



# 2016 Notice of Annual General Meeting

**Friday 9 December 2016 at 11:00 am**  
**Congress Centre, 28 Great Russell Street, London WC1B 3LS**

**This document is important and  
requires your immediate attention**

**If you are in any doubt as to the action  
you should take, you are recommended  
to seek your own independent financial  
advice from a stockbroker, bank manager,  
solicitor, accountant, or other financial  
advisor authorised under the Financial  
Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your shares in Associated British Foods plc, please send this document, together with the accompanying documents (but not the personalised form of proxy), as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

ASSOCIATED BRITISH FOODS PLC  
(incorporated and registered in England and Wales  
under number 00293262)

**LETTER FROM THE CHAIRMAN**

**Associated  
British Foods  
plc**

Dear shareholder

**Annual general meeting 2016**

I have the pleasure of inviting you to the 2016 annual general meeting ('AGM') of Associated British Foods plc (the 'Company') to be held at Congress Centre, 28 Great Russell Street, London WC1B 3LS at 11.00 am on Friday 9 December 2016. We consider the AGM to be an important event in our calendar as it provides us with the opportunity to discuss the Company's performance and other important matters, as well as listening and responding to your questions.

You will find the formal Notice of AGM on pages 3 and 4 of this document and this sets out the business to be considered at the meeting. Explanatory notes to the resolutions are provided on pages 4 to 8 of this document and guidance notes for shareholders wishing to attend the meeting are set out on pages 9 to 11. If you have elected to receive information from the Company in hard copy, you will have received the annual report and accounts for 2016 with this document. Shareholders who have not elected to receive hard copy documents can view or download the annual report from our website at [www.abf.co.uk](http://www.abf.co.uk).

**Directors' remuneration policy**

This year we have reviewed the group's incentive arrangements to ensure that they continue to reflect the shape and nature of the group, align with our remuneration principles and reward performance fairly. This has led to changes in our remuneration policy, which are set out in detail in the directors' remuneration report on pages 69 to 87 of the annual report and accounts 2016. We are therefore seeking your approval of this policy at the AGM this year. The regulations also require the Company to offer shareholders a separate annual advisory vote on the directors' remuneration report (other than that part containing the directors' remuneration policy). Please see the explanatory notes on page 4 of this document for further information.

**Voting at the meeting**

At the meeting, all resolutions will be put to a vote on a poll rather than a show of hands. We believe that the final result is more democratic on a poll, as the proxy results lodged are added to the votes of shareholders present. Shareholders attending the meeting will, again this year, be asked to vote their shares using the 'Votenow' electronic system. Full guidance will be given on the day and, in the meantime, further information on electronic voting is set out in note 4 to the Notice of meeting on page 10 of this document.

**Voting by proxy**

If you are unable to attend the AGM, you can appoint a proxy to exercise all or any of your rights to attend, vote and speak at the AGM. A form of proxy is enclosed with this document. To be valid, the form of proxy should be completed and returned to our registrar, Equiniti Limited (the 'Registrar'), in the reply-paid envelope provided. Alternatively, you can lodge your proxy appointment electronically by visiting the website [www.sharevote.co.uk](http://www.sharevote.co.uk) provided by the Registrar. Further details on how to appoint a proxy and submit your voting instructions, including for CREST members, are set out in note 2 on page 9 of this document. Please note that all proxy appointments and instructions, whether postal or electronic, must be received by 11.00 am on Wednesday 7 December 2016.

**Recommendation**

The board considers that the resolutions to be put to the AGM are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings, which, as at 7 November 2016 (being the last practicable date prior to publication of this document) amount in aggregate to 4,224,835 ordinary shares, representing approximately 0.54% of the ordinary shares currently in issue.

On behalf of the board, I look forward to seeing many of you at our AGM and thank you for your continued support.

Yours faithfully

**Charles Sinclair**

Chairman

8 November 2016

## NOTICE OF ANNUAL GENERAL MEETING 2016

**NOTICE IS HEREBY GIVEN that the eighty-first Annual General Meeting of Associated British Foods plc (the 'Company') will be held at Congress Centre, 28 Great Russell Street, London WC1B 3LS on Friday 9 December 2016 (the 'AGM') at 11.00 am to transact the following business:**

**To consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 16 and 19 will be proposed as ordinary resolutions and resolutions 17 and 18 will be proposed as special resolutions.**

### **Resolution 1**

#### **Annual report and accounts**

To receive the accounts and the reports of the directors and the auditor thereon for the year ended 17 September 2016.

### **Resolution 2**

#### **Directors' remuneration report**

To approve the directors' remuneration report (excluding the directors' remuneration policy referred to in resolution 3) as set out on pages 69 to 87 of the Company's annual report and accounts for the financial year ended 17 September 2016.

### **Resolution 3**

#### **Directors' remuneration policy**

To approve the directors' remuneration policy, as set out on pages 75 to 81 of the Company's annual report and accounts for the financial year ended 17 September 2016, to take effect immediately at the conclusion of the AGM.

### **Resolution 4**

#### **Declaration of final dividend**

To declare a final dividend of 26.45p per ordinary share to be paid on 13 January 2017 to holders of ordinary shares on the register of shareholders of the Company at the close of business on 16 December 2016.

### **Resolution 5**

To re-elect Emma Adamo as a director.

### **Resolution 6**

To re-elect John Bason as a director.

### **Resolution 7**

To re-elect Ruth Cairnie as a director.

### **Resolution 8**

To re-elect Timothy Clarke as a director.

### **Resolution 9**

To re-elect Javier Ferrán as a director.

### **Resolution 10**

To re-elect Wolfhart Hauser as a director.

### **Resolution 11**

To elect Richard Reid as a director.

### **Resolution 12**

To re-elect Charles Sinclair as a director.

### **Resolution 13**

To re-elect George Weston as a director.

### **Resolution 14**

#### **Reappointment of auditor**

To reappoint Ernst & Young LLP as auditor of the Company (the 'Auditor') to hold office from the conclusion of the AGM until the conclusion of the next annual general meeting.

### **Resolution 15**

#### **Auditor's remuneration**

To authorise the Audit committee to determine the Auditor's remuneration.

