

# Fonterra Elections 2024

## Independent Assessment Panel Search Brief

### Independent Assessment Panel – An Overview

The role of the Independent Assessment Panel is to rigorously assess and evaluate potential candidates and then to shortlist and recommend the best candidates to Fonterra's Shareholders.

The Independent Assessment Panel is a joint initiative between the Fonterra Board of Directors (Board) and the Fonterra Co-operative Council (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 attributes and skills required by the Board in any year, and to provide Shareholders with independent and comprehensive information about recommended candidates.

The Independent Assessment Panel process is open to all intending Director Candidates who opt to go through the Independent Assessment Process.

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.

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) Publishing 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.

### Panel Membership

The Independent Assessment Panel Members are as follows:

- Joan Withers, Independent Chair appointed by the Panel members
- Patrick Strange, Independent Member
- Mark Verbiest, Independent Member

### Panel Biographies

#### Chair: Dame Joan Withers

Dame Joan has been a professional Director for more than 20 years and spent over 25 years working in the media industry, previously holding CEO positions at The Radio Network and Fairfax Media.

Her current governance roles are Chair of The Warehouse Group Limited and Director of ANZ Bank New Zealand Limited, SKY Network Television Limited and Origin Energy Limited.

Dame Joan has previously held Chair positions at Mercury NZ Limited, TVNZ and Auckland International Airport Limited and was on the advisory board of The Treasury.

Dame Joan is a Trustee of the Louise Perkins Foundation and was previously Chair of a steering committee working to increase the percentage of South Auckland Māori and Pacific Island students taking up roles in the health sector.

She holds a Master's Degree in Business Administration from The University of Auckland. Dame Joan is also a University of Auckland Distinguished Alumni (2015). In 2015, she was named Supreme Winner in the Women of Influence Awards and was named as Chairperson of the Year at the Deloitte Top 200 Management Awards. In the 2024 King's Birthday Honours, she was appointed a Dame Companion of the New Zealand Order of Merit, for services to business, governance and women.

#### Patrick Strange

Patrick grew up on a dairy farm in Te Aroha in the Waikato. He is currently the Chairman of Auckland International Airport Limited, and a director at Transgrid in Australia. His previous governance experience includes directorships at the NZX, NSW Networks, Essential Energy, Worksafe New Zealand, Mercury NZ Limited, and Chorus – which he chaired until retiring in 2022.

Patrick was named Chairperson of the Year for 2021 at the Deloitte Top 200 Awards.

Prior to focusing on governance, Patrick's management career included Chief Executive roles at Transpower, Mercury Energy, and Vector.

#### Mark Verbiest

Mark is currently Chair of Meridian Energy and Summerset Group Holdings. He is an experienced professional company director with over a decade of experience. A lawyer by training, Mark spent many years in private practice as partner of a large national law firm. He subsequently joined the senior executive team at Telecom New Zealand as Group General Counsel, also having executive responsibility for other corporate groups as well as two business units.

Mark has previously been Chair of Freightways, Spark, Transpower NZ, Willis Bond Capital and a director of a number of other companies and entities, including ANZ Bank, the inaugural board of the Financial Markets Authority and the advisory board to NZ Treasury.

In 2022 Mark was named Chairperson of the Year at the Deloitte Top 200 Awards, and in 2023 was awarded the Beacon Award for Corporate Governance by the NZ Shareholders' Association.

### Independent Secretariat

The Panel appoints an independent secretariat to carry out the administration functions. Wendy Chen of Juno Legal will fulfil this role in 2024.

### The Independent Assessment Panel Process – Skills and Attributes Sought

The Board is seeking to attract the best Elected Director candidates, to access the attributes and skills in the farmer Shareholder base that will result in the right balance of experience and ability on the Board over time and provide the Co-operative with strong governance.

All of Fonterra's 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 global dairy business.

In the 2024 election, there are two Elected Director positions available on the Board. 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.

The Board has identified a set of attributes that each Director of the Co-operative must be able to demonstrate.

The list of attributes that the Board requires all Directors to demonstrate is below. These are the core requirements, and all prospective candidates should consider them carefully as they will be asked to show how they 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.

In addition to these required attributes, the 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.

