ratio

In 2014 there has not been a positive trend for successive months in the development of the funding ratio. The interest rates have decreased throughout 2014. On the other hand the return on investments have altered and therefore the funding ratio altered. The funding ratio has been above the Minimum Legally Required Solvency Ratio of 104.2% during 2014. During 2014 the pension liabilities of the Mars Pension Fund increased in total by 19.5% to EUR 1.02 billion. The assets have increased by 15.8% over 2014. At year-end 2014 the Funding Ratio was 124.6%. This was below the Legally Required Solvency Ratio of 126.7%, so there is a reserve deficit at year-end.

The real funding ratio, based on European price inflation is 89.0% as of year-end 2014. In the determination of the real funding ratio the AAL is calculated based upon the real interest rate curve, which takes into account the full European price inflation.

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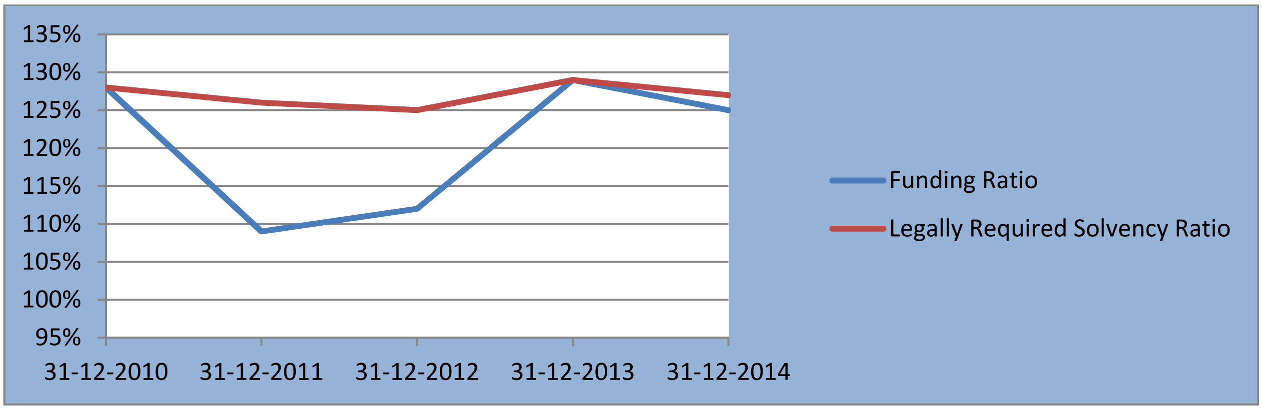
According to the plan rules of MPF it is our ambition to conditionally grant 75% of Dutch price inflation. The real funding ratio is calculated for information purposes.

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

	Funding Ratio	Legally Required Solvency Ratio
End 2010	128%	128%
End 2011	109%	126%
End 2012	112%	125%
End 2013	129%	129%
End 2014	125%	127%



3.7 Recovery plan

In November 2008, the Funding Ratio (115%) was below the Legally Required Solvency Ratio (126%). In March 2009 a long term recovery plan was submitted to DNB and in September 2009 a revised one.

The long-term recovery plan has been prepared in accordance with article 16 of the Besluit FTK Pensioenfondsen (Financial Assessment Framework) and shows a steady recovery. A recovery plan ends when the Funding Ratio is above the Legally Required Solvency Ratio for three quarters in a row. For MPF this has not been the case because at year-end 2014 the Funding ratio is below the Legally Required Solvency Ratio.

In December 2014 DNB has abolished all recovery plans due to the transition to the new Financial Assessment Framework (nFTK). For the same reason at year-end 2014 no evaluation of the recovery plan has been performed. Because of the reserve deficit of Mars Pension Fund under the nFTK as per 1 January 2015 the pension fund has to develop a new recovery plan before 1 July 2015.

3.8 Administrative and Financial Agreement

The structural contribution for the employers is 20% of the salary sum of all active members. In case the Funding Ratio is below the Legally Required Solvency Ratio the contribution will increase to a maximum of 25%. In case the smoothed cost covering contribution is higher than 25% the contribution will be equal to the smoothed cost covering contribution. In case of a funding deficit the maximum percentage of 25% is not applicable and the annual contribution will be 20% plus one third of the extra contribution necessary to recover to at least 104.2%. When the Funding Ratio is higher than the Legally Required Solvency Ratio plus 5% a lower contribution is possible. More details are provided in the actuarial section.

As the Funding Ratio as per 31 December 2013 was above the Legally Required Solvency Ratio the Pension Board decided to set the contribution for 2014 at the level of 20% of the pensionable salary sum of all active members. The smoothened cost covering contribution 2014 was below this 20%.

Unless explicitly mentioned differently all amounts are in thousands of euros

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 the December meeting about the indexation and the contribution for the next year, based on the Funding Ratio of October. This way, the indexation can be applied as from January and there is no more need for back payments. So, in de meeting of 16 December 2014, the Pension Board decided about the indexation 2015 and the contribution 2015. As that Funding Ratio was below the Legally Required Solvency Ratio the Pension Board decided to set the contribution for 2015 at 22.8% of the pensionable salary sum of all active members. This is the normal contribution of 20% plus an additional contribution of 2.8% because of the level of the Funding Ratio. The smoothed cost covering contribution 2015 was below this 20%.

The Adminstrative and Financial agreement will be revised in 2015, as the nFTK (new financial framework) has an impact on the indexation policy and the contribution policy.

3.9 Supervision

There were no penalties from DNB received during 2014. DNB has not given any instructions to the Pension Fund. DNB has given approval for Mr. H. Faassen to become a member of the Pension Board and for Mrs. S. Tonnaer to become Director in 2014. The adjusted Articles of Association, the instruction Review Committee, the Election and Appointment Rules, and the Regulations Accountability Council were sent to DNB for approval. DNB had one minor remark on the Articles of Association and gave approval after adjustment DNB selected MPF for an investment investigation in 2014. The report of DNB has been received in 2015. Other Surveys by DNB the Pension Fund participated in were:
- Conflict of interest;
- Pension Fund Governance (" *Wet Versterking Bestuur Pensioenfondsen*");
- Contribution 2015.

4 RISK SECTION IN TERMS OF OBJECTIVES, POLICIES AND FINANCIAL TOOLS

In its risk management efforts the Pension Fund can utilize the following policy instruments:

- An ALM Policy and Duration Matching;
- A Strategic and Tactical Investment Policy;
- A Funded Status Policy;
- A Refund Policy;
- A Contribution Policy;
- An Indexation Policy;
- A Reinsurance Policy;
- A Risk Policy for Alternative Investments;
- A Risk Policy for Outsourced Activities;
- Risk management Procedures for Operational Activities.

Which policy instruments will be utilised when and how, is largely determined by extensive analyses focusing on expected developments in the evolution of the liabilities and the relevant developments on financial markets. The Pension Fund uses Asset-Liability-Management (ALM) studies to focus on the long-term developments of both sides of the balance sheet. An ALM study analyses the structure of the pension liabilities and analyses the behaviour and consequences of various investment policies under many diverse economic scenarios.
One should bear in mind that the Pension Fund will always use a combination of policy instruments to manage and control the risks that the Pension Fund is exposed to. More often than not, the application of different instruments simultaneously is more effective than the singular use of one instrument. For example, in its overall policy framework, the Pension Fund has established a direct and explicit link between the funded status and the contribution and indexation policy. Following the outcomes of the ALM study and the investment policy review, the Pension Fund decides on investment policy guidelines on which the actual investments implementations are based. These investment guidelines also define the ranges and limits within which the investment strategy has to be executed, and the ranges and limits are set to manage the most important investment risks. The Pension Fund’s tactical asset allocation efforts are also used to control perceived price risks. Based on the insights from the investment advisors overvalued asset classes will be underweighted in the portfolio, and undervalued asset classes will be overweighed. The tactical policy is partly used to reduce the overall absolute volatility of the portfolio and to protect the absolute value of the investments.

In Paragraph 11.7 Risk Management and Derivatives the most important financial and capital market risks a pension fund will normally be exposed to are described including the figures for MPF.

4.1 Operational Risk

The operational risk is related to the execution of administrative and investment activities caused by insufficient internal processes, administrative systems or external events. This risk of the administrative activities is mitigated by the quality demands of the Service Level Agreements between Stichting Mars Pension Fund and the provider TKP. TKP also has an ISAE 3402 type II report. The transition of the execution from Xerox and Lohoff and Partner to TKP is managed by the Pension office. The Pension Board, together with TKP and the Pension Office has assessed the risks and are monitoring regularly, also still in 2014, the developments of the project and the risks as TKP has implemented the pension plans (including plan changes 2014) in the administration in 2014.

4.2 Legal Risk

Legal risks are related to compliance with legislation and changes in legislation or the possibility that contractual provisions are not sufficiently documented. Mars Pension Fund acknowledges the importance of compliance with the upcoming changes in legislation in 2015. The Pension Board keeps up to date with these changes. Besides the legal knowledge of the Pension Board and the Pension Office, Mars Pension

Fund is advised by external legal advisors. These legal advisors are also consulted for all the contractual agreements of Mars Pension Fund. The Compliance Officer also monitors the compliance with legislation and has quarterly meetings with the external legal advisor of Mars Pension Fund. The Pension Office performs with the input of the Compliance Officer and external legal advisor an annual compliance check of all the legal documents which is discussed by the Pension Board in the December meeting.

5 LOOKING FORWARD

5.1 Pension Fund Governance

New legislation for the new governance models became applicable as from 1 July 2014. In 2014, the Pension Board has started with the recommendations from the Code Pension Funds. As the Pension Board has decided in March 2015 not to go ahead with IORP, the Governance will be high on the agenda again in 2015. The Pension Board will continue in 2015 with the recommendations of Code Pension funds. With the Checklist Code Pension Funds the Pension Board has reviewed the compliance with the standards of the Code Pension Funds (see 10.1). for an overview of those standards that are (partly) not met yet or have to be part of the annual report. The Pension Board will continue to review the sustainability of Mars Pension Fund in the future and will explicitly consider other governance and execution alternatives. In 2015, special attention by the Pension Board and the company will be given to succession planning. In 2015, there is a vacancy for the Accountability Council and in 2016, a reappointment or vacancy of the Pension Board member on behalf of the members is expected.

5.2 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 2015, the allocation to the Private Credit asset class is expected to further ramp up. Per beginning of 2015 the BTO Fund I was already fully committed and it was decided to continue to invest with BTO. The BTO Fund II was implemented in January 2015, with the investment period ending in January 2018. The Private Equity investments are expected to reduce as the Effem I fund comes into the harvesting phase. To maintain the current allocation to Private Equity, the strategic advisor will conduct 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 number of buying opportunities through the current investment manager and strategy (direct investments in the, mainly secondary, UK market) have reduced. It is planned to add a Property Fund of Funds to the portfolio in 2015.
Furthermore the Strategic advisor will be investigating further opportunities for alpha generation through Global Tactical Asset Allocation (GTAA), Portable Alpha and systematic rebalancing. The latter has already been approved for implementation.

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 2015. The tactical Equity Tail Risk Hedge overlay in the portfolio, to mitigate the risk of a negative tail risk event, will be completely wind down at the end of Q1 2015. 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.

5.3 Pension Schemes

The changes in fiscal legislation as from 1 January 2015 became clear during 2014. The sponsor has decided to make the necessary changes to the Mars Pension Plans as from January 2015 in order to comply with the (new) legislation and also see if some simplification can be accomplished. This meant for Plan 2014 a decrease of the percentage of accrual of old age pension (from 1.9% to 1.657%) and a cap of the pensionable salary of EUR 100,000 is introduced. Some simplification of the plan was accomplished by introducing one date (1 January) to set the pensionable salary and State Pension Offset. The name of the plan will be Final pay plan (‘*Eindloonregeling*’) as from 2015.

