Seneca Foods Corp
Form DEF 14A
June 16, 2017

SENECA FOODS CORPORATION
3736 South Main Street
Marion, New York 14505
July 1, 2017

Dear Shareholder:

You are cordially invited to the 2017 Annual Meeting of Shareholders of Seneca Foods Corporation (the "Company"), to be held on July 28, 2017 at 1:00 PM, Eastern Daylight Time, at the Company's Offices, 3736 South Main Street, Marion, New York 14505.

Information about the Annual Meeting is included in the Notice of Annual Meeting of Shareholders and Proxy Statement which follow.

It is important that your shares of Common and Preferred Stock be represented at the Annual Meeting. Whether or not you plan to attend the Annual Meeting, I urge you to give your immediate attention to voting. Please review the enclosed materials, sign and date the enclosed proxy card and return it promptly in the enclosed postage-paid envelope.

Very truly yours,

KRAIG H. KAYSER
President and Chief Executive Officer

SENECA FOODS CORPORATION
3736 South Main Street
Marion, New York 14505

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON JULY 28, 2017

To the Shareholders:

The 2017 Annual Meeting of Shareholders of Seneca Foods Corporation (the "Company") will be held at the Company's Offices, 3736 South Main Street, Marion, New York 14505, on Friday, July 28, 2017 at 1:00 PM, Eastern Daylight Time, for the following purposes:

1. To elect three directors to serve until the Annual Meeting of shareholders in 2020 and until each of their successors is duly elected and shall qualify;
2. To provide an advisory vote on executive compensation;
3. To provide an advisory vote on the frequency of future advisory votes on executive compensation;
4. To ratify the appointment of BDO USA, LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2018;
5. To ratify the adoption of the Seneca Foods Corporation Equity Incentive Plan Amendment and Extension; and
6. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

Only shareholders of record at the close of business on June 16, 2017 are entitled to notice of and to vote at the Annual Meeting and any adjournment thereof.

The prompt return of your proxy will avoid delay and save the expense involved in further communication. The proxy may be revoked by you at any time prior to its exercise, and the giving of your proxy will not affect your right to vote in person if you wish to attend the Annual Meeting.

By Order of the Board of Directors

JEFFREY L. VAN RIPER
Secretary
DATED: July 1, 2017

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on July 28, 2017. This proxy statement, form of proxy and the Company's annual report are available at http://www.senecafoods.com/investors.

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Why did I receive this proxy?

The Board of Directors of Seneca Foods Corporation (the "Company") is soliciting proxies to be voted at the Annual Meeting of Shareholders. The Annual Meeting will be held Friday, July 28, 2017, at 1:00 PM, Eastern Daylight Time, at the Company's Offices, 3736 South Main Street, Marion, New York 14505. This proxy statement summarizes the information you need to know to vote by proxy or in person at the Annual Meeting. You do not need to attend the Annual Meeting in person in order to vote.
Who is entitled to vote?

All record holders of the Company's voting stock as of the close of business on June 16, 2017 (the "Record Date") are entitled to vote at the Annual Meeting. As of the Record Date, the following shares of voting stock were issued and outstanding: (i) 7,961,417 shares of Class A common stock, $0.25 par value per share ("Class A Common Stock"); (ii) 1,884,639 shares of Class B common stock, $0.25 par value per share ("Class B Common Stock", and together with the Class A Common Stock, sometimes collectively referred to as the "Common Stock"); (iii) 200,000 shares of Six Percent (6%) Cumulative Voting Preferred Stock, $0.25 par value per share ("6% Preferred Stock"); (iv) 407,240 shares of 10% Cumulative Convertible Voting Preferred Stock - Series A, $0.25 stated value per share ("10% Series A Preferred Stock"); and (v) 400,000 shares of 10% Cumulative Convertible Voting Preferred Stock - Series B, $0.25 stated value per share ("10% Series B Preferred Stock").
How many votes do I have?

Each share of Class B Common Stock, 10% Series A Preferred Stock, and 10% Series B Preferred Stock is entitled to one vote on each item submitted to you for consideration. Each share of Class A Common Stock is entitled to one-twentieth (1/20) of one vote on each item submitted to you for consideration. Each share of 6% Preferred Stock is entitled to one vote, but only with respect to the election of directors.
What does it mean if I receive more than one proxy card?

It means that you have multiple accounts at the transfer agent or with stockbrokers. Please complete and return all proxy cards to ensure that all your shares are voted.
How do I vote?

· By Mail: Vote, sign, date your card and mail it in the postage-paid envelope.
· In Person: At the Annual Meeting.

How do I vote my shares that are held by my broker?

If you have shares held by a broker, you may instruct your broker to vote your shares by following the instructions that the broker provides to you.

What am I voting on?

You will be voting on Proposal One regarding the election of three directors of the Company, Proposal Two regarding a non-binding advisory vote on executive compensation, Proposal Three regarding an non-binding advisory vote on the frequency of future advisory votes on executive compensation, Proposal Four regarding the adoption of the Seneca Foods Corporation Equity Incentive Amendment and Extension and Proposal Five regarding the ratification of BDO USA, LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2018.

Will there be any other items of business on the agenda?