### **Resolution 16**

#### **Directors' authority to allot shares**

THAT the directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all of the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights'):

- (a) up to an aggregate nominal amount of £14,900,000; and
- (b) up to a further aggregate nominal amount of £14,900,000 provided that
  - (i) they are equity securities (within the meaning of section 560(1) of the Companies Act 2006) and (ii) they are offered by way of a rights issue to holders of ordinary shares on the register of members at such record dates as the directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record dates, subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter,

provided that this authority shall expire at the conclusion of the next annual general meeting of the Company or, if earlier, on 9 March 2018, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the directors to allot shares and grant Rights be and are hereby revoked.

### **Resolution 17**

#### **Special resolution:**

#### **Disapplication of pre-emption rights**

THAT if Resolution 16 above is passed, the directors be and they are hereby authorised pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash pursuant to the authority conferred by Resolution 16 above or by way of a sale of treasury shares as if section 561(1) of that Act did not apply to any such allotment provided that this power shall be limited to:

- (a) the allotment of equity securities or sale of treasury shares in connection with an offer of securities (but in the case of the authority granted under paragraph (b) of Resolution 16 above by way of rights issue only) in favour of the holders of ordinary shares on the register of members at such record dates as the directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record dates, subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of ordinary shares being represented by depositary receipts or any other matter; and

## EXPLANATORY NOTES TO THE RESOLUTIONS

(b) the allotment of equity securities or sale of treasury shares (otherwise than pursuant to sub-paragraph (a) of this Resolution 17) to any person or persons up to an aggregate nominal amount of £2,200,000,

and shall expire upon the expiry of the general authority conferred by Resolution 16 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

### Resolution 18

#### Special resolution: Notice of general meetings

THAT a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

### Resolution 19

#### Adoption of the 2016 Long Term Incentive Plan

THAT the rules of the Associated British Foods plc 2016 Long Term Incentive Plan (LTIP), described in the circular of which the notice containing this resolution forms part and in the form produced in draft to the meeting and for the purpose of identification initialled by the Chairman of the meeting, be and are hereby approved and adopted and that the directors be and are hereby authorised to do all such other acts and things as they may consider appropriate to implement the LTIP.

By order of the board

**Paul Lister**  
Company Secretary  
8 November 2016

Weston Centre  
10 Grosvenor Street  
London W1K 4QY  
Registered in England and Wales  
Company No. 00293262

### Notes to resolution 1

#### Annual report and accounts

The board asks shareholders to receive the reports of the directors and the financial statements for the year ended 17 September 2016 together with the report of the auditor. These accounts are sent to shareholders on 10 November 2016.

### Notes to resolution 2

#### Directors' remuneration report

Resolution 2 seeks shareholder approval for the directors' remuneration report (excluding the directors' remuneration policy referred to in resolution 3) set out on pages 69 to 87 of the annual report and accounts 2016 and gives details of directors' remuneration for the year ended 17 September 2016. This resolution is advisory in nature meaning that payments and benefits made or promised to directors would not have to be repaid or withheld should the resolution not be passed.

### Notes to resolution 3

#### Directors' remuneration policy

Resolution 3 seeks shareholder approval for the directors' remuneration policy which is set out on pages 75 to 81 of the directors' remuneration report in the annual report and accounts. This resolution is binding in nature and, if approved, the revised directors' remuneration policy will take effect from the conclusion of the AGM. Once the directors' remuneration policy has been approved, the Company may not make a remuneration payment or payment for loss of office to a director or former director of the Company unless that payment is consistent with the approved directors' remuneration policy, or has otherwise been approved by a shareholder resolution. The directors' remuneration policy will next be submitted to shareholders no later than the 2019 AGM.

### Notes to resolution 4

#### Declaration of final dividend

A final dividend for the year ended 17 September 2016 of 26.45p per ordinary share is recommended by the directors and is put to shareholders for their approval. If approved, the dividend will be paid on 13 January 2017 to holders of ordinary shares on the register of shareholders of the Company at the close of business on 16 December 2016, making a total dividend in respect of the year ended 17 September 2016 of 36.75p per ordinary share. In accordance with the Articles of Association of the Company, the shareholders cannot

resolve to pay an amount greater than that recommended by the directors.

### Notes to resolutions 5 to 13

#### Election/re-election of directors

The UK Corporate Governance Code provides for all directors of companies forming part of the FTSE 350 to be subject to annual re-election by shareholders. Accordingly, all members of the board are standing for re-election (or election in the case of Richard Reid, who was appointed as a director of the Company on 14 April 2016) by shareholders at this year's AGM. Resolutions 5 to 10, 12 and 13 relate to the re-election of directors who have served for the entire period since the last AGM and resolution 11 relates to the election of Richard Reid.

Biographical details for all the directors are set out on pages 5 to 7 below.

Resolutions 7 to 11, inclusive, relate to the election or re-election, as appropriate, of Ruth Cairnie, Tim Clarke, Javier Ferrán, Wolfhart Hauser and Richard Reid, who are the directors that the board has determined are independent directors for the purposes of the UK Corporate Governance Code (the 'Independent Directors'). Under the Listing Rules, because Wittington Investments Limited ('Wittington'), and through its control of Wittington, the Garfield Weston Foundation, is a controlling shareholder of the Company (that is it exercises or controls more than 30% of the voting rights of the Company), the election or re-election of any independent director by shareholders must be approved by a majority vote of both:

- (1) the shareholders of the Company; and
- (2) the independent shareholders of the Company (that is the shareholders of the Company entitled to vote on the election of directors who are not controlling shareholders of the Company).

Certain members of the Weston family who hold shares in Associated British Foods (including two of the Company's directors, George Weston and Emma Adamo) under the Listing Rules are treated as acting in concert with Wittington and are therefore also treated as controlling shareholders for the purposes of these voting requirements. Therefore, the votes of these individuals will also be excluded when calculating the votes of the independent shareholders.

Resolutions 7 to 11 are therefore being proposed as ordinary resolutions which all shareholders may vote on, but in addition, the Company will separately count the number of votes cast by independent shareholders in favour of the resolution (as a proportion of the total votes of independent shareholders cast on the resolution) to determine whether the second threshold referred to in (2) above has been met. The Company will announce the results of the resolutions on this basis as well as announcing the results of the ordinary resolutions of all shareholders.