For Plan 2004-67 the changes as from 1 January 2015 were a result of the new fiscal legislation combined with some changes that resulted from earlier fiscal legislation. This combined led to the following changes as from 1 January 2015:

- The pensionable salary is capped at EUR 100,000.
- The contributions are equal to the fiscal 3% contribution table instead of the 4% contribution table, resulting in higher contributions for the younger age groups;
- No longer a guaranteed return on assets in the ARP plan of CPI +3%, but instead a conditional return of CPI plus 3%. Conditional means depending on the actual return made on assets.
- The conversion rates of the ARP plan include a solvency surcharge;
- When converting the ARP capital to pension within Mars Pension Fund one gets a pension with a conditional indexation. The options of nominal pension or an unconditional indexation are no longer possible.

The name of this plan will be ARP/ASP plan as from 1 January 2015.

Both plan rules will be reviewed by the Tax Authorities.

5.4 New financial framework

In 2015, the Financial Framework (nFTK) changes. In December 2014 the legislation became final and is applicable as from 1 January 2015. The Pension Board is currently addressing all requirements related to the nFTK. Most of these requirements have to be implemented before 1 July 2015. As the decision not to go further with IORP was made in March, this means a relatively short timeframe to meet all requirements. As soon as the effects for members (if any) are known, they will be communicated.
Both the Pension Board and the Pension Office follow new developments and insights closely and make sure that the Fund will stay compliant with the new pension legislation.

nFTK introduces a new Funding Ratio; the Policy Funding Ratio. This Policy Funding Ratio is the average of the last 12 months Funding Ratio nFTK (based on actual interest instead of the 3months average).

An overview of the Funding Ratio FTK versus nFTK:

	Funding Ratio FTK	Legally Required Solvency Ratio FTK	Funding Ratio nFTK	Policy Funding Ratio (beleids-dekkingsgraad)	Legally Required Solvency Ratio nFTK
End 2014	124.6%	126.7%	119.5%	126.4%	132.7%

5.5 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. Anyway, Mars Pension Fund will have to perform an update of the ‘equality test’ in order to maintain dispensation from BPF Sweets in 2015.

5.6 Duty of Care (Zorgplicht) Plan 2004-67 (ARP/ASP plan)

Members of Plan 2004-67 (for the ASP part) have the possibility to follow the Life Cycle Mix or to opt-out from the Life Cycle Mix and choose their own investment mix. In 2015, following the advice of the Advisory Committee Investment Structure ASP, the Fund will implement some changes to ensure ongoing compliance with Duty of Care legislation. Also the current asset mix will be extended so that the opportunity set is widened.

Unless explicitly mentioned differently all amounts are in thousands of euros

6 PENSION BOARD ACHIEVEMENTS

The Pension Board had 4 physical Pension Board meetings in 2014 and 3 meetings by telephone concerning the indexation and contributions for 2014 and 2015. 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 2014 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.

6.1 Governance

The Pension Board uses a dashboard and balance sheet management reports to have an adequate oversight of the status and development of all activities. During 2014 Pension Board members have attended several meetings organised by the *Pensioenfederatie* and *DNB* 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. The first review of the Review Committee will be in the beginning of 2015, covering 2014 and there comments will be part of this report.

The Pension Board has in 2014 continued to review the sustainability of Mars Pension Fund in the future and will explicitly consider other governance and execution alternatives. All stakeholders of the Fund were informed of possibilities. In 2014, the Pension Board has investigated the possibility of an IORP and recently decided not to proceed.

In 2014, the Pension Board has started with the recommendations from the Code Pension Funds and will continue to do so in 2015. For an overview what recommendations were not yet or partly applied can be found in the 10.1. One of the follow-ups of the Code was adjusting the Code of Conduct and implementing the whistle blower policy into this Code of Conduct. In 2014, Mars Pension Fund participated in the DNB Survey about conflicts of interests ('*Belangenverstrengeling*'), which resulted in some adjustments to the Code of Conduct and addressing this topic during each Pension Board meeting.

The appointment of Mr. H. Faassen as member of the Pension Board on behalf of the members was formalized in 2014, after approval by DNB. Mrs. S. Tonnaer has taken over the role of Director in December 2014, after approval of DNB. Mr. H. Faassen has successfully acquired his certification '*Deskundigheidsniveau* 1". In 2014 Mr. A. van Gestel was appointed as member of the Accountability Council on behalf of retirees after an election process.

These changes in the Pension Board meant also changes in the Competency Matrix and the Competency Teams. Pension Board members are appointed to areas of expertise defined by DNB. These Competency Teams have detailed knowledge of their area, and also manage the area in more detail and advice other Pension Board members on their topics. After the appointment of Mr. H. Faassen, the roles and responsibilities of the Competency Teams are as follows:

Topic	Scope	Pension Board Members
Legal	Pension Law Governance	Mr. W. van Ettinger Mrs. A. Poliquin
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 Mr. H. Faassen
Communication	Pension Communication	Mr. H. Faassen Mr. J. van Lith
Governance	Governance	Mrs. A. Poliquin Mr. W. van Ettinger
Outsourcing	Outsourcing	Mrs. M. de Mars Mr. W. van Ettinger

6.2 Actuarial

Recovery plan and Funding Ratio
The Pension Board has monitored the development of the Funding Ratio and the consequences for the long-term recovery plan on a monthly basis. To perform this task a monthly Asset Liability Watch (ALW) was provided by Towers Watson. The funding ratio has been above the Minimum Legally Required Solvency Ratio of 104.2% during 2014. The Funding ratio is below the Legally Required Solvency Ratio at year-end 2014, so there is a situation of a reserve deficit.

A recovery plan ends when the Funding Ratio is above the Legally Required Solvency Ratio for three quarters in a row. For MPF this has not been the case because at year-end 2014 the Funding ratio is below the Legally Required Solvency Ratio. In December 2014 DNB has abolished all pension funds' recovery plans due to the transition to the nFTK. For the same reason at year-end 2014 no evaluation of the recovery plan has been performed. Because of the reserve deficit of Mars Pension Fund under the nFTK as per 1 January 2015 the pension fund has to develop a new recovery plan before 1 July 2015.

Funding and indexation 2014 and 2015
In line with the indexation policy of the Mars Pension Fund the Pension Board decided in its Board meeting of 28 January 2014 to grant an indexation of 1.93% effective 1 January 2014. In the Board meeting of 12 November 2014 the Pension Board decided to grant a total indexation of 0.84% effective 1 January 2015 based on the indexation policy and the financial position of the pension fund as per 31 October 2014.
The total outstanding indexation at the end of year 2013 equalled 2.86%. After the above granted indexations there remains a total amount of 2.59% on outstanding indexations as per 1 January 2015.

For 2014 the contribution is equal to the structural contribution of 20%. In the Pension Board meeting of 12 November 2014 the Pension Board made a decision about the contribution as of 1 January 2015 using the financial position of the pension fund per 31 October 2014. For 2015 the estimated SCCC is 18.4% (including an employee contribution of 1.5%). According to the contribution policy the employer contribution for 2015 will be 22.8%, which consists of a structural contribution of 20.0% and an additional contribution of 2.8% based on the estimated financial position of the pension fund per 31 October 2014.

Unless explicitly mentioned differently all amounts are in thousands of euros

6.3 Investment Policy

In 2013 the Pension Board of MPF has ratified a new Investment Policy, on the basis of the advice of Secor Investment Advisors as well as the results of the ALM study.

One of the key features of the 2013 Investment Policy is a slight increase in the return-seeking posture. The key changes include increasing the equity allocation from 38% to 45% and reducing bond allocations from 25% to 15% and adding a new asset class, Private credit. The rationale for this change was that the Pension Board assessed that a slightly more aggressive stance provided an improved probability of achieving their goals with a manageable downside outcome. In addition to these long term strategic targets, dynamic long term strategic overweight's were approved for Real Estate and High Yield bonds of respectively 10% (from 15% to 25%) and 3% (from 10% to 13%). The Real Estate overweight is sourced using a 55% High Quality Bonds and 45% Global Equity substitution rule and the High Yield bond overweight is sourced by Private Credit entirely.

The investment policy was scheduled to be implemented during 2013 and 2014. In 2013 already 3 Private Credit funds were added to the portfolio and in 2014 this work was completed, by setting up a Private Credit completion Fund of Funds. Also, the High Yield and Emerging Market Debt (EMD) asset classes were combined into a Diversified High Yield Bond asset class. The Diversified High Yield is designed to be an optimized, flexible allocation to return-seeking fixed income investments.

The Pension Board, the Investment Committee, the ETBC investment team and the Strategic Investment Advisor have continued to monitor the developments of the financial markets. Interest rate movements were dynamically addressed with the LDI programme, whilst equity risk was (partly) covered with the Equity Tail Risk Hedge overlay programme.
In the last quarter of 2014 it was decided to take off the Tail Risk Hedge overlay programme as it had served its purpose in 2013 and 2014 and it was deemed no longer required.

6.4 Duty of Care (Zorgplicht) Plan 2004-67

Members of Plan 2004-67 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 2014 there were 1% of the members who have chosen for opting out.

6.5 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 of Plan 2004, and the financial administration and payroll. In 2014, TKP has implemented the pension plans (including plan changes 2014) 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 is almost finalized. Errors in rights, which were found during the implementation, are discussed with the Pension Board and Tax Authorities. It was decided to correct the pensions by freezing the communicated or paid pensions until the differences are catched-up by accrual or indexation. These correlations were relatively minor. Careful communication to members affected was performed.
No formal complaints from members were registered in 2014 by TKP.

6.6 Communication

A general communication strategy plan is applicable and for the plan changes 2014/2015 a separate communication plan was in place.

In 2014, the changes of the pension plans as from 1 January 2015 were communicated both by the employer and by Mars Pension Fund to all members. This communication was done by letters and news items on the website.
During 2014, the planner went life for active members of Plan 2014 and for Plan 2004-67, except for disabled members. The changes as from 1 January 2015 were implemented in the planner for Plan 2014 before the year-end 2014.

During 2015 further improvements on the website are planned, such as the introduction of a Dashboard to support members' financial planning.

6.7 Legal

In 2014, the plan rules 2015 for the final pay plan were approved by the Pension Board. An overview of the changes in the plan rules for the ARP/ASP plan as from 2015 was also approved by the Pension Board in December 2014. In 2015, the plan rules will be finalized after approval by the Ministry of Finance.

Due to the legislation around governance models (' Wet versterking bestuur pensioenfondsen', the following documents were updated:

- Articles of Association;
- Selection and Appointment regulations (of PB and AC Members);
- Regulations of the Accountability Council (AC);
- Instructions Review Committee (RC)

6.8 Accountability Council follow up

In the annual accounts 2013 the Accountability Council (AC) mentioned some attention points in their report. In this section we give more insight into the follow-up of these attention points.

- **Governance and Pension Board composition**
  With respect to governance and Pension Board composition, we have commented on the changes made during 2013, but we are concerned that the area of governance is subject to continued legislative change. In particular we have noted that the amount of time required from members of the Pension Board is ever increasing, both to attend meetings and to undertake the training required. We ask the Pension Board to consider what steps could be taken to ensure that succession plans are built such that new Pension Board members can start the training process prior to them taking on board roles. We have an ongoing concern that the current governance model may not be sustainable. We also ask the Pension Board to consider this same principle of planning for succession for roles in the Accountability Council and the Pension Office.

