

# CORPORATE GOVERNANCE STATEMENT 2018

This [Corporate Governance Statement](#)<sup>1</sup> forms part of the Executive Board report for 2018. It sets out how the Dutch Corporate Governance Code (the “Code”)<sup>2</sup> is applied by ForFarmers N.V. (the “Company”) and provides information in accordance with the Decrees implementing Article 10 of the EU Takeover Directive and Article 3 of the EU Directive on disclosure of non-financial information. The Statement also contains information regarding the key features of the internal risk management and control systems in relation to ForFarmers’ financial reporting process, and the composition and functioning of the Executive Board, Executive Committee and Supervisory Board, as well as the functioning of the General Meeting of Shareholders (“AGM”).

The corporate governance of ForFarmers N.V. is determined by Dutch law, the [Articles of Association](#) and the relevant regulations, which have been established based on the Code.

The Executive Board and the Supervisory Board (the ‘Board’) are responsible for the Company’s corporate governance structure and discuss this on an annual basis. The Executive Board and the Board believe, for historical and other reasons, that deviations from or qualifications of certain individual provisions of the Code by ForFarmers can be justified. This is explained in greater detail in the [Corporate Governance](#) section.

## The Dutch Corporate Governance Code

### Long-term value creation

The [Company](#) applies the principles and best practice provisions of the Code in the interests of long-term value creation. The Executive Board is responsible for the continuity of the Company and its affiliated enterprise. The Executive Board has developed a vision on [long-term value creation](#) for the Company and has – in consultation with the Board – formulated a strategy consistent with this with due consideration for best practice provision 1.1.1 of

the Code. In the Report of the Supervisory Board the Supervisory Board provides an account of its involvement in the formulation of the strategy and how it supervises its implementation. In the [Executive Board report](#) the Executive Board comments on its vision on long-term value creation, the strategy aimed at realising this and efforts to contribute to this over the past year.

### Internal risk management and control systems

The Company has appropriate internal risk management and control systems in place (the “internal systems”). In the [Risk Management](#) section of the Executive Board report, the Executive Board describes the main risks associated with the strategy and activities of the Company and takes a closer look at risk appetite and the mitigating measures that have been taken. A statement as referred to in provision 1.4.3 of the Code is also included. The Executive Board monitors the operation of the internal systems and, assisted by the internal auditor, conducts a systematic review of their design and operation during the year.

The Executive Board discusses the effectiveness of the design and operation of the internal systems with the Audit Committee and reports on this to the Board. The principles and best practice provisions relating to the appointment of the external auditor and the evaluation and performance of their duties are also subscribed to.

### Effective management and supervision

The Company applies the principles and best practice provisions of the Code relating to effective management and supervision, with due observance of what is stated under [Deviations from the Code](#). The Executive Board and the Supervisory Board are composed in such a way that the required expertise, background, skills and (in the case of the Supervisory Board) independence are guaranteed, enabling members to fulfil their tasks.

## Executive Board and Executive Committee

As stated in the [Articles of Association](#) and the [Executive Board Regulations](#), the executive board is understood to be the official or statutory management of the Company (the "Executive Board"). The Executive Board, along with the other directors (who do not form part of the statutory management), also acts as the [Executive Committee](#) of ForFarmers (the "Executive Committee").

Executive Board members are appointed by the General Meeting of Shareholders and solely on a binding recommendation from the Supervisory Board. The AGM can, however, cancel the binding nature of a nomination by the Supervisory Board by voting to do so by an absolute majority in a meeting at which at least one third of the issued share capital is represented. In that case, the Supervisory Board proceeds to make a new nomination. The AGM also has the power to suspend or dismiss members of the Executive Board by voting to do so by an absolute majority in a meeting at which at least one third of the issued share capital is represented, unless the decision is taken at the proposal of the Supervisory Board, in which case the decision may be made regardless of what share of the issued share capital is represented at the meeting.