Under the Listing Rules, if a resolution to re-elect an independent director is not approved by a majority vote of both the shareholders as a whole and the independent shareholders of the Company at the AGM, a further resolution may be put forward to be approved by the shareholders as a whole at a meeting which must be held more than 90 days after the date of the first vote but within 120 days of the first vote. Accordingly, if any of resolutions 7 to 11 is not approved by a majority vote of the Company's independent shareholders at the AGM, the relevant director(s) will be treated as having been re-elected only for the period from the date of the AGM until the earlier of (i) the close of any general meeting of the Company, convened for a date more than 90 days after the AGM but within 120 days of the AGM, to propose a further resolution to re-elect the Director, (ii) the date which is 120 days after the AGM and (iii) the date of any announcement by the board that it does not intend to hold a second vote. In the event that the director's re-election is approved by a majority vote of all shareholders at a second meeting, the director will then be re-elected until the next AGM.

The Company is also required to provide details of (i) any previous or existing relationship, transaction or arrangement between an independent director and the Company, its directors, any controlling shareholder or any associate of a controlling shareholder; (ii) why the Company considers the proposed independent director will be an effective director; (iii) how the Company has determined that the proposed director is an independent director; and (iv) the process by which the Company has selected each independent director. These details are provided for the

Independent Directors as part of their respective biographies below.

The Company has received confirmation from each of the Independent Directors that, except as disclosed below, there is no existing or previous relationship, transaction or arrangement that the Independent Directors have or have had with the Company, its directors, any controlling shareholder or any associate of a controlling shareholder.

## DIRECTORS' BIOGRAPHIES

### **Emma Adamo (age 53)** Non-executive director

Emma was appointed as a director in December 2011. She was educated at Stanford University and INSEAD in France.

Emma Adamo is not considered as independent by the board in view of her relationship with Wittington Investments Limited, the Company's majority shareholder. She was appointed in December 2011 to represent this shareholding on the board of the Company. The Chairman confirms that, following formal evaluation, Emma Adamo's performance continues to be effective and that she makes a valuable contribution to the board, demonstrating full commitment to the role, including devoting an appropriate amount of time to the role.

#### **Other appointments**

Director of Wittington Investments Limited

Director of the W Garfield Weston Foundation in Canada

### **John Bason (age 59)** Finance Director

John was appointed as Finance Director in May 1999. He has extensive international business experience and an in-depth knowledge of the industry. He was previously the finance director of Bunzl plc and is a member of the Institute of Chartered Accountants in England and Wales.

#### **Other appointments**

Non-executive director of Compass Group PLC

Trustee of Voluntary Service Overseas

Chairman of the charity FareShare

### **Ruth Cairnie (age 62)** Independent non-executive director

Ruth Cairnie was appointed a director in May 2014. Ruth was formerly Executive Vice President Strategy & Planning at Royal Dutch Shell Plc. This role followed a number of senior international roles within Shell, including Vice President of its Global Commercial Fuels business. She is a Physicist by qualification.

#### **Committee membership**

Member of the Audit committee

Member of the Nomination committee

Member of the Remuneration committee

#### **Other appointments**

Non-executive director of Keller Group plc

Non-executive director of Rolls-Royce Holdings plc

#### **Effectiveness**

Ruth Cairnie brings extensive overseas experience to the board, including international marketing and supply chain. The Chairman has confirmed that, following performance evaluation, Ruth makes an effective and valuable contribution to the board and demonstrates commitment, including devoting an appropriate amount of time, to the role.

#### **Independence**

Ruth's independence was determined by reference to the relevant provisions of the UK Corporate Governance Code. The board is satisfied that Ruth Cairnie is independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, her judgement.

#### **Selection**

The independent executive search consulting firm, Spencer Stuart, were engaged in the selection of a new independent non-executive director. Following a rigorous process of interviews and assessments, the Nomination Committee recommended the appointment of Ruth Cairnie to the board and the board approved her appointment with effect from 1 May 2014.

### **Timothy Clarke (age 59)** Independent non-executive director

Tim Clarke was appointed a director in November 2004 and has been Senior Independent Director since December 2007. Until 2009, he was chief executive of Mitchells & Butlers plc, following its demerger from Six Continents PLC

## EXPLANATORY NOTES TO THE RESOLUTIONS

where he also held the position of chief executive. Previously he had been a partner of Panmure Gordon & Co before joining Bass PLC in 1990.

### Committee membership

Member of the Nomination committee

Member of the Remuneration committee

### Other appointments

Non-executive director of Hall & Woodhouse Limited

Non-executive director of Timothy Taylor & Company Limited

Non-executive director of Triple Point VCT 2011 PLC

### Effectiveness

Tim Clarke brings extensive experience of retailing to the board. The Chairman has confirmed that, following performance evaluation, Tim continues to make an effective and valuable contribution to the board and demonstrates commitment, including devoting an appropriate amount of time, to the role. The length of Tim's service, together with the knowledge and extensive retailing experience he brings to the Company are enormously valued by the board.

### Independence

As at 3 November 2016, Tim Clarke had served 12 years as a director of the Company. The board has continued to keep Tim's independence under close review given his length of service. Having given careful consideration to the matter, the board is satisfied that Tim Clarke continues to demonstrate the qualities of independence in carrying out his role as a non-executive director and Senior Independent Director, supporting the team in an objective and independent manner. The board considers that he continues to be independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, his judgement. Tim retains his role as Senior Independent Director and is offering himself for re-election at the annual general meeting. The board will continue to keep his independence under review.

### Selection

The process followed by the Company for Tim Clarke's selection involved external recruitment consultants being engaged to conduct a thorough search and identify potential candidates. The Nomination committee recommended the appointment of Tim Clarke to the

board and he became a non-executive director on 3 November 2004.

### Relationships

Tim Clarke was a Trustee of the Birmingham Royal Ballet ('BRB') a registered charity, from March 2006 until October 2014. The Garfield Weston Foundation has supported a number of BRB new productions and made donations to BRB during the period (as part of its wide donations to arts projects in the UK), although Mr Clarke's directorship of Associated British Foods plc had no bearing upon the provision of such support.