  Follow up Pension Board - We agree with this concern, but regard this as a shared responsibility with the social partners who are proposing future Pension Board members and also members of the other committees**.** However we were in 2014 focusing on the IORP. Now that it is decided not to go ahead with IORP we are going to be in touch with social partners and retirees to develop succession options for all roles for all stakeholder groups.

- **P&O representation in the Pension Board**
  We also note that with the change in Pension Board composition there is no P&O representation on the Pension Board for the first time. We ask that the Pension Board consider how they can continue to obtain P&O input from the sponsoring employers even if there is no P&O Pension Board member

  Follow up Pension Board **-** The responsibility is in first instance with P&O to attend Pension Board meetings at least for those parts that require interaction between P&O and the Fund. We have pro-actively sought this contact and have informed P&O of all dates for Pension Board meetings and Walk-In sessions. We have only partially succeeded in improving the attendance of P&O in the meetings and in the walk in sessions and welcome that change. Besides this, the Director holds meetings with P&O to discuss the agenda of the meeting to bring their input to the meetings.

- **Complexity investment strategy**
  We have also commented on the Pension Board response to the concerns we raised in our 2013 report regarding the complex investment strategy. The Pension Board has taken action to ensure that appropriate risk controls are in place, but we feel that more can be done to ensure that the complexity of the strategy offers value for money, although we note that the current strategy delivers returns in excess of benchmark returns. The risk control actions are comprehensive and detailed. We would encourage the Pension Board to ensure appropriate risk control measures are in place to cover the administration of the plan**.**

  Follow up Pension Board - This point has the ongoing attention of the IC. Reporting to the Pension Board is becoming more familiar. Every quarter the Pension Board receives a report from SECOR/IC where all the positions are explained during the meeting by the Investments & Funding Manager of the Pension Office and the added value during the preceding quarter and year is analyzed and explained to the Pension Board. The risk control measures to cover the administration of the plan have also the Pension Board's attention by working on a governance and control framework, which for the investments processes was completed in 2014. And several risk assessment sessions regarding the implementation of the administration were performed by the Pension Board members and the Pension Office.

- **Legislative changes**
  We note that the Pension Board is considering the implications of the proposed legislative changes with respect to governance, fiscal legislation and nFTK. We ask that the Pension Board pay particular attention to the prospect of this new framework being introduced and, in particular, ensure that an appropriate dialogue is maintained with the sponsoring employers regarding the potential funding implications of the nFTK**.**

  Follow up Pension Board **-** We have decided together with the sponsoring employers about the funding for 2015, still in 2014. So the nFTK consequences will only have an impact from 2016, so there is time to review the results. Now the IORP is no longer considered, we will give this work full attention.

- **Relationship with the sponsor**
  Finally, we observe that the Pension Board maintains 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 particularly in this time of considerable legislative change**.**

  Follow up Pension Board **-** We are doing this on all fronts such as governance, funding, investments, risk posture/attitude and legislative changes.

7 BENEFITS SECTION

The Mars Pension Fund manages 2 sets of plan rules for the active members and in total 5 sets of plan rules for deferred members and/or retirees. In the section below a brief description of the plan rules for active members is provided.

In 2013, the Pension Board decided to transfer the 5 sets of plans for deferred members and/or retirees to the new pension plan Plan 2014 as from 1 January 2014.

7.1 Plan 2014

The 2014 Pension Plan is a final pay defined benefit plan, which has been in effect since 1 January 2014. This regulation applies to the closed group of associates who were already active members of the 2000 Pension Plan before 31 December 2003 and were born on or after 1 January 1950.

Old age pension	1,9% of salary multiplied by the average shift percentage minus offset
Partners pension	70% of accrued old age pension, in case of death it is assumed that the membership would have continued
Orphans 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 April 2014: EUR 19,988.52
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

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 Funds' pension benefits.

7.2 Plan 2004-67

The 2004-67 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 2004-67 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).

Unless explicitly mentioned differently all amounts are in thousands of euros

	ARP	ASP
Type	Cash Balance plan	Individual defined contribution plan with investment module
Employee contribution	No	Compulsory contribution of 3% plus voluntary contribution with an age related maximum
Employer contribution	Age related	Equal to voluntary contribution of employee
Offset (Franchise)	EUR 13,761.59	EUR 13,761.59
Interest	CPI + 3% (which is conditional for deferred members)	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 for each year of membership that could have been achieved. Balance flows to Pension Fund.	Balance flows to the Pension Fund, surviving benefits comes via ARP
Death before retirement as deferred member	Surviving dependents can use balance to buy annuity with the Pension Fund or Insurance company	Surviving dependents 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 pension, size of partner's benefit and old age pension	Early or postponed retirement, purchase of temporary retirement pension, size of partner's benefit and old age pension

7.3 Developments in Legislation and Regulations

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

Final Pay Plan*
The major two changes compared to Plan 2014 are:
- Old age pension accrual percentage is 1.657%
- 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 major two changes compared to Plan 2004-67 are:
- Using the 3% contribution table instead of the 4% contribution table;
- The unconditional return on assets becomes an conditional return on assets;
  The pensionable salary is capped at EUR 100,000.

Unless explicitly mentioned differently all amounts are in thousands of euros

Developments in governance regulations

As from 1 July 2014 pension funds had to be compliant with the new Dutch rules regarding pension fund governance ("wet versterking bestuur pensioenfondsen".) This new legislation prescribes some new forms of pension fund models and the aim to help the Pension Board to look after the interest of all stakeholders and to optimize the responsibilities of the different governance bodies. The Pension Board has decided in the December 2013 meeting to continue a joint (partitair) board going forward with a Stakeholders Committee (Verantwoordingsorgaan) and a Review Committee (Visitatiecommissie) starting July 2014.

In 2014, the Pension Board considered how to apply the other recommendations from the Code Pension funds and will continue to do so in 2015. An overview of those statements of the Checklist Code Pension Funds we did not (yet fully) comply to at the end of 2014 is shown in 10.1.

Development of the financial framework

In 2015, the Financial Framework (nFTK) changes. The Pension Board is currently preparing all the requirements of nFTK. 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 has to be determined and a feasibility test performed to test whether the expected pension results meet with the ambition.

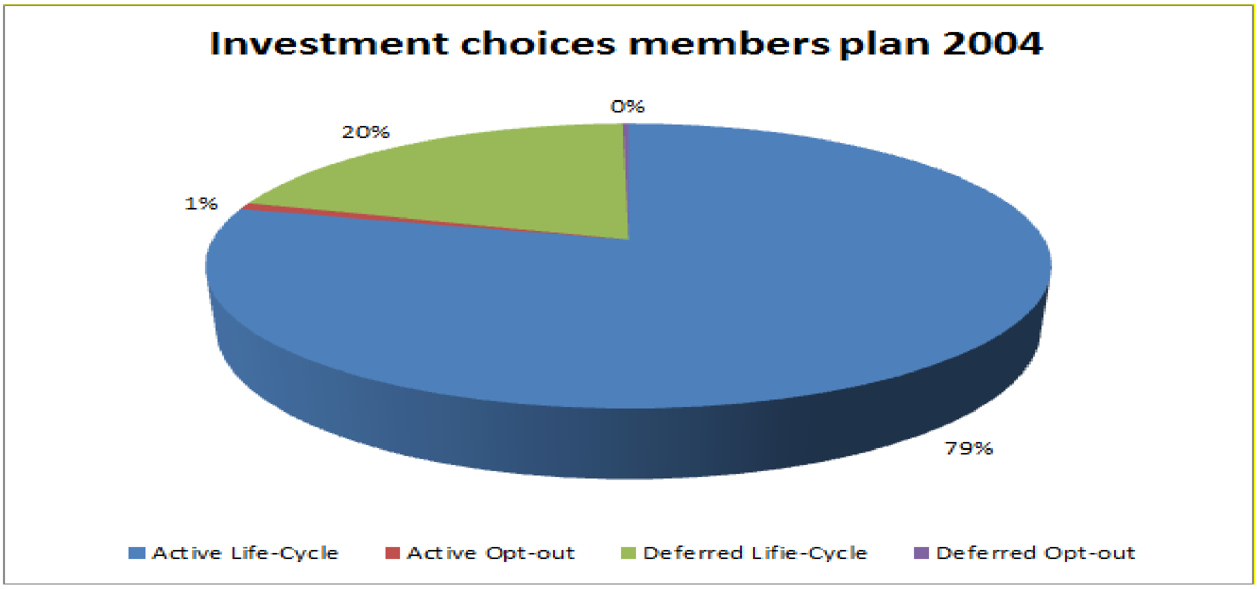
7.4 Developments of the Membership

The development of the membership over 2014 is shown in the table below.

	Active	Deferred	Old age pension	Partner pension	Orphans pension	Disability pension
Balance begin 2014	**1,427**	**1,160**	**833**	**254**	**29**	**9**
New members	87					
Deferred	-53	53				
Disabled						
Retirement	-36	-24	60			
Decease		-4	-23	-9		
Surrender		-11	-7			
Transfer out		-2				
Other reason		14		15	-1	
Difference	-3	287	-16	-33	-2	24
Balance end 2014	**1,422**	**1,473**	**847**	**227**	**26**	**33**

In 2014 a new registration method has been implemented. In this method all individual ex-partner pensions are registered separately (under 'deferred'). Due to this and other differences in the method of registration, adjustments have been made and are presented as 'difference'.

Unless explicitly mentioned differently all amounts are in thousands of euros



7.5 Indexation Policy and Interest Addition

Final pay scheme (plan 2014):
The Pension Fund aims for annual adjustment of the pension benefits for deferred pensioners and retirees under the final pay pension scheme. Each year, the Pension Board decides the extent to which benefits will be adjusted. The Pension Board identifies this indexation in category D1 in the statutory Indexation Matrix.

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. This is fully within the decision power of the Pension Board. The Pension Board decides each year whether or not and, if so, to what extent indexation is granted.

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

The Supplementary Retirement Pension entitlements for active members of the 2014 Pension Plan will be annually unconditionally adjusted 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.

Plan 2004-67
During active membership the balance on the Pension Accrual Account of the ARP is increased by the addition of interest. The interest additions occur on a daily basis and in such a manner that the interest additions on an annual basis are equal to a percentage amounting to "CPI all households" plus 3%. The maximum addition of interest is 13% on an annual basis. The interest addition is financed partly by a component in the cost covering contribution and partly from the general reserves of the Pension Fund.

For deferred members the adjustment only takes place if and insofar as the Pension Fund's financial position permits it. The Pension Board also decides every six months whether or not and, if so, to what extent indexation will be granted. There is no contribution paid for this interest addition, but the interest addition is financed from the general reserves of the Pension Fund.

As of 1 January 2015 the design of the ARP pension plan has been changed. Almost all risks in this pension plan are transferred to the members and 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 is therefore 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.

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

The partner pensions and orphans pensions of members that have deceased during active service are indexed according to the indexation policy for the final pay schemes (indexation category D1).

7.6 Reinsurance

The Pension Fund has a new reinsurance contract for the death-in-service and disability-in-service risks with Zwitserleven as from 1 January 2014 till 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 after 24 months after the contract period.