Pursuant to SEC rules, shareholder proposals must have been received by May 17, 2017 to be considered at the Annual Meeting. To date, we have received no shareholder proposals and we do not expect any other items of business. Nonetheless, in case there is an unforeseen need, your proxy gives discretionary authority to Arthur S. Wolcott and Kraig H. Kayser with respect to any other matters that might be brought before the Annual Meeting. Those persons intend to vote that proxy in accordance with their best judgment.

How many votes are required to act on the proposals?

Pursuant to our Bylaws, provided a quorum is present, directors will be elected by a plurality of all the votes cast at the Annual Meeting with each share of voting stock being voted for as many individuals as there are directors to be elected and for whose election the share is entitled to vote.

The non-binding advisory vote on executive compensation will be "approved" if the votes cast in favor exceed votes cast against the proposal. With respect to the non-binding advisory vote on the frequency of future advisory votes on executive compensation, we will consider the option that receives the most votes to be the option selected by the shareholders. In either case, these votes are advisory and non-binding on the Board or the Company in any way, and the Board will make its decision based on the interests of the Company.

Both the ratification of the adoption of the Seneca Foods Corporation Equity Incentive Plan Amendment and Extension and the ratification of the appointment of BDO USA, LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2018 requires the affirmative vote of a majority of the votes cast on the proposal, provided that a quorum is present at the Annual Meeting.

How are votes counted?

The Annual Meeting will be held if a quorum is represented in person or by proxy. The holders of voting shares entitled to exercise a majority of the voting power of the Company shall constitute a quorum at the Annual Meeting. If you return a signed proxy card, your shares will be counted for the purpose of determining whether there is a quorum. We will treat failures to vote, referred to as abstentions, as shares present and entitled to vote for quorum purposes. A withheld vote is the same as an abstention.

Broker non-votes occur when proxies submitted by a broker, bank or other nominee holding shares in "street name" do not indicate a vote for a proposal because they do not have discretionary voting authority and have not received instructions as to how to vote on the proposal. We will treat broker non-votes as shares that are present and entitled to vote for quorum purposes.

For purposes of each proposal, abstentions and broker non-votes, if any, will not be counted as votes cast on a proposal and will have no effect on the result of the vote on the proposal.

What happens if I return my proxy card without voting on all proposals?

When the proxy is properly executed and returned, the shares it represents will be voted at the Annual Meeting in accordance with your directions. If the signed card is returned with no direction on a proposal, the proxy will be voted FOR the nominees for Director, FOR the approval of our executive compensation, in favor of any advisory vote on executive compensation every THREE years, FOR the ratification of the independent registered public accounting firm and FOR the approval of the Seneca Foods Corporation Equity Incentive Plan Amendment and Extension.

Who has paid for this proxy solicitation?

The Company has paid the entire expense of this proxy statement and any additional materials furnished to shareholders.

When was this proxy statement mailed?

This proxy statement and the enclosed proxy card were mailed to shareholders beginning on or about July 1, 2017.

How can I obtain a copy of this year's Annual Report on Form 10-K?

A copy of our 2017 Annual Report to Shareholders, including financial statements for the fiscal year ended March 31, 2017, accompanies this Proxy Statement. The Annual Report, however, is not part of the proxy solicitation material. A copy of our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") may be obtained free of charge by writing to Seneca Foods Corporation, 3736 South Main Street, Marion, New York 14505, Attention: Secretary or by accessing the "Investor Information" section of the Company's website at www.senecafoods.com.

Can I find additional information on the Company's website?

Yes. Our website is located at www.senecafoods.com. Although the information contained on our website is not part of this proxy statement, you can view additional information on the website, such as our code of conduct, corporate governance guidelines, charters of board committees and reports that we file with the SEC. A copy of our code of ethics and each of the charters of our board committees may be obtained free of charge by writing to Seneca Foods Corporation, 3736 South Main Street, Marion, New York 14505, Attention: Secretary.

PROPOSAL ONE: ELECTION OF DIRECTORS

In accordance with our Bylaws, the Board of Directors has fixed the number of directors at nine. The Board of Directors is divided into three classes, as equal in number as possible, having staggered terms of three years each. Therefore, at this annual meeting three directors will be elected to serve until the annual meeting in 2020 and until each of their successors is duly elected and shall qualify.

The Board of Directors unanimously recommends a vote FOR the election of each of the nominees listed below. Mr. Call, Mr. Hubbard and Mr. Wolcott are currently serving as directors of the Company and were elected at the 2014 Annual Meeting of Shareholders.
Unless instructed otherwise, proxies will be voted FOR the election of the three nominees listed below. Although the directors do not contemplate that any of the nominees will be unable to serve prior to the Meeting, if such a situation arises, the enclosed proxy will be voted in accordance with the best judgment of the person or persons voting the proxy.

Information Concerning Directors

The following biographies of each of the Director nominees, as well as the Directors whose terms continue beyond the Annual Meeting, contains information regarding that person's principal occupation, tenure with the Company, business experience, other director positions currently held or held at any time during the past five years, and the specific experience, qualifications, attributes or skills that led to the conclusion by the Board of Directors that such person should serve as a Director of the Company.

