

# Explanatory notes to the agenda for the Annual General Meeting of Shareholders (the “General Meeting”) of ForFarmers N.V. (the “Company”) to be held on Wednesday 26 April 2017

1. Opening and announcements by the chairman of the supervisory board of the Company (the “Supervisory Board”)
2. Report of the executive board of the Company (the “Executive Board”) on the 2016 financial year (*for discussion*)

The Executive Board gives a presentation of the results of the Company in 2016, as shown and described in the annual accounts and the board report. The most important elements from the 2016 annual accounts and the 2016 board report are explained further.

## 3. 2016 annual accounts and dividend

### 3.1 Implementation of the remuneration policy (*for discussion*)

The chairman of the remuneration committee of the Supervisory Board provides an explanation of the implementation of the remuneration policy. A breakdown of the remuneration as intended in sections 383c up to and including 383e of Book 2 of the Dutch Civil Code has been included in the board report with the annual accounts over the 2016 financial year (remuneration report).

### 3.2 Explanation of audit approach by external auditor of the 2016 annual accounts and the 2016 report of the Executive Board (*for discussion*)

KPMG Accountants N.V. provides an explanation of the audit approach.

### 3.3 Adoption of 2016 annual accounts (*to vote*)

The General Meeting is proposed to adopt the annual accounts of the Company over the 2016 financial year.

### 3.4 Payment of dividend (*to vote*)

The General Meeting is proposed to, based on the realised result after taxes and in consideration of the dividend policy and the provisions set forth in article 38 of the articles of association of the Company (the “Articles”), pay a dividend of € 0.24218 per ordinary share by way of dividend. Payment shall exclusively take place in cash on 9 May 2017; 28 April 2017 has been set as the ex-dividend date and the registration date for dividend is, after processing of all debit and credit entries effective from the said date, 2 May 2017. Only shareholders, usufructuaries and pledgees who qualify as a shareholder in the share capital of the Company on the said registration date qualify for receipt of dividend.

#### **4. Discharge**

##### **4.1 Discharge of the members of the Executive Board (to vote)**

The General Meeting is proposed to grant each of the members of the Executive Board discharge for the performance of their duties during the 2016 financial year. The said discharge extends to all acts of the Executive Board that were included in the annual accounts and the board report over the 2016 financial year or that were otherwise communicated to the General Meeting.

##### **4.2 Discharge of the members of the Supervisory Board (to vote)**

The General Meeting is proposed to grant each of the members of the Supervisory Board discharge for the performance of their duties during the 2016 financial year. The said discharge extends to all acts of the Supervisory Board that were included in the annual accounts and the board report over the 2016 financial year or that were otherwise communicated to the General Meeting.

#### **5. Appointment of auditor for the audit of the 2017 annual accounts and the 2017 report of the Executive Board (to vote)**

KPMG Accountants N.V. in Amstelveen conducted the audit of the annual accounts and the board report over the 2016 financial year. The Supervisory Board also nominates KPMG Accountants N.V. for the auditor for the 2017 financial year.

#### **6. Remuneration of the Executive Board**

##### **6.1 Change of remuneration policy effective from the 2017 financial year (to vote)**

Also in connection with the change of the scheme as included below in agenda item 6.2 and the provisions of the Dutch Corporate Governance Code 2016 (the “Code”) some changes were made in the remuneration policy. In addition a section with regard to shareholdership of the board was – inter alia – included as well as a transitional pension scheme. The Supervisory Board has the opportunity to set financial – and qualitative targets and/or to determine the realisation of objectives within several ranges. To the performances to be delivered for the long-term performance bonus has been added that these may concern, amongst others, the value development of the share (“*total shareholder return*”) compared to the peer group and/or return on average capital employed. The General Meeting is proposed to adopt the (changed) remuneration policy for the Executive Board of the Company effective from the 2017 financial year. The remuneration policy was prepared by the Supervisory Board on the recommendation of the remuneration committee. Prior to the preparation of the remuneration policy the Supervisory Board considered the relevant aspects as prescribed in the Code. The proposed remuneration policy is available at the office of the Company and can be downloaded via the website [www.forfarmersgroup.eu](http://www.forfarmersgroup.eu).

