

## Appendix agenda item 6.1

### Remuneration policy

The Supervisory Board formulates, on the recommendation of the remuneration committee, the remuneration policy for the executive board (hereinafter referred to as: the “executive board”) of the company. For the purpose of this remuneration policy the term “executive board” exclusively regards the statutory directors and not the persons who are referred to as directors (the “non-statutory board members”) but who are not statutory directors. The remuneration policy for the executive board and changes in this policy are adopted by the general meeting of ForFarmers N.V. (hereinafter referred to as: “ForFarmers” or the “company”). Within the adopted remuneration policy the Supervisory Board, again on the recommendation of the remuneration committee, establishes the remuneration of the individual members of the executive board. The regulations of the remuneration committee were posted on the website of ForFarmers.

#### ***Guiding principles***

Prior to the preparation of this remuneration policy the Supervisory Board of ForFarmers considered (where applicable to ForFarmers) the aspects as formulated in best practice provision 3.1.2 of the Dutch Corporate Governance Code 2016 (hereinafter referred to as: the “Code”).

The remuneration policy is aimed at attracting, maintaining and motivating qualified persons in order to realise the objectives of ForFarmers. In this respect experience in (international) activities comparable to those at ForFarmers and the required management qualities play an important role. The policy is moreover aimed at interesting high-qualified functionaries, also from other disciplines, in a position at ForFarmers and maintaining them. When determining the variable part of the remuneration the result development as well as other developments relevant to the company, including non-financial indicators that are relevant to the long-term objectives of the company, are, among other things, taken into account, all in consideration of the risks that variable remuneration may bring about for the company. In addition the level and the structure of the remuneration of executive board members is assessed by means of conducted scenario analyses. The pay ratios within the company are also taken into account.

The remuneration package is compared with that of a number of companies with a comparable scope, complexity, interest and result; the so-called peer group. The peer group consists of the companies that hold positions 15 to 25 of the AMX (mid cap index) and the companies that hold positions 1 to 10 of the AScX (small cap index). The Supervisory Board has, if developments in the said peer group give cause to this, the authority to make adjustments in view of keeping the group relevant within the framework of this remuneration policy.

When determining the fixed basic salary the median of the peer group shall be used as a guiding principle. In this respect the outcome of a research conducted by an independent organisational consultancy agency is relied on. The Supervisory Board shall have the remuneration package assessed by an agency once every three years in order to be certain that the package complies with the guiding principles of the remuneration policy. In the interim years the fixed basic salary can be adjusted, at the full discretion of the Supervisory Board, amongst others on the basis of inflation. The executive board receives a remuneration that consists of a fixed and a variable component. The variable component has both a short-term and a long-term element. For the variable part the Supervisory Board annually sets financial and non-financial targets. The remuneration policy shall regularly be tested; changes in the policy shall be submitted to the general meeting of shareholders for adoption.

### **Remuneration package**

The total remuneration of the members of the executive board of ForFarmers consists of a basic salary, a short-term performance bonus, a long-term performance bonus, pension and other secondary employee benefits<sup>1</sup>. Members of the executive board moreover have the possibility of participating in a share participation programme for senior management of ForFarmers. The executive board is not granted (depository receipts for) shares and/or rights (options) to (depository receipts for) shares as part of their remuneration. The company does not have a scheme that is related to a change of control of the company.

Prior to the adoption of the remuneration of individual executive board members the Supervisory Board of ForFarmers analyses the aspects, as intended in best practice provision 3.1.2 of the Code, on the basis of a proposal of the remuneration committee. When formulating the proposal for the remuneration of executive board members the remuneration committee takes note of the views of the individual executive board members with regard to the level and structure of their own remuneration.

### **Fixed basic salary**

The adjustment of the basic salary by the Supervisory Board, on the recommendation of the remuneration committee, basically takes place on 1 January. In this respect, amongst others, inflation (compared to the previous year), the remuneration ratios within the company and, once every three years, the outcome of the research conducted by an independent organisational consultancy agency are taken into account. Potential adjustment of the basic salary is fully at the discretion of the Supervisory Board.

### **Performance bonuses**

Each and every member of the executive board qualifies for a short-term and/or long-term performance bonus of which the level depends on the realisation of objectives previously agreed on by and between the Supervisory Board and the executive board, which support the implementation of the strategic agenda of ForFarmers and are aimed at long-term value creation, with a responsible balance between a focus on the short term and a focus on the long term. The adoption of the level of the realised variable remuneration takes place by the Supervisory Board on the recommendation of the remuneration committee.