The Executive Board was designated by the AGM of 26 April 2018 as the body authorised – subject to the approval of the Supervisory Board – to issue ordinary shares and/or grant rights to subscribe to ordinary shares. This designation is limited to a period of 18 months from the date of the AGM. In terms of scale the designation is limited to 10% of the issued capital with an additional 10% in the event of mergers, acquisitions or strategic partnerships. The AGM of 26 April 2018 furthermore authorised the Executive Board – for a period of 18 months and subject to the approval of the Supervisory Board – to purchase shares in the Company, within the limits set by the law and the Articles of Association. In principle the AGM is requested each year to make these designations and to grant these authorisations. The AGM of 15 April 2016 mandated the Executive Board to issue the same number of preference shares as are included, from time to time, in the share capital of the Company to enable the Company to comply with the obligations under the call-option agreement with Stichting Continuïteit ForFarmers (the ForFarmers Continuity Foundation).

## Supervisory Board

The [Supervisory Board](#) is composed of six natural persons and its purpose is to supervise the policy of the Executive Board and the general affairs of the Company. In doing so it also focuses on the effectiveness of the internal risk management and control systems and the integrity and quality of the financial reporting.

Each year the Supervisory Board holds meetings with the Executive Board according to a set schedule. Additional meetings are inserted in the schedule if necessary. The meetings to discuss the strategy and budget are generally attended by all members of the Executive Committee. With regard to the independence of Supervisory Board members in the sense of best practice provision 2.1.7 please refer to the section [Deviations from the Code](#).

At least once a year and outside the presence of the Executive Board the Supervisory Board reviews its own functioning as well as the functioning of the individual Supervisory Board committees and the individual Supervisory Board members, and discusses the conclusions to be drawn from this review. The desired profile, composition, competences and skills of the Board are also discussed. Also at least once a year and outside the presence of the Executive Board, the Supervisory Board discusses the functioning of both the Executive Committee as a team and that of the individual directors, and the conclusions that should be drawn, partly for succession purposes. The [diversity policy](#) and how it is applied is explained in the section Decree on disclosure of non-financial information.

The members of the Supervisory Board are appointed by the AGM for a maximum period of four years. The AGM appoints a Supervisory Board member on a binding recommendation from the Supervisory Board, although the AGM can cancel the binding nature of any nomination by voting to do so by an absolute majority in a meeting at which at least one third of the issued share capital is represented. In that case, the Supervisory Board proceeds to make a new nomination.

If as at the most recent reference date of 1 January of any calendar year Cool^peratie FromFarmers U.A. (the "Cooperative"), in its capacity as priority shareholder, may with regard to more than fifty per cent (50%) of the total number of votes to be cast on ordinary shares

- a. exercise the voting rights on shares held by the priority shareholder (regardless of whether the priority shareholder grants or has granted a proxy for the exercise of those voting rights, or accepts or has accepted voting instructions to that effect); and/or
- b. issue voting instructions regarding the exercise of the voting rights associated with the ordinary shares held by Stichting Beheer- en Administratiekantoor ForFarmers (the ForFarmers Trust Office Foundation, hereinafter the "Trust Office Foundation") in accordance with the provisions of Article 8 of the terms and conditions of the trust,

the Supervisory Board shall nominate a candidate recommended by the priority shareholder for four of the six Supervisory Board members, unless the Supervisory Board objects to the nomination on the grounds that it expects the recommended candidate will not be suited to the task of a Supervisory Board member, or that any appointment in accordance with the recommendation would result in an unsuitable composition of the Supervisory Board. In all other cases the priority shareholder has the aforementioned right of nomination with regard to three of the six Supervisory Board members. Pursuant to the [Articles of Association](#), the AGM has the power to suspend or dismiss a member of the Supervisory Board at any time; such a decision is taken by an absolute majority in a meeting at which at least one third of the issued share capital is represented, unless the decision is taken at the proposal of the Supervisory Board, in which case the decision may be made regardless of what share of the issued share capital is represented at the meeting.

If the Cooperative, in its capacity of priority shareholder, meets the condition stated in the first section of the previous paragraph it shall appoint a Supervisory Board member as chairman, after consultation with the Supervisory Board. In all other cases, the Supervisory Board shall appoint one of its members as chairman, after consultation with the Cooperative as the priority shareholder. The previous two sentences are similarly applicable to the dismissal of the chairman, although a chairman thus dismissed shall then continue their term of office as a member of the Supervisory Board without holding the title of chairman.

