

# FONTERRA ELECTIONS 2018 BOARD OF DIRECTORS SECOND ELECTION

## CANDIDATE PROFILES



FONTERRA  
SHAREHOLDERS'  
COUNCIL



Dairy for life

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## NOTE ON CANDIDATE STATEMENTS

Each Candidate Profile Statement contains a maximum of 1,000 words (excluding the Candidate Interest Statement) provided by the candidate.

The Returning Officer and Fonterra Co-operative Group Limited note that 'shareholdings' in Fonterra or other companies disclosed by candidates may include shares held by third parties in which candidates have a relevant interest as defined by the Financial Markets Conduct Act 2013.

Any emphasis (including capitalisation, italics, bolding, underscoring and bullet points) has been added by the candidate.

The Returning Officer and Fonterra Co-operative Group Limited accept no responsibility for the content, or accuracy of the content, contained in Statements supplied by candidates.

Warwick Lampp, Returning Officer – 2018 Fonterra Elections

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# INTRODUCTION

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At the conclusion of the 2018 Annual Meeting two new Directors joined the Fonterra Board from Shareholder voting that closed on 6 November 2018 ('the first election'). There remains one Shareholder-elected Director vacancy to be filled.

Voting is now open for the election of ONE (1) Director.

There are two candidates - John Nicholls and Jamie Tuuta - who were unsuccessful candidates nominated in the first election. The other unsuccessful candidate from the first election, Ashley Waugh, does not wish to re-stand.

Jamie Tuuta was nominated by the Board to stand in the first election after being recommended by the Independent Selection Panel. His candidacy was supported by the Shareholders' Council in accordance with the Independent Nomination Process.

John Nicholls was nominated to stand in the first election under the Self-Nomination Process, which allows any Fonterra Shareholder (with the support of not less than 35 different Shareholders) to put themselves forward as a Director candidate and be considered for election by their fellow Shareholders alongside Independent Nomination Process candidates.

The Fonterra Board has provided details of the Attributes and Skills it is seeking (pages 3 – 7 of this Booklet). The Skills Matrix on page 6 of this booklet reflects the skills of the current Board (that is, it reflects the recent Board appointments and retirements).

Jamie Tuuta was assessed by the Independent Selection Panel against the desired Attributes and Skills. The Independent Selection Panel's Report outlining the process it followed is on pages 8 and 9 this booklet and the Panel's assessment of Jamie Tuuta is included prior to his Profile Statement.

## Second Election Process and Rules

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Only two of the three vacancies contested in the first election were filled. The Rules of the first election require this second election and gave your Shareholders' Council the discretion to set the Rules for the election.

The reasons behind your Council determining that this second election would be a vote between unsuccessful candidates from the first election were advised to Shareholders by email on 23 November 2018 and can be found on Farm Source (Business/Advice & Support/ Shareholders' Council/2018 Fonterra Elections).

## First Past the Post Majority Voting

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To be elected to the Board a candidate must obtain more than 50 per cent support from Shareholders who have voted. If both candidates get more than 50 per cent support the candidate with the highest proportion of votes will be appointed. Each Shareholder can vote Yes for only one candidate (or can choose to vote No for both candidates).

If neither candidate obtains more than 50 per cent support:

- Another election will not be held for the vacant position.
- The Board can use its constitutional power to make a temporary appointment to fill the vacancy until the conclusion of the 2019 Annual Meeting (but may not appoint an unsuccessful candidate from the first election or this second election).

# ATTRIBUTES AND SKILLS

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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 global dairy business.

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 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 candidates and for all our farmer shareholders to be clear on what is required on our Board to deliver the necessary performance and to set up our Co-operative for success in the future.

Based on our discussions during the Governance and Representation Review and the extensive work we have done on what makes for a well-functioning board, the Board has identified a list of attributes (described below) 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.

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. It is very unlikely that the Fonterra Board Skills List (described below) will at any given point in time show that all skills are currently being delivered – it should show 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. This approach has resulted in 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.