Nominees Standing for Election at the Annual Meeting

Peter R. Call, age 60 – Mr. Call is President of My-T Acres, Inc., a vegetable and grain farm. He was President of Pro-Fac Cooperative, Inc. from 2003-2013 and a member of its board of directors from 2000-2013. Mr. Call also serves as a director of Farm Credit East since 2015 and he has served on the Board of Trustees of Genesee Community College since 2012. Mr. Call also serves on the Board of Directors of Farm Fresh First, LLC, and has done so since 2007. Farm Fresh First, LLC, is an agricultural business that manages fruit and vegetable production and marketing. Mr. Call also served on the Board of Directors of Birds Eye Foods from 2002-2009. He has served as a director of the Company since 2011. Mr. Call received his Bachelor of Science (B.S.) degree from Cornell University in 1979.

Samuel T. Hubbard, Jr., age 67 – Mr. Hubbard was elected President and Chief Operating Officer (COO) of Genesee Corp., a NASDAQ listed company in 1999. He was subsequently elected Chief Executive Officer (CEO) of Genesee and in late 2000 led a management buyout of Genesee Brewing Company which later became High Falls Brewing Company, LLC. He served as Chairman and CEO of High Falls from 2001 through 2007 and subsequently as Chairman until 2009. Mr. Hubbard has served as CEO of Alling and Cory Company from 1986-1998. He served as COO of Homewise, Inc., a not-for-profit provider of affordable housing services including real estate development until 2011. He has served on the public boards of M&T Bank Corp., RGS, Inc. and Genesee Corp. He has served as a director of the Company since 2011. Mr. Hubbard received a Bachelor of Arts (B.A.) degree from Denison University and his Master of Business Administration (M.B.A) degree from the University of Rochester.
Arthur S. Wolcott, age 91 – Mr. Wolcott founded the Company and has served as a director and as the Chairman of the Board since 1949. His leadership experience and extensive industry knowledge provide valuable insight to the Board of Directors in formulating and executing the Company's strategy. In 2008, Mr. Wolcott received the Forty-Niner Service Award, the food processing industry's highest award in recognition of his career spanning six decades in the food processing industry. Mr. Wolcott graduated from Cornell University with a B.A. degree in Economics and is currently on the President's Council of Cornell University. He is the father of Susan W. Stuart, a director of the Company.

Directors whose Terms Expire in 2018

Arthur H. Baer, age 70 – Mr. Baer has served as a director of the Company since 1998. He was a Legislator in Columbia County, New York until 2015 and previously served as the Chairman of the Board of Supervisors from January 2008 to December 2009. Mr. Baer's business background also includes experience in managing businesses, senior leadership development and the evaluation of strategic opportunities and challenges. He was President of Hudson Valley Publishing from 2003 to 2008 and also held the position from 1998 to 1999. He was President of Arrow Electronics Europe from 2000 to 2002 and President of XYAN Inc. from 1996 to 1998. He holds a B.A. and M.B.A. from Columbia University.

Kraig H. Kayser, age 56 – Mr. Kayser is the President and Chief Executive Officer of the Company and has served in that capacity since 1993. From 1991 to 1993 he was Chief Financial Officer of the Company. He has served as a director of the Company since 1985. Mr. Kayser has served as an officer and/or director of the Company for over 30 years, providing continuity of executive leadership through all phases of the food processing industry and economic cycles. Mr. Kayser is also a director of Moog Inc. where he serves as Chair of the Audit Committee and a member of the Nominating and Governance Committee. Mr. Kayser is currently serving on the Board of Trustees of Cornell University. He received a B.A. from Hamilton College and an M.B.A. from Cornell University.

Thomas Paulson, age 60 – Mr. Paulson has served as a director of the Company since 2004. He has significant experience in financial reporting and financial controls as a chief financial officer. Mr. Paulson has been the Chief Financial Officer of Tennant Corporation, an industrial cleaning company, since 2006 and he was Chief Financial Officer of Innovex, Inc., a supplier of flexible circuits and assemblies, from February 2001 to March 2006. In addition, he was Vice President of Finance of The Pillsbury Company from 1998-2000. In these roles, Mr. Paulson was involved in numerous merger and acquisition transactions and financing transactions. Mr. Paulson serves on the Board of Directors of Merisant Inc. and also serves on their Audit Committee. Mr. Paulson received his B.A. and M.B.A from the University of St. Thomas.

Directors whose Terms Expire in 2019

John P. Gaylord, age 55 – Mr. Gaylord has operating and management experience in manufacturing and distribution businesses, including experience as President of Jacintoport Terminal Company since 1992. He currently serves as a director and member of the conflicts committee, audit committee, nominating committee and compensation committee, along with being a general partner of Martin Midstream Partners L.P., a publicly traded limited partnership with a diverse set of operations focused primarily in the United States Gulf Coast region. Mr. Gaylord holds a B.A. from Texas Christian University and an M.B.A. from Southern Methodist University. He has served as a director of the Company since October 2009.

Susan A. Henry, age 70 – Dr. Henry has served as a director of the Company since 2007 and has extensive experience in the management and administration of a large non-profit organization. She is Dean Emeritus of the College of Agriculture and Life Sciences at Cornell University and a professor in the Department of Molecular Biology and Genetics. Prior to her appointment at Cornell, Dr. Henry was dean of science of the Mellon College of Science at Carnegie Mellon University. Dr. Henry also has experience serving on the boards of other publicly-traded companies including as a member of the Board of Directors of Tompkins Financial Corporation (2010-present), where she serves on the Nominating/Corporate Governance Committee as well as the Qualified Plans Investment Review Committee, and Agrium, Inc. (2001-2016), where she most recently served on the Human Resources and Compensation Committee, the Corporate Governance and Nominating Committee, and the Environmental Health and Safety Committee. Dr. Henry received her B.S. degree from the University of Maryland and her Ph.D. degree from the University of California at Berkeley.