## Remuneration

The Company applies the principles and best practice provisions of the Code with regard to remuneration. The remuneration policy for the Executive Board was adopted by the AGM of [26 April 2017](#). The same meeting also approved the proposal for the remuneration of the Supervisory Board.

The [Remuneration Report](#), which is part of the Executive Board report, gives an account of the implementation of the remuneration policy during the year under review. The Supervisory Board determines the remuneration of the individual members of the Executive Board at the proposal of the Remuneration Committee, in line with the remuneration policy adopted by the General Meeting of Shareholders. The remuneration policy is reviewed regularly; any changes to the policy are subject to approval by the AGM. [The main aspects of the agreements with the members of the Executive Board](#) are published on the Company's website, in accordance with the Code.

The Company aims to strike the right balance between transparency and considerations regarding share price and/or competitive sensitivity in choosing what information about variable remuneration should be included in the Remuneration Report. The Supervisory Board has the power to adjust the variable remuneration if this has been granted on the basis of inaccurate financial or other information, and the Company has the right to claw back the variable remuneration or that part of it that was granted on the basis of inaccurate financial or other information from members of the Executive Board.

The Supervisory Board is authorised to adjust the level of the variable component of the remuneration for members of the Executive Board where its allocation was dependent, in whole or in part, on attaining certain targets or on certain circumstances to an appropriate level if paying it would be unacceptable based on standards of fairness and reasonableness.

In the event of early termination of the employment contract by the Company, members of the Executive Board shall receive a maximum of one year's fixed salary. The same applies where a member of the Executive Board is not eligible for reappointment. No severance payment is made if the contract is terminated early at the initiative of the Executive Board member or the Executive Board

member is guilty of culpable or negligent conduct. Moreover the Supervisory Board has the power to withhold or reduce the aforementioned severance pay if it is of the opinion that a payment equalling one year's fixed salary would be unacceptable based on standards of fairness and reasonableness given the reason for the dismissal. Severance pay is payable immediately upon termination of the contract.

## General Meeting of Shareholders

The principles and best practices relating to the AGM are applied with due observance of the provisions under Deviations from the Code.

The registered share capital of the Company equals €5,000,000.01 and is divided into:

- 250 million ordinary shares (of which 106,261,040 are issued and for some of which depositary receipts have been issued);
- 250 million preference shares (of which none are issued);
- 1 priority share (which is issued),

each with a nominal value of € 0.01. ForFarmers has no provisions that restrict voting rights. Each share, irrespective of type, grants the right to cast one vote in the General Meeting of Shareholders. The Company's [Articles of Association](#) include the usual provisions with regard to registering in order to be entitled to vote and attend shareholders' meetings.

The ordinary shares of ForFarmers N.V. are listed on Euronext Amsterdam (under the symbol [FFARM](#)). Furthermore, depositary receipts have been issued with the cooperation of the Company. The board of the Trust Office Foundation operates independently of the Company. The Trust Office Foundation follows the voting instructions given by the Cooperative in accordance with the provisions of Article 8.4 of the [Terms and Conditions](#) of the Trust Office Foundation, exercises voting rights and grants proxy votes with due observance of the provisions under Deviations from the Code. The [Articles of Association](#), the [Terms and Conditions](#) of the trust and the [Report](#) of the ForFarmers Trust Office Foundation can be found on the Company's website.

Members of the Cooperative are permitted to hold a

participation account with the aforementioned Cooperative. The Cooperative grants proxy votes to participation account holders to enable them to exercise their right to attend and vote at the AGM of the Company with due observance of the provisions in the Articles of Association of said Cooperative.

The Executive Board, or, if applicable, the Supervisory Board shall, with due observance of the [Policy on bilateral contacts](#), inform all shareholders and other parties on the financial markets simultaneously on matters that could influence the share price. Analyst meetings and press conferences shall be announced in advance on the Company's website and can be accessed via webcast or audio webcast. Analyst presentations and presentations given during the AGM will be posted on the Company's website after the meeting in question. If price-sensitive information is provided during a General Meeting of Shareholders, or the answering of questions from shareholders has led to the provision of price-sensitive information, such information shall be made public without delay. Analyst meetings, presentations to institutional and other investors and direct talks with such investors shall not take place shortly before the publication of regular financial information (half-yearly or annual results).