### Javier Ferrán (age 60) Independent non-executive director

Javier Ferrán was appointed a director in November 2006. He spent the earlier part of his career with Bacardi Group, where latterly he served as president and chief executive officer.

### Committee membership

Member of the Nomination committee

Member of the Remuneration committee

### Other appointments

Partner at Lion Capital LLP (a London-based private equity firm)

Non-executive director and chairman designate of Diageo plc

Non-executive director of Coca-Cola European Partners plc

### Effectiveness

Javier Ferrán brings to the board extensive experience of consumer brands on an international basis and international financing. The Chairman has confirmed that, following performance evaluation, Javier Ferrán, continues to make an effective and valuable contribution to the board and demonstrates commitment, including devoting an appropriate amount of time, to the role.

### Independence

As at 1 November 2016, Javier Ferrán had served ten years as a director of the Company. Javier's service and consequent knowledge and experience of the group, together with the invaluable retail experience he brings to the role, are highly regarded by the board. Notwithstanding his length of service and, having given due deliberation to the matter, the board is satisfied that Javier Ferrán continues to demonstrate the qualities of independence and objectivity in carrying out his role as a non-executive director. The board

considers that he continues to be independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, his judgement. Javier is offering himself for re-election at the annual general meeting and the board will continue to keep his independence under review.

### Selection

The process followed by the Company for Javier Ferrán's selection involved the engagement of external recruitment consultants, Spencer Stuart, the global executive search firm, who conducted a thorough search and identified a number of high quality candidates. The Nomination committee recommended the appointment of Javier Ferrán to the board and he became a non-executive director on 1 November 2006.

### Wolfhart Hauser (age 66) Independent non-executive director

Wolfhart Hauser was appointed a director in January 2015. Starting his career with various research activities, he went on to establish and lead a broad range of successful international service industry businesses. He was chief executive of Intertek Group plc for ten years until he retired from that role and the board in May 2015. He was previously chief executive officer and president of TÜV Süddeutschland AG for four years and chief executive officer of TÜV Product Services for ten years.

### Committee membership

Member of the Audit committee

Member of the Nomination committee

Member of the Remuneration committee

### Other appointments

Chairman of FirstGroup plc

Senior independent director of RELX Group plc and its listed parent companies, RELX PLC and RELX NV

### Effectiveness

Wolfhart Hauser brings to the board a strong track record of driving profitable growth and value creation in a large international organisation as well as significant board experience of major UK listed companies. Following performance evaluation, the Chairman has confirmed that Wolfhart makes an effective and valuable contribution to the board and demonstrates commitment, including devoting an appropriate amount of time, to the role.

### Independence

The board considered Wolfhart Hauser's independence by reference to the relevant provisions of the UK Corporate Governance Code. The board is satisfied that Wolfhart is independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, his judgement.

### Selection

The process followed by the Company for Wolfhart Hauser's selection involved the engagement of external recruitment consultants, Spencer Stuart, the global executive search firm, who conducted a thorough search and identified a number of high quality candidates. The Nomination committee recommended the appointment of Wolfhart Hauser to the board and he became a non-executive director on 14 January 2015.

### **Richard Reid (age 60)** Independent non-executive director

Richard Reid was appointed a director in April 2016. He was formerly a partner at KPMG LLP, having joined the firm in 1980. From 2008, Richard served as London Chairman at KPMG until he retired from that role and KPMG in September 2015. Previously, Richard was KPMG's UK chairman of the High Growth Markets Group and chairman of the firm's Consumer and Industrial Markets group.

### Committee membership

Chairman of the Audit committee

Member of the Remuneration committee

### Other appointments

Chairman of National Heart and Lung Institute Foundation

Senior Adviser to Bank of China UK

### Effectiveness

Richard Reid brings broad experience of international financial matters to the board. Following performance evaluation, the Chairman has confirmed that Richard Reid makes an effective and valuable contribution to the board and demonstrates commitment, including devoting an appropriate amount of time, to the role.

### Independence

The board considered Richard's independence by reference to the relevant provisions of the UK Corporate Governance Code and concluded that he is independent notwithstanding his past relationship with KPMG, which was formerly the group's auditor. KPMG LLP

ceased to be the Company's auditor in November 2015, following a competitive tender for the external audit. Richard Reid was formerly a partner at KPMG, retiring from that role in September 2015. He had no personal engagement with any business within the Associated British Foods group during a period of the four years prior to his appointment by the Company in April 2016. Before the four-year period, Richard was client liaison partner on behalf of KPMG for Associated British Foods, but at no time did he have responsibility for signing off an audit report on the Company. His prior knowledge of the diversity and complexity of the group is of significant value to the board. Although the audit relationship between the Company and KPMG and the employment relationship between Richard Reid and KPMG ended within the last three years, the board has concluded and is satisfied that, on the basis of the facts outlined above, the former KPMG relationship would not in any way compromise Richard's independence and that it was in the best interests of the group to appoint him as an independent non-executive director of the Company.

### Selection

It is generally the Nomination committee's practice to engage the services of an independent executive search consulting firm, or to consider open advertising, to assist in the search for potential candidates from a range of backgrounds. Cognisant of the fact that the Audit committee chairman role, vacated on the retirement from the board of Peter Smith on 13 April 2016, required a particular set of financial skills, expertise and experience, the board considered potential candidates from the very highest level of the accounting profession. On this occasion the committee took the view that this approach would achieve the right outcome for the Company and accordingly that it was not necessary to use the services of a search consulting firm or to utilise open advertising.

Richard Reid, formerly a partner at KPMG, was identified as the outstanding candidate who best fulfilled the brief developed by the committee. Following a series of rigorous interviews with members of the board, on the recommendation of the Nomination committee, the board approved the appointment of Richard Reid with effect from 14 April 2016.

### Relationships

Richard was chair of the board of trustees of Safer London, a registered charity supporting young people affected by violence and crime, from 2008 until he retired from that position in August 2014. The Garfield Weston Foundation made a donation to Safer London in March 2013, following an application made by Safer London to the Foundation. The application was considered on its merits and granted as part of the Foundation's wide range of charitable donations.