Susan W. Stuart, age 61 – Ms. Stuart is a marketing consultant and private investor. In her role as a consultant, Ms. Stuart brings her knowledge from a broad range of marketing experience. Ms. Stuart is the daughter of our founder and Chairman, Arthur S. Wolcott. In addition to her extensive knowledge of the Company, Ms. Stuart controls a significant shareholding interest in the Company. She has served as a director of the Company since 1986. Ms. Stuart received her M.B.A. from the Tuck School of Business at Dartmouth College.

BOARD GOVERNANCE

Independent Directors

Under the NASDAQ Global Market listing standards, at least a majority of the Company's directors and all of the members of the Company's Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee must meet the test of "independence" as defined by NASDAQ. The NASDAQ standards provide that, to qualify as an "independent" director, in addition to satisfying certain criteria, the Board of Directors must affirmatively determine that a director has no relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board of Directors has determined that each Director nominee and Director whose term will continue beyond the Annual Meeting, other than Mr. Wolcott, the Company's Chairman, his daughter, Ms. Stuart, Mr. Kayser, the Company's President and Chief Executive Officer, and Mr. Call, is "independent" as defined by the listing standards of the NASDAQ Global Market.

In making its determination with respect to Mr. Call, the Board considered his relationship with the Company as fully described in "Certain Transactions and Related Relationships" below on page 20. It concluded that Mr. Call does not satisfy the criteria under NASDAQ standards inasmuch as the Company purchased raw vegetables from My-T Acres, Inc., under an arm's length contract, above the $200,000 threshold permitted under the NASDAQ standards in determining "independence".

With respect to the five independent directors and nominees, there are no transactions, relationships or arrangements not requiring disclosure pursuant to Item 404(a) of Regulation S-K that were considered by the Board in determining that these individuals are independent under the NASDAQ listing standards.

Leadership Structure

Mr. Wolcott serves as the Chairman of the Board of Directors and has served in that capacity since 1949. Mr. Kayser serves as the Chief Executive Officer and has served in that capacity since 1993. Our Board of Directors has no specific policy regarding separation of the offices of Chairman of the Board and Chief Executive Officer. Although our bylaws permit the Chairman to serve as Chief Executive Officer, our Board has determined that separating these positions is currently in the best interest of the Company and our shareholders. As Chief Executive Officer, Mr. Kayser focuses on the strategy, leadership and day-to-day execution of our business plan while Mr. Wolcott provides oversight, direction and leadership to the Board.

Our Board of Directors believes that it is able to effectively provide independent oversight of the Company's business and affairs, including the risks we face, without an independent Chairman through the composition of our Board of Directors, the strong leadership of the independent Directors and the independent committees of our Board of Directors, and the other corporate governance structures and processes already in place. Five of the nine current Directors are independent under the NASDAQ listing standards. All of our Directors are free to suggest the inclusion of items on the agenda for meetings of our Board of Directors or raise subjects that are not on the agenda for that meeting. In addition, our Board of Directors and each committee have complete and open access to any member of management and the authority to retain independent legal, financial and other advisors as they deem appropriate without consulting or obtaining the approval of any member of management. Our Board of Directors also holds regularly scheduled executive sessions of only independent or non-management Directors, as appropriate, in order to promote discussion among such Directors and assure independent oversight of management. Moreover, our Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee, all of which are comprised entirely of independent Directors, also perform oversight functions independent of management.

Board Oversight of Risk Management

The Company believes that its leadership structure allows the Directors to provide effective oversight of the Company's risk management function by receiving and discussing regular reports prepared by the Company's senior management on areas of material risk to the Company, including market conditions, matters affecting capital allocation, compliance with debt covenants, significant regulatory changes that may affect the Company's business operations, access to debt and equity capital markets, existing and potential legal claims against the Company and various other matters relating to the Company's business. Additionally, the Board of Directors administers its risk oversight function through (i) the required approval by the Board of Directors (or a committee thereof) of significant transactions and other decisions, including, among others, major acquisitions and divestitures, new borrowings and the appointment and retention of the Company's senior management, (ii) the coordination of the direct oversight of specific areas of the Company's business by the Compensation, Audit and Corporate Governance and Nominating Committees, and (iii) periodic reports from the Company's auditors and other outside consultants regarding various areas of potential risk, including, among others, those relating to the Company's internal control over financial reporting.

Committees and Meeting Data

The Board of Directors has a standing Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee. Each member of each of these committees is "independent" as that term is defined in the NASDAQ Global Market listing standards. The Board has adopted a written charter for each of these committees, which is available on our website at www.senecafoods.com.