The Supervisory Board and the Executive Board consider it very important that as many shareholders as possible take part in the decision-making process in shareholders' meetings. The Company facilitates this, for example by giving shareholders the option of issuing a proxy with voting instructions, including to an independent third party if so desired. Convening notices, agendas and documents for discussion for [shareholders' meetings](#) shall be published in good time in accordance with the relevant legal provisions and provisions of the Articles of Association. The agenda for shareholders' meetings shall state which items on the agenda are discussion items and which are voting items.

Decisions by the Executive Board regarding any major change in the identity or nature of the Company or its business are subject to approval by the AGM, in any case including:

- a. the transfer of all or nearly all of the business to a third party;

- b. the commencement or termination of a long-term cooperation agreement between the Company or one of its subsidiaries and another legal entity or company, or as a fully liable partner in a limited partnership or general partnership, where the commencement or termination of such cooperation is of major significance to the Company; and
- c. the acquisition or disposal of any stake in the capital of a company amounting to at least one third of the value of the assets according to the balance sheet with explanatory notes or, in the event the company prepares a consolidated balance sheet, according to the consolidated balance sheet with explanatory notes as per the company's annual accounts most recently adopted by the company or one of its subsidiaries.

The priority share is held by the Cooperative, provided that and as long as at every reference date of 1 January of each calendar year the Cooperative can with regard to at least 20% of the total number of votes to be cast on ordinary shares

- i. exercise the voting rights on shares held by the Cooperative (regardless of whether the Cooperative grants or has granted a proxy for the exercise of those voting rights, or accepts or has accepted voting instructions to that effect); and/or
- ii. issue voting instructions regarding the exercise of the voting rights associated with the ordinary shares held by the Trust Office Foundation in accordance with the terms and conditions of the trust.

Decisions by the Executive Board relating to the following are subject to the approval of the priority shareholder:

- a. moving the Company's head office out of the east of the Netherlands (the provinces of Gelderland and Overijssel);
- b. any major change in the identity or nature of the Company or its business as a result of (i) the transfer of all or nearly all of the business to a third party or (ii) the commencement or termination of a long-term cooperation agreement between the Company or one of its subsidiaries and another legal entity or company, or as a fully liable partner in a limited partnership or general partnership, where the commencement or termination of such cooperation is of major significance to the Company;

- c. the acquisition or disposal of any stake in the capital of a company amounting to at least one third of the company's equity according to the balance sheet with explanatory notes or, in the event the company prepares a consolidated balance sheet, according to the consolidated balance sheet with explanatory notes as per the company's annual accounts most recently adopted by the company or one of its subsidiaries.

The ordinary and preference shares into which the Company's share capital is divided carry no special control rights.

The AGM can decide to amend the [Articles of Association](#) by a simple majority of votes at the proposal of the Executive Board and subject to the approval of the Supervisory Board. Such a decision can only be taken by the AGM with prior or simultaneous approval from the priority shareholder. The same applies for decisions regarding the undertaking of a merger or demerger.

Those entitled to attend meetings may propose agenda items for shareholders' meetings. Items proposed in writing by one or more parties who are entitled to attend meetings and individually or jointly represent at least 3 per cent of the issued share capital of the Company will be included in the convening notice or announced in the same way provided that the Company receives the reasoned request or proposed resolution no later than 60 days before the date of the AGM. In addition shareholders' meetings can be convened by parties who are entitled to attend meetings and jointly represent at least 10 per cent of the issued share capital of the Company.

Members of Coöperatie FromFarmers U.A. who can demonstrate that a participation account is held in their name with the aforementioned Cooperative shall in principle be admitted to the AGM.

A report is written of each shareholders' meeting and made available to the shareholders, in accordance with the Code. The results of the voting on each of the agenda items shall be published on the Company's website within 15 calendar days after the shareholders' meeting.