### **Charles Sinclair (age 68)** Chairman

Charles Sinclair was appointed a non-executive director in October 2008 and as Chairman in April 2009. With wide business experience of both the UK and overseas, his executive career was latterly with Daily Mail and General Trust plc, where he was chief executive from 1989 until he retired from that role and the board in September 2008.

### Committee membership

Chairman of the Nomination committee

Chairman of the Remuneration committee

### **George Weston (age 52)** Chief Executive

George was appointed to the board in 1999 and took up his current appointment as Chief Executive in April 2005. In his former roles at Associated British Foods, he was Managing Director of Westmill Foods, Allied Bakeries and George Weston Foods Limited (Australia).

### Other appointments

Non-executive director of Wittington Investments Limited

Trustee of the Garfield Weston Foundation

### **Notes to resolutions 14 and 15** **Reappointment of auditor and auditor's remuneration**

Resolution 14 proposes the reappointment of Ernst & Young LLP as the Company's Auditor to hold office from the conclusion of this AGM until the conclusion of the next annual general meeting of the Company. Resolution 15 authorises the Audit committee to set the Auditor's remuneration.

## EXPLANATORY NOTES TO THE RESOLUTIONS

### Notes to resolution 16

#### Renewal of directors' authority to allot shares

The purpose of resolution 16 is to renew the directors' authority to allot shares.

The Investment Association ('IA') guidelines on directors' authority to allot shares state that IA members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to two-thirds of the Company's issued share capital. The guidelines provide that the extra routine authority (that is, the authority to allot shares representing the additional one-third of the Company's issued share capital) should only be used to allot shares pursuant to a fully pre-emptive rights issue.

In accordance with these guidelines, the board seeks the shareholders' authority to allot shares in the capital of the Company up to a maximum nominal amount of £29,800,000, representing the IA guideline limit of approximately two-thirds of the Company's issued ordinary share capital as at 7 November 2016 (the latest practicable date prior to publication of this Notice). Of this amount, £14,900,000 (representing approximately one-third of the Company's issued ordinary share capital) can only be allotted pursuant to a rights issue. The power will last until the conclusion of the next annual general meeting or, if earlier, 9 March 2018.

The directors have no present intention to exercise this authority. However, the directors consider it appropriate to maintain the flexibility that this authority provides.

As at the date of this Notice, the Company does not hold any ordinary shares in the capital of the Company in treasury.

### Notes to resolution 17

#### Disapplication of pre-emption rights

Resolution 17, proposed as a special resolution, will give the directors authority to allot shares in the capital of the Company (pursuant to the authority granted under resolution 16 above) for cash without complying with the pre-emption rights in the Companies Act 2006 in certain circumstances. This disapplication authority is in line with institutional shareholder guidance, and in particular, with the Pre-emption Group's Statement of Principles (the 'Pre-emption Principles'). Resolution 17 will permit the directors to allot:

- (a) shares up to a nominal amount of £29,800,000 (representing approximately two-thirds of the Company's issued ordinary share capital) on an offer to existing shareholders on a pre-emptive basis. However, unless the shares are allotted pursuant to a rights issue (rather than an open offer), the directors may only allot shares up to a nominal amount of £14,900,000 (representing approximately one-third of the Company's issued ordinary share capital) (in each case subject to any adjustments, such as for fractional entitlements and overseas shareholders, as the directors see fit); and
- (b) shares up to a maximum nominal value of £2,200,000, representing approximately 5% of the issued ordinary share capital of the Company as at 7 November 2016 (the latest practicable date prior to publication of this Notice) otherwise than in connection with a pre-emptive offer to existing shareholders.

The directors confirm their intention to follow the provisions of the Pre-emption Principles regarding cumulative usage of authorities within a rolling three-year period. These principles provide that companies should consult shareholders prior to issuing, other than to existing shareholders, shares for cash representing in excess of 7.5% of the Company's issued share capital in any rolling three-year period.

The directors have no present intention to exercise this authority. This authority will expire as with the general authority in resolution 16 (being on the date of the next annual general meeting or, if earlier, 9 March 2018) other than for pre-existing entitlements.

### Notes to resolution 18

#### Notice of general meetings

Resolution 18 is a resolution to allow the Company to hold general meetings (other than annual general meetings) on 14 days' notice.

The minimum notice period for general meetings of listed companies is 21 days, but companies may reduce this period to 14 days (other than for annual general meetings) provided that two conditions are met. The first condition is that the company offers a facility for shareholders to vote by electronic means. This condition is met if the company offers

a facility, accessible to all shareholders, to appoint a proxy by means of a website. Please refer to note 2 of this Notice of meeting on page 9 of this document for details of the Company's arrangements for electronic proxy appointment. The second condition is that there is an annual resolution of shareholders approving the reduction of the minimum notice period from 21 days to 14 days.

The board is therefore proposing resolution 18 as a special resolution to approve 14 days as the minimum period of notice for all general meetings of the Company other than annual general meetings. The approval will be effective until the Company's next annual general meeting, when it is intended that the approval be renewed. The board will consider on a case-by-case basis whether the use of the flexibility offered by the shorter notice period is merited, taking into account the circumstances, including whether the business of the meeting is time-sensitive and whether it is thought to be to the advantage of shareholders as a whole.

### Notes to resolution 19

#### Adoption of the 2016 Long Term Incentive Plan

Resolution 19 is to authorise the adoption of the Associated British Foods plc 2016 Long Term Incentive Plan (LTIP). The LTIP replaces the existing Associated British Foods Long Term Incentive Plan. Shareholder approval is sought for a new set of LTIP rules at the AGM to ensure that the LTIP operates consistently with the revised remuneration policy. The new LTIP reflects the proposed new directors' remuneration policy as set out in the directors' remuneration report and for which shareholder approval is sought (see resolution 3 above). The principal terms of the LTIP are set out in the Appendix to this document on pages 13 to 15.

The rules of the LTIP will be available for inspection during normal business hours on Monday to Friday (excluding bank holidays) at the Company's registered office and at the offices of Addleshaw Goddard LLP at Milton Gate, 60 Chiswell Street, London, EC1Y 4AG from the date of this document until the close of the AGM and at the place of the AGM for at least 15 minutes before the AGM and during the AGM.