The Audit Committee currently consists of Messrs. Baer, Gaylord, Hubbard and Paulson. The Audit Committee met four times during the fiscal year ended March 31, 2017. The Audit Committee is directly responsible for the engagement of independent auditors, reviews with the auditors the scope and results of the audit, reviews with management or the internal auditor the scope and results of the Company's internal auditing procedures, reviews the independence of the auditors and any non-audit services provided by the auditors, reviews with the auditors and management the adequacy of the Company's system of internal accounting controls and makes inquiries into other matters within the scope of its duties. Messrs. Baer, Hubbard, and Paulson have been designated as the Company's "audit committee financial experts" in accordance with the SEC rules and regulations. Shareholders should understand that this designation is a disclosure requirement of the SEC related to the member's experience and understanding with respect to certain accounting and auditing matters. The designation does not impose any duties, obligations or liability that are greater than are generally imposed on them as members of the Audit Committee and the Board, and this designation as an audit committee financial expert pursuant to this SEC requirement does not affect the duties, obligations or liability of any member of the Audit Committee or the Board. See "Report of the Audit Committee" below.

The Compensation Committee consists of Messrs. Paulson and Gaylord and Dr. Henry. The Compensation Committee's function is to review and recommend to the Board of Directors appropriate executive compensation policy and compensation of the Company's directors and officers. The Compensation Committee also reviews and makes recommendations with respect to executive and employee benefit plans and programs. The Compensation Committee met two times during the fiscal year ended March 31, 2017.

The Corporate Governance and Nominating Committee currently consists of Messrs. Hubbard and Paulson and Dr. Henry. The responsibilities of the Corporate Governance and Nominating Committee include assessing Board membership needs and identifying, screening, recruiting, and presenting director candidates to the Board, implementing policies regarding corporate governance matters, making recommendations regarding committee memberships and sponsoring and overseeing performance evaluations for the Board as a whole and the directors. The Corporate Governance and Nominating Committee met two times during the fiscal year ended March 31, 2017.

Nominating Procedures

The Board has not adopted specific minimum criteria for director nominees and although the Company does not have a formal policy or guidelines regarding diversity, the Company recognizes the value of having a Board that encompasses a broad range of skills, expertise, contacts, industry knowledge and diversity of opinion. The Corporate Governance and Nominating Committee identifies nominees by first evaluating the current members of the Board of Directors willing to continue in service. Current members of the Board with skills and experience that are relevant to the Company's business and who are willing to continue in service are considered for re-nomination. If any member of the Board does not wish to continue in service, or if the Corporate Governance and Nominating Committee decides not to nominate a member for re-election, the Corporate Governance and Nominating Committee first considers the appropriateness of the size of the Board. If the Corporate Governance and Nominating Committee determines the Board seat should remain and a vacancy exists, the Corporate Governance and Nominating Committee considers factors that it deems are in the best interests of the Company and its shareholders in identifying and evaluating a new nominee. The Corporate Governance and Nominating Committee will consider nominees suggested by incumbent Board members, management and shareholders.

Shareholder recommendations must be in writing and sent within the time periods set forth under the heading "Shareholder Proposals for the 2018 Annual Meeting addressed to the Chairman of the Corporate Governance and Nominating Committee, c/o Corporate Secretary, 3736 South Main Street, Marion, New York 14505, and should include a statement setting forth the qualifications and experience of the proposed candidates and basis for nomination. Any person recommended by shareholders of the Company will be evaluated in the same manner as any other potential nominee for director.

Board Attendance at Meetings

The Board of Directors held four meetings and acted by unanimous written consent two times during the fiscal year ended March 31, 2017. Each director attended at least 75% of the aggregate of the total number of meetings of the Board of Directors and meetings held by all committees of the Board of Directors on which he or she served. Each director is expected to attend the Annual Meeting of shareholders. In 2016, the Annual Meeting of Shareholders was attended by all nine directors who were serving on the Board at that time.

Shareholder Communication With the Board

The Company provides an informal process for shareholders to send communications to the Board of Directors. Shareholders who wish to contact the Board of Directors or any of its members may do so in writing to Seneca Foods Corporation, 3736 South Main Street, Marion, New York 14505. Correspondence directed to an individual board member will be referred, unopened, to that member. Correspondence not directed to a particular board member will be referred, unopened, to the Chairman of the Audit Committee.

Report of the Audit Committee

The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other filing by the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934 except to the extent the Company specifically incorporates this Report by reference therein.

The Audit Committee of the Company is composed of four directors, each of whom meets the current independence and experience requirements of the NASDAQ Global Market and the SEC. The Audit Committee operates under a written charter which was originally adopted on May 27, 2004 and reviewed and reapproved on May 25, 2017. A complete copy of the Audit Committee charter is available on the Company's website at www.senecafoods.com. The Board has determined that Arthur H. Baer, Samuel T. Hubbard and Thomas Paulson are designated as the Company's "audit committee financial experts" as defined in the current rules of the SEC.

Management is primarily responsible for the Company's financial statements and reporting process. BDO USA, LLP (BDO USA) is responsible for performing an independent audit of the Company's financial statements and internal control over the financial reporting in accordance with the standards of the Public Company Accounting Oversight Board ("PCAOB") and issuing reports on those statements and internal control over financial reporting. The Audit Committee's responsibilities include oversight of the Company's independent registered public accounting firm and internal audit department, as well as oversight of the Company's financial reporting process on behalf of the full Board of Directors. It is not the duty or the responsibility of the Audit Committee to conduct auditing or accounting reviews or related procedures.