Skill Category	Definition
<b>In Depth Dairy Farming</b>	Deep "on farm" dairy experience, having run or owned dairy operations as a member of our dairy Co-operative.
<b>Dairy Industry / Understand Value Drivers of Milk Price / Profit</b>	A strong understanding of what drives Fonterra's milk price and of the profit drivers of the Co-operative.
<b>Financial Acumen</b>	Strong financial skills and knowledge gained through business management, or as a highly experienced auditor, or a functional expert in a senior financial position.
<b>Risk Management</b>	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.
<b>Manufacturing / Commodity Experience</b>	Experience at a senior executive or governance level in a commodity/manufacturing business.
<b>Customer Experience</b>	Senior level executive or governance experience in a customer-oriented business to business (B2B) company with significant local, regional or global brands.
<b>Effective Leadership</b>	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.
<b>Global Experience</b>	Deep understanding of international issues and the macro-political and economic environment, through experience working in multiple geographies, and a proven global mindset.
<b>Technology</b>	Knowledge and experience in the governance, strategic use and risk management of technology including information systems, transforming and disruptive technologies and cyber risk.
<b>Sustainability</b>	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.
<b>Innovation</b>	Experience in, or a strong understanding of, research and development and applied innovation, including in relation to nutrition science.

It is also important that the skills required for the Fonterra Board take into account the types of opportunities and challenges that the Co-operative will face in the future, and ensure Fonterra is 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 below) 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 on page 2) 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.

The Skills Matrix and list of attributes have been provided to the Independent Assessment Panel to assist the Panel in assessing the best candidates for the Board. The attributes, Skills Matrix and targeted skills information will be provided to Shareholders for guidance when making voting decisions.

The Fonterra Board Skills List is on page 2. This list contains the skills that the Board requires to govern Fonterra. This skills list is updated by the Board annually.

The Board has used the list of skills to produce a Skills Matrix showing the aggregate skill of the current Board (which includes a recently retired Appointed Director) and the Board's view of the required and desired level of each skill across the whole Board.

The Board has determined these required and desired levels based on the right mix of skills to govern Fonterra currently, the present composition of the Board and the future strategic needs of the business.

The Skills Matrix uses blue horizontal bars to show the current aggregated skills of the Board. The whole of each blue bar represents the current Board's aggregated level for each skill, and the darker shading within those bars represents the skills of Directors who are retiring in the current year (including those who are eligible for re-election), and the skills of the Appointed Directors who have or will retire from the Board in the current year.

The lighter shading represents the skills of Directors who are not retiring in 2024.

This information has been used to define the targeted skills for the 2024 Director election and will also be provided to prospective candidates in the Directors' Election Candidate Handbook.

Based on this Skills Matrix (see below), the Board's current priorities, and the external operating environment, the Board has provided a list of targeted skills being sought in the 2024 Director election.

These targeted skills are as follows:

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

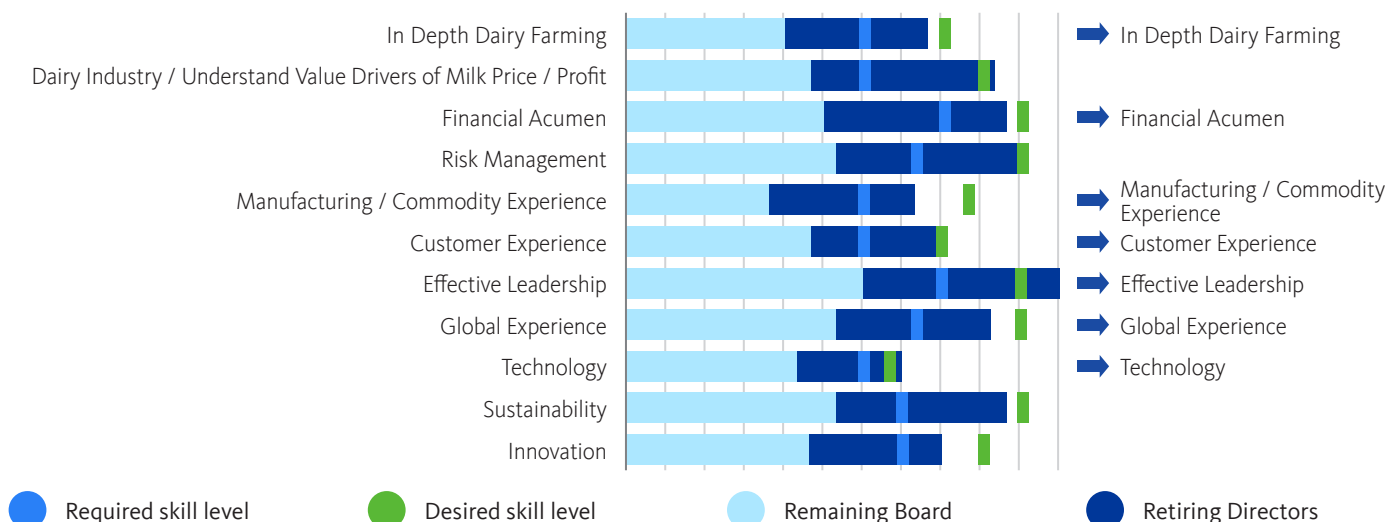
Prospective candidates should consider these prioritised targeted skills, but should also consider the broader set of skills as they may be able to demonstrate strengths and potential in some or all of these broader skills that would still make them worthy of consideration.