8 INVESTMENT SECTION

8.1 Investment 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 2014.[1]

Asset Category	LT Investment Policy	31-12-2014 interim policy	End 2014 Asset Allocation	Minimum	Maximum
Equities	**45.0%**	**42.8%**	**46.1%**	**35.0%**	**55.0%**
Developed Equities	36.0%	35.5%	38.1%	-	-
Emerging Market Eq.	9.0%	7.3%	7.9%	-	-
Fixed Income	**25.0%**	**27.3%**	**20.1%**	**5.0%**	**45.0%**
Bonds	15.0%	14.3%	8.9%	5.0%	25.0%
Diversified HY Bonds	10.0%	13.0%	11.2%	0.0%	20.0%
Alternatives	**30.0%**	**29.2%**	**31.2%**	**5.0%**	**45.0%**
Property	15.0%	14.1%	14.1%	5.0%	25.0%
Private Equity	5.0%	5.6%	5.6%	0.0%	10.0%
Hedge Funds	5.0%	6.0%	8.0%	0.0%	10.0%
Private Credit	5.0%	3.5%	3.5%	0.0%	10.0%
Cash	**0.0%**	**0.8%**	**2.6%**	**0.0%**	**5.0%**
Hedges					
Currency	70% - EM Cur	58.8%	59.5%	0.0%	70.0%
Interest Rate	50.0%	0.0%-50.0%	14.2%	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 mid-way through 2013, continued to be ramped up during 2014, reaching 3.5% at the end of the year (i.e. 70% 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 2014. 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 2014, 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%.

[1] Sources: Investment Policy Statement Stichting Mars Pensioenfonds November 2013
Exposure Report Stichting Mars Pensioenfonds December 2014 – Secor IA

Unless explicitly mentioned differently all amounts are in thousands of euros

8.2 Returns

The table below shows the detailed performance versus individual benchmarks for all the main components of the policy mix. The Pension Fund realised performance of 17.2% in 2014. The benchmark return for 2014 was 17.3%. The relative excess performance in 2014 therefore was -0.1%. This slight underperformance is attributable to a number of factors that will be elaborated upon below.

For the main asset categories as defined by DNB, the performance has been as follows[1]:

Category	Portfolio	Benchmark	Relative Performance
Property	23.9%	19.3%	4.6%
Public Equities	15.6%	17.2%	-1.6%
Private Equities	41.4%	35.6%	5.8%
Fixed Income	11.8%	13.1%	-1.3%
Hedge Funds	4.2%	3.3%	1.0%
Private Credit	9.8%	2.3%	7.5%
Other	0.0%	0.0%	0.0%
Total return mandate investments	**15.7%**	**15.8%**	**-0.1%**
Plan Level Currency Hedge	-1.5%	-1.5%	0.0%
Plan Level LDI	3.1%	3.1%	0.0%
Plan Level TRH	-0.1%	-0.1%	0.0%
Total return (including overlays)	**17.2%**	**17.3%**	**-0.1%**

The slight underperformance of the Pension Fund versus the benchmark was a result of manager underperformance in the public market asset classes, which was largely offset by manager outperformance in the Alternatives asset classes. In addition, the Fund experienced positive performance across all asset classes.
As mentioned above, the Alternative managers contributed positively to returns in 2014, including PEM (Private Equities); PIMCO BRAVO II, Blackstone BTO, Pramerica (Private Credit) and LaSalle (Property). Within Public Equities, notable manager outperformance was seen by Ardevora (Global Equities) and Fisher (Emerging Markets). Notable manager underperformance was experienced within Public Equities by Pzena (Emerging Markets).

The Fixed Income managers experienced mixed results in 2014. PIMCO (High Quality Bonds) outperformed, while Neuberger Berman (High Yield Bonds) underperformed their benchmark. The Fund's balanced manager, GMO, underperformed for the year.

The TRH Equity protective overlay had a small negative impact on absolute Fund performance. For your information, the TRH program is in the process of being unwound during Q1 2015.

[1] Source: Mellon Performance Report Stichting Mars Pensioenfonds December 2014

Unless explicitly mentioned differently all amounts are in thousands of euros

The average portfolio weight compared to the average benchmark weights have been as follows[1] :

Asset Category	Benchmark	Average Portfolio weight	Average Policy Weight
US Equity	MSCI US (unhedged)	9.9%	9.6%
Emerging Markets	MSCI Emerging Markets (unhedged)	6.3%	5.5%
EAFE Equities	MSCI EAFE Index (unhedged)	12.1%	9.6%
Global Equity	MSCI All Country World Index (unhedged)	12.6%	12.3%
Global Bond	Barclays Capital Global Aggregate ex JPY (EUR Hedged)	7.3%	12.4%
High Yield	BofA ML US High Yield Master II Index (H0A0) (EUR hedged)	6.8%	6.5%
EMD	50% JPM EMBI Global Index / 50% JPM GBI-EM Global Diversified Index (unhedged)	6.0%	6.5%
GMO Discretionary	80% MSCI ACWI & 20% JPMorgan Global Government Bond Index (unhedged)	11.2%	12.0%
Property	IPD UK Index (EUR hedged)	12.6%	12.5%
Private Equity	Venture Economics All Private Equity 1Q in Arrears	4.5%	4.5%
Private Credit	BofA ML US High Yield Master II Index (H0A0) (EUR hedged)	1.7%	1.6%
Hedge Funds	HFRI FOF Weighted Composite (Eur hedged)	7.4%	5.9%
Cash / Plan Level Overlays	LIBID 1 week	1.7%	1.3%
Total	**Total Plan Benchmark**	**100.0%**	**100.0%**

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

Year	Portfolio (Net)	Benchmark (Net)
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	9.8%	9.2%
Average last 10 years	8.5%	7.2%

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

[1] Source: Mellon Performance Report Stichting Mars Pensioenfonds December 2014

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9 ACTUARIAL SECTION

The actuarial analysis of the result 2014 is shown in the next table:

	2014		2013	
	EUR	EUR	EUR	EUR
Contributions and costs				
Employer contributions	12,790		16,552	
Contributions for the account and risk members	1,840		2,170	
Accrual of benefits (including surcharge for future costs)	-16,709		-20,140	
Contribution surcharge for costs	1,843		1,839	
Available for costs out of provision	550		533	
Execution and administration costs	-2,258		-2,483	
		-1,944		**-1,529**
Return and yield curve change				
Return on investments	187,113		114,378	
Interest addition provision	-3,530		-3,390	
Yield curve change	-176,212		28,286	
		7,371		**139,274**
Other results				
Result on benefit transfers	-5		-32	
Result on incoming transfer value BPF Sweets (Zoetwaren)	-		-1,118	
Result on other actuarial assumptions	-5,180		4,128	
Change IBNR provision due to assumption change	4,103		-	
Other income	-		1	
Indexation	-15,189		-3,315	
Change in mortality assumptions	9,330		-	
Corrections	8,796		313	
Other costs	-387		-12	
		1,468		**-35**
		6,895		**137,710**

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

	EUR
Cost covering contribution	23,997
Smoothed cost covering contribution	15,135
Actual contribution	17,339

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Cost covering contribution (CCC)

The CCC is determined by using the interest rate term structure published by the DNB at the beginning of the year and the observed actuarial costs during the financial year. The CCC comprises the following parts:

- 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 required solvency buffers;
- A surcharge for costs for executing the pension plan, 2.3% of pensionable salaries.

The CCC equals 23,997.

Smoothed 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 a fixed actuarial interest rate based on the strategic investment mix of the Pension Fund. The discount rate used to calculate the SCCC is 5.95%. The SCCC equals 15,135.

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 minus the contributions the company paid to the BPF. The Pension Fund increases contribution when the funding ratio is below the Legally Required Solvency Ratio (RSR). The Pension Fund decreases contribution when the funding ratio is more than 5% above the RSR. When the funding ratio is above the Continuity Test Funding Ratio (CTFR) of 160% the Pension Fund might grant a refund to the Company.

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 1.6% of total pensionable salary for all pension plan members.

Due to the Funding Ratio at year-end 2013 the company and the Pension Board have agreed in January 2014 to set the employer contribution for 2014 to the structural contribution of 20% of the pensionable salaries of all active members.

In 2014 the actual total contribution to the pension fund equals 17,339. This total actual contribution is less than the Cost Covering Contribution (market value) but more than the Smoothed Cost Covering Contribution.

Minimum regulatory own funds

The Minimum legally Required Solvency Ratio (MRSR) 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 MRSR. For Mars Pension Fund the MRSR 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 42,289. The minimum legally required solvency ratio amounts to 104.2% of the AAL at risk of the pension fund. The actual Funding Ratio equals 124.6%. Based on these figures the pension fund is not in a situation of a funding deficit.

Regulatory own funds

The Legally Required Solvency Ratio (RSR) 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 RSR 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. For Mars Pension Fund the standard model is slightly adjusted for the calculation of the equity and property risk (S2), because several funds are actively managed.

The regulatory own funds are derived from the required margin per risk and amount to 272,167. The legally required solvency ratio amounts to 126.7% of the AAL at risk of the pension fund. The actual Funding Ratio equals 124.6%. Based on these figures the Pension Fund is still in a situation of a reserve deficit.

10 PENSION FUND GOVERNANCE

10.1 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. The deficiencies are:

	Subject	Explanation
Principle 3	The board of trustees will adopt a mission, vision, and strategy and bear responsibility for ensuring a clear and documented policy and accountability cycle. In addition, the board will periodically assess the effectiveness of its policy and make adjustments where necessary.	The Pension Board complies with this principle, with the exception of: the process of documenting an articulation of mission, vision and strategy.
Principle 4	The board of trustees will ensure there is a contingency procedure so it can take action in emergency situations.	The Pension Board complies with this principle, with the exception of: the duties and powers and decision making process according to the AoA do apply to all situations, and do not specifically refer to emergency situations. In 2015 the Pension Board will refine its crisis plan. The sponsoring Company has a business continuity plan so it can take actions in emergency situations.
Principle 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 will define a mission, vision and strategy during the process of meeting all nFTK requirements. This was not yet part of the annual report 2014 as the Pension Board was focusing on the IORP investigation in 2014.
Principle 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.	The Pension Board complies with this principle, but a point of attention is how this policy is represented in the contracts with suppliers.
Principle 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 Pension Board complies with this principle, but has 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.
Principle 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 has an adequate complaints & disputes policy that is accessible to every member via the website of MPF. In the annual report it was not standard so far to elaborate on the way the complaints were dealt with. This will be done as from annual report 2014.
Principle 48	The board of trustees must ensure suitability, complementarity (see section 3.5) and continuity within the board. In this context, it takes account of education, background, personality, gender and age. The board will assess the suitability of board members both when they join the board as well as throughout their membership.	The Pension Board assesses the suitability of Board members when they join the Pension Board and with the evaluation of the suitability matrix, according to the Suitability Plan. The complementarity and continuity within the Pension Board is a point of attention for the Pension Board and the employers.
Principle 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 Pension Board member is not yet compiled, as there were no vacancies in 2014 or 2015.
Principle 50	The board of trustees will ensure its members are subject to a programme of continuous education. The purpose of this programme is to maintain and, where necessary, broaden or develop the level of suitability of board members.	Continuous education is an important point of attention of the Pension Board. An individual Plan of Education is not yet implemented. This is on the agenda for 2015.
Principle 51	The board of trustees must pay continuous attention to their own performance. At least once a year, the board will assess its performance as a whole as well as the	The evaluation of the capability of the Pension Board members is judged in the first meeting after a change of Pension Board members or professionals,

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	individual performance of each board member. In doing so, the board should involve a third party once every two years. Issues dealt with in the assessment relate to whether the board is sufficiently suitable and diverse, and consideration will also be given to its conduct and culture.	according the Capability Plan. The assessment by an external party is not yet implemented. This is on the agenda for 2015.
Principle 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). The composition of the bodies regarding requirements will be complementary. When more than 1 candidate is suitable for the role other components like age and sex can be taken into account. This is no formal policy yet.
Principle 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.	No formal diversity policy is defined yet, but will be adopted in 2015.
Principle 67	At least one man and one woman will hold a seat on the VO.	In 2014 the AC consisted of 2 male and 1 female member. As the female AC member left as from March there is a vacancy. When more than one candidate is suitable for the role, this sex diversity will be taken into account.
Principle 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. No vacancies have been filled in as from 1 July 2014, so this attention point was not yet applied in 2014. MPF has no diversity policy implemented yet but this will be on the agenda in 2015.
Principle 69	When compiling membership profiles, the board of trustees, the BO and the internal supervisors will take account of the diversity policy. The VO will take it into account when compiling its competency vision.	The Pension Board has not yet a diversity policy nor do the profiles take diversity in to account, other than diversity in functional requirements. As from 1 July 2014 there have been no vacancies yet so no direct need to adjust the profiles.
Principle 71	Amongst other things, the board of trustees and the BO will take account of the diversity objectives when assessing nominated candidates.	No vacancies or candidates as from 1 July 2014. The Pension Board will take the diversity objectives when assessing nominated candidates into account and will inform the selection committee about it.

