

Fonterra Elections 2024 Board of Directors

Candidate Handbook



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About the Returning Officer

Warwick Lampp has been reappointed as the Returning Officer by the Fonterra Co-operative Council. Mr Lampp has been the Returning Officer since 2004.

The Returning Officer is an independent appointee and conducts elections in accordance with Fonterra's Election Rules and accepted standard election management practices, ensuring that the process is carried out with integrity, security and fairness to all parties.

The Returning Officer's decisions in all matters pertaining to the Elections are final.

The Returning Officer's specific duties are:

- Compiling and certifying the electoral roll.
- Arranging for the publication of any notices relating to the Election.
- Calling for and receiving nominations.
- Verifying candidate eligibility, and in the case of candidates wishing to stand under the Non-Assessment Process, verifying the supporting shareholders.
- Receiving the list of candidates successfully nominated through the Independent Assessment Process.
- Compiling the list of candidates wishing to stand under the Non-Assessment Process.
- Candidate management and Candidate Profile booklet production.
- Arranging the printing and distribution of voter packs.
- Processing and counting votes.
- Handling all election related enquiries.
- Declaring the results.

Key Information – 2024 Elections

Candidates for the Fonterra Board (including existing Directors eligible for re-election) can choose to stand as an Independently Assessed Candidate or a Non-Assessed Candidate. Both processes are detailed in this Handbook.

For more detailed information or a Nomination Paper please contact the Returning Officer Warwick Lampp on 0800 666 034.

Proposed key dates

Friday 9 – Friday 23 August (12 noon)	Nominations period for Independently Assessed Candidates
Monday 26 August – Friday 20 September	Independently Assessed Candidates Assessment Process
Monday 9 – Tuesday 10 September	Independent Assessment Panel interviews
Friday 20 September (5pm)	Latest time for Independently Assessed Candidates nominated by the Independent Assessment Panel to confirm their candidacy with the Returning Officer
Monday 23 September	Independently Assessed Candidates nominated by the Independent Assessment Panel announced
Monday 23 – Thursday 3 October (12 noon)	Nominations period for Non-Assessed Candidates
Friday 4 October	All Director Election Candidates announced
Tuesday 22 October – Tuesday 12 November (10.30am)	Voting period
Monday 4 November – Friday 8 November	Director Candidate meetings
Tuesday 12 November	Official declaration of results
Thursday 14 November	Fonterra Annual Meeting Successful Director Candidates take office

These key dates and all dates referred to in this Candidate Handbook are those that are currently proposed. Fonterra will provide as much notice as possible if any of these dates need to change.

Number of vacancies to be filled

2         

Targeted skills

(See page 7 for more detail.)

- In Depth Dairy Farming.
- Financial Acumen.
- Manufacturing / Commodity Experience.
- Customer Experience.
- Effective Leadership.
- Global Experience.
- Technology.

Required attributes

(See page 7 for more detail.)

- Understanding of and commitment to the highest standards of governance including an understanding of the collective group decision making processes adopted by the Fonterra Board.
- Understanding of and empathy with the Co-operative and its farmer owners.
- Ability and knowledge to comprehend the wider commercial and economic framework in which Fonterra operates.
- Broad governance experience.
- Proven track record of creating shareholder value.
- Global perspective.
- Time available to undertake a Director's responsibilities.
- Sound judgement.
- Ability to apply strategic thought to important issues and to actively contribute to, and positively influence, Board discussions.
- Ability and willingness to constructively question, challenge and critique in an open-minded way, and offer, and respect, diverse and alternative viewpoints.
- Unquestioned honesty and integrity.

Are You Eligible to Stand for Election?

To stand for Fonterra's Board of Directors you must have a direct or indirect interest in a Shareholder that is supplying Milk to Fonterra which comprises either:

- (a) a direct or indirect legal or beneficial interest in that Shareholder (including as a beneficiary of a trust); or
- (b) a right or entitlement to participate (directly or indirectly) in the distributions of, or made by, that Shareholder,

and, without limiting the entities, arrangements or structures through which any such interest may arise or be held, a person will be deemed to hold such an interest if he or she:

- (c) is a Shareholder that is supplying Milk to the Company; or
- (d) is a shareholder of a company that is a Shareholder that is supplying Milk to the Company; or
- (e) is a member of a partnership that is a Shareholder that is supplying Milk to the Company.

Successful candidates cannot take office as a Director unless they sign a Confidentiality Deed and Indemnity in the form determined by the Board relating to information they may receive in their capacity as a Director.

Candidates can stand for the Board of Directors, Co-operative Council and Directors' Remuneration Committee but can only hold one elected position.

The Board Charter (available on Fonterra.com) sets out the principles in relation to the tenure of Directors.

Director eligibility to supply milk under contract to Fonterra

Fonterra's rules relating to Contract Milk provide that Directors, and their associated persons, may supply Contract Milk to Fonterra on the conditions that:

- (a) the Contract Supply terms require the supplier to share-up over the term of the Contract; and
- (b) any Director in this circumstance should ensure full disclosure.

Under Flexible Shareholding, new Contract Milk options are unavailable. However, Fonterra is honouring all existing contractual commitments on terms that are consistent with the new settings under Flexible Shareholding.

Certain persons disqualified

Section 151(2) of the Companies Act 1993 specifies disqualifying criteria in respect of appointment or holding office as a Director of Fonterra.

Financial Service Provider eligibility

Fonterra is a registered Financial Service Provider, to enable it to provide certain financial services, including offering securities such as co-operative shares to the public.

If a Director is disqualified from being a director of a Financial Service Provider, Fonterra will not be able to remain registered. In order to manage this risk with any incoming Directors, candidates are required to disclose any ineligibility to be a director of a Financial Service Provider, and must consent to a criminal history check for this purpose should they be elected.

Shareholders will be informed of any candidates who are ineligible to be directors of a Financial Service Provider, and the implications of this for Fonterra.