## Attributes

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We consider that there are certain attributes that all of our Directors must be able to demonstrate. These are:

- 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-op
- Ability and knowledge to comprehend the wider commercial and economic framework in which Fonterra operates
- Broad governance experience
- Proven track record of creating value for Shareholders
- Global perspective
- Time available to undertake a Director's responsibilities
- Sound judgement
- Ability to apply strategic thought to important issues
- Ability to constructively question, challenge and critique
- Unquestioned honesty and integrity.

## Skills List

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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 include 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 - a complex, international co-operative, operating in multiple markets, answering to diverse stakeholders, and delivering value to its owners. This skills list has been updated regularly and published in Farm Source and the documents for the Directors' Election each year. The list has also been used to help with the selection and appointment of our Independent 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 (that is, how many Directors need to exhibit each skill and to what level).

<b>Skill Category</b>	<b>Definition</b>
<b>In Depth Dairy Farming Experience</b>	Has deep “on farm” dairy knowledge, having run or owned a dairy operation as a member of our dairy Co-operative.
<b>Dairy Industry / Understand Value Drivers of Milk Price / profit</b>	Well versed in and has in-depth expertise in what drives Fonterra’s milk price and of the profit drivers of the global Co-operative.
<b>Financial Experience</b>	Has strong financial skills and knowledge gained through business management or is a highly experienced auditor, or has functional expertise in a senior financial position to make them a qualified financial expert.
<b>Risk Management Experience</b>	Has had senior level experience in, or has advised at a high level to organisations that have significant risk management including reputational risk management.
<b>Global Manufacturing / Commodity Experience</b>	Has experience running manufacturing assets in order to maximise financial return/or experience at a senior level in a global commodity business.
<b>Global Consumer Experience</b>	Has had a senior level role in a consumer-oriented, retail or consumer goods company with significant global brands.
<b>Effective leadership</b>	Demonstrated governance leadership experience of large and complex organisations. A strong understanding of the leadership needs of a modern Co-operative. Experience managing multiple stakeholders and developing talent.
<b>Commercial / Value creation track record</b>	Has functional experience as a leader of a large operating business or has been the primary person responsible for driving significant value creation of either a private or public organisation, including developing strategy and leading implementation.
<b>Global Experience / Understanding</b>	Has a deep understanding of international issues, has had on the ground experience in Asia or other emerging markets, or has a proven global mindset.
<b>Technology Strategy and Governance</b>	Has knowledge and experience in the governance, strategic use and risk management of technology including information systems.
<b>Corporate Sustainability and Responsibility Expertise</b>	Has knowledge and a strong understanding of corporate sustainability including the management of social, environmental and economic factors and their contribution to long-term value creation.
<b>Innovation and Research and Development</b>	Has experience in or a strong understanding of the management or governance of research and development and applied innovation.

# Skills Matrix

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The Fonterra Board has produced a Skills Matrix. The purpose of the Skills Matrix is to show:

- The aggregate skills of the current Board
- For each skill the required level of that skill across the whole Board and the desired level of that skill

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 skill of the Board. Each blue bar represents the current Board's (including the two successful candidates from the first election) aggregated level for each skill.

## 2018 Skills Matrix

### Aggregated Skills of existing Fonterra Board (updated after first election)

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In Depth Dairy Farming Experience  
Dairy Industry / Understand Value Drivers of Milk Price / Profit  
Financial Experience  
Risk Management Experience  
Global Manufacturing / Commodity Experience  
Global Consumer Experience  
Effective leadership  
Commercial / Value creation track record  
Global Experience / Understanding  
Technology Strategy and Governance  
Corporate Sustainability and Responsibility Expertise  
Innovation and Research and Development