10.2 Compliance Officer

In 2007 the Pension Board appointed Mrs. J. van den Broek as Compliance officer within the Mars Pension Fund. 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 to third parties any information concerning the business – including individual pension details - and investments of the Pension Fund;
- Insider knowledge: An associated person may not use insider knowledge;
- Restriction on accepting business gifts, invitations, additional functions, participation in other companies and institutions.

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10.3 Report by the Review Committee

A Review Committee comprising three independent experts appointed by the Board of the Pension Fund has carried out a complete review in April 2015 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 six particular areas of operation of the Pension Fund: governance, financial, investments, communication, outsourcing and risk management. The Board has been involved for somewhile, and until fairly recently, with future direction of the Pension Fund. In particular, the advantages and disadvantages in terms of efficiency and effectiveness of bringing the Pension Fund into a more international setting under European legislation. The Board explained how they looked at this matter and how the reached the conclusion ultimately not to proceed.

The Pension Fund is compliant with the measures required under the law 'strengthening the management of pension funds' (wet versterking bestuur pensioenfondsen) and with the fiscal amendments introduced as at 1 January 2015. The Board now has a high priority to conform with the new financial environment (nFTK).

The costs of the Pension Fund are fairly high. This concerns particularly investments policy where a long-term strategy is employed. The level of investment costs is justified by the board on the grounds of the extra returns historically enjoyed by the Pension Fund. There is currently little hedging cover for interest rate risks (a dynamic strategy is employed). The Board pays a great deal of attention to investment matters and this is necessary. DNB is currently making a routine assessment of investment processes and has posed a number of questions in a final report to the Board.

The Review Committee has formed a good impression of the quality and steering capacity of the Board and the members of the Pension Office. The Pension Fund is under control. There are a few recommendations. The major points concern compliance with ten Code for Pension Funds and the implementation of the requirements imposed under the nFTK.

Accountability of the Review Committee to the Accountability Council

This review has been carried out in keeping with our normal methods (see Chapter 3). The Review Committee has been able to focus on every subject which seemed relevant and achievable. The Review Committee believes that this report is an accurate reflection of the matters which are important to the Pension Fund at this point of time.

Report of discussion of the draft review committee report

The draft report was discussed with the Board on 6 May 2015. Those present (via telephone conference) were William van Ettinger and Marjolein de Mars from the Board and Saskia Tonnaer from the Pension Office.

The draft report was dealt with on a page-by-page basis. There were no major disagreements about the finding. There were, however, proposals for amending certain elements of the text to ensure that the details were correctly formulated. The review committee has made a number of alternations to the draft report for any errors and to reflect the views expressed during this discussion.

Summary of documents consulted

- Minutes of meetings in the review period
    - Board meetings
    - Investment committee meetings
- ABTN (actuarial and technical basis)
- Report and accounts 2013 and first draft 2014
- Actuarial report 2013
- Auditors' report 2013
- ALM study
- Continuity analysis 2013
- Correspondence with external supervisors
- Statutes (articles of association) 2014
- Rules and regulations of pension schemes

- Rules and regulations of the review committee and the accountability council
- Capability matrix
- Compliance report and Code of conduct
- Compliants procedures
- Communication plans
- Last review committee report (2009)
- Outsourcing documents
- Report TKP (outsourcing administration) and investment managers.

10.4 Response Pension Board on report by 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. The Pension Board would like to comment briefly on the main points raised by the Review Committee.

- Cost of the Pension Fund --The Review Committee makes a fair point as to the total expenses of the Pension Fund which are especially driven by relatively high investment management costs, when compared to most pension funds. We are aware of this as well as of the reasons why this is. The Mars Pension Fund follows a high conviction/ambition investment strategy that has delivered superior investment returns over a long period of time. This is only possible when this is supported by excellent advice and strong implementation by specialist investment managers. This can only be achieved by creating mutually beneficial relationships with the best people we can find. This comes at a cost. At the same time we realize that cost management is very important. We do for example take part in regular benchmark studies.

- Code Pensionfunds – This point has our attention too. We have worked on all aspects of the code and have made appropriate adjustments. We have put an overview in the Annual Report with the status of the various recommendations and where we are on implementation. We will keep on focussing on this in the coming year.

- n-FTK – the implementation of the requirements of the new Financing Framework (nFTK) is a priority of the Pension Board. Many aspects of our pension management as described in the Annual Report need addressing by the Pension Board very much supported by ETBC and our advisors. This work is aimed to be ready by 1 July 2015.

10.5 Report by the Accountability Council

Introduction
The Accountability Council has been put in place to be compliant with the rules for good pension fund governance. The roles and responsibilities of the Council have been written down 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. The member representing active members is currently a vacancy that is now being recruited.

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 into account the interest of all stakeholders. 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. The Accountability Council is entitled to consult the Pension Board members and the Review Committee.

On top of that the AC has the right to advise about a number of subjects in relation to the AC itself and the structure of the internal governance:

- The compensation scheme for the PB, AC 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 Review Committee.

An external actuary and a pension lawyer advise the Accountability Council as necessary to allow them to fulfill their job in the best manner.

The Accountability Council in their report have considered the comments they made during past years and the corresponding responses from the Pension Fund Board. In addition we have 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 to 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 2013 annual report
We note that The Pension Board has made good progress in its responses to the comments made by the Accountability Council last year.

In particular the starting of the work to develop succession options for board members is to be commended and the additional effort made by the chairman of the Pension Board to involve P&O in the ongoing running of the Pension Fund.

We also note and approve of the changes made to the reporting of the performance of the investments and commend the Pension Board for their efforts to make this complex area more transparent to all Pension Board members.

Finally we 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 2014 draft annual report
The Accountability Council would like the Pension Board to consider the following areas in 2015.

- We have noted from the annual report that the decision has been made not to proceed with an IORP structure in Belgium but to remain within the Dutch regulatory regime. As was observed by the Review Committee report this creates a considerable amount of work for the Pension Board to comply with the nFTK requirements by the required dates and we ask that the Pension Board pay this particular attention.

- We observe that the funding position of the plan has improved over the recent years with careful management of the fund and with the ongoing funding support from the sponsor. We observe that as a consequence of nFTK a new funding agreement will be required and we encourage the Pension

Board to involve the sponsoring employers in the agreement of these new arrangements as soon as is possible to ensure their ongoing support.

- We have observed that the amount of legislative change impacting the fund has remained high. Particular examples are the change in accrual rate and the 100K cap on pensionable salary. We observe that when such changes happen there is an increased opportunity for administrative errors to be made and we would ask the Pension Board to think about what actions they might be able to take to ensure that their administrative provider is correctly interpreting and implementing the change to the plan necessary as a result of this legislation.

- We would like to commend the Pension Board on the high level of training being provided to the Pension Board members and others. We have observed in previous reports that the role of being a Pension Board member is increasingly demanding and this seems set to continue and the training plans, in particular the regular walk in sessions seem an excellent approach.

- 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 particularly in this time of considerable legislative change.

10.6 Response Pension Board on report by the Accountability Council

The Pension Board would like to thank the Accountability 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.

- n-FTK – The Pension Board agrees that our first and foremost attention has to be with the implementation of the new regulations of the n-FTK before July 1, 2015. We are well underway with this supported by ETBC and our advisors notably Towers Watson.

- New Finance Agreement – As part of the n-FTK 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 n-FTK is a more prudent approach as to the financial position of the Pension Fund.

- 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 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.

- We have found the Walk In sessions very valuable and intend to continue them at a regular rate. They are proving particularly helpful to take us, and the members of the Accountability Council, through the current changes.

- The Board takes the input by the Review Committee very serious as we do the report by DNB on our investments. We will review progress at regular intervals. We look forward to working very positively with the sponsor and look forward to an efficient implementation of the new requirements.

Veghel, June 18, 2015

The Pension Board

W. van Ettinger (chairman) J. van Lith (secretary)

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11 ANNUAL ACCOUNTS

11.1 Consolidated Balance Sheet

(after appropriation of result in EUR 1,000)

ASSETS	Note[1]	31-12-2014		31-12-2013	
Investments for risk Pension Fund	1				
Real estate investments		175,437		116,936	
Equities		690,735		613,698	
Fixed income		216,931		285,967	
Hedge funds		103,854		56,283	
Derivatives		64,516		28,818	
Other financial investments		76,238		32,504	
			1,327,711		1,134,206
Investments for risk members	2		16,852		12,783
Receivables and prepayments					
Other receivables	3		4,519		3,071
Other assets					
Cash	4		3,414		3,976
			1,352,496		**1,154,036**
LIABILITIES					
Foundation capital and reserves					
Foundation capital	5		-		-
General reserves	6		250,835		243,940
Technical provision at the risk of the pension fund					
Actuarial accrued liabilities	7	1,018,197		851,744	
Provision for future disability	8	818		904	
			1,019,015		852,648
Pension provision at the risk of the members	9		16,852		12,783
Current liabilities	10		65,794		44,665
			1,352,496		**1,154,036**

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

Unless explicitly mentioned differently all amounts are in thousands of euros

11.2 Consolidated statement of income and expenses

(in EUR 1,000)

INCOME	Note[1]	2014		2013	
Contributions from employer and employees	11		15,499		19,340
Contributions for account and risk of members	12		1,840		2,170
Investment results for risk Pension Fund	13	187,113		114,378	
Investment results for risk of members	14	1,205		1,585	
			188,318		115,963
Other income	15		13		1
Total INCOME			**205,670**		**137,474**
EXPENSES					
Benefits payment	16		27,881		26,651
Execution- and administration costs	17		2,258		2,483
Change pension provision:					
Accrual of benefits		14,869		17,970	
Indexation		15,589		3,315	
Addition of interest		3,530		3,390	
Change of mortality assumptions		-9,330		-	
Yield curve change		176,212		-28,286	
Withdrawal for payments of pension-benefits and pension execution costs		-28,425		-27,264	
Withdrawal for other actuarial- and technical assumptions (retirement)		-1,776		-1,482	
Changes as a result of transfer of rights		817		596	
Incoming transfer value BPF Sweets		-		7,522	
Change of pension plan		5,180			
Other changes pension provision		-10,213		-2,050	
Change provision pension liabilities for risk of the pension fund	18		166,453		-26,289
Change provision for future disability	19		-86		68
Change provision for risk of the members	20		4,069		5,069
Reinsurance	21		36		52
Transfer of pension rights for risk pension fund	22		-812		-6,968
Transfer of pension rights for risk members	23		-1.024		-1,314
Other expenses	24		0		12
Total EXPENSES			**198,775**		**-236**
Net income and expenses			**6,895**		**137,710**
Proposed appropriation of net income and expenses:					
- Added to the general reserves			6,895		137,710