As current Directors have undergone these checks, they are exempt from this requirement when re-standing.

Governance Explained

The Board's role is to govern Fonterra, including setting its strategic direction, determining high-level policies, allocating resources and driving the company's performance.

Fonterra's Board is currently comprised of up to seven Elected Directors and four Appointed Directors. From the conclusion of the 2024 Annual Meeting, the number of directors on Fonterra's Board will reduce from 11 to nine. The current balance between Elected Directors and Appointed Directors will be maintained, with a composition of six Elected Directors and three Appointed Directors.

Shareholders can exercise control of their Co-operative by voting in the Director elections.

When deciding whether to stand for the Fonterra Board it is important to have a good understanding of governance and what is required to be a valuable member of the Fonterra Board.

We appoint the Board to oversee Fonterra's business by ensuring, among other things, that the business performs well, risks are managed prudently and that the business is sustainable over the long term through a well-conceived and well-executed strategy.

Under Fonterra's Constitution, shareholders delegate to the Board authority to make all decisions that materially affect the Co-operative's performance (aside from the few key control rights specified in Fonterra's Constitution that require majority or 75 per cent shareholder support).

To enable the Board to achieve this, one of its key responsibilities is to select and retain a competent CEO and to delegate the day to day management of the Co-operative to the CEO and the Co-operative's management team. The delegation by shareholders of decision making authority to the Board, and by the Board to management, is a key feature of governance.

Owners' interests are also served by legislation, such as the Companies Act 1993 and the Fonterra Shareholders' Market Rules, which impose various obligations on the Board as well as statutory financial reporting obligations. The single most important statutory obligation of Directors on the Board is that all decisions are made in the best interests of the Co-operative.

The way Elected Directors are selected reflects the nature of the governance role. Farmers vote for Directors based on milk solids supplied in the previous season that are backed by shares they hold. In other words, the number of votes you receive is based on the amount of share-backed milk you supply to the Co-operative. The same system is used for voting on ordinary and special resolutions, including the ratification of Appointed Directors.

Voting for Directors is on a national basis. This reinforces the role of the Board to act in the interests of the Co-operative as a whole, rather than to represent any regional or other shareholder interest group.

Appointed Directors are appointed to our Board by the existing Directors, subject to consultation with the manager of the Fonterra Shareholders' Fund and ratification by shareholders.

By way of contrast, the Co-operative Council carries out a purely representative role. It is there to ensure that the Board understand the interests, needs and expectations of the Co-operative's members and to drive for improvements in returns for Co-operative members.

Governance Best Practice

The Institute of Directors in New Zealand summarises best practice governance into four pillars of value that underpin the role of a Director.

1) Determining purpose

The board adds value by leading the development of the entity's purpose, goals and strategy. The board must take ownership of the entity's strategic direction.

Long-term business sustainability is a critical focus for the board.

2) An effective governance culture

The board adds value by acting as a team with a high-performance culture committed to engaged, quality governance of the entity. It supports open debate, diversity, thoughtful challenge and constructive dissent.

Directors lead through high standards of ethical behaviour, commitment, candour, and integrity. This culture is characterised by effective relationships between directors and with management, shareholders and stakeholders.

3) Holding to account

A value-adding board holds management to account through informed, astute, effective and independent oversight of performance and conformance matters. It does not do the job of management but ensures purpose and strategy are understood by management and implemented.

The board sets the risk appetite of the entity and oversees and monitors risk management.

4) Effective compliance

The board adds value by ensuring the entity is, and remains, solvent. It ensures the probity of financial reports and processes, and a high standard of compliance with regulatory environments.

Directors must comply with their duties and responsibilities in relation to the entity, its shareholders and other stakeholders. Excellence in governance is enhanced through complying with the spirit as well as the letter of the law.

Source: The Institute of Directors in New Zealand, The Four Pillars of Governance Best Practice, 2021.

Commitment to good governance

The Board of Fonterra is committed to achieving the highest standard of corporate governance and leadership.

To support the Board's role, a governance framework has been developed that reflects Fonterra's unique characteristics and requirements as a globally competitive New Zealand-based dairy co-operative.

The Board has adopted a Charter and Code of Conduct which it reviews and updates regularly. The Board Charter and Code of Conduct outline the key values and practices of Fonterra and provide a reference point for the Board and individual Directors in the execution of their duties. These documents are available on Fonterra.com.

The Fonterra Board focuses on governance in a way that promotes:

- the interests of key stakeholders, including farmer shareholders, unit holders, debt investors, employees, customers, governments and the communities Fonterra operates in;
- Fonterra's purpose, values and strategy;
- transparency and meaningful engagement to provide key stakeholders with the information they need to assess Fonterra's performance;
- effective risk management and compliance to meet Fonterra's business objectives and legal requirements; and
- an appropriate balance between the roles and responsibilities of the Board and management.

Capabilities for directors

It is increasingly critical in this rapidly changing world that Fonterra has world-class, experienced Board members.

Building capabilities and maintaining the highest standards of governance are critical to the ongoing success of our Co-operative.

Every Fonterra Director is required by the Companies Act to act in the best interests of the Co-operative – not a Ward, or a particular group of shareholders – but the Co-operative as a whole. This sets the context for quality governance but it is brought to life by ensuring we have people on our Board with the right mix of attributes, skills and experience required of our global company.

There is value in seeking diversity on a board in order to capture a wider set of experiences, outlooks and perspectives, and the Fonterra Board takes this into account when appointing Appointed Directors. While diversity will continue to be an important consideration, it will always be important to ensure that we have the right attributes, capabilities and skills across the Board.

Attributes and Skills

Required attributes

There are certain attributes that the Board considers that all of our Directors must be able to demonstrate. These are the core requirements, and you should consider them carefully as you will be asked to show how you are able to deliver on each attribute.