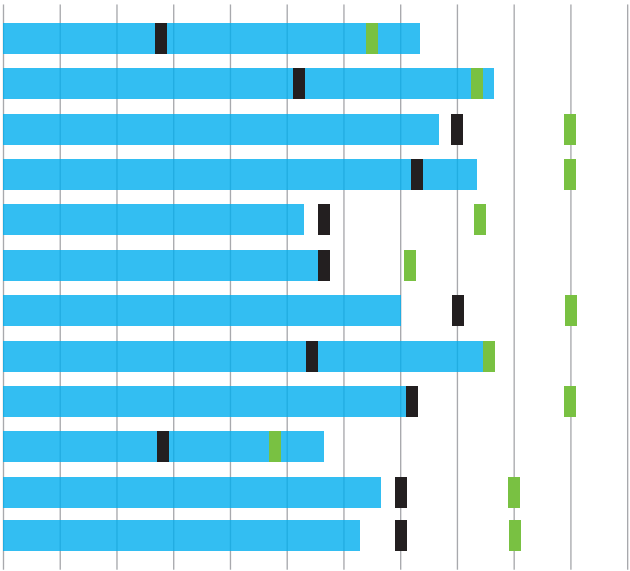


The Skills Matrix is provided to prospective candidates to show them the skills that the Board is looking for over time, and should be used as guidance. The Skills Matrix is also supplied to the Independent Selection Panel to assist them as they assess the best candidates for the Board, and the Matrix also provides useful information for farmers when making voting decisions.

In 2018 the Board has prioritised a list of targeted skills for the Board:

- a) Effective Leadership
- b) Global Experience/Understanding
- c) Financial Experience
- d) Global Consumer Experience.

The Board has included Effective Leadership as a targeted skill in 2018. The Board continuously aims to build the level of governance leadership experience on the Board.



- Current Board, 10 Directors
- Required skill level
- Desired skill level

# REPORT OF INDEPENDENT SELECTION PANEL

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## Appointed In Respect of Fonterra Co-operative Group Limited (Fonterra) Election of Directors

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### Introduction

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This report sets out the 2018 process undertaken by the Independent Selection Panel (**Panel**) to rigorously assess and evaluate potential Farmer Director candidates and make recommendations to the Nominations Committee of the Fonterra Board (**Nominations Committee**) in respect of the upcoming Fonterra 2018 election of directors.

The Panel was formed in 2016 by the Fonterra Board of Directors and the Fonterra Shareholders' Council. The membership and operations of the Panel are independent of Fonterra.

The Panel Members for 2018 are as follows:

- Dame Alison Paterson, Independent Chair appointed by the Panel members
- Mr John Spencer, Independent Member appointed by the Fonterra Board
- Mr Tony Carter, Independent Member appointed by the Fonterra Shareholders' Council

The objectives of the Panel are:

- To have high quality Farmer Director candidates nominated for election to the Board of Fonterra; and
- That Shareholders will be better informed in the electoral process.

### 2018 Process Undertaken by the Panel

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The Panel met in May and June to:

- Appoint an independent secretariat to assist the Panel;
- Note the required attributes and skill requirements for director candidates;
- Agree the Panel Search Brief for director candidates; and
- Agree the timetable to be followed in respect of the 2018 process to be conducted.

The Panel engaged an independent search agent to assist the Panel in their assessment activities, including contacting candidate-nominated referees.

Following review of the nominations received, the Panel decided to interview a short-list of the candidates that had applied.

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The Panel instructed the independent secretariat to arrange interviews with the selected candidates. The interviews were all conducted over a two-day time-period. Time was allowed for deliberation after each interview and following conclusion of all interviews.

During the selection process, the Panel undertook a rigorous assessment of each candidate's attributes, skills and experience relative to those identified in the 2018 Candidate Handbook published by Fonterra, with particular regard given to the four targeted skills identified by the Fonterra Board.

The Panel considers that the interview process was conducted in such a way that each candidate had the same opportunity to demonstrate why their attributes and skills meant they should be recommended by the Panel to the Nominations Committee of Fonterra for consideration to stand for election.

The Panel unanimously selected three candidates to recommend to the Nominations Committee to stand for election as directors of Fonterra. These three candidates were considered to have best demonstrated all of the attributes and a range of the skills expected of directors of Fonterra (as described in the 2018 Candidate Handbook). When making the recommendation to the Nominations Committee, the Panel provided the Nomination Committee with the Panel's rationale for each candidate's inclusion and an overview of the Panel's assessment findings.