The Audit Committee meets at least quarterly and at such other times as it deems necessary or appropriate to carry out its responsibilities. Those meetings include, whenever appropriate, executive sessions with BDO USA without management being present. The Audit Committee met four times during the fiscal year ended March 31, 2017. In the course of fulfilling its oversight responsibilities, the Audit Committee met with management, internal audit personnel and BDO USA to review and discuss all annual financial statements and quarterly operating results prior to their issuance. Management advised the Audit Committee that all financial statements were prepared in accordance with Generally Accepted Accounting Principles. The Audit Committee also discussed with BDO USA matters required to be discussed, pursuant to, Auditing Standard No. 1301, Communication with Audit Committees, issued by the PCAOB, including the reasonableness of judgments and the clarity and completeness of financial disclosures. In addition, the Audit Committee discussed with BDO USA matters relating to its independence and has received from BDO USA the written disclosures and letter required by PCAOB Rule 3526, Communication with Audit Committees Concerning Independence.

On the basis of the reviews and discussions the Audit Committee has had with BDO USA and management, the Audit Committee recommended to the Board of Directors that the Board approve the inclusion of the Company's audited financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2017, for filing with the SEC.

Submitted by:
THE AUDIT COMMITTEE
Arthur H. Baer, Chair
John P. Gaylord
Samuel T. Hubbard, Jr.
Thomas Paulson

EXECUTIVE OFFICERS

The following provides certain information regarding our executive officers. Each individual's name and position with the Company is indicated. In addition, the principal occupation and business experience for the past five years is provided for each officer and, unless otherwise stated, each person has held the position indicated for at least the past five years.

Arthur S. Wolcott, age 91 – Mr. Wolcott has served as the Chairman of the Board of the Company since 1949.

Kraig H. Kayser, age 56 – Mr. Kayser is the President and Chief Executive Officer of the Company and has served in that capacity since 1993. From 1991-1993 he served as the Company's Chief Financial Officer.

Paul L. Palmby, age 54 – Mr. Palmby has been Executive Vice President and Chief Operating Officer of the Company since 2006. Prior to that, he served as President of the Vegetable Division of the Company from 2005 to 2006 and Vice President of Operations of the Company from 1999-2004. Mr. Palmby joined the Company in March 1987.

Timothy J. Benjamin, age 58 – Mr. Benjamin has served as the Company's Senior Vice President, Chief Financial Officer and Treasurer since June 2012. Prior to that he served as Corporate Treasurer at North American Breweries in Rochester, New York, since 2011 and was Director of Treasury and Tax Operations at IEC Electronics Corporation in 2010. Prior to that Mr. Benjamin was with Birds Eye Foods, Inc. for 15 years in increasingly responsible financial positions, reaching the position of Vice President and Treasurer in 2008.

Carl A. Cichetti, age 59 – Mr. Cichetti has served as Senior Vice President Technology and Planning since 2009 and Chief Information Officer of the Company since 2006. He was a Senior Consultant of Navint (Technology Consulting) from 2004-2005 and Senior Vice President of Technology of Citigroup from 2001-2004.

Dean E. Erstad, age 54 – Mr. Erstad has been Senior Vice President of Sales and Marketing of the Company since 2001 and Vice President of Private Label Sales during 2000.

John D. Exner, age 55 – Mr. Exner has been General Counsel of the Company since 2006 and Assistant Secretary since 2007. He was Legal Counsel/Vice President from 1991-2002 and Legal Counsel/President from 2002 to 2005 of Midwest Food Processors Association, Inc.

Cynthia L. Fohrd, age 54 – Ms. Fohrd has been Senior Vice President and Chief Administrative Officer of the Company since 2007. Ms. Fohrd has held various positions since joining the Company in 1988 including Financial Analyst, Internal Auditor, Risk Management and Vice President of Human Resources.

Aaron M. Girard, age 46 – Mr. Girard has been Senior Vice President of Logistics since 2010.

Matt J. Henschler, age 46 – Mr. Henschler has been Senior Vice President of Technical Services and Development since 2016 and Vice President of Technical Services and Development since 2005.

Jeffrey L. Van Riper, age 60 – Mr. Van Riper has been Vice President since 2008 and Corporate Controller, Principal Accounting Officer and Secretary of the Company since 1986. He joined the Company as Accounting Manager in 1978.

Sarah S. Mortensen, age 72 – Ms. Mortensen has been Assistant Secretary since 1986. She joined the Company as Administrative Assistant in 1968.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation Discussion and Analysis

Overview

This section discusses our policies and practices relating to executive compensation and presents a review and analysis of the compensation earned during the fiscal year ended March 31, 2017 by our Chief Executive Officer, or CEO, our Chief Financial Officer, or CFO, and our three other most-highly compensated executive officers, to whom we refer collectively in this proxy statement as the "named executive officers." The amounts of compensation earned by these executives are detailed in the Fiscal Year 2017 Summary Compensation Table and the other tables which follow it. The purpose of this section is to provide you with more information about the types of compensation earned by the named executive officers and the philosophy and objectives of our executive compensation programs and practices.

Authority of the Compensation Committee; Role of Executive Officers

The Compensation Committee of the Board of Directors (the "Committee") consists of Messrs. Paulson and Gaylord and Dr. Henry. Mr. Paulson, who has served on the Board of Directors since 2004, is the Committee Chairman. Each member of the Committee qualifies as an independent director under NASDAQ Global Market listing standards. The Committee operates under a written charter adopted by the Board. A copy of the charter is available at www.senecafoods.com under "Corporate Governance." The Committee meets as often as necessary to perform its duties and responsibilities. The Committee held two meetings during fiscal year 2017 and has held one meeting so far during fiscal year 2018. The Committee also regularly meets in executive session without management. The Committee has never engaged a compensation consultant to assist it in developing compensation programs.