- (a) Understanding of and commitment to the highest standards of governance including an understanding of the collective group decision making processes adopted by the Fonterra Board.
- (b) Understanding of and empathy with the Co-operative and its farmer owners.
- (c) Ability and knowledge to comprehend the wider commercial and economic framework in which Fonterra operates.
- (d) Broad governance experience.
- (e) Proven track record of creating shareholder value.
- (f) Global perspective.
- (g) Time available to undertake a Director's responsibilities.
- (h) Sound judgement.
- (i) Ability to apply strategic thought to important issues and to actively contribute to, and positively influence, Board discussions.
- (j) Ability and willingness to constructively question, challenge and critique in an open-minded way, and offer, and respect, diverse and alternative viewpoints.
- (k) Unquestioned honesty and integrity.

All of our Directors must believe in and value the Co-operative and be able to demonstrate that they have the attributes and skills needed to deliver governance at a level expected for a globally competitive New Zealand dairy co-operative.

Directors on most boards operate within a band of governance experience, from the most experienced through to those who are newer to the particular role, organisation or industry. Over time, newer directors gain more experience and this helps ensure that there is succession on a board as well as a range of views and perspectives.

In order to attract the best candidates for our Board, we will need to access the attributes and skills that we know are in our farmer shareholder base that will result in the right balance of experience and ability on the Board over time. It is important for potential candidates and for all our farmer shareholders to be clear on what is required of our Board to deliver the necessary performance and to set up our Co-operative for success in the future.

We have identified a list of attributes (described above) that each Director of our Co-operative must be able to demonstrate. For some of these attributes, a Director will continue to develop expertise but it is important that they are able to show that they have the attribute and the ability to keep developing in their role as Directors of our Co-operative.

In addition to these required attributes, our Board requires a set of skills to deliver good governance. There is no expectation that each Director will have all of these skills but it is important that they are appropriately represented across the Board. Some Directors will have strengths in some of the skills while others might be still developing them or will be able to rely on fellow Directors to provide guidance and expertise in particular areas.

Targeted skills

Based on the 2024 Skills Matrix (see page 9), the Board's current priorities, and the external operating environment, the Board has provided the following skills to be targeted in the 2024 Director Election:

- (a) In Depth Dairy Farming.
- (b) Financial Acumen.
- (c) Manufacturing / Commodity Experience.
- (d) Customer Experience.
- (e) Effective Leadership.
- (f) Global Experience.
- (g) Technology.

In 2024, the Board has targeted a similar set of skills to last year given that the needs of the business in terms of required and desired levels of each skill have not changed substantially. The Board considered the revised strategic direction in determining the targeted skills. Given the skill set of the Directors retiring in 2024, Effective Leadership is a new targeted skill and In Depth Dairy Farming continues to be a targeted skill. Innovation was removed from the list of targeted skills in 2024, given the aggregated skill level on the remaining Board.

Prospective candidates should consider these prioritised targeted skills, but should also consider the broader set of skills as they may be able to demonstrate strengths and potential in some or all of these broader skills that would still make them worthy of consideration.

It is also important that the skills required for our Board take into account the types of opportunities and challenges that the Co-operative will face in the future, and ensure we are developing the skills that may not be needed currently but will be critical going forward.

This means that the search for skills on the Board should always be looking to extend and build on current expertise. The Fonterra Board Skills Matrix (described on page 9) shows the aggregate skills that are shared across the Board, as well as the skills that will be needed to deliver on the strategy in coming years, and should never show that all skills are currently being delivered. The Board Skills List (described below) shows a balanced mix of skills related to the current requirements of the Co-operative, which will continue to be enhanced to match Fonterra’s future requirements.

A Director needs to demonstrate each of the attributes but does not need to be able to demonstrate each of the skills. The key requirement for a Director is that they are able to meet the governance requirements at the level required for our Co-operative. From time to time, we will identify particular skills that may be needed on the Board. Prospective candidates should not see the full list of skills or any particular set of skills as a pre-requisite or as eligibility requirements but rather as some of the things to take into account in considering if they would meet the overall requirements for a Fonterra Director.

Skills list

Our strength as a co-operative relies on us being able to maximise the opportunity for our farmer shareholders to move from their farming businesses to the board room.

An appreciation of the experience and skills required to make that transition and access to adequate training are essential for any farmer shareholder who wants to become a Fonterra Director.

We expect our Board to have access to Directors with on farm dairy knowledge based on having run or owned a dairy operation as a member of our dairy Co-operative, who are well versed in what drives Fonterra’s Farmgate Milk Price and profitability in our global Co-operative, and who demonstrate strong co-operative values.

For a number of Directors’ Elections, we have used a skills list made up of the skills the Board requires to govern Fonterra. This skills list has been updated regularly and is published in the documents for the Director Election each year. The list has also been used to help with the selection and appointment of our Appointed Directors. In addition to keeping the skills list updated, the Board has considered the relative weighting of how much of each skill is needed on the Fonterra Board. This weighting can be used to establish how much of each skill we need on the Board over time (i.e. how many Directors need to exhibit each skill and to what level).

Skill Category	Definition
In Depth Dairy Farming	Deep “on farm” dairy experience, having run or owned dairy operations as a member of our dairy Co-operative.
Dairy Industry / Understand Value Drivers of Milk Price / Profit	A strong understanding of what drives Fonterra’s milk price and of the profit drivers of the Co-operative.
Financial Acumen	Strong financial skills and knowledge gained through business management, or as a highly experienced auditor, or a functional expert in a senior financial position.
Risk Management	Senior level experience in, or governance of, organisations that have significant risk management and control frameworks including health and safety, cybersecurity and climate related risks.
Manufacturing / Commodity Experience	Experience at a senior executive or governance level in a commodity/manufacturing business.
Customer Experience	Senior level executive or governance experience in a customer-oriented business to business (B2B) company with significant local, regional or global brands.
Effective Leadership	Senior executive or governance experience in leadership roles including strategy oversight, stakeholder management and people leadership, including experience in environments that value and demonstrate diversity of thinking and approach.
Global Experience	Deep understanding of international issues and the macro-political and economic environment, through experience working in multiple geographies, and a proven global mindset.
Technology	Knowledge and experience in the governance, strategic use and risk management of technology including information systems, transforming and disruptive technologies and cyber risk.
Sustainability	Commitment to and a strong understanding of sustainability including the management of social, environmental and economic factors and their contribution to long-term value creation.
Innovation	Experience in, or a strong understanding of, research and development and applied innovation, including in relation to nutrition science.