## SHAREHOLDER NOTES

### 1. Shareholders entitled to attend and vote

To be entitled to attend and vote at the AGM, members must be registered in the register of members of the Company at 6.30 pm on Wednesday 7 December 2016 (or, if the meeting is adjourned, at 6.30 pm on the date which is two days prior to the adjourned meeting), in both cases excluding non-working days. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote (and the number of votes they may cast) at the meeting or adjourned meeting.

### 2. Voting by proxy

A member entitled to attend and vote at the meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his/her rights to attend, speak and vote at the meeting. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by the member.

A proxy does not need to be a member of the Company but must attend the meeting to represent the member. A member's proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent the member. The member's proxy will vote as the member instructs and must attend the meeting for the vote to be counted. Appointing a proxy does not preclude the member from attending the meeting and voting in person.

A form of proxy (or notification of availability if registered to receive shareholder communications electronically) which may be used to make this appointment and give proxy instructions has been sent to all members who appeared on the register of members at the close of business on 1 November 2016. Details of how to appoint a proxy are set out in the notes to the form of proxy. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact Equiniti, Aspect House, Spencer Road, Lancing BN99 6DA (Tel: 0371 384 2282 (UK only) or +44 (0)121 415 7047

(from outside the UK); lines open 8.30 am to 5.30 pm (UK time), Monday to Friday excluding English public holidays). As an alternative to completing a hard copy form of proxy, proxies may be appointed electronically in accordance with the paragraph below.

In order to be valid, an appointment of proxy must be returned (together with any authority under which it is executed or a copy of the authority certified or in some other way approved by the directors) by one of the following methods:

- in hard copy form by post, by courier or by hand to the Company's Registrar, Equiniti, Aspect House, Spencer Road, Lancing BN99 6DA;
- by completing it online at [www.sharevote.co.uk](http://www.sharevote.co.uk) by following the on-screen instructions to submit it – shareholders will need to identify themselves with the voting ID, task ID and shareholder reference number printed on the hard copy form of proxy;
- in the case of shareholders who have already registered with Equiniti's online portfolio service, Shareview, they can appoint their proxy electronically by logging on to their portfolio at [www.shareview.co.uk](http://www.shareview.co.uk) and clicking on the link to vote; or
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,

and in each case must be received by the Company's Registrar not less than 48 hours before the time of the meeting (excluding non-working days), being no later than 11.00 am on Wednesday 7 December 2016.

Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communications it sends out, but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that shareholders subject all messages to virus checking procedures prior to opening.

Any electronic communication received by the Company, including the lodgement of an electronic proxy form, that is found to contain any virus will not be accepted.

To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy form of proxy and would like to change the instructions using another hard copy form of proxy, please contact Equiniti, Aspect House, Spencer Road, Lancing BN99 6DA (Tel: 0371 384 2282 (UK only) or +44 (0)121 415 7047 (from outside the UK); lines open 8.30 am to 5.30 pm (UK time), Monday to Friday excluding English public holidays). Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website ([www.euroclear.com](http://www.euroclear.com)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. Regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, in order to be valid, the CREST message must be transmitted so as to be received by the issuer's agent (ID number – RA19) by the latest time(s) for receipt of proxy appointments specified in this notice of meeting.

## SHAREHOLDER NOTES

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In relation to this, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

### 3. Voting by corporate representatives

A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that the representative does not do so in relation to the same shares.

### 4. Electronic voting

Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as member votes are counted according to the number of shares held. In line with many other public companies, we will ask shareholders who attend the AGM in person or by proxy to vote on the resolutions using a hand-held electronic voting system. This will record all votes cast for each resolution and display them on a screen, providing shareholders with immediate detailed results. As soon as practicable following the AGM, the results of the voting at the meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and also placed on the Company's website ([www.abf.co.uk](http://www.abf.co.uk)).

### 5. Issued share capital and total voting rights

As at 7 November 2016 (being the latest business day prior to the publication of this Notice), the Company's issued voting share capital consists of 791,674,183 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company are 791,674,183.

### 6. Documents available for inspection

Copies of the directors' service contracts with the Company and the terms and conditions of the appointment of non-executive directors will be available for inspection during normal business hours (which do not include Saturdays, Sundays and public holidays) at the registered office of the Company and will be available at the place of the meeting from 15 minutes before the start of the meeting until its conclusion.

As referred to in the notes to resolution 19, the rules of the LTIP will be available for inspection during normal business hours on Monday to Friday (excluding bank holidays) at the Company's registered office and at the offices of Addleshaw Goddard LLP at Milton Gate, 60 Chiswell Street, London, EC1Y 4AG from the date of this document until the close of the AGM and at the place of the AGM for at least 15 minutes before the AGM and during the AGM.

The content of this Notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the meeting, the total voting rights that members are entitled to exercise at the meeting, and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice will be available on the Company's website ([www.abf.co.uk](http://www.abf.co.uk)).

### 7. Members' right to ask questions

The Company must cause to be answered at the meeting any question relating to the business being dealt with at the meeting which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

### 8. Audit statements

Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last AGM, that the members propose to raise at the AGM. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on its website.

## 9. Nominated persons

A copy of this Notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a 'Nominated Person'). The rights to appoint a proxy cannot be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him/her and the member by whom the Nominated Person was nominated to be appointed as a proxy for the meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

## 10. Adoption of Financial Reporting Standard 101 – Reduced Disclosure Framework

As was the case for the 17 September 2016 Financial Statements, the Company is proposing that UK Generally Accepted Accounting Practice, Financial Reporting Standard (FRS) 101 'Reduced Disclosure Framework', again be adopted for its individual financial statements for the financial year beginning 18 September 2016.

The Company's accounts will still be prepared to meet the requirements of the Companies Act 2006, including giving a true and fair view of the Company's assets, liabilities, financial position and profit or loss. This means the Company will always be required to include in its accounts all information relevant to shareholders and necessary to give shareholders a true and fair view.

A shareholder or shareholders holding in aggregate 5% or more of the total allotted shares in the Company may serve objections to the use of the Reduced Disclosure Framework on the Company.