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 values this diversity of thought and 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 Fonterra has the right attributes, capabilities and skills across the Board.

Further information on the attributes and skills that are being sought in prospective director candidates can be found on pages 7 to 9 of the Candidate Handbook which is available from the Returning Officer, Warwick Lampp, of electionz.com Limited (0800 666 034).

## 2024 Skills Matrix and Targeted Skills

### Aggregated Skills of Existing Fonterra Board



### Targeted skills

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

● Required skill level

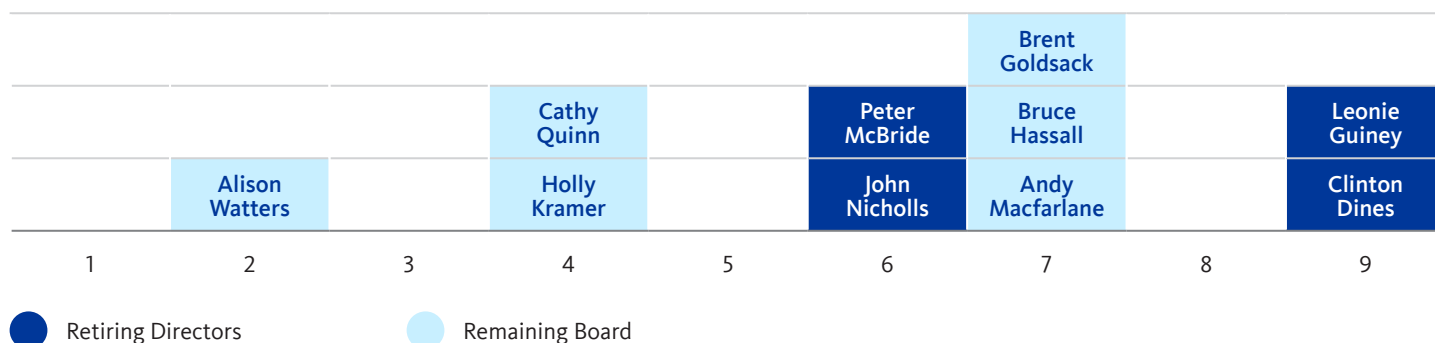
● Desired skill level

● Remaining Board

● Retiring Directors

## Director Tenure

### Years on the Board at the conclusion of the 2024 Annual Meeting



## The Independent Assessment Panel

The Independent Assessment Panel has engaged an independent search firm to assist the Panel in its assessment and interview activities.

### Independent Assessment Process

Every candidate wishing to be considered for nomination as an Independently Assessed Candidate must complete and submit a Nomination Paper, Profile Statement and Interest Statement, including the information detailed on pages 11, 13 and 14 of the Candidate Handbook. Candidates must also provide biographical information to illustrate their attributes and skills, such as relevant experience and qualifications and referees. Candidates are advised to have particular regard to the skills being targeted in 2024 when supplying this information.

### Process Following the Close of Nominations

The Returning Officer will supply the Independent Assessment Panel with the information submitted by each candidate following the close of nominations. The Returning Officer will conduct the necessary eligibility criteria activities prior to supplying candidate information to the Panel.

The Panel, assisted by the independent search firm, will review the Profile Statements provided, the relevant qualifications, and experience of each candidate and will contact referees provided. As part of the initial assessment process, the independent search firm will contact candidates to discuss aspects of the information submitted by candidates in their application. This will entail an initial phone conversation and a further meeting in person, or via video, over the period 26 August to 6 September. The Panel will then compile a list of candidates that the Panel intends to interview.

The Panel may choose to interview a shortlist of candidates that have applied. If, following review of a candidate’s Profile Statement, qualifications, and experience, the Panel believes the candidate does not meet the required threshold of demonstrated attributes or does not possess an adequate level of the required skills and sufficient experience, the Panel may choose to not interview the candidate. In this case, a member of the Panel or a person appointed by them will provide clear feedback as to the attributes or skills that the candidate had not adequately demonstrated through their application.