**6.2 Change of scheme as intended in section 135 subsection 5 of Book 2 of the Dutch Civil Code regarding rights to subscribe for depositary receipts for ordinary shares effective from the 2017 financial year (*to vote*)**

The change of the scheme regards the amount that can be used for it and the period of the lock-up. Participants in the scheme can use an amount for it that does not exceed the gross amount of the short-term bonus for which they (may) qualify in pursuance of their agreement (regardless of the fact whether or not the said bonus is actually granted or paid out in a year). The period of the lock-up changes from three to five years. The General Meeting is proposed to approve the proposal effective from the 2017 financial year. The proposed scheme is available at the office of the Company and can be downloaded via the website [www.forfarmersgroup.eu](http://www.forfarmersgroup.eu).

**7. Remuneration of the Supervisory Board**

**Proposal regarding remuneration of the Supervisory Board effective from the 2017 financial year (*to vote*)**

During the General Meeting of Shareholders of 15 April 2014 the remuneration of the Supervisory Board was adopted for a period of three years. In 2016 the remuneration committee had an external management consultancy firm assess the remuneration of the Supervisory Board. The remuneration was compared to a peer group. The said peer group consisted of the companies that held the positions 15 up to 25 of the AMX (mid cap index) and the companies that held the positions 1 up to 10 of the AScX (small cap index). The General Meeting is proposed to effective from the 2017 financial year grant the members of the Supervisory Board a remuneration in conformity with the attached overview for a period of three years. The overview is available at the office of the Company and can be downloaded via the website [www.forfarmersgroup.eu](http://www.forfarmersgroup.eu).

**8. Composition of the Supervisory Board**

**Appointment of Mr C. de Jong as a member of the Supervisory Board (*to vote*)**

The Supervisory Board provided, in accordance with the Articles, a binding nomination to the General Meeting for the appointment of Mr C. de Jong as a member of the Supervisory Board for a term of four years, coming to an end at the end of the annual General Meeting of 2021. This nomination was made to fill the vacancy that had occurred on the Supervisory Board following the resignation of Mr H. Mulder. In conformity with the provisions set forth in article 23.2 of the Articles, the General Meeting can deprive the nomination of its binding nature with a resolution adopted by more than half of the votes cast in a meeting where at least a third of the issued share capital is represented.

Mr C. de Jong is independent within the meaning of best practice provision 2.1.8 of the Code.

The nomination for appointment of Mr C. de Jong as a member of the Supervisory Board of the Company is supported in full by the Executive Board.

The personal details of Mr C. de Jong as intended in section 142 subsection 3 of Book 2 of the Dutch Civil Code and the motivation for his nomination are as follows:

<b>Name</b>	<b>C. de Jong (Cees)</b>
<b>Age (on the date when called to office)</b>	<b>55 years (20 May 1961)</b>
<b>(Previous) relevant positions</b>	<p><b>Present position:</b></p> <ul style="list-style-type: none"> <li>• <b>Chairman of the board / Chief Executive Officer at Chr. Hansen (Denmark)</b></li> </ul> <p><b>Previous positions;</b></p> <ul style="list-style-type: none"> <li>• <b>Chief Operating Officer (COO) and member of the Executive Board at Crucell</b></li> <li>• <b>Group Vice President and member of the board at Quest-International</b></li> <li>• <b>President Industrial Products at Campina B.V.</b></li> <li>• <b>President Anti-infectives at DSM N.V.</b></li> <li>• <b>Managing Director Industrial Pharmaceutical Products Division at Royal Gist-Brocades N.V.</b></li> </ul>
<b>Relevant supervisory directorships</b>	<p><b>Member of the Supervisory Board:</b></p> <ul style="list-style-type: none"> <li>• <b>Protein Sciences Corporation, Meriden, United States of America</b></li> </ul>
<b>Depositary receipts / shares ForFarmers N.V. (and/or options / rights to subscribe for depositary receipts / shares)</b>	<b>None</b>
<b>Motivation</b>	<p><b>Mr C. de Jong was nominated for appointment on account of his broad international experience in large industry-relevant organisations. The Supervisory Board is working on a diversity policy within the meaning of best practice provision 2.1.5 of the Code. In this policy the specific objectives regarding diversity and the aspects of diversity relevant to the Company shall be addressed, e.g. nationality, age, gender and background regarding education and professional experience. Mr C. de Jong obtained his Master of Business Administration (MBA) and his medical examination at the Erasmus University in Rotterdam. Considering the present composition of the Supervisory Board the appointment of Mr C. de Jong gives substances to diversity regarding background and professional experience.</b></p>