The Committee is authorized by our Board of Directors to oversee our compensation and employee benefit practices and plans generally, including our executive compensation, incentive compensation and equity-based plans. The Committee may delegate appropriate responsibilities associated with our benefit and compensation plans to members of management. The Committee has delegated certain responsibilities with regard to our Pension Plan and 401(k) Plan to an investment committee consisting of members of management. The Committee also has delegated authority to our President and CEO to designate those employees who will participate in our Executive Profit Sharing Bonus Plan; provided, however, that the Committee is required to approve participation in such plan by any of our executive officers.

The Committee approves the compensation of our CEO. Our CEO develops and submits to the Committee his recommendation for the compensation of each of the other executive officers in connection with annual merit reviews of their performance. The Committee reviews and discusses the recommendations made by our CEO and approves the compensation for each named executive officer for the coming year. No corporate officer, including our CEO, is present when the Committee determines that officer's compensation. In addition, our Chief Financial Officer and other members of our finance staff assist the Committee with establishing performance target levels for our Executive Profit Sharing Bonus Plan, as well as with the calculation of actual financial performance and comparison to the performance targets, each of which actions requires the Committee's approval.

Philosophy and Objectives

Our philosophy for the compensation of all of our employees, including the named executive officers, is to value the contribution of our employees and share profits through broad-based incentive arrangements designed to reward performance and motivate collective achievement of strategic objectives that will contribute to our Company's success. The primary objectives of the compensation programs for our named executive officers are to:

- attract and retain highly-qualified executives,
- motivate our executives to achieve our business objectives,
- reward our executives appropriately for their individual and collective contributions, and
- align our executives' interests with the long-term interests of our shareholders.

Our compensation principles are designed to complement and support the Company's business strategy. The canned fruit and vegetable business is highly competitive, and the principal customers are major food chains and food distributors with strong negotiating power as to price and other terms. Consequently, our success depends on an efficient cost structure (as well as quality products) which enables us to provide favorable prices to the customers and acceptable margins for the Company.

However, an important purpose of our compensation policies is to enable the Company to retain highly valued employees. Our senior management monitors middle and senior management attrition and endeavors to be sufficiently competitive as to salary levels so as to attract and retain highly valued managers. Consequently, the Company has been flexible in awarding compensation, and expects to remain so, to facilitate attracting and retaining quality management personnel.

Consideration of Most Recent Say on Pay Vote

At the Annual Meeting of Shareholders on August 4, 2011, the shareholders expressed a preference that advisory votes on executive compensation occur every three years. Consistent with this preference, the Board of Directors determined to implement an advisory vote on executive compensation every three years, since there was an advisor vote on executive compensation at the August 7, 2014 annual meeting, the next advisory vote on executive compensation is included as Proposal Two and the next required vote on the frequency of shareholder votes on the compensation of executives is included as Proposal Three.

At the Annual Meeting of Shareholders on August 7, 2014, over 92% of the shares voted were voted in support of the compensation of the Company's Named Executive Officers, as discussed and disclosed in the 2014 proxy statement. As a result, the Compensation Committee concluded that the compensation paid to executive officers and the Company's overall pay practices have strong shareholder support and no significant changes have been made since that time.

Elements of Executive Compensation for Fiscal Year 2017

Base Salary. The base salary of each of our named executive officers is reviewed by the Committee at the beginning of each fiscal year as part of the overall annual review of executive compensation. During the review of base salaries, the Committee considers the executive's qualifications and experience, scope of responsibilities and future potential, the goals and objectives established for the individual, his or her past performance and competitive salary practices both internally and externally. In addition to the annual reviews, the base salary of a particular executive may be adjusted during the course of a fiscal year, for example, in connection with a promotion or other material change in the executive's role or responsibilities. During fiscal year 2017, each of the named executive officers including the Chairman, CEO, CFO and COO, received a 3.0% cost-of-living increase to his base salary in May 2016. The base salary of each of our named executive officers is set forth in the Summary Compensation Table.

As a general rule, base salaries for the named executive officers are set at a level which will allow us to attract and retain highly-qualified executives. Many of our competitors are family-owned businesses operating in rural areas, where compensation rates and salary expectations are below the urban levels. However, most of our executive officers also live and work in rural locations, inasmuch as the Company believes that its facilities (some of which include executive offices) should be located in the agricultural areas that produce the crops processed by the Company. Although the compensation level of our executive officers is generally in the upper end of executive compensation in these localities, they are below the compensation levels for comparable positions in most public companies with sales comparable to those of the Company.

Executive Profit Sharing Bonus Plan. The Executive Profit Sharing Bonus Plan is generally available to officers and certain key corporate employees. An annual incentive bonus is payable based upon the Company's performance, and aligns the interests of executives and employees with those of our shareholders. The Executive Profit Sharing Bonus Plan links performance incentives for management and key employees to increases in shareholder value and promotes a culture of high performance and ownership in which members of management are rewarded for achieving operating efficiencies, reducing costs and improving profitability.