## Management structure

The Company has a two-tier management structure. The principles and best practice provisions of the Code

relating to one-tier management structure do not apply to the Company.

The principles and best practices relating to conflicts of interest are subscribed to. The [Executive Board Regulations](#) and [Supervisory Board Regulations](#) include rules for handling potential conflicts of interest.

The Company has established rules regarding the holding of and undertaking of transactions in securities by members of the Supervisory and Executive Boards. These rules are included in the regulations referred to above.

## Deviations from the Code

The deviations from and/or qualifications of the Code are included in the [Corporate Governance](#) section of the Executive Board report.

## Decree implementing article 10 of the EU takeover directive

In accordance with the provisions of Article 1, paragraph 1 of the Decree implementing Article 10 of the EU Takeover Directive the following information is provided and explained insofar as this has not been done already.

## Capital structure – distributions

With due observance of article 36.1 of the [Articles of Association](#) the profits as shown in the Company's annual accounts for any financial year shall be allocated as follows and in the following order:

- a. insofar as preference shares have been cancelled without full payment of the distribution as described in Article 12.2 section b. of the Articles of Association having been made and without such a shortfall subsequently having been distributed in full as described in Article 38.1 or Article 38.2 of the Articles of Association, an amount equalling this shortfall or remaining shortfall shall be distributed to the person or persons who were holders of preference shares at the time the cancellation came into effect;
- b. insofar as any Preference Distribution (or any part thereof) for previous financial years has not yet been fully distributed as described in Article 38.1 or Article

- 38.2 of the Articles of Association, an amount equalling this shortfall or remaining shortfall shall be distributed on the preference shares;
- c. the Preference Distribution for the financial year to which the annual accounts relate shall be distributed on the preference shares;
- d. the Executive Board shall determine, subject to the approval of the Supervisory Board, which part of the remaining profit will be added to the Company's reserves;
- e. from the then remaining profit, an amount equalling the nominal amount of the priority share shall be distributed on the priority share; and
- f. with due observance of Article 32 of the Articles of Association the profits then remaining shall be attributable to the AGM for distribution on the ordinary shares.

Insofar as the distributions described in Article 38.1, sections a. to c. (or any part thereof) of the Articles of Association cannot be distributed from the profits stated in the annual accounts, such a shortfall shall be paid out of the Company's reserves with due observance of Articles 36.1 and 36.2 of the Articles of Association.

Distribution of profit occurs, with due observance of Article 36.1, after the adoption of the annual accounts that show such a distribution is justified.

## Restrictions on transfer of shares

The Company imposes no restrictions, either under the Articles of Association or contractually, on the transfer of shares, except for the restriction provided for in the Articles of Association regarding the transfer of preference shares or the priority share and the quality requirements applicable to the priority share. Article 15 of the Articles of Association determines that any transfer of preference shares or the priority share shall be subject to approval by the Executive Board. The priority share may only be held by (i) the Company itself, (ii) a cooperative whose members, in the opinion of the Executive Board, are primarily active in the agricultural sector, in any case including Coöperatie FromFarmers U.A., and which has voting rights or can issue voting instructions in connection with at least 20% of all shares as determined in Article 5.1, b of the Articles of Association or (iii) a party to be designated in writing by the Executive Board.

Depository receipts of shares in the Company's capital may only be transferred by means of a deed drawn up by the parties for that purpose as well as acknowledgment in writing by the Trust Office Foundation, after the prior written approval from the board of said Trust Office Foundation and the Company. The board of the Trust Office Foundation may only grant such an approval for the delivery of depository receipts if the delivery occurs in connection with the execution of a pledge under Article 3:248 of the Dutch Civil Code in conjunction with Article 3:250 or 3:251 of the Dutch Civil Code. The previous sentence does not apply in the case of a delivery of depository receipts:

- a. for the purpose of distribution of property pursuant to a divorce, dissolution of a registered partnership in general community of property or an inheritance, to one or more participants in that community of property or inheritance; or
- b. within the same combination between the legal or natural persons who belong to that combination, as stated in the terms and conditions of the aforementioned Trust Office Foundation.