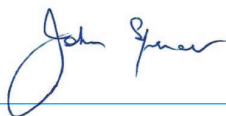
Yours faithfully

**Independent Selection Panel**



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Dame Alison Paterson



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Mr John Spencer



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Mr Anthony (Tony) Carter

# Jamie TUUTA

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After being recommended by the Independent Selection Panel, Jamie Tuuta was nominated as a candidate by the Fonterra Board. His candidacy was supported by the Shareholders' Council in accordance with the Independent Nomination Process.

## Independent Selection Panel (ISP) Assessment

An experienced and youthful Maori leader, Jamie Tuuta grew up in Taranaki and sees the considerable role Fonterra plays in the creation of wealth for the area, as well as New Zealand and Maori land-based entities. He has held a range of governance positions in dairy farming, iwi commercial development, fisheries, investment, health, Maori leadership development, tourism and education. Jamie is the former Chair of Parininihi ki Waitotara Incorporation (PKW) – a large, land-based farming and dairy operating company, and the Ngati Mutunga ki Wharekauri Asset Holding Company. An extensive governance career includes former directorships of Tuiora Ltd, Taranaki Investment Management Ltd, Wools of New Zealand and the lobster export business, Port Nicholson Fisheries Ltd. In addition, he was also a member of the Government appointed Investment Advisory panel for the Primary Growth Partnership.

Jamie is passionate about investing in innovation and increasing the economic and environmental performance of our primary industries, particularly the Maori pastoral and fishing sectors. He has a particular interest in building and developing emerging talent.

Jamie is a recipient of the 2010 Sir Peter Blake Emerging Leadership Award. He was also the recipient of the Maori Young Business Leader of the Year Award in 2016.

### **ISP's Assessment of Jamie's Capabilities Relative to 2018 Attributes:**

The Panel considered Jamie's governance capability to be very strong and demonstrated particularly by his recent, successful execution of the Maori Trustee role, where he had oversight of \$1bn of assets. The depth of his experience was also evident, his having had governance positions in iwi and Maori-owned organisations since his youth. This also spoke to him proving

sound judgement. This was supported by his referees who also highly rated his ability in this area.

His fresh perspective in respect to his understanding and empathy with the Co-op also impressed the Panel. Jamie profoundly appreciates the contribution and participation of Maori to the Co-op and spoke powerfully about how intergenerational stewardship of the land changed the economic focus of Maori-owned farms operating within the organisation. This cultural lens on what is an important issue for Fonterra, demonstrated strategic thought and proved highly illuminating.

The Panel also considered his knowledge of the commercial and economic framework in which Fonterra operates and his broad governance experience to be very solid. Despite his experience being mainly in the iwi sector, the Panel viewed his experiences within those organisations to be wide-ranging. In that regard too, he had delivered value to shareholders.

Jamie's forthright, thought-provoking, but respectful style demonstrated an ability to effectively question and critique in an authentic presentation at interview.

### **ISP's Assessment of Jamie's Capabilities Relative to 2018 Skills:**

Leadership was the priority skill, where Jamie not only demonstrated significant current ability, but also considerable potential for development to an even higher level in the future. The Panel considered him to have a natural authority or 'Mana' which was presented with an impressive confidence and humility.

Jamie's connections into Government are both very established and are continuing to grow. He is a sought-after speaker on the subject of Maori governance and is part of a recent New Zealand delegation to the United Nations to contribute that perspective.

He has some experience and understanding of the global marketplace through his governance roles, particularly within fisheries – Moana NZ and Port Nicholson Fisheries Ltd - and Tourism NZ, and certainly has the ability to grow in that area. The Panel considered his financial experience to be solid, given the level of responsibility as Maori Trustee (previously detailed).

In relation to the wider skill set required, he has solid understanding of dairy farming and the value drivers of milk price, particularly through his Chair role at the dairy operating company, PKW Farms Ltd. Multiple governance roles have given him a solid understanding of risk.