Remuneration, Meetings, Charter and Code of Conduct

Director remuneration

The Directors' Remuneration Committee recommends payments to the Elected Directors each year. These are approved by shareholders at the Fonterra Annual Meeting.

Currently Directors' fees are \$196,500 per annum. The Board Chairman's fee is currently \$484,000 per annum.

Board Charter and Code of Conduct

The Board has adopted a Charter and Code of Conduct which outline the key values and practices of the Fonterra Board.

These documents provide further reference for Directors in the execution of their role and are available on [Fonterra.com](https://www.fonterra.com).

Expenses

Each Director is entitled to be paid for all reasonable travel, accommodation and other expenses they incur in connection with their attendance at meetings or on Fonterra business.

Board meetings

General business Board meetings are held eight times per year. One week before each meeting, agenda papers and other materials are circulated to the Directors. Additional Board meetings or video conferences may be held to deal with business in a timely manner. Directors will also usually be appointed to one or more Board committees and are expected to fully participate in these. Directors are also often requested to make presentations or represent Fonterra at field days, farmer events, conferences and meetings. Board visits to Fonterra's manufacturing sites and global businesses occur regularly.

Nominations: Independent Assessment Process

Nomination Paper

The Nomination Paper is available from the Returning Officer.

Each nomination must be made on the official Nomination Paper and submitted with:

- a Statutory Declaration regarding your eligibility to be a director of a Registered Financial Services Provider;
- a Candidate Profile Statement (including an interest statement) (see page 13); and
- a photo (see page 13).

Directors standing for re-election must complete the candidate's section of the Nomination Paper but do not need to make the Statutory Declaration or consent to a criminal history check.

Completing your nomination documents

If you wish to stand under the Independent Assessment Process you can nominate yourself and do not need to be nominated or seconded by any other shareholders.

Please ensure you:

- complete and sign the appropriate sections of the Nomination Paper;
- declare your Supply Number(s); and
- complete and sign the Statutory Declaration in the presence of a person authorised to take such declarations.

If you are unable to print and sign the Nomination Paper (e.g. you are travelling), you can contact the Returning Officer about an acceptable alternative.

If you are commonly known by a slightly different name from your given name (e.g. Edward Smith is commonly known as Ted Smith) and have been known by this name for at least the last six months (to the satisfaction of the Returning Officer), your commonly known name may appear on the Voting Paper.

You may include honours, official designations, ranks, Dr/ Professor, degrees or qualifications (e.g. BBS, B Ag Sci, Dip Tech) in the Candidate Profile Statement, but these will not be included on the Voting Paper.

Lodging your nomination documents

Nomination documents must be received by the Returning Officer no later than 12 noon on Friday, 23 August 2024.

Scan your nomination documents and email them to wlampp@electionz.com.

Important: Plan to lodge your nomination documents early to allow time to address any issues (e.g. errors, omitted documents or illegible information). If there is insufficient time to make corrections your Nomination Paper could be invalidated.

Once lodged, your Nomination Paper will be checked to ensure you are eligible.

You will receive confirmation by email as soon as your nomination is verified and accepted.

After the close of nominations

Once nominations have closed, the Independent Assessment Panel assessment process takes place.

The candidates nominated by the Independent Assessment Panel must advise the Returning Officer by 5pm on Friday, 20 September 2024 if they wish to continue with their candidacy.

The final list of all candidates who have been nominated as Independently Assessed Candidates and have accepted their nominations will be announced by media release and on the Farm Source website on Monday, 23 September 2024.

Candidates who opt to use the Independent Assessment Process in any year and are not successfully nominated by the Independent Assessment Panel cannot then stand in the Non-Assessment Process in the same year.

Nominations: Non-Assessment Process

Nomination Paper

The Nomination Paper is available from the Returning Officer.

Each nomination must be made on the official Nomination Paper and submitted with:

- a Statutory Declaration regarding your eligibility to be a director of a Registered Financial Services Provider;
- a Candidate Profile Statement (including an interest statement) (page 13);
- a photo (page 13); and
- a completed Farmer Director Endorsements form.

Completing your nomination documents

To stand under the Non-Assessment Process you will need to obtain the support of 35 shareholders, who must each complete the Farmer Director Endorsements form. Please ensure you:

- complete and sign the appropriate sections of the Nomination Paper;
- declare your Supply Number(s); and
- complete and sign the Statutory Declaration in the presence of a person authorised to take such declarations.

If you are unable to print and sign the Nomination Paper (e.g. you are travelling), you can contact the Returning Officer about an acceptable alternative.

If you are commonly known by a slightly different name from your given name (e.g. Edward Smith is commonly known as Ted Smith) and have been known by this name for at least the last six months (to the satisfaction of the Returning Officer), your commonly known name may appear on the Voting Paper.

You may include honours, official designations, ranks, Dr/ Professor, degrees or qualifications (e.g. BBS, B Ag Sci, Dip Tech) in the Candidate Profile Statement, but these will not be included on the Voting Paper.

Lodging your nomination documents

Nomination documents must be received by the Returning Officer no later than 12 noon on Thursday, 3 October 2024.

Scan your nomination documents and email them to: wlampp@electionz.com.

Important: Plan to lodge your nomination documents early to allow time to address any issues (e.g. errors, omitted documents or illegible information). If there is insufficient time to make corrections your Nomination Paper could be invalidated.

Once lodged, your Nomination Paper will be checked to ensure you are eligible.

You will receive confirmation by email as soon as your nomination is verified and accepted.