Depository receipts can be cancelled (i.e. converted into ordinary shares) via the trading platform as operated by Captin B.V., with due observance of the terms and conditions of the trust. A similar rule applies to the transfer of a participation account (or part thereof) held by a member of the FromFarmers Cooperative and is set out in the Cooperative's Articles of Association. Conversion of a participation account or part thereof into ordinary shares or depository receipts may take place through the trading platform operated by Captin B.V., with due observance of the Articles of Association of Coöperatie FromFarmers U.A.

If a private offer for a business unit or participating interest valued in excess of the threshold specified in Article 2:107a, paragraph 1, section c of the Dutch Civil Code is made public, the Executive Board, after consultation with the Supervisory Board, shall publicly announce its opinion with regard to the offer along with the reasons for its opinion as soon as possible.

## Substantial holdings

As at 31 December 2018 the following entities held a stake

of 3% or more in ForFarmers, according to the Register of Substantial Holdings of the Netherlands Authority for the Financial Markets (AFM):

	Capital interest <sup>(1)</sup>	Registration date <sup>(2)</sup>
Coöperatie FromFarmers U.A. (direct en indirect)	49.99%	18 Oct 2017
Stichting Beheer- en Administratiekantoor ForFarmers	9.69%	31 Mar 2017
APG Asset Management N.V.	10.00%	21 Dec 2018
Kempen Capital Management N.V.	5.27%	8 Feb 2017
ForFarmers N.V. (due to share buy-back programme)	5.02%	14 Dec 2017
JP Morgan Asset Management Holdings Inc	3.01%	13 Oct 2017

*(1) based on 106,261,040 issued ordinary shares*

*(2) As of 31 Dec 2018 the capital interest of Coöperatie FromFarmers UA is 45.76%, of Stichting Beheer- en Administratiekantoor ForFarmers 6.93% and of ForFarmers NV 5.73%*

## Employee participation plan

The Company has an employee participation plan for senior management (including the Executive Committee) and an employee participation plan for other staff.

Employees are in principle invited every year to take part in the participation plan applicable to them.

Each year participants in the participation plan for senior management may purchase ordinary shares or depository receipts thereof up to an amount equal to the maximum gross variable and/or fixed short-term remuneration component (bonus) for which they are or could be eligible based on their contract (regardless of whether this remuneration component is actually granted or paid out in any year). Ordinary shares or depository receipts thereof obtained under this participation plan are subject to a lock-up period of five years as well as a discount of 20% on the standard acquisition price, granted in the form of an allotment of additional ordinary shares or depository receipts thereof. This rule was adopted by the AGM of 26 April 2017, though only insofar as it concerns members of the Executive Board.

Each year participants in the participation plan for other employees may purchase ordinary shares or depository receipts thereof for one of the following amounts: €1,000, €2,000, €3,000, €4,000 or €5,000. Ordinary shares or depository receipts thereof obtained under this participation plan are subject to a lock-up period of three years as well as a discount of 13.5% on the standard

acquisition price, granted in the form of an allotment of additional ordinary shares or depositary receipts thereof. Employees in the Netherlands receive a direct discount on the shares while in the other countries the discount is granted in the form of free shares or depositary receipts.

Participation in an employee participation plan is at the discretion of each individual employee. Each year the Supervisory Board determines whether the employee participation plans can be implemented.

## Shareholder agreements

Except for the restrictions that apply to ordinary shares or depositary receipts thereof obtained under an employee participation plan the Company is not aware of any agreements involving a shareholder which could lead to a restriction on the transfer of ordinary shares or depositary receipts thereof or to restriction of the voting rights.

## Provisions relating to a change of control in important agreements

The €300 million credit facility that the Company has entered into with banks includes a change-of-control clause, which stipulates that the banks which are party to the facility must be informed of any change of control. In that case the banks concerned have the option of demanding early redemption. Change-of-control clauses are also included in various agreements and cooperation agreements to which the Company or its subsidiaries are party. Such information is not published due to potential competitive sensitivity.

## Change-of-control clauses in employment contracts and contracts of assignment

There are no agreements with members of the Executive Board or other employees that provide for a payment in the event of the employment being terminated as a result of a public offer.