**9. Designation regarding issue of shares, the granting of rights to subscribe for shares and the limitation or exclusion of the pre-emptive right**

**9.1 Designation of the Executive Board as the competent body – upon approval of the Supervisory Board – to issue ordinary shares and to grant rights to subscribe for ordinary shares for the duration of 18 months effective from the day of this General Meeting (to vote)**

It is proposed to designate the Executive Board as the competent body – upon approval of the Supervisory Board – to issue ordinary shares and to grant rights to subscribe for ordinary shares. The authority is limited to 10% of the issued ordinary shares with an additional 10% (both as determined at the time of this General Meeting) in case of mergers, acquisitions or strategic partnerships. The General Meeting shall remain authorised for the percentage that has not been delegated to the Executive Board.

The Executive Board can, upon approval of the Supervisory Board, exercise the said authority at its sole discretion. This enables the Executive Board to, for instance, react to the financing of the Company. The issue of shares can moreover serve to comply with obligations that derive from potential share schemes and for the payment of potential stock dividends or bonus shares, however it can also be an instrument to finance (parts of) mergers, acquisitions or strategic partnerships.

The duration of the requested designation is 18 months, calculated from the day of this General Meeting, in conformity with the present corporate governance practice. The designation granted by the General Meeting on 15 April 2016 expires after approval of this proposed resolution.

**9.2 Designation of the Executive Board as the competent body – upon approval of the Supervisory Board - to limit or exclude the pre-emptive right of shareholders for the duration of 18 months effective from the day of this General Meeting (to vote)**

It is proposed to designate the Executive Board as the competent body – upon approval of the Supervisory Board – to limit or exclude the pre-emptive right in case of an issue / granting of rights to subscribe for shares in pursuance of the delegation of authorities as outlined in agenda item 9.1. In accordance with the said delegations this designation is limited to a period of 18 months, calculated from the day of this General Meeting. The designation granted by the General Meeting on 15 April 2016 expires after approval of this proposed resolution.

**10. Authorisation of the Executive Board – upon approval of the Supervisory Board – regarding acquisition, other than without consideration, by the Company of shares (regardless of the category) in its own share capital (to vote)**

It is requested to authorise the Executive Board – upon approval of the Supervisory Board – and without prejudice to the statutory provisions and the provisions set forth in the Articles, for the Company to acquire (other than without consideration) shares in its own share capital (regardless of the category) up to a maximum of 10%

of the issued share capital of the Company (determined at the time of this General Meeting).

The shares can be acquired on the stock exchange or otherwise, in direct transactions with shareholders, in block trades, by means of derivatives or otherwise at a price per share that falls between nil and 110% of the average closing price of the ordinary shares on the regulated Euronext Amsterdam market operated by Euronext Amsterdam N.V., calculated over five trading days prior to the day of acquisition.

ForFarmers generates a substantial cash flow and has additional financial headroom by means of an existing credit facility. The Company wishes to be flexible to make relevant acquisitions in the coming years but also aims to make its balance sheet more efficient. In relation hereto, the Company has the intention to make a part of its cash position available for shareholders, by way of a purchase programme of own shares (“the purchase programme”). In the context of this purchase programme the Company has the intention to purchase own shares for the duration of this authorisation of an amount ranging between € 40 million and € 60 million.

This purchase authorisation provides the Executive Board – upon approval of the Supervisory Board – the required flexibility to, inter alia, implement the purchase programme and to comply with obligations regarding bonus schemes related to (depository receipts for) shares.

This authorisation applies from the date of this General Meeting for a duration of 18 months calculated from the day of this General Meeting. The authorisation granted by the General Meeting on 15 April 2016 expires after approval of this proposed resolution.

**11. Rotation schedule of the Supervisory Board (*for information*)**

Name	Year of last appointment	Eligible for reappointment in	At the latest resigning in
Addink-Berendsen J.W.	2014	2018	2022
Eggink J.W.	2014		2018
Wunnekink W.M.	2015	2019	2027
Mulder H.	2014		2017
Rijn C.J.M. van	2016	2020	2024
Hulshof V.A.M.	2014	2018	2026

ForFarmers deviates from best practice provision 2.2.2 of the Code in terms of the persons who were part of the Supervisory Board on 1 January 2017; with regard to these persons it still applies that they can still be reappointed once after a term of twice four years. Supervisory directors who were or are appointed after the said date were or are appointed upon application of best practice provision 2.2.2 of the code.

**12. Any other business**

**13. Closure**