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

Unless explicitly mentioned differently all amounts are in thousands of euros

11.3 Consolidated cash flow statement

(in EUR 1,000)

Cashflow from pension activities	Note	2014		2013	
Contributions received		18,371		21,243	
Received from transfers of rights		812		7,747	
Pension benefits paid		-27,881		-27,171	
Paid for transfers of rights		-7		-29	
Paid execution- and administration costs		-2,258		-1,704	
Paid contribution reinsurance		-36		-52	
Total cash flow from pension activities			**-10,999**		**34**
Cash flow from investment activities					
Sale and redemption of investments		859,866		323,638	
Received direct investment returns		40,492		11,257	
Purchase investments		-875,043		-297,391	
Paid costs asset management		-18,499		-4,515	
Other amounts received		44,185		3,698	
Other amounts paid				-7,337	
Total cash flow from investment activities			**51,001**		**29,350**
Net cash flow			**40,002**		**-29,384**
Exchange results and conversion difference on cash			722		-116
Mutation cash			**40,724**		**29,268**
Movements in cash and cash equivalents can be broken down as follows:					
Balance per January 1st			38,067		8,799
Mutation cash			40,724		29,268
Balance per December 31st			**78,791**		**38,067**
This cash is presented in the balance sheet per December 31st as:					
Presented as other financial investments[1]			75,377		34,091
Presented as Cash in Balance sheet	4		**3,414**		3,976
Total cash balance			**78,791**		**38,067**

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

[1] This includes cash available for investments in Mars Real Estates Investments B.V. of 15,827 (2013: 6,409) and cash available for other investments of 59,550 (2012: 27,682)

Unless explicitly mentioned differently all amounts are in thousands of euros

11.4 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 dependents' pensions to their partners and children in the event of death before or after retirement. Mars Pension Fund administers the pension agreement as agreed on with the Dutch Mars companies and according to the plan rules.

11.5 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.

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

Estimation changes
In 2014 mortality assumptions have been changed, implementing the latest AG Projection table and adjusted Towers Watsons specific experience rates. The combined effect of these mortality assumptions is a decrease of the AAL of 0.9% (this equals EUR 9.3 million profit).

Consolidation
In 2009 Mars Real Estates 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 Stichting Mars Pension fund and its group companies and other entities in which it exercises control or whose central management it conducts

The consolidated company is:
- Mars Real Estates 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 reliable be established.
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 determined reliable.

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 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 of each 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.

Investment funds
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 a 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, using 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:

- For males and females, the life expectancy rates are derived from the AG Projection Table 2014-2062 male mortality table as published by the Dutch Actuarial Association
- For experience rating the mortality rates 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 2014, the UFR is used as this is the prescribed term structure of DNB.

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 in 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 determination of the cost covering contribution (0.53% of the salary sum of the 2006 pension plan + 5.5% of the sum of the ARP and ASP contribution).

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 2014, 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.

11.6 Notes to the Balance Sheet

1 Investments for risk Pension Fund

Asset Category	Real Estate	Equities	Fixed Income	Hedge funds	Derivatives	Other	Total
Value per December 31st, 2012	**52,339**	**464,478**	**387,924**	**52,675**	**15,853**	**9,941**	**983,210**
Reclassifications				1,571			1,571
Purchases	59,953	284,881	1,841,436	-1,405			2,184,865
Sales	-126	-171,477	-1,931,633	3,442			-2,099,794
Valuation changes	4,971	35,816	-11,760				29,027
Other	-201				12,965	22,563	35,327
Value per December 31st, 2013	**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 December 31st, 2014	**175,437**	**690,735**	**216,931**	**103,854**	**64,516**	**76,238**	**1,327,711**

Negative derivative-positions amounting Eur 48,502 (2013: Eur 32,556) have been presented as a liability.

In the investment-category 'Other' an amount of Eur 75,377 (2013: Eur 34,091) of cash available for investments is included. This amount includes Eur 15,827 (2013: Eur 6,409) of cash in Mars Real Estate Investments B.V.

Positions more than 5% per investment-category per December 31st, 2014:

Real Estate	EUR	%
Angel Place	18,040	10%
Clarendon	17,718	10%
Edinburgh	13,884	8%
Westside	16,107	9%
Ankerside	19,973	11%
Exchange	37,369	21%
Four Seasons	28,349	16%

Equities	EUR	%
Fisher investments institution	41,337	6%
Ardevora global equity fund	41,981	6%
Pem - effem fund dutch	42,518	6%
International equity fund	46,459	7%
Arrowstreet common global equity ccf usd	51,367	7%
Vanguard investment series plc us opportunities fund	52,575	8%
Gmo quality fund	75,034	11%
Marathon international equity	76,690	11%

Unless explicitly mentioned differently all amounts are in thousands of euros

Fixed Income	EUR	%
Gmo asset allocation bond fund	24,576	11%
Neuberger berman high yield bo	64,427	30%
Capital international emerging market debt	78,330	36%

Hedge funds	EUR	%
Blackstone strategic alliance offshore fund ii ltd	8,361	8%
Blackstone fof stichting dutch	95,493	92%

Fair value hierarchy
The following tables summarise the valuation of investments by level within fair value hierarchy as of December 31, 2014 and 2013. Derivatives are shown net of Assets/Liabilities (clean value).

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	76,238
Value per December 31st, 2014	**160,417**	**826,588**	**292,207**	**1,279,212**

Asset Category	Level I	Level II	Level III	Total
Real estate investments	934	-	116,002	116,936
Equities	107,053	464,472	42,173	613,698
Fixed income	45,299	232,817	7,851	285,967
Hedge funds and derivatives (assets & liabilities)	3,360	-7,098	56,283	52,545
Other financial investments	32,504	-	-	32,504
Value per December 31st, 2013	**189,150**	**690,191**	**222,309**	**1,101,650**

2 Investments for risk members

	31-12-2014	31-12-2013
Equity (stocks)	16,733	12,702
Fixed income (bonds)	119	81
Total	**16,852**	**12,783**

The investments for risk members are not at risk for the Pension Fund. These investments 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.

Unless explicitly mentioned differently all amounts are in thousands of euros

3 Other receivables

	31-12-2014	31-12-2013
Advanced payments benefits	14	5
Prepaid expenses	123	-
Contributions from employer	-	537
Rents	4,382	2,258
Other	-	271
Total	**4,519**	**3,071**

4 Cash

	31-12-2014	31-12-2013
Cash at Rabobank	3,414	3,976
Total	**3,414**	**3,976**

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

5 Foundation capital

The foundation's capital amounts to NLG 1,000 (EUR 454) and remained unchanged during the financial year. As a result of the conversion to Euro the foundation capital has been rounded off to zero.

6 General reserves

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

	2014	2013
Balance per January 1st	243,940	106,230
Result for the year	6,895	137,710
Balance per December 31st	**250,835**	**243,940**

The minimum regulatory own funds, 4.2% of the actuarial accrued liabilities at the risk of the pension fund, equals EUR 42.3 million. The regulatory own funds amount to EUR 272.2 million and are equal to 26.7% of the actuarial accrued liabilities at the risk of the pension fund. The present own funds are higher than the regulatory own funds.

The following table shows the regulatory own funds, minimum regulatory own funds and present own funds per December 31st, 2014.

Balance per December 31st, 2014	EUR	Funding Ratio
Present own funds	250,835	124.6%
Minimum regulatory own funds	42,289	104.2%
Regulatory own funds	272,167	126.7%

The funding ratio is calculated by:
Assets divided by AAL at risk of the pension fund (including IBNR provision). The assets are determined by adding the general reserve to the AAL at risk of the pension fund (including the IBNR provision). The short term liabilities are not taken into account in the assets. There are no subordinated loans and/or special reserves.

In September 2009 a (revised) recovery plan was submitted to DNB. Since November 2008 the Funding Ratio has not been above the Legally Required Solvency Ratio for three quarters in a row. A recovery plan ends when the Funding Ratio is above the Legally Required Solvency Ratio for three quarters in a row. For

Unless explicitly mentioned differently all amounts are in thousands of euros

MPF this has not been the case because at year-end 2014 the Funding ratio is below the Legally Required Solvency Ratio. In December 2014 DNB has abolished all pension funds' recovery plans due to the transition to the nFTK.

7 Actuarial accrued liabilities

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

	2014	2013
Provision for pension liabilities per January 1st	**851,744**	**878,033**
Interest	3,530	3,390
Indexation to the account of the pension fund	15,589	3,315
Accrual of benefits (including surcharge for future costs)	14,869	17,970
Mortality	-1,870	-1,733
Other actuarial and technical assumptions (retirement)	-1,776	-1,482
Disability / rehabilitation	453	-4
Individual transfer value (balance)	817	596
Benefit payments (incl. surrender value)	-27,875	-26,731
Available for costs	-550	-533
Yield curve change	176,212	-28,286
Corrections	-8,796	-313
Change of mortality assumptions	-9,330	0
Result due change in the pension plan per 1 January 2014	5,180	0
Incoming transfer value (balance) BPF Zoetwaren	0	7,522
Total change	**166,453**	**-26,289**
Provisions for pension liabilities per December 31st	**1,018,197**	**851,744**

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.

On 1 January 2014 the law "Wet verhoging AOW- en Pensioenrichtleeftijd (Wet VAP)" became into force. As a result Mars has introduced a new (adjusted) final pay pension plan, which is called plan 2014, that will be applicable as of 1 January 2014. The Pension Board has decided in the Pension Board meeting of 4 October 2013 that all members of the old defined benefits plans are transferred to the new plan.
This regulation applies to the closed group of employees who were already active members before 31 December 2003 and were born on or after 1 January 1950.
Active members of the plan 2014 receive unconditional indexation on supplementary benefits. All benefits are conditionally indexed after retirement or after withdrawal.

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).
The balance on the pension accrual account of ARP is – during membership – increased by the addition of interest. The Pension Board has granted an indexation equal to "CPI of all households" plus 3%, with a minimum of 0% and a maximum of 13% on annual basis.
For deferred members the adjustment only takes place if and insofar as the Pension Fund's financial position permits it.

As of 1 January 2015 the design of the Plan 2004-67 has been changed. Almost all risks in this pension plan are 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 of 1

Unless explicitly mentioned differently all amounts are in thousands of euros

January 2015, the ARP-capital is therefore 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.

	31-12-2014	31-12-2014	31-12-2013	31-12-2013
	Numbers	AAL	Numbers	AAL
Actives (including disabled)	1,422	419,738	1,427	334,163
Deferred participants	1,473	159,317	1,160	125,291
Pensioners	1,100	457,484	1,116	411,204
Sub-total	**3,995**	**1,036,539**	**3,703**	**870,658**
Minus: BPF Sweets		-18,342		-18,914
Total	**3,995**	**1,018,197**	**3,703**	**851,744**

For more information about the deduction of the liabilities of the Industry wide Pension Fund with an amount of 18,342 (2013: 18,914) is referred to paragraph 7.1.

8 Provision for future disability

	2014	2013
Balance per January 1st	904	836
Regular change	-86	68
Balance per December 31st	**818**	**904**

The IBNR provision for future disability at the end of the financial year 2014 is set equal to twice the yearly risk premium for disability.