## Decree on disclosure of non-financial information

The following information is provided and explained in accordance with the provisions of Article 3 of the Decree on the disclosure of non-financial information.

### Social policy

The ForFarmers [Human Resources strategy](#) is focused on attracting, developing and retaining qualified people. In the interests of the further development of the organisation ForFarmers is dedicated to learning and applying best practices. This improves the effectiveness, efficiency and vitality of both organisation and staff, with ForFarmers seeking to strike a balance between the needs of the company and those of its employees. As set out in the [Code of Conduct](#) ForFarmers is an equal opportunities employer. ForFarmers has a zero-tolerance policy on discrimination and uses measures including the HR annual cycle to ensure that business decisions are based on relevant qualifications, merits, performance and other job-related factors. ForFarmers devotes a great deal of attention to providing a safe workplace and good working conditions and has established a [KPI](#) for reducing [Lost Time Incidents](#).

### Environment and respect for human rights

[Sustainability](#) is part of ForFarmers' [business profile](#), mission and [core values](#). Feeding the growing global population in a sustainable way is a challenge that will require optimum use of raw materials and natural resources such as energy, land and water. ForFarmers contributes to this for example by improving feed efficiency: more production of animal proteins with less feed.

In addition ForFarmers is committed to safeguarding the safety of people, processes and products, and seeks to establish fair and responsible working conditions throughout the chain. ForFarmers has a Supplier Code of Conduct in place in order to ensure a sound environmental policy and respect of human rights at its suppliers as well.

## Anti-corruption and anti-bribery policy

ForFarmers has a zero-tolerance approach to bribery and corruption. ForFarmers endorses this stance in the [Code of Conduct](#) and expects its staff to ensure that the people they work with understand that corruption and bribery are unacceptable. The anti-corruption and anti-bribery policy includes due diligence procedures when hiring staff and for entering into on business relations, as well as procedures for reporting bribery and corruption.

## Diversity policy

The Supervisory Board has drawn up a diversity policy for the composition of the Executive Board, the Supervisory Board and the Executive Committee, which sets out the specific objectives regarding diversity in general and aspects of diversity relevant to the Company, including nationality, age, gender, and educational and professional background.

This corporate governance declaration explains the diversity policy and its implementation in relation to (i) the objectives of the policy, (ii) the way in which the policy is implemented and (iii) the results of the policy over the past financial year. If the composition of the Executive Board and the Supervisory Board deviates from the objectives of the policy and/or the male-to-female ratio target, if and insofar as this is stipulated in or pursuant to the law, the corporate governance statement also sets out what the current situation is, what measures are being taken to achieve the desired situation and within what timeframe.

### 1. Diversity in terms of knowledge and experience

The Company aims to ensure the presence of a substantial level of knowledge and experience in the Executive Board and Executive Committee – spread across their various members – in the following areas: (i) national and international agribusiness, (ii) management of a listed company, (iii) financial matters, administrative organisation and internal control, (iv) strategy, (v) sales and marketing, (vi) manufacturing and logistics, (vii) innovation, research and development, (viii) safety and environment, (ix) personnel and organisation, (x) IT and/or (xi) legal matters.

Each member of the Executive Board and Executive Committee has the knowledge and experience relevant to their range of duties and keeps up with developments in national and international agribusiness. The Executive Board and Executive Committee have attended compliance and awareness courses that are relevant for listed companies, covering topics including IFRS, handling price-sensitive information and communication.

The areas in which knowledge and experience are sought in composing the Supervisory Board are stated in the [Profile of the Supervisory Board](#).

In its proposal to the AGM of 26 April 2018 to reappoint Sandra Addink-Berendsen and Vincent Hulshof and to appoint Roger Gerritzen the Supervisory Board gave special consideration to diversity in terms of knowledge and experience in the agricultural sector. In its proposal to reappoint Sandra Addink-Berendsen the Supervisory Board furthermore gave consideration to diversity in terms of gender. The Supervisory Board expanded on this in the explanatory notes to the agenda of said General Meeting of Shareholders. The nominations took place on the recommendation of Coöperatie FromFarmers U.A. and in the case of the reappointments the continuity of the Supervisory Board was taken into account.