The external auditor of the company assesses the calculations with regard to the realisation of the financial targets of the short-term and long-term remuneration scheme.

### **Short-term performance bonus**

The short-term performance bonus as a percentage of the fixed basic salary when realising or exceeding all objectives amounts:

- for the CEO to 60% and a maximum of 72%; and
- for each of the other members of the executive board to 40% and a maximum of 48%.

With regard to the aforementioned percentages it is noted that the maximum is always 120% compared to the percentage when realising the objective (also if it was realised for more than 110%). If the performances remain under 90% of a stipulated objective then a bonus shall not be paid for that objective. The maximum bonus for an objective shall be paid when the performances arrive at a minimum of 110% of the stipulated objective. When performances fall between 90% and 110% of the stipulated objective the bonus is always allocated proportionately. If 90% of the target is realised for none of the stipulated objectives then a

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<sup>1</sup> In addition the present CEO receives, by way of compensation for rights accrued at this previous employer, a fixed short-term bonus of € 100,000 per annum during the term of his present agreement that must be used for the purchase of (depository receipts for) ForFarmers shares via the senior employee participation scheme or otherwise.

bonus of 0% is paid out. The objectives for the short-term performance bonus consist for 60% to 70% of financial targets and for 30% to 40% of qualitative targets (as determined at the discretion of the Supervisory Board). In relation to the realisation of one or more objectives, the Supervisory Board has the possibility to use percentages between 80% and 120% instead of the aforementioned percentages between 90% and 110%.

The short-term performance bonus consists of an annual fee in cash and is paid in the first following year, immediately after the annual accounts have been adopted in the annual general meeting of shareholders in that year.

### ***Long-term performance bonus***

The remuneration policy moreover offers room for a remuneration for members of the executive board that rewards long-term improvement.

The level of the long-term performance bonus depends on the level that the performances to be delivered over a period of three years were realised. The performances to be delivered are aimed at long-term value creation and may concern financial targets, as the development of the profit per share after taxes, the value development of the share (TSR, Total Shareholder Return\*) compared to the peer group and/or Return On Average Capital Employed (ROACE) and qualitative targets, as the realisation of the strategy and/or sustainability objectives of the enterprise. The performances to be delivered are established by the Supervisory Board on the recommendation of the remuneration committee. If the performance for a component remains under 90% of the stipulated objective then a bonus shall not be paid for that component. The maximum bonus for an objective shall be paid if the realisation of the said objective arrives at a minimum of 110% of the stipulated objective. In case of performances between 90% and 110% of the stipulated objective the bonus is always paid proportionately. If 90% of the target is realised for none of the objectives then the bonus amounts to 0%. The objectives for the long-term performance bonus consist for 60% to 70% of financial targets and for 30% to 40% of qualitative targets (as determined at the discretion of the Supervisory Board). In relation to the realisation of one or more objectives, the Supervisory Board has the possibility to use percentages between 80% and 120% instead of the aforementioned percentages between 90% and 110%.

The long-term performance bonus as a percentage of the fixed basic annual salary when realising or exceeding all objectives:

- for the CEO amounts to 60% and a maximum of 72%; and
- for each of the other members of the executive board amounts to 40% and a maximum of 48%.

In this respect the fixed basic annual salary is used as applicable on 1 January of the first year of the aforementioned period of three years. With regard to the aforementioned percentages it is noted that the maximum is always 120% compared to the percentage when realising the objective (also if it was realised for more than 110%).

The long-term performance bonus consists of a fee in cash and is paid at the end of the aforementioned period of three years, immediately after the annual accounts have been adopted in the annual general meeting of shareholders in the year after the end of that period.

### **\*Total Shareholder Return**

TSR is measured by determining the total shareholder return (stock exchange development plus dividends) of the ForFarmers share over a period of three financial years. The calculation is based on the average price in the three months prior to the start of the performance period and the three months before the end of the performance period. The said total shareholder return is then compared to the peer group. Depending on the

positioning on total shareholder return within the said peer group a potential allocation in cash of a long-term performance bonus may follow.

The percentage of the long-term performance bonus that is allocated on the basis of TSR is determined on the basis of the position that ForFarmers holds within the peer group on the basis of a graduated scale to be determined by the Supervisory Board. The calculations within the framework of the TSR objective are carried out by an independent consultant.

### ***Share participation programme***

The members of the executive board are basically invited annually to participate in an employee participation scheme for senior management. Participants in this scheme can annually purchase (depository receipts for) shares for an amount not exceeding the maximum gross amount of the short-term bonus that they (may) qualify for in pursuance of their agreement (regardless of the fact whether the said bonus is actually allocated or paid in a year). For (depository receipts for) shares that are acquired within the framework of the aforementioned employee participation scheme a lock-up period of five years applies and a discount of 20% on the regular acquisition price that is granted in the form of additional (depository receipts for) shares.