After the close of nominations

The final list of all candidates who have been nominated as Independently Assessed Candidates and who have accepted their nominations and those standing as Non-Assessed Candidates will be announced by media release and on the Farm Source website on Friday, 4 October 2024.

Independently Assessed Candidate recommendations

If you are considering standing in the Non-Assessment Process, you may request from the Returning Officer a copy of the reasons for the Independent Assessment Panel's recommendation on each Independently Assessed Candidate who is put forward for election (which will be included in shareholders' Voting Packs and may include details of the Panel's assessment). These will be available after Monday, 23 September 2024.

Candidate Profile and Interest Statements

Candidate Profile Statement

Every candidate (whether participating in the Independent Assessment Process or the Non-Assessment Process) must provide a Candidate Profile Statement (including a Candidate Interest Statement) with their Nomination Paper. If no Profile Statement is provided, the nomination will be invalid and will not be accepted.

The Candidate Profile Statement is included with the Voting Papers.

Candidates standing in the Independent Assessment Process will also need to supply some additional information to the Independent Assessment Panel (see page 15). This information will not be published with the Voting Papers but the Panel's recommendations may reference it.

If you have any queries about the content, format, or method of submitting a Candidate Profile Statement, please contact the Returning Officer before submitting your nomination.

Important notes

- If the Returning Officer is not satisfied that your Candidate Profile Statement meets the above requirements, he will return it to you, outlining the reasons for its return. You will have a reasonable time (specified by the Returning Officer) to submit an amended Statement.
- You will be considered to have failed to provide a Candidate Profile Statement if you:
 - fail to submit an amended Candidate Profile Statement within the time specified by the Returning Officer; or
 - submit an amended Candidate Profile Statement that, in the opinion of the Returning Officer, does not meet the requirements.
- The Returning Officer is not required to verify or investigate any information included in a Candidate Profile Statement. However, Candidate Profile Statements will be checked for accuracy regarding any representations concerning Fonterra.
- To encourage consistency, the Returning Officer may suggest formatting changes, including spelling or grammar, but takes no responsibility for accuracy or content of Candidate Profile Statements.

A disclaimer concerning the accuracy of the information contained in the Candidate Profile Statements will be published with these.

What to include

Please include:

- a description of how you believe you demonstrate each of the attributes required to be a Director on the Fonterra Board (see pages 7-9);
- a description of which skills on the Fonterra Board Skills List you possess, with particular emphasis on the targeted skills for 2024 (see pages 7-9);
- details of all your previous governance experience;
- details of any current executive positions; and
- a general statement on your views, policies and intentions if elected.

Format

Your statement must be:

- maximum 1,000 words (excluding your name and the Candidate Interest Statement)
- in a Microsoft Word document that has been spell checked and word counted
- in A4 format
- in plain text. Special formatting (e.g. bold, italics, underlining, bullet points, quote marks) is permitted.

Your photo

Please provide a colour digital photo that meets the following criteria. This will be used in the Candidate Profile booklet and other election-related communications.

It must be:

- recent (less than one year old)
- digitally taken (i.e. not a hard copy or scanned print)
- high resolution (minimum of 300 dpi)
- head and shoulders to mid-chest with clear space on either side
- taken against a plain or solid colour background
- of you only (e.g. no hats, pets, other people, signage or objects included).

Candidate Interest Statement

The Candidate Profile Statement must include a Candidate Interest Statement, detailing any business, investment or other relationships you have with Fonterra or with any third party that transacts with Fonterra or undertakes business in competition with Fonterra.

If you do not include a Candidate Interest Statement within your Candidate Profile Statement, then the nomination will be invalid and will not be accepted.

Video Candidate Statement

Final candidates will be invited to record a short video statement to be made available online to the Co-operative's members. You will be contacted once your nomination has been confirmed to help you record this.

Directors' interests - after election

Successful candidates who are elected to the Fonterra Board must observe the requirements in the Companies Act 1993 in relation to transactions involving self-interest.

Details of interests are entered in the Interests Register, which is available for inspection by shareholders, and extracts of which are published in the Fonterra Annual Report.

Directors are also subject to the requirements of the Financial Markets Conduct Act 2013. This requires details of any holdings or transactions in Fonterra securities to be promptly disclosed to the NZX.

Format of Candidate Interest Statement

Example Only

CANDIDATE INTEREST STATEMENT

Listed below are details of all business, investment and other relationships I have with Fonterra Co-operative Group Limited and its subsidiaries (the "Fonterra Group") (including as a supplying shareholder), or with any third party that transacts with the Fonterra Group or carries on business in competition with the Fonterra Group:

1. *I am a supplying shareholder of Fonterra (in my name) and hold [] Fonterra shares.*

AND/OR

I am a supplying shareholder of Fonterra (in my name) jointly with Associated Persons (as defined in the Financial Markets Conduct Act 2013) and hold [] Fonterra shares.

AND/OR

[An] Associated Person[s] (as defined in the Financial Markets Conduct Act 2013) [is a/are] supplying shareholder[s] of Fonterra and hold[s] [] Fonterra shares.

2. *I am a shareholder and director of X Limited which provides farm consultancy services to the Fonterra Group.*
3. *I am a shareholder of Y Limited, which carries on business as a manufacturer of cheese, in competition with Fonterra Group companies.*
4. *My partner is a senior employee of Z Limited, which is involved in the expansion of the [name of] manufacturing site.*
5. *An Associated Person (as defined in the Financial Markets Conduct Act 2013) holds shares in XYZ Co-operative Dairy Company Limited.*

To the best of my knowledge and belief the disclosures set out above are full and complete.

Full name of candidate:

Signed:

Dated:

Independent Assessment Panel

The Independent Assessment Panel is a joint initiative between the Fonterra Board and the Co-operative Council, however its membership and operations are independent of Fonterra.

The Panel process is designed to provide intending candidates with a confidential, rigorous and totally independent assessment of their skills and experience against the skills required by the Board in any year, and to provide shareholders with independent and comprehensive information about recommended candidates.