The policy resulted in the presence of a significant level of knowledge and experience in the areas relevant to the Executive Board, the Executive Committee and the Supervisory Board during the financial year. In the case of the Supervisory Board moreover the appointment of Mr Gerritzen further increased diversity in terms of knowledge and experience.

### 2. Gender diversity (male/female ratio)

Insofar as is possible ForFarmers aims for a gender ratio of at least 70:30 for either gender in relation to the positions on the Executive Board, Supervisory Board and Executive Committee.

During the year under review the Executive Board and the Executive Committee were made up exclusively of men.

One position on the Supervisory Board was held by a woman and the others by men.

Diversity in terms of gender remained unchanged during the year under review. In filling vacancies on the Executive Board, the Executive Committee and/or the Supervisory

Board all requirements stated in the profile are taken into account, including the male-to-female ratio and other aspects such as knowledge and experience in specific fields.

When the occasion arises, in the event of equal suitability and with due observance of the diversity policy preference will be given to women until the desired ratio is achieved. The right of Coöperatie FromFarmers U.A. to recommend a number of candidates for appointment to the Supervisory Board will also be taken into consideration.

The three candidates nominated for appointment to the Supervisory Board in 2018 were recommended by Coöperatie FromFarmers U.A. The nominations for reappointment were made with consideration to both continuity within the Supervisory Board and the division of competences. The profile drawn up for the new Supervisory Board appointment included the provision that in the event of equal suitability, preference would be given to a female applicant. Of the two candidates, one male and one female, the male was chosen based on skills and experience. Furthermore two internal candidates were appointed to the Executive Committee in 2018, effective 1 January 2019, to fill the vacancy that will be created by the resignation of a member of the Executive Board at the AGM in April 2019. There were no internal female candidates and preference was given to candidates with proven experience in and connection with the agricultural sector. Given factors including the retirement schedule it is not expected that the target percentage will be achieved in the short term.

### 3. Diversity in terms of nationality

ForFarmers considers it particularly important for the Executive team to be diverse in terms of nationality and therefore has the stated objective of having at least two members of the Executive Committee whose nationality is other than Dutch.

In the period under review one member of the Executive Committee was not of Dutch nationality. Depending on the job and the timing of the occurrence of vacancies in the Executive Committee it will be considered what the possibilities are for meeting this objective without losing sight of other diversity aspects, including in particular knowledge and experience. As long as the target percentage has not been reached preference in the event of a vacancy will wherever possible be given to a candidate

who does not have Dutch nationality. Knowledge and experience of the Dutch market were the decisive factors in the decision to appoint two members to the Executive Committee who have Dutch nationality. Given the recent changes in the Executive Committee team it is expected that it will not be possible to achieve the desired situation until the medium to longer term.

### 4. Diversity in terms of age

Whilst the Company does not consider diversity in terms of age to warrant the formulation of a specific objective, it does acknowledge that experience and wisdom come with age whilst younger people have the most potential when it comes to being open to new developments. In light of this the Company strives to achieve a balanced mix of ages in the composition of the Executive Board, Supervisory Board and Executive Committee but without setting specific targets in this area.

During the year under review Arthur van Och joined the Executive Committee. Born in 1971, Mr van Och is the Executive Committee's youngest member. With effect from 2019 the Executive Committee has undergone further rejuvenation with the appointment of two new members. There were no changes to the composition of the Executive Board during the year under review. Following the resignation of Jan Eggink and the appointment of Roger Gerritzen the Supervisory Board now has one member born between 1940 and 1950 and two born between 1960 and 1970. The other three Supervisory Board members were born between 1970 and 1980.

<sup>1</sup> As described in article 2a of the Dutch Decree laying down additional requirements for Executive Board reports .

<sup>2</sup> An English-language version of the Code can be consulted at <https://www.mccg.nl/?page=4738>. An overview of how ForFarmers N.V. has implemented the Code can be found on the corporate website [www.forfarmersgroup.eu](http://www.forfarmersgroup.eu).