Members of the executive board are not allocated (depository receipts for) shares and/or rights to (depository receipts for) shares as part of their remuneration. Participation in the share participation scheme is at the discretion of each individual executive board member. The implementation of and/or the participation in the employee participation scheme in a year does not entitle executive board members to implementation of and/or participation in the scheme in a following year. The Supervisory Board annually determines whether the employee participation scheme can be carried out.

### ***Shareholding executive board***

ForFarmers pursues that executive board members hold (depository receipts for) shares in ForFarmers for an amount at least equal to twice their gross fixed annual salary. To the extent that members of the executive board did not use an amount at least equal to twice their fixed gross annual salary for the acquisition of (depository receipts for) shares in ForFarmers they shall yet aim to do this within a period of four years through participation in the employee participation scheme.

### ***Claw-back***

The Supervisory Board is authorised to adjust the level of the not fixed part of the remuneration of executive board members of which the allocation fully or partly depends on the realisation of certain objectives or the occurrence of certain conditions to an appropriate level if payment thereof would not be appropriate according to the principles of reasonableness and fairness. The company (represented to this end by the Supervisory Board or the person designated for this purpose by the general meeting of shareholders) is authorised to fully or partly claim back allocated bonuses to the extent that the payment took place on the basis of incorrect information regarding the realisation of the underlying objectives of the bonus or the conditions that the bonus depended on. This has all also been included in the agreements with the members of the executive board and the non-statutory board members.

### ***Pension***

Members of the executive board receive an amount of at most 20% of their fixed salary as a contribution to the pension contribution. This amount is also determined by an actuarial calculation in the course of which the age of the relevant executive board member is taken into account. The objective of the said defined pension contribution scheme is to annually accrue a pension entitlement.

The CEO currently receives a fixed fee for the accrual of a personal pension provision of 20% of the fixed salary. For the other persons who are currently members of the executive board the following transitional scheme applies.

#### ***Transitional pension scheme***

The collective pension scheme including the top-up scheme of ForFarmers on the basis of the defined contribution and a personal contribution of the participants applies with regard to persons who are currently part of the executive board, not being the CEO, up to the statutorily permitted maximum basic annual salary (as annually established by the official authorities). In addition to the statutorily permitted maximum basic annual salary they receive a fee for the accrual of a personal pension provision. The contribution is comparable to the amount of the pension contribution that was paid before the maximum threshold was implemented. This transitional scheme expires as soon as the persons to whom this scheme applies are no longer part of the executive board of ForFarmers or agree that the scheme as intended in the previous section (pension) applies.

#### ***Other secondary employee benefits***

ForFarmers has a package of secondary employee benefits for the members of the executive board. This includes, among other things, schemes related to healthcare insurance and incapacity for work, an accident insurance, a car scheme, a directors' and officers' liability insurance and an expenses allowance. ForFarmers does not provide loans, guarantees and similar benefits to executive board members.

#### ***Severance payment***

The current agreement with the CEO was concluded for a term up to the annual general meeting of shareholders in 2018. If the agreement with the CEO is terminated by the company then payment of his salary is continued up to the end of the contract term. The current agreements with the other members of the executive board were concluded for a fixed term in conformity with the maximum term of office as included in the Code. Agreements with executive board members are basically concluded for a term of four years and it shall be included that in case of early termination by the company at most once the fixed annual salary is paid. If an executive board member does not qualify for reappointment after four years then a maximum of once the fixed annual salary is also paid by way of severance payment. A severance payment is not paid if the agreement is terminated early at the initiative of the executive board member or if the executive board member acted in a seriously reproachable or negligent manner. The Supervisory Board is moreover authorised not to allocate the aforementioned payment or to set it at a lower amount if the Supervisory Board is of the opinion that the reason for the dismissal would on the basis of the principles of reasonableness and fairness render the allocation of a severance payment of one fixed annual salary unacceptable. The severance payment is paid immediately after termination of the agreement.

#### ***Non-statutory board members and other employees***

For the record it is noted that the remuneration of the non-statutory board members is adopted by the CEO within the applicable salary structure of ForFarmers approved by the Supervisory Board and after prior consultation with the Supervisory Board. The remuneration of the non-statutory board members and other employees takes place within the frameworks of this remuneration policy.

Lochem, 13 March 2017  
Supervisory Board