Such shareholders may object by notifying the Company Secretary in writing at the address of the Company given on page 4 by close of business on Thursday 8 December 2016.

## 11. Shareholder information

### Registrar

If you have any queries about your shareholding, please contact Equinti.

### Shareholder helpline:

0371 384 2282 (UK only) or  
+44 (0)121 415 7047 (outside the UK);  
lines open 8.30 am to 5.30 pm (UK time),  
Monday to Friday, excluding English  
public holidays.

### Post:

Equiniti Limited, Aspect House,  
Spencer Road, Lancing BN99 6DA

### Online:

A range of shareholder information is available online at [www.shareview.co.uk](http://www.shareview.co.uk) where shareholders can check their holdings, find practical help on updating details and register their email address to receive shareholder communications electronically.

### Communicating with the Company

Shareholders are advised that the telephone numbers, website and email addresses provided in this Notice of meeting must not be used to communicate with the Company for any purposes other than those expressly stated.

## THE AGM VENUE

### Venue

Congress Centre  
28 Great Russell Street,  
London WC1B 3LS  
T +44 (0) 20 7467 1318  
congress.centre@tuc.org.uk  
www.congresscentre.co.uk

### Travel information

#### Underground and rail

Nearby underground stations include Tottenham Court Road on the Northern and Central lines (around a three minute walk) and Holborn on the Central and Piccadilly lines. There are links by tube direct to Euston, Charing Cross, Waterloo and Liverpool Street mainline stations.

#### By car

There is a public car park in the immediate vicinity located in Great Russell Street.

### Timing

The AGM will start promptly at 11.00 am. Shareholders wishing to attend are advised to arrive at the venue no later than 10.45 am. The reception area will be open from 09.45 am from which time tea and coffee will be served.

### Venue arrangements

On arrival, you will be directed to the registration desk to register your attendance.

Shareholders and proxies may be required to provide proof of identity. Please bring your attendance card with you (attached to the form of proxy) as this will help us to admit you to the meeting as quickly as possible. Shareholders who hold their shares in nominee names should request a letter of representation if they wish to use an electronic handset to register their vote at the meeting. The admission process could take longer without identification.

There is wheelchair access at the venue. Anyone accompanying a shareholder in need of assistance will be admitted to the AGM. A sound amplification/hearing loop will be available in the meeting room.

Security staff will be on duty to assist shareholders. The Company will not permit any behaviour that will interfere with another person's safety or security, or the good order of the AGM.

Please note that electronic devices such as cameras and recording equipment may not be brought into the AGM. A cloakroom will be available to deposit coats and bulky items. Please ensure that mobile phones are switched off throughout the AGM.

### Annual general meeting venue location



## APPENDIX

### SUMMARY OF THE MAIN PROVISIONS OF THE ASSOCIATED BRITISH FOODS PLC 2016 LONG TERM INCENTIVE PLAN (LTIP)

#### Eligibility

Any employee (including an executive director) of Associated British Foods plc ('Company') or any employee of its subsidiaries ('Group') will be eligible to participate in the LTIP at the discretion of the remuneration committee of the board of directors of the Company ('Remuneration Committee').

#### Form of Awards

Awards under the LTIP may be in the form of:

- (a) a conditional right to acquire ordinary shares in the Company ('Shares') at no cost to the participant ('Conditional Award'); or
- (b) a right to receive a cash amount which relates to the value of a certain number of notional Shares ('Cash Award'),

and Conditional Awards and Cash Awards are together referred to as 'Awards' and each as an 'Award'.

The Remuneration Committee will also be given the flexibility to structure Awards differently, if required to do so or if it is beneficial to do so in any overseas jurisdiction.

#### Performance conditions

Awards for executive directors of the Company will be subject to the satisfaction of a performance condition tested over a performance period of at least three years, which will determine the proportion (if any) of the Award which will be capable of vesting. The board of the Company ('Board') may set and test performance conditions which may attach to Awards not granted to executive directors of the Company.

Performance conditions may be amended or substituted if one or more events occur which cause the Remuneration Committee to consider that an amended or substituted performance condition would be more appropriate. Any amended or substituted performance condition that relates to Awards granted to executive directors of the Company would not be materially less difficult to satisfy than the original condition was intended to be.

In relation to the testing of the performance condition and the ultimate number of Shares that vest, the Remuneration Committee (or Board, for Awards granted other than to executive directors) will have the right, in its absolute discretion, to reduce (down to zero, if appropriate) or increase (but not higher than the original size of the Award) the number of Shares that would vest, taking account of the performance of the Company and the contribution of the participant over the performance period.

#### Individual limits

Awards will not be granted to a participant under the LTIP over Shares with a market value (as determined by the Remuneration Committee) in excess of 300% of salary in respect of any financial year, provided that the Remuneration Committee may grant Awards up to 400% of salary in exceptional circumstances. In practice the size of Awards may be further limited by the directors' remuneration policy.

#### Grant of Awards

Awards may only be granted within the six week period following the approval of the LTIP by the Company's shareholders, the announcement of the Company's results for any period, from the date on which an individual becomes an Eligible Employee (as defined in the LTIP rules) or on any day on which the Remuneration Committee determines that exceptional circumstances exist. If, during any such period, the Company is restricted from granting Awards, Awards may be made immediately following such restrictions ceasing to apply.

#### Terms of Awards

Awards may be granted over newly-issued Shares, treasury Shares or Shares purchased in the market. Awards are not transferable (other than on death). No payment will be required for the grant of an Award.

#### Dividends

The Remuneration Committee may determine that on the vesting of an Award, a participant shall receive an amount in cash and/or shares equivalent to the value of some or all of the dividends (and special dividends at the discretion of the Remuneration Committee) that would have been paid on the vested Shares between the date of grant and the date of vesting.

#### Overall limits

The LTIP is subject to the following overall limits:

- (a) the number of Shares which may be issued pursuant to awards granted in any 10 year period under the LTIP and under any other discretionary share plan adopted by the Company may not exceed 5% of the issued ordinary share capital of the Company from time to time; and
- (b) the number of Shares which may be issued pursuant to awards granted in any 10 year period under the LTIP and under any other employees' share plan adopted by the Company may not exceed 10% of the issued ordinary share capital of the Company from time to time.