## The Interview Process

All logistics for interviews with the Panel will be arranged by the independent secretariat or independent search firm and are expected to be scheduled on 9 September and/or 10 September in Auckland.

The interview will be a structured interview of up to an hour with the full Panel. This interview is one of the key means by which the Panel will make its assessment decisions. The Panel requires candidates to be present for their interview. However alternative video conference arrangements may be made if, due to extenuating circumstances, the candidate is unable to be in Auckland for the interview.

At the start of the interview, candidates will be asked to make a brief introduction describing their background and experience, and reasons for seeking election to the Fonterra Board.

The candidates will then be asked to describe how they believe they demonstrate each of the attributes required to be a Director on the Board (as listed on page 7 of the Candidate Handbook).

The candidates will be asked to provide behavioural examples and experiences to support their statements.

The Panel will also ask candidates to describe which of the skills from the Board Skills List they possess, with particular emphasis on the skills identified as targeted skills in 2024 (as detailed above and on page 7 of the Candidate Handbook). Candidates are encouraged to review the definitions of each skill provided above and on page 8 of the Candidate Handbook. Candidates will be asked to provide details of the qualifications and experiences they believe have contributed to their development of these skills and knowledge, and examples of instances where the candidates have utilised and demonstrated these skills.

It is not expected that all candidates will possess all of the skills listed in the Board Skills List and candidates will be asked to identify any skills where they believe they currently have gaps and any actions the candidates plan to take to address those gaps.

## The Assessment Process

At the completion of each interview, the Independent Assessment Panel will assess whether a candidate has demonstrated each of the required attributes. If a candidate has not demonstrated all of the required attributes it is unlikely that they will be put forward to the ballot.

The Panel will assess each candidate's skills and knowledge against each of the skills on the Board's list. If required, the Panel may seek further clarification from candidates following the interview process.

The Panel may also choose to contact a candidate's referees for further information or to verify a candidate's statements or representations regarding an attribute or skill level.

The independent search firm will conduct appropriate credential, character and reference checks to authenticate qualifications and eligibility to be a Director.

## The Selection Process

At the completion of the assessment process, the Panel will determine which of the candidates demonstrate the required attributes and are the best placed to provide the skills and knowledge that the Board is seeking. The Panel will recommend to Shareholders a number of candidates up to the number of vacancies to be filled, plus two. The Panel 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.

The Panel's recommendation will provide rationale for each candidate's inclusion in the ballot and an overview of the Panel's assessment findings.

## Feedback

Independently Assessed Candidates will be provided with feedback from the Panel. All feedback will be delivered verbally by a Panel member or a person appointed by them. Feedback will clearly define each candidate's strengths and, in the case of those candidates that have not been included in the Panel's recommendation, which attributes or skills a candidate may not have adequately demonstrated and any other reasons for their non-inclusion.

Candidates successfully nominated by the Independent Assessment Process will be asked to confirm that they wish to proceed with their candidacy prior to the announcement of their names.

## After the Independent Assessment Process

Once the candidates identified through the Independent Assessment Process have been announced, nominations will be called for Non-Assessed Candidates.

Once all nominations have been received, the voting pack will be sent to Shareholders and the election process will begin. The voting pack will include the candidate Profile Statements submitted by each candidate. In the case of Independently Assessed Candidates, the Panel's assessment observations and reasons for the candidate's nomination will also be included. Individual matrices detailing the Panel's ratings of each candidate's skills will not be provided, but the Panel's comments will include details of the nominated candidate's skill strengths.

If an Independently Assessed Candidate is an incumbent Director, this will also be noted in the voting pack along with the Panel's assessment observations.

The voting pack will also include a report explaining the selection and assessment process followed by the Panel and the attributes and skills criteria that each candidate has been assessed against.

The Panel's assessment observations and reasons for the candidate's nomination may also be provided to prospective Non-Assessed Candidates on request during the Non-Assessment Process.

All candidates (Independently Assessed Candidates and Non-Assessed Candidates) will be expected to attend the 2024 Fonterra Candidate meetings chaired by the Council, one or more of which may be filmed or held as an on-line/webinar meeting and posted on-line for Shareholders to view.

These meetings are currently scheduled between 4 and 8 November, and comprise in-person meetings at five locations throughout New Zealand and two online meetings.

## Confidentiality

The names of all unsuccessful candidates or candidates that decide not to proceed with their candidacy will remain confidential. The number of candidates involved in the Independent Assessment Process will not be provided to candidates or be made public.