The Panel is tasked with putting candidates forward for election, up to the number of vacancies to be filled, plus two.

All Director candidates who opt to go through the Independent Assessment Process will be assessed by the Independent Assessment Panel.

Panel membership

Panel membership consists of three members jointly appointed by the Board and the Co-operative Council. The Panel members determine each year which of them will hold office as Chair.

Each member must be independent of Fonterra, be highly respected in the field of governance, have an understanding of Fonterra, and be appropriately qualified to assess and select Elected Director candidates for the Fonterra Board. Members are appointed for a minimum term of two years and a maximum term of five years, and the member serving as Chair may be appointed for a further one year beyond the maximum term. This year the Panel members are:

- Dame Joan Withers (Chair)
- Patrick Strange
- Mark Verbiest

Biographies of the Panel members are in the Independent Assessment Panel Search Brief (available from the Returning Officer).

Panel functions

In summary, the functions of the Independent Assessment Panel are:

- (a) Determining the search brief and assessment criteria for intending Independently Assessed Candidates for election as Elected Directors based on:
 1. the list of required attributes prepared by Fonterra that every Director must be able to demonstrate, as provided for in the Board Charter; and
 2. the skill requirements identified by the gap analysis in the Fonterra Board Skills Matrix.
- (b) Publication of the Skills Matrix and search brief to shareholders. The brief must contain sufficient information to ensure a level playing field for all candidates;
- (c) Engaging a suitably qualified independent search firm(s) to support the assessment of intending Independently Assessed Candidates;
- (d) Providing a rigorous assessment of the attributes, skills and experience of intending candidates for the Fonterra Director Election that have applied under the Independent Assessment Process;
- (e) Providing confidential assessment results to such candidates;
- (f) Seeking confirmation from each candidate the Panel proposes to put forward for election, and each other candidate who is an incumbent Director, that they wish to continue their candidacy;
- (g) Putting candidates forward for election (up to the number of vacancies to be filled, plus two). This must include any incumbent Director seeking re-election as an Independently Assessed Candidate who has confirmed their candidacy to the Panel following receipt of their confidential assessment results; and
- (h) Reporting on the process undertaken by the Panel for inclusion in the relevant voting pack.

The Panel appoints an independent secretariat to carry out the administration functions.

Information required by the Independent Assessment Panel

Candidates who wish to undergo the Independent Assessment Process will be asked to provide biographical background information including:

- Relevant qualifications;
- Relevant experience; and
- Two referees who can validate relevant experience and capability in the review areas.

Assessment by the Independent Assessment Panel

Only candidates who have lodged an application for the Independent Assessment Process with the Returning Officer and meet all candidate qualifications are eligible for assessment by the Independent Assessment Panel. The Independent Assessment Process will begin as soon as nominations close.

The Independent Assessment Panel secretariat, the Panel Chair and/or the independent search firm engaged by the Independent Assessment Panel to assist in its evaluation will take whatever steps are appropriate to authenticate and validate applications. Reference checks where required will be conducted by the independent search firm.

As part of the initial assessment process, prior to the Independent Assessment Panel interview, the independent search firm will contact candidates to discuss their application. Please refer to page 4 of the Independent Assessment Panel Search Brief for further detail.

Wherever possible, the Independent Assessment Panel will interview shortlisted candidates in person and candidates should be prepared to travel to Auckland for this purpose.

Following the conclusion of the Panel's assessments, a Panel member or a person appointed by them will contact each candidate to advise and discuss the assessment for that candidate.

Candidates will be informed of the assessment process after submitting their applications.

The reasons for the Independent Assessment Panel's recommendation (which may include details of its assessment) will be made public to shareholders in their Voting Packs, and to prospective Non-Assessed Candidates on request during the Non-Assessment Process. The results of the assessment for unsuccessful intending candidates and/or candidates who decide not to proceed with their candidacy will be kept confidential.

The identities of unsuccessful candidates who participate in the Independent Assessment Process remain confidential. The identities of candidates put forward for election are made public once they have been informed and confirmed their candidacy with the Returning Officer.

Independent Assessment Panel Terms of Reference

A copy of the Terms of Reference for the Independent Assessment Panel is available on request from the Returning Officer.

Engaging with Voters

Director candidate meetings

Candidates are required to attend all the 2024 Director Candidate meetings, including the online meetings.

Chaired by a Co-operative Councillor, these meetings provide an opportunity for candidates to meet with and answer questions from shareholders, with a focus on explaining how their governance skills and attributes meet the requirements of both the Fonterra Board and shareholders.

The meetings will be a panel discussion where candidates are first provided an allotted time to introduce themselves before answering questions from the floor.

The online meetings will be recorded and made available on the Farm Source website.

The Chair will moderate and may also put governance-related questions to candidates.

Meeting details and logistics will be provided by the Returning Officer in due course. You may need to travel on the days before and after the meetings start and conclude, depending on meeting location and flight availability.

Code of Conduct

Every candidate must comply with the Code of Conduct (page 17). It applies as soon as a candidate submits their nomination or, if earlier, publicly portrays themselves as a candidate or potential candidate.

Code of Conduct for Candidates during Director Elections

Purpose of this document

- A Clauses 12.2 and 16.4(j) of the Constitution of Fonterra provide that the Fonterra Co-operative Council (**Council**) establishes rules for the election of Directors of Fonterra.
- B Clause 5.2 of the Rules for Election of Directors of Fonterra Co-operative Group Limited (**Election Rules**) provides that every candidate shall abide by the Code of Conduct adopted by the Council in respect of the Fonterra election of Directors.
- C The objective of this Code of Conduct is to allow candidates to represent their skills and experience to Shareholders with a minimum of restriction while still:
 - (i) Ensuring that participation by candidates in the Director Elections is carried out in an honest and fair way and is focused on matters relevant to the candidate's ability to deliver effective governance for a global dairy business;
 - (ii) Maintaining the focus and relevance of the campaigning opportunities provided to candidates by Fonterra, which seek to reasonably and equitably manage time and other resources that candidates put into campaigning activities;
 - (iii) Protecting the reputation and commercial interests of Fonterra; and
 - (iv) Protecting the reputation and standing of Fonterra's officers, employees and Members.
- D This Code of Conduct is not intended to discourage fair and truthful comment and debate.