Treasury Shares will be treated as newly-issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise.

The above limits may be varied by the Board to take into account any variation in the Company's share capital from time to time.

#### Reduction for malus and clawback

The Remuneration Committee may, in its absolute discretion, determine at any time within two years of the vesting of an Award to:

- (a) reduce the number of Shares to which an Award relates;
- (b) cancel an Award;
- (c) impose further conditions on an Award; or
- (d) require the participant to transfer to the Company a number of Shares or a cash amount,

in circumstances where:

- (a) a material misstatement of the Company's audited financial results or any other information which was incorrect affects the assessment of the extent to which the performance condition was met; or
- (b) the participant is found to have committed at any time prior to the vesting of an Award, including prior to grant, an act or omission which justifies, or in the opinion of the Remuneration Committee would have justified, summary dismissal.

## APPENDIX

### Vesting and release

The extent to which the performance conditions have been achieved and the level at which an Award consequently vests will normally be determined as soon as practicable after the end of any performance period (or on such later date as the Remuneration Committee determines).

At any time before or after the point at which an Award (which is not a Cash Award) has vested, but the underlying

Shares have yet to be issued or transferred to the participant, the Remuneration Committee may decide to pay a participant a cash amount equal to the value of the Shares he/she would otherwise have received.

Any Shares or cash that are to be issued, transferred or paid (as appropriate) to a participant in respect of a vested Award (including a Cash Award) will be issued, transferred or paid (as appropriate) within 30 days of the date of vesting.

In line with the proposed revised remuneration policy, executive directors will be required to hold their vested shares (on a net of tax basis) for an additional two years from vesting.

### Cessation of employment

In the event of a cessation of employment, the treatment of Awards will be as follows:

Reason for ceasing employment with the Group	Treatment
<p>Death</p>	<ul style="list-style-type: none"> <li>The Award will vest as soon as reasonably practicable after the participant's death to the extent that the Remuneration Committee determines, having regard to the extent to which any performance condition is satisfied at that time; and</li> <li>Unless the Remuneration Committee determines otherwise, pro-rating to reflect the period from the start of the performance period until the date of death (or such other relevant period) will apply.</li> </ul>
<p>Cessation within final year of the performance period by reason of:</p> <ul style="list-style-type: none"> <li>ill-health;</li> <li>injury;</li> <li>disability;</li> <li>redundancy;</li> <li>retirement;</li> <li>sale of the entity that employs the participant out of the Group; or</li> </ul> <p>Cessation at any time for any other reason at the Remuneration Committee's discretion (except where a participant is dismissed lawfully without notice)</p>	<ul style="list-style-type: none"> <li>A participant's unvested Award will usually continue.</li> </ul> <p><b>Timing of release:</b></p> <ul style="list-style-type: none"> <li>The Award will vest on the normal vesting date.</li> <li>Where appropriate, the Remuneration Committee may determine that an Award will vest at such other date as the Remuneration Committee shall determine.</li> </ul> <p><b>Vesting of Award:</b></p> <ul style="list-style-type: none"> <li>The Remuneration Committee will decide the extent to which an unvested Award vests in these circumstances, having regard to the extent to which any performance condition is satisfied at the end of any performance period or, as appropriate, at such other date as the Committee shall determine; and</li> <li>Unless the Remuneration Committee determines otherwise, pro-rating to reflect the period from the start of the performance period until the date on which the participant ceases to be employed by the Group (or such other relevant period) will apply.</li> </ul>
<p>Any other circumstances including instances where a participant is dismissed lawfully without notice</p>	<ul style="list-style-type: none"> <li>An Award shall lapse on the earlier of the date on which the participant:               <ol style="list-style-type: none"> <li>ceases employment; or</li> <li>gives or receives notice to cease employment.</li> </ol> </li> </ul>

### Corporate events

In the event of a change of control of the Company, the number of Shares in respect of which Awards vest shall be determined by the Committee, having regard to the extent to which any performance condition has been satisfied at the date of change of control and, unless the Remuneration Committee determines otherwise, pro-rating to reflect the period from the start of the performance period to the date of the relevant event (or such other relevant period).

Alternatively, the Remuneration Committee may permit or, in the case of an internal reorganisation or if the Board determined any other event, require Awards to be exchanged for equivalent awards which relate to shares in a different company.

If other corporate events occur such as a demerger, special dividend or other event which, in the opinion of the Remuneration Committee, may affect the value of Shares to a material extent, the Remuneration Committee may determine that Awards will vest conditional on the event occurring. The number of Shares in respect of which Awards vest shall be determined by the Committee, having regard to the extent to which any performance condition has been satisfied and, unless the Remuneration Committee determines otherwise, pro-rating to reflect the period from the start of the performance period to the date of the relevant event (or such other relevant period). If the event does not occur, Awards will continue.

### Adjustments

In the event of a variation of the Company's share capital or a demerger, special dividend, rights issue or other event, which may, in the Remuneration Committee's opinion, affect the value of Shares to a material extent, the number of Shares subject to an Award may be adjusted.

### Amendment and termination

The Remuneration Committee may amend the LTIP at any time, provided that prior approval of the Company's shareholders in a general meeting will be required for amendments to the advantage of participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash comprised in an Award and the impact of any variation of capital.

However, any minor amendment to benefit administration, or any amendment to take into account legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment in any jurisdiction, may be made by the Remuneration Committee without shareholder approval.

No amendment may be made to the material disadvantage of participants in the LTIP unless consent is sought from the affected participants and given by a majority of those participants.

The LTIP will terminate on the tenth anniversary of its approval by shareholders but the rights of existing participants will not be affected by any termination.

### Overseas plans

The Remuneration Committee may establish such sub-plans or schedules to the LTIP, modified to take account of local tax, exchange controls or securities laws, and potentially including Awards structured so that they take a form other than Conditional Awards or Cash Awards if required to do so or if it is beneficial to do so in any overseas jurisdiction, provided that any Shares made available under such plans are treated as counting against the limits on individual and overall participation in the LTIP.

### Pension benefits

Awards under the LTIP will not form part of pensionable earnings.

**Associated British Foods plc**

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