9 Pension provision at the risk of the members

	2014	2013
Balance per January 1st	12,783	7,714
Contributions	1,840	2,177
Transfer values balance	1,024	1,314
Investment results	1,205	1,635
Other	-	-57
Balance per December 31st	**16,852**	**12,783**

10 Current liabilities

	31-12-2014	31-12-2013
Derivatives	48,502	32,556
Accrued expenses and other liabilities	15,881	10,404
Wage tax and premiums social security	821	810
Contribution to employer	554	754
Contribution for the account and risk of members deposit	36	141
Balance per December 31st	**65,794**	**44,665**

As far as each individual derivative has a positive balance, it is presented under assets. If each individual derivate has a negative balance, it is presented under other liabilities. A further explanation on the derivatives can be found in paragraph 11.7 “Risk management”.

The accrued expenses includes EUR 2,698,000 (2013: EUR 989,000) 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 private equity, MPF has an off-balance sheet commitment of EUR 71.1 million to PEM to invest in EFFEM Funds. Non-compliance can lead to the charging of interest as well as legal- and other collection costs.

Unless explicitly mentioned differently all amounts are in thousands of euros

For the administration a 3 year contract is agreed with TKP. This contract expires on 1st January 2017 and an annual fixed fee of EUR 485 thousand is agreed. The agreement has a 9 months' notice.

11.7 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	€	%
S1 interest rate risk	56,268	5.5
S2 market risk on equities and property	215,286	21.1
S3 currency risk	105,667	10.4
S4 commodity risk	-	-
S5 credit risk	16,409	1.6
S6 technical insurance risk	31,814	3.1
Correlation-effect	-153,277	-15.0
Regulatory own funds	**272,167**	**26.7**

11.7.1 Interest rate risk

A pension fund will be confronted with interest rate risk if and when 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.

Balance Sheet Value	31-12-2014	31-12-2013
	YRS	YRS
Fixed Income Duration (excluding derivatives)	4,04	4,41
Pension assets Duration (including derivatives)	3,33	4,35
Duration of the (nominal) pension liabilities	17,9	17,4

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. This hedging process has gone live as of January 1st 2012. The strategic level of the interest rate hedge is 50% of the assets. Per the end of 2014, 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%.

Unless explicitly mentioned differently all amounts are in thousands of euros

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

Asset Categories	31-12-2014		31-12-2013	
	EUR	%	EUR	%
Government Bonds	29,016	13.4	1,685	0.6
Mortgages and MBS	812	0.4	9,644	3.4
Credits	11,575	5.3	54,100	18.9
Mutual Funds	180,748	83.3	179,133	62.6
Cash and cash-like instruments	-5,220	-2.4	41,405	14.5
Total	**216,931**	**100.0**	**285,967**	**100.0**

11.7.2 Market Risk

Market risk can be split into interest rate risk, currency risk and price risk. The investment guidelines define the strategy 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 will be reported to the Investment Committee and the Pension Board.

11.7.3 Currency risk

At the end of 2014, about 71.0% (2013 72.5%) 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 respectively 46.0 % and 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 8.43 million.

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

Currencies			31-12-2014	31-12-2013
	Before Hedging	Currency Derivatives	Net position after hedging	Net position after hedging
Euro	586.684	170.831	757.515	637.211
British pound	44.802	-12.872	31.930	35.728
Japanese yen	51.610	-20.556	31.054	33.282
US Dollar	377.180	-120.236	256.944	209.315
Other	213.746	-17.167	196.579	185.343
Total	**1.274.022**		**1.274.022**	**1.100.879**

11.7.4 Price Risk

Unless explicitly mentioned differently all amounts are in thousands of euros

All investments and all asset classes are subject to the risk of price movement. Some to a limited degree like for example short maturity government bonds, some to a heightened degree like for example 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. Or, in other words, the portfolio of MPF needs to carry some degree of 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 across many 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]:

Equity - Regions	31-12-2014	31-12-2013
Mature markets	500,143	501,178
Emerging Markets	74,092	70,352
Total	**574,235**	**571,530**

11.7.5 Credit Risk

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 that they perform a due diligence investigation into the clearing and settlement system of each markets before the manager is allowed to invest in a new market. If and when the Pension Fund engages in transactions in non-exchange traded instruments directly, like OTC derivative transactions, it will do so only 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. It should be mentioned that Mars Pension Fund does not provide any mortgage loans and has stopped its securities lending programme in 2009.

In the table below, the sectorial division of the Pension Fund's fixed income investments is presented[2]

Sectors	31-12-2014	31-12-2013
Government	61,895	73,324
Financial	-3,546	83,017
Trade and Industrial	158,582	129,626
Total	**216,931**	**285,967**

[1] Excluding Private Equity, Hedge Funds. Including Convertible Bonds.
[2] Excluding Derivatives

Unless explicitly mentioned differently all amounts are in thousands of euros

The regional split is given below:

Fixed Income - Regions	31-12-2014	31-12-2013
Mature markets	211,571	225,530
Emerging markets	5,360	60,437
Total	**216,931**	**285,967**

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

Credit Rating	31-12-2014	31-12-2013
AAA	49,246	16,018
AA	12,704	29,426
A	19,347	20,340
BBB	44,028	39,302
Lower than BBB	77,582	111,971
No rating	14,024	68,910
Total	**216,931**	**285,967**

No rating applies to those securities for which no rating can be found due to specific agreements between two counterparties. At the end of 2013 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.

11.7.6 Technical Insurance risk

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 less cash available for the financing of the accrued benefits. The pension fund has used the mortality table AG Projection table 2014 to take into account the most recent mortality assumptions and the increased long-term trend in mortality probabilities (and therefore the life expectancy).
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 of on the one hand the costs for continuation of the pension accrual, which is equal to the cash value of the pension accrual for the future. On the other hand the risks consists of the costs for the disability benefit. For this risk the risk premium for disability-in-service is used.

The death-in-service and disability-in-service-risk are both partly reinsured by Zwitserleven (see for more information 28 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.

[1] Excluding Derivatives

Unless explicitly mentioned differently all amounts are in thousands of euros

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.

11.7.7 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 under 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. As of the end of 2014 the Pension Fund has sufficient liquid asset to meet its liquidity needs. However the intention, as said, is not to sell these assets but 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.

11.7.8 Concentration Risk

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 all positions against one and 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. As per 31 December 2014 there is no individual position that constitutes more than 2% of the total investment value of the portfolio. Generally speaking, concentration risk can occur if adequate diversification is missing. Concentration risks can then occur in regional, sector or counterparty exposures. For example loan or equity portfolios that are only invested in a handful of sectors could lead to concentration risks.

11.7.9 Other Financial Risks

1 Systemic Risk

One can talk about systemic risk when the global financial system (all financial and capital markets) is no longer functioning properly, in which case the fund would not be able to trade its investments, and absent a properly working market could (temporarily) lose their value. The global financial and banking system has witnessed this to some extent in the credit crisis of 2007/2008 where a lot of "structured" investments 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, because they could not meet their liquidity requirements because they were unable to sell securities for which there suddenly was no market anymore. A systemic risk or systemic failure is hard to control for directly by any financial institution. 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 under the transaction). Only using approved counterparties and the use of collateral 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 will be used to implement the Pension Fund's tactical investment strategy and for rebalancing

purposes. Tactical deviations from policy are allowable 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, and 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 would write a put option (sell a put option), then the premium would be received but the Pension Fund would be exposed to price risk in case the underlying index would decrease 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, and 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 would write a put option (sell a put option), then the premium would be received but the Pension Fund would be exposed to price risk in case the underlying index would increase 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 pre-agreed price (the forward rate) and at a pre-agreed 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 with 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 swaptions is an option contract on a swap. The option buyer is allowed to enter into a swap contract with a counterparty at a pre-specified interest rate, with a pre-specified maturity at a pre-specified 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 December 31, 2014:

Type of contract	Expiry Date	Notional Values	Market Value assets	Market Value liabilities
Futures	Various	184,895	3,348	731
Currency Forward contracts	Various	592,907	828	9,258
Options	Various	17,800	187	284
Interest Rate Swaps	Various	3,594,299	52,969	38,071
Total Return Swaps	Various	91,164	833	0
Credit Default Swaps	Various	6,550	5	158
Bond Forwards	Various	138,000	6,346	0
Total		**4,625,615**	**64,516**	**48,502**

11.8 Notes to the statement of income and expenses

11 Contributions from employer and employees

Unless explicitly mentioned differently all amounts are in thousands of euros

The actual employer contribution amounts to 20% (2013: 25%) of the pensionable salaries reduced with the contributions of the employer to BPF Sweets. The actual premium amounts to 17,339. The cost covering contribution respectively the smoothened cost covering contribution amount to respectively 23,997 and 15,135.

The costs covering-, smoothened- and actual contributions are composed as follows:

	2014	2013
Cost covering contribution	23,997	27,696
Smoothed contribution	15,135	16,557
Actual contribution	17,339	21,510

The actual contribution of 17,339 (2013: 21,510) is including the contribution for the account and risk of members of 1,840 (2012: 2,170) as mentioned in note 18.

The cost covering contribution is based on the actuarial assumptions applicable as per 31 December 2012, especially an interest rate term structure by the 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 less than the cost covering contribution. The actual contribution is based on the contribution policy and at least equal to the smoothed cost covering contribution (determined at the beginning of the financial year) and is expressed as a percentage of the pensionable salary.
The (smoothed) cost covering contribution is composed as follows:

	2014	2014	2013	2013
	CCC	**SCCC**	**CCC**	**SCCC**
Unconditional accrual	17,575	10,711	21,089	12,192
Solvency surcharge	4,579	2,581	4,768	2,526
Surcharge for administration costs	1,843	1,843	1,839	1,839
Total	**23,997**	**15,135**	**27,696**	**16,557**

For more information is referred to chapter 9 “Actuarial section” of this report

12 Contributions for the account and risk members

	2014	2013
Obligatory employee contribution	778	788
Voluntary employee contribution	531	691
Employer contribution	531	691
Total contribution	**1,840**	**2,170**

13 Investment results for risk Pension Fund

Investment category	Direct investment results	Indirect investment results	Investment related costs	Total 2014	Total 2013
Real Estate investments	30,938	26,983	-15,477	42,444	10,904
Equities	7,165	101,128	-758	107,535	96,570
Fixed Income	1,232	22,089	-512	22,809	-4,024
Hedge funds	-	16,812		16,812	2,057
Derivatives	-	-4,625	-275	-4,900	-19,971
Other financial investments	1,157	2,733		3,890	30,929
Investment results	**40,492**	**165,120**	**-17,022**	**188,590**	**116,465**
Other investment related costs			-2,415	-2,415	-2,087
Release of accrual 2013			938	938	
Net Investment result			**-18,499**	**187,113**	**114,378**

Unless explicitly mentioned differently all amounts are in thousands of euros

Results on foreign currency concerning Real Estate investments (2014: Eur 9,467) have been listed as Indirect investment results. The indirect investment results for the year 2014 includes 116,851 of unrealised revaluation of investments. Compared to the 2013 annual accounts, the 2013 figures have been adjusted for investment related costs.

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 18,499 also include the operational costs related to the direct investments in real estate. These costs amounted 15,477 in 2014 and 5,377 in 2013.