Terms of the Code

- 1 To enable an election process that provides fair and equal opportunity to candidates, and fair assessment by Shareholders of each candidate's ability to fulfil the role of a Director of Fonterra:
 - 1.1 Fonterra provides all candidates with a number of ways to represent their skills and experience to Shareholders, which usually include:
 - 1.1.1 candidate written profile statements, which are sent to all Shareholders with voting papers;
 - 1.1.2 the Fonterra Director Candidate meetings and webinar; and
 - 1.1.3 a short video statement, which is made available to Shareholders;
 - 1.2 Candidates are not permitted to carry out or arrange any other form of campaign advertising, or distribute any form of election material;
 - 1.3 Candidates may respond to media enquiries but must not actively seek out contact with the media or issue media releases; and

- 1.4 Candidates may telephone, speak to and meet with Shareholders, but in doing so must strictly observe the standards and restrictions set out in this Code.

Further details and explanation are set out below, which candidates should carefully review. Any queries regarding compliance with this Code should be raised with the Returning Officer.

Minimum standards

- 2 In meeting the objective of this Code, the following represent minimum standards which must be adhered to by candidates or potential candidates during the period beginning from the earlier of the time such person's nomination is sent to the Returning Officer or the time when a person publicly portrays himself or herself as being a candidate or potential candidate, and ending on the close of voting of the relevant election (the Candidacy Period).
- 3 Candidates must be truthful and fair and conduct themselves in a manner that enables Shareholders to make a fair assessment of each candidate's ability to fulfil the role required of them on the Fonterra Board.
- 4 Candidates must act in good faith and in what they honestly believe to be in the best interests of Fonterra.
- 5 Candidates are expected to focus on the expertise and attributes that they will bring to the position of Director of Fonterra.
- 6 Each candidate must provide a written candidate profile and photo in accordance with the instructions set out in the Handbook provided to intending candidates.
- 7 Each candidate or potential candidate must:
 - 7.1 Be respectful of other candidates and not make or include in any election material any statements (relating to other candidates or otherwise) that are untrue or defamatory;
 - 7.2 Keep all of Fonterra's confidential information (which shall not include any information that is already in the public domain) confidential;
 - 7.3 Promote compliance, and comply in all respects, with the Election Rules; and
 - 7.4 Report to the Returning Officer any breaches known to them of the Election Rules or this Code of Conduct.
- 8 A candidate must not:
 - 8.1 Make any statements that could undermine the integrity of the election process;
 - 8.2 Carry out or participate in any action, or make any statement, that might cause harm or loss to Fonterra or any other candidate in the election;
 - 8.3 Carry out or participate in any action, or make any statement, that might bring Fonterra, or any officer, employee or Member of Fonterra into disrepute;

- 8.4 Except as expressly permitted by the Fonterra Board of Directors and the Council, use any property or resources of Fonterra for campaign purposes. This includes using Fonterra premises, images of Fonterra premises, Fonterra logos, Fonterra brands and colours, Fonterra social media accounts and other Fonterra intellectual property;
- 8.5 Seek campaigning support from Fonterra employees, Directors or Councillors;
- 8.6 Misrepresent or mislead voters as to his/her qualifications, position or experience;
- 8.7 Misrepresent or mislead voters as to the qualifications, position or experience of other candidates; and
- 8.8 Offer or imply any inducement to any Shareholder in exchange for that Shareholder's vote.

Campaigning

- 9 Candidates are required to attend the Fonterra Director Candidate meetings chaired by a member of the Council, where all candidates meet with and answer questions from Shareholders with a focus on explaining how their governance skills and attributes meet the requirements of both the Fonterra Board and Shareholders. Candidates acknowledge that one or more of such meetings may be in the format of a webinar, and/or filmed and/or audio recorded and content made available online.
- 10 Candidates may telephone, speak to and meet with Shareholders privately, but in doing so must strictly observe the standards and restrictions set out in this Code.
- 11 Any candidate that intends to meet with Shareholders privately may send a notification (by letter, flier, email or messaging) to Shareholders of such meeting provided it contains only the candidate's name and contact details, the fact that he or she is a candidate, and the details of the meeting venue, date and time.
- 12 Except as permitted by clauses 9, 10 and 11, candidates are not permitted to carry out or arrange any form of campaign advertising, including letters, fliers, videos, emails or messaging, personal websites, blogs, social media (see Social Media below), radio, television or printed or electronic publications.
- 13 Candidates should refer all media enquiries to the Returning Officer. Candidates may respond to media enquiries but must not actively seek out contact with the media or issue media releases.
- 14 Candidates may not distribute any form of election material, including any imitation voting paper, which has the names of the candidates with any direction or indication as to the candidate a Shareholder should vote for, or in any way containing any similar direction or indication likely to influence the Shareholder.
- 15 Voting papers may not be collected from Shareholders by candidates or their assistants. Candidates and their assistants may not assist Shareholders to cast votes online.

Social Media

- 16 Candidates may not use any Fonterra social media channel for campaigning purposes.
- 17 Candidates must not add a link or reference to their own social media channels on any Fonterra social media channel, or vice versa, during the Candidacy Period. Any such existing links or references must be removed by the candidate prior to the Candidacy Period.
- 18 For the purposes of this Code, social media channels includes Facebook, Twitter, LinkedIn, My Co-op, the Farm Source Community, YouTube, Snapchat, Pinterest, Yammer, Instagram, TikTok, blogs (including on WordPress, Tumblr and similar hosting services), personal websites (whether or not they allow visitor comments and feedback), other websites that allow visitor comments, online forums and chat facilities, wikis such as Wikipedia, and other online services hosting or disseminating user-created content.