The Executive Profit Sharing Bonus Plan became effective April 1, 2006 and was last amended on January 25, 2017 to adjust the bonus targets and the potential bonus payment percentages. Under the Plan, annual incentive bonuses are paid based on achieving the performance criteria set for the Company. The bonuses for officers and certain key corporate employees are distributed at the sole discretion of our CEO upon approval of such bonuses by the Committee. The performance criteria established under each Plan requires the Company's pre-tax profits adjusted to a FIFO basis for a fiscal year to equal or exceed a specific bonus target plus the aggregate bonus amounts calculated under the Plan. The bonus target under each Plan is expressed as a percentage of the consolidated net worth of the Company calculated on a FIFO basis. As amended, the bonus targets under the Executive Profit Sharing Bonus Plan were reduced to range from 5% to 15% of consolidated net worth. Additionally, each bonus target corresponds to a potential bonus payment calculated as a percentage of the employee's base salary earned during the fiscal year. As amended, the potential bonus payments under the Executive Profit Sharing Bonus Plan were reduced to range from 10% to 35% of base salary. The Executive Profit Sharing Bonus Plan was also amended to clarify that the Board of Directors or an authorized committee is permitted to make discretionary bonus payments in addition to any bonus payments calculated under the Plan.

The following table sets forth the bonus targets and potential bonus payments established under the Executive Profit Sharing Bonus Plan for fiscal year 2017.

Bonus Target as Percent of Consolidated Net Worth	Potential Bonus Payment (Percent of Base Salary)
5%	10%
7.5%	15%
10%	20%
12.5%	25%
15%	35%

For fiscal year 2017, the Company's pre-tax profits on a FIFO basis did not meet the minimum bonus target; however a 5% discretionary bonus was awarded based on the new discretionary plan approved in January 2017 and discussed above.

Equity Based Incentive Awards. On August 10, 2007, the shareholders approved the 2007 Equity Incentive Plan to align the interests of management and shareholders through the use of stock-based incentives that result in increased stock ownership by management. Executive management's view of the Plan is that it is important to allow us to continue to attract and retain key talent and to motivate executive and other key employees to achieve the Company's goals. The Company granted 2,945 shares of restricted stock awards under the Plan to key employees in fiscal year 2017. Provided that the participant remains employed by the Company, these shares of restricted stock will vest equally over a four-year period. The Compensation Committee did not consider making any awards to Messrs. Wolcott and Kayser under the Plan, inasmuch as the Wolcott and Kayser families own substantial stockholdings in the Company. Messrs. Wolcott and Kayser concurred in that judgment.

Retirement Programs. Our executive officers are entitled to participate in the Company's Pension Plan, which is for the benefit of all employees meeting certain eligibility requirements. Effective August 1, 1989, the Company amended the Pension Plan to provide improved pension benefits under an excess formula. The excess formula for the calculation of the annual retirement benefit is: total years of credited service (not to exceed 35) multiplied by the sum of (i) 0.6% of the participant's average salary (five highest consecutive years, excluding bonus), and (ii) 0.6% of the participant's average salary in excess of his or her compensation covered by Social Security.

Participants who were employed by the Company prior to August 1, 1988, are eligible to receive the greater of their benefit determined under the excess formula or their benefit determined under the offset formula as of July 31, 1989. The offset formula is: (i) total years of credited service multiplied by $120, plus (ii) average salary multiplied by 25%, less 74% of the primary Social Security benefit. The maximum permitted annual retirement income under either formula is $215,000. See "Pension Benefits" below for further information regarding the number of years of service credited to each of the named executive officers and the actuarial present value of his accumulated benefit under the Pension Plan.

We also have a 401(k) Plan pursuant to which the Company makes matching and discretionary contributions for eligible employees. The Company matching contributions to the named executive officers' 401(k) Plan accounts are included in the Summary Compensation Table under the heading "Other Compensation."

Other Compensation. The Company also provides health insurance, term life insurance, and short-term disability benefits that do not discriminate in scope, terms or operation in favor of our executive officers and are therefore not included in the Summary Compensation Table for the named executive officers.

Other Compensation Policies

Internal Pay Equity. The Committee believes that internal pay equity is an important factor to be considered in establishing compensation for our officers. The Committee has not established a policy regarding the ratio of total compensation of our CEO to that of the other officers, but it does review compensation levels to ensure that appropriate equity exists. The Committee intends to continue to review internal pay equity and may adopt a formal policy in the future if it deems such a policy to be appropriate.

Compensation Deductibility Policy. Under Section 162(m) of the Internal Revenue Code of 1986, as amended, the Company may not receive a federal income tax deduction for compensation paid to the CEO or any of the four other most highly compensated executive officers to the extent that any of the persons receive more than $1,000,000 in compensation in any one year. However, if the Company pays compensation that is "performance-based" under Section 162(m), the Company can receive a federal income tax deduction for the compensation paid even if such compensation exceeds $1,000,000 in a single year. None of our executive officers received more than $1,000,000 in compensation during fiscal year 2017 or any prior year, so Section 162(m) has not been applicable to the Company. To maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the Committee has not adopted a policy that all compensation must be deductible on the Company's federal income tax returns.

No Stock Options. The Company has never awarded stock options to any officer or employee, and it does not presently contemplate initiating any plan or practice to award stock options.