	2014	2013
Management fee external asset managers	1,545	1,946
Investment advice	1,525	1,507
Operating costs real estate	15,477	5,377
Custody fee	268	326
Value added tax on costs foreign asset managers	232	190
Other investment related costs	390	163
Release of accrual 2013	-938	
Total	**18,499**	**9,509**

14 Investment results for risk of members

	2014	2013
Direct- and indirect investment results	1,206	1,642
Management fee and administration costs	-1	-57
Total	**1,205**	**1,585**

15 Other income

	2014	2013
Other	13	1
Total	**13**	**1**

16 Benefits payment

	2014	2013
Retirement pension	23,869	23,022
Partner pension	3,709	3,258
Disability pension	231	294
Orphan pension	72	77
Total	**27,881**	**26,651**

Unless explicitly mentioned differently all amounts are in thousands of euros

17 Execution- and administration costs

	2014	2013
Administration costs	634	1,385
Actuarial (advising)	129	173
Advisory costs	323	111
Cross charges from the employer	156	144
Governance costs	462	427
Audit and advisory services	94	114
Communication costs	3	23
Contributions	73	82
Actuarial (certifying)	72	18
Other costs	312	6
Total	**2,258**	**2,483**

Audit and advisory services

2014	PwC Audit	Other PwC network	Total PwC
Audit annual accounts	70		70
Other auditing services (migration)	24		24
Tax advisory			
Other non-auditing services			
Total	**94**		**94**

2013	PwC Audit	Other PwC network	Total PwC
Audit annual accounts	80	-	80
Other auditing services	-	-	-
Tax advisory	15	-	15
Other non-auditing services	-	19	19
Total	**95**	**19**	**114**

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

	2014	2013
Change provision	**166,453**	**-26,289**

For more details we refer to the notes under reference number 13.

19 Change provision for future disability

	2014	2013
Provision change for future disability	**-86**	**68**

For more details we refer to the notes under reference number 14.

20 Change provision for risk of the members

	2014	2013
Provision change for the account and risk of members	**4,069**	**5,069**

For more details we refer to the notes under reference number 15.

Unless explicitly mentioned differently all amounts are in thousands of euros

21 Reinsurance
The Pension Fund has a new reinsurance contract for the death-in-service and disability-in-service risks with Zwitserleven as from 1 January 2014 till 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 after 24 months after the contract period.

22 Transfers of pension rights for risk pension fund

	2014	2013
Incoming transfer values	962	6,998
Outgoing transfer values	-150	-30
Total	**812**	**6,968**

23 Transfers of pension rights for risk members

	2014	2013
Incoming transfer values ASP	1.024	1,358
Outgoing transfer values ASP	-	-44
Total	**1,024**	**1,314**

24 Other expenses

	2014	2013
ASP premium disability cases	-	12
Total	**-**	**12**

General comments

As the Pension Fund does not employ any staff, there is no need to pay any salaries and social insurance charges. The work on behalf of the Pension Fund is performed by 3 employees (2013: 3 employees) who have an employment contract with Mars Nederland B.V. and have been seconded to Mars Pension fund. The costs related to this work 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 79 (2013: EUR 83).

Unless explicitly mentioned differently all amounts are in thousands of euros

11.9 Single balance sheet

after appropriation of results (in EUR 1,000)

ASSETS	Note	31-12-2014			31-12-2013	
Investments for risk Pension Fund						
Real estate investments	25	633			934	
Equities		690,735			613,698	
Fixed income		216,931			285,967	
Hedge funds		103,854			56,283	
Derivatives		64,516			28,818	
Other financial investments	26	60,526			26,095	
			1,137,194			1,011,795
Investments for risk members	2		16,852			12,783
Investments in subsidiaries	27		179,398			116,367
Receivables and prepayments						
Other receivables	28		1,393			1,425
Other assets						
Cash	4		3,414			3,976
			1,338,251			**1,146,346**
LIABILITIES						
Foundation capital and reserves						
Foundation capital	5		-			-
General reserves	6		250,835			243,940
Technical provision at the risk of the pension fund						
Actuarial accrued liabilities	7	1,018,197			851,744	
Provision for future disability	8	818			904	
			1,019,015			852,648
Pension provision at the risk of the members	9		16,852			12,783
Current liabilities	29		51,549			36,975
			1,338,251			**1,146,346**

Unless explicitly mentioned differently all amounts are in thousands of euros

11.10 Single statement of income and expenses

(in EUR 1,000)

INCOME	Note	2014		2013	
Contributions from employer and employees	11		15,499		19,340
Contributions for account and risk of members	12		1,840		2,170
Investment results for risk pension fund	30	149,234		106,331	
Investment results for risk members	14	1,205		1,585	
			150,439		107,916
Other income	15		13		1
Total INCOME			**167,791**		**129,427**
EXPENSES					
Benefits payment	16		27,881		26,651
Execution- and administration costs	17		2,258		2,483
Change pension provisions:					
Change provision pension liabilities for risk of the pension fund	18	166,453		-26,289	
Change provision for future disability	19	-86		68	
Change provision for risk of the members	20	4,069		5,069	
			170,436		-21,152
Reinsurance	21		36		52
Transfer of pension rights for risk pension fund	22		-812		-6,968
Transfer of pension rights for risk members	23		-1,024		-1,314
Other expenses	24		0		12
Total EXPENSES			**198,776**		**-236**
Net income and expenses Mars Pension Fund			-30,985		129,663
Result participation in MREI	31		37,880		8,047
Total Net Income			**6.895**		**137,710**

Unless explicitly mentioned differently all amounts are in thousands of euros

11.11 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 Estates 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.

11.12 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 for these balance sheet values can be found in paragraph 11.6 “Notes to the consolidated Balance Sheet”.

25 Real estate investments

	31-12-2014	31-12-2013
Balance per January 1st	934	808
Purchases	145	161
Sales	-220	-126
Valuation changes	-226	91
Balance per December 31st	**633**	**934**

26 Other financial investments

	31-12-2014	31-12-2013
Cash available for investments	59,550	26,649
Other financial investments	976	-554
Total	**60,526**	**26,095**

27 Investments in subsidiaries
This item consists of the capital investment in Mars Real Estates 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:

	Capital	Loans	Total value
Balance per January 1st , 2013	13,205	38,243	51,448
Additions	22,706	34,166	56,872
Result 2013	8,047	-	8,047
Balance per December 31st, 2013	**43,958**	**72,409**	**116,367**
Additions	9,496	15,655	25,151
Result 2014	28,413		28,413
Revaluations (foreign currency)	3,571	5,896	9,467
Balance per December 31st, 2014	**85,438**	**93,960**	**179,398**

The loans have an average interest rate of 5.19%. The final maturity date of the loans is November 2, 2015 and all loans are denominated in GBP. There are no particular warranties underlying the loan.

Unless explicitly mentioned differently all amounts are in thousands of euros

28 Other receivables

	31-12-2014	31-12-2013
Contribution from employer	-	537
Accrued Interest Intercompany loan MREI	1,256	883
Advance payment benefits	14	5
Prepaid expenses	123	-
Total	**1,393**	**1,425**

29 Current Liabilities

	31-12-2014	31-12-2013
Derivatives	48,502	32,556
Accrued expenses and other liabilities	2,230	2,714
Taxes and premium social security	817	810
Amounts to deposit related to Transfers of rights	-	754
Contribution for the account and risk of members to deposit	-	141
Total	**51,549**	**36,975**

As far as the derivatives have a positive balance, they are presented under assets. If the derivatives have a negative balance, they are presented under other liabilities. A further explanation on the derivatives can be found in paragraph 11.7 “Risk management and derivatives”.

11.13 Notes to the single statement of income and expenses

30 Investments results for risk Pension Fund

Investment category	Direct investment results	Indirect investment results	Investment related costs	Total 2014	Total 2013
Real Estate investments	-	-180		-180	173
Equities	7,165	101,128	-758	107,535	96,570
Fixed Income	1,232	22,089	-512	22,809	-4,024
Hedge funds	-	16,812		16,812	2,057
Derivatives	-	-4,625	-275	-4,350	-19,971
Other financial investments	1,157	2,734		3,891	30,929
Investment results	**9,554**	**137,958**	**-1,545**	**145,967**	**105,734**
Investment related costs			-2,415	-2,415	-2,087
Release of accrual 2013			938	938	
Interest on loan to subsidiary				4,744	2,684
Net Investment result			**-3,022**	**149,234**	**106,331**

Compared to the 2013 annual accounts, the 2013 figures have been adjusted for investment related costs.

Costs asset management

	2014	2013
Management fee external asset managers	1,545	1,946
Investment advice	1,525	1,507
Custody fee	268	326
Value added tax on costs foreign asset managers	232	190
Other investment related costs	390	163
Release of accrual 2013	-938	
Total	**3,022**	**4,132**

Unless explicitly mentioned differently all amounts are in thousands of euros

31 Result participation in MREI

The result of the subsidiary is compiled of:

	2014	2013
Operational result	28,413	8,049
Results on exchange rates	9,467	-2
Total	**37,880**	**8,047**

Veghel, June18, 2015

The Pension Board,

W. van Ettinger (chairman)

J. van Lith (secretary)

Unless explicitly mentioned differently all amounts are in thousands of euros

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12 OTHER INFORMATION

12.1 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.

Proposed is to add the positive balance result of 2014 with an amount of EUR 6,895 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

Due to the introduction of the new FTK per January 1st, 2015 some significant changes apply concerning the funding ratio of the fund.

The method for determing the nominal interest rate changes from a 3-months average method into the rate at report-date. Due to the fact that interest rates increased during the last months of 2014 the funding ratio per 31 December 2014, based on the new method, is 119.5%.

Starting at 2015 policy decisions should be based on the new introduced 'policy funding ratio' (beleidsdekkingsgraad). This ratio should be calculated as the average of the funding ratio's during the past twelve months. The policy funding ratio at 31 December 2014 is 126.4%.

The calculation of the Legally Required Solvency Ratio (Vereist Eigen Vermogen) has also been changed. This ratio changes at January 1st 2015 from 126.7% to 132.7%.

12.2 Actuarial Statement

Assignment

The assignment to issue an Actuarial Statement, as referred to in the Pension Act in respect of the financial year 2014 was issued to Towers Watson Netherlands B.V. by Stichting Mars Pensioenfonds, established in Veghel.

Data

The data on which my audit was based were provided by and were compiled under the responsibility of the management 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.

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, I have examined whether the provisions referred to in the Actuarial Report comply 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; and
- I have formed an opinion of the financial position 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. I have formed an opinion on the probability with which the pension fund will be able to meet its liabilities incurred up until the balance sheet date, also taking into account the financial policy of the pension fund. My opinion is based on the Financial Assessment Framework that was applicable at the balance-sheet date.

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.

Measured in accordance with the statutory criteria with regard to the liabilities incurred up until the balance-sheet date, the pension fund has a reserve deficit.

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).

In my opinion, the financial position of Stichting Mars Pensioenfonds is not sufficient, due to the reserve deficit.

My opinion is based on the Financial Assessment Framework that has been applicable up to 31 December 2014. For the sake of completeness I would like to report that, based on the figures provided by the pension fund that I have checked on plausibility, my opinion regarding the financial position at 1 January 2015 under the new Financial Assessment Framework would have been the same.

Apeldoorn, 18 June 2018

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

12.3 Independent auditors report

To: the Pension Board of Stichting Mars Pensioenfonds

Report on the financial statements

We have audited the accompanying financial statements 2014 of Stichting Mars Pensioenfonds, Veghel, which comprise the consolidated and company balance sheet as at 31 December 2014, the consolidated and company profit and loss account for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Pension Board's responsibility

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the foundation's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Pension Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Stichting Mars Pensioenfonds as at 31 December 2014, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management 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 under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the management report of the Pension Board, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, 18 June 2015
PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs. H.C. van der Rijst RA

12.4 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
FTK	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	Minimum legally Required Solvency Ratio
OTC	Over The Counter
PCC	Pensioen Communicatie Commissie
RIG	Russel Investment Group
RSR	Required Solvency Ratio
RTS	Rentetermijnstructuur
SLA	Service Level Agreement
SCCC	Smoothened Cost Covering Contribution
TRH	Tail Risk Hedge
UPO (Uniform Pension Overview)	Benefit Statement (Uniform Pensioen Overzicht)