Enforcement

- 19 The Returning Officer must consider and act in respect of all actual or alleged breaches (breaches) of this Code on a timely basis.
- 20 The Returning Officer must:
 - 20.1 Investigate all breaches;
 - 20.2 Notify the implicated candidate(s) of the breach and seek their explanation;
 - 20.3 Report all breaches to the chairperson of the Council;
 - 20.4 Seek the view of the chairperson of the Council on appropriate action(s) to be taken (if any), or if the chairperson of the Council is conflicted or unable to provide a view for any reason, the view of the chairperson's nominee;
 - 20.5 Advise the implicated candidate(s) of the actions (if any) that will be taken; and
 - 20.6 Advise all other candidates of the fact and outcome of the investigation.
- 21 Having followed the process in clause 20, the Returning Officer may, at his or her discretion, disqualify a candidate from the election, or take any other remedial action that he or she thinks fit.
- 22 The Returning Officer's decision regarding compliance with this Code shall be final in accordance with the powers vested in the Returning Officer under Clauses 1.3 and 6.1 of the Election Rules.
- 23 The Returning Officer may report on any breach of this Code to Shareholders at any time as he or she thinks fit.

Changes to this Code

- 24 The Council will consult with the Board in respect of any changes to this Code of Conduct and will take the Board's view into account in making any final decision on any changes.

Voting and Results

First Past the Post voting

The Fonterra Director Election uses First Past the Post voting.

Each shareholder with a voting entitlement may vote for up to (but not more than) the number of candidates equal to the number of vacancies.

Candidate selections indicated on the voting paper are multiplied by the number of votes that the shareholder is entitled to exercise (see below under 'Voting entitlements').

In a contested election (more candidates than vacancies) the candidates with the highest number of votes will be elected to the Board (up to the number of vacancies).

In an uncontested election (an equivalent number or fewer candidates than vacancies), candidates must gain more than 50% support of votes cast to be elected. If one or more candidates in an uncontested election does not achieve that threshold, a second election will not be held. The Board may fill any such vacancy by appointing a 'farmer' director for the period up to the end of the next Annual Meeting. The Board must appoint if a vacancy will continue for six months or more, and may not appoint any of the unsuccessful candidates who stood in the uncontested election.

Votes may be cast online or via post.

Candidate names will be listed in random order on the Voting Paper.

Who can vote?

Pursuant to Section 218 of the Companies Act 1993, the Returning Officer will obtain from the Company, a copy of the Fonterra Co-operative Group Limited Share Register as at Wednesday, 16 October 2024, which will contain details (name, physical address and shareholding) of those shareholders entitled to vote in the Election (the extract).

If a person or entity becomes a shareholder after this date but before the close of voting, they are not entitled to vote.

You may request a copy of the extract from the Returning Officer.

You must comply with the Code of Conduct when using the extract.

Voting entitlements

A shareholder's voting entitlement is based on their share backed milk supply. "Supplying Shareholders" will receive one vote for every 1,000 kilograms of milksolids backed by shares that they supplied to Fonterra during the season ended 31 May 2024. A "Secondary Shareholder's" voting entitlement is based on share backed milk supply, up to the 'agreed percentage' in relation to Fonterra's share standard for the supplying farm. By way of example:

- if a Supplying Shareholder supplied 100,000 kilograms of milksolids but held only 75,000 shares, they would have only 75 votes, whereas if they held 100,000 shares they would have 100 votes.
- if the 'agreed percentage' for a Secondary Shareholder is 50% and the supplying farm supplied 100,000 kilograms of milksolids but the Secondary Shareholder held only 45,000 shares, they would have only 45 votes, whereas if they held 50,000 shares they would have 50 votes.

If a Supplying Shareholder did not supply last season but now owns an existing farm that supplied last season, the voting entitlement for that Supplying Shareholder and any Secondary Shareholder will be based on that farm's supply last season or on the Board's estimate of milksolids production for this season.

In the case of a dry farm conversion and farm amalgamations/divisions, voting entitlement is based on one vote for every estimated 1,000 kilograms of milksolids to be supplied during the season ended 31 May 2025. Milk supplied on Contract Supply and milk which is not backed by shares is excluded from milksolids production when calculating voting entitlements.

Lost or damaged Voting Papers

Replacement Voting Papers are available to shareholders who did not receive their Voting Paper or spoil or damage it. These are available from the Returning Officer until the close of voting at 10.30am on Tuesday, 12 November 2024.

Replacement Voting Papers will be posted directly to shareholders. They cannot be collected by candidates or their assistants for distribution to shareholders.

Completed replacement Voting Papers must be returned to the Returning Officer by 10.30am on Tuesday, 12 November 2024.

Scrutineers

Candidates are not entitled to appoint scrutineers.

A Justice of the Peace will be present to oversee the processing of the Voting Papers by electionz.com at its premises in Christchurch, to ensure the accuracy and secrecy of the voting process is maintained at all times.

Progressive processing

Voting Papers will be opened, checked, batched, scanned and processed by electionz.com during the voting period.

The final vote count will be performed after the close of the voting period.

Throughout this progressive processing period, a Justice of the Peace and the Returning Officer will be present at all times.

All Voting Papers will be processed twice to ensure complete accuracy of the data captured. Further information on the exact process and systems for processing the Voting Papers can be obtained from the Returning Officer.

electionz.com's progressive processing system has dual passwords and time locks on the counting software so that no access to the results can be obtained before voting closes. The Justice of the Peace is there to oversee this process on behalf of candidates and shareholders, and to unlock the results database after the close of voting.

All votes will be reconciled after the close of voting, checked for duplicate votes and confirmed by the Returning Officer.



Dairy for life



If undelivered please return to:

The Returning Officer
Fonterra Elections 2024
PO Box 3138
Christchurch 8140
Free phone 0800 666 034

[fonterra.com](https://www.fonterra.com)