Jamie has an innate, cultural commitment and appreciation of corporate social responsibility and the Panel felt he would add value and a deeper insight in that area.

## Candidate Profile Statement

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I am passionate about the New Zealand primary sector and the benefits of a strong cohesive co-operative that delivers to farmer shareholders and the broader community.

### **Why am I standing?**

I have the time, energy and personal commitment to roll up my sleeves and make a contribution to Fonterra.

Fonterra is critical to New Zealand's success economically and environmentally and we must ensure that we take the necessary steps to make Fonterra New Zealand's champion both locally and globally.

In doing this Fonterra has the role of maximising the value of our farmers' milk and making quality decisions regarding capital allocation. In order to do this we need a board that:

- Is committed to and owns the strategy;
- Has an effective governance culture that sets the example for the wider organisation;
- Holds management to account;
- Ensures the probity of financial reports and a high standard of compliance with regulatory environments;
- Has a focus on execution.

We are operating in a very dynamic environment that requires the co-operative to understand our risks, and devise means to reduce exposure and build our resilience.

Performance to date has been inconsistent and has not met expectation. Performance and accountability starts with the Board and the strategy and how this strategy is executed, monitored and reviewed.

We continue to face mounting public pressure domestically and need to win the confidence of both the general public and government whilst at the same time ensuring that we continue to focus on a consumer led strategy that is globally competitive and delivers value to our shareholder farmers.

### **Leadership**

I have demonstrated leadership experience across multiple sectors and have worked through change and challenges due to poor performance and or political and public headwinds.

Overcoming challenges requires leadership, the right balance of skill and experience and board unity. We are a people business and so need to strengthen relationships and build trust from the bottom up.

In addition to improving performance the DIRA review is one of the most critical pieces of work before us. I believe my connections and understanding of Wellington will assist our co-operative through this process and will help with our co-operative's reputation.

## **Empathy with Farmers and the Co-op**

I have a deep understanding of dairy farming as an owner and director. I am a shareholder of PKW Incorporation a large land based farming business in Taranaki and had the privilege of being a Director and Chair of the Incorporation for 6 years before being appointed the Maori Trustee.

## **Governance Experience**

I am an experienced Director and have deep commercial and governance experience across a range of industries and sectors including agribusiness, fishing, investment, health, housing, tourism, philanthropy and education.

I am a Director of Moana New Zealand Ltd an export fishing company and Taranaki Whanui Ltd, an iwi investment entity. I chair Te Ohu Kaimoana Trustee Ltd, Te Rūnanga o Ngāti Mutunga, the Taranaki Mouna Project and Maori Television. I am also a board member of Tourism New Zealand which is responsible for marketing New Zealand as a destination globally.

I am a former director of Wools of New Zealand, Port Nicholson Fisheries Ltd a lobster export business, Taranaki Investment Management Ltd which owned VDL in Tasmania and the New Plymouth PIF Guardians Ltd, a perpetual investment fund owned by the New Plymouth District Council.

I was also the Chair of PKW a large Taranaki based farming entity and was also a member of the Government appointed Investment Advisory Panel for the Primary Growth Partnership. I am a steering group member of the Te Hono Primary Sector Bootcamp.

## **Risk and Financial Matters**

I have a sound understanding of risk and financial matters from both an executive and governance perspective. I have been a member of a number of audit and risk committees across a range of sectors.

## **Global Experience**

I have current and previous experience as a director of companies that operate and or export globally in the seafood, strong wool and tourism sectors. Through these roles, I have had the opportunity to deepen my understanding of global markets through exposure to the challenges and opportunities of operating globally. I have also participated in in market visits and undertaken professional development.

## **Qualifications and Awards**

I have a BSc and have undertaken professional development here in New Zealand and offshore.

- Young Maori Business Leader of the Year Award 2016
- Te Hono Boot Camp (Stanford University) 2015
- New Zealand Boot Camp (Stanford University) 2014
- Maori Leaders Boot Camp (Stanford University) 2013

- Primary Sector Boot Camp (Stanford University) 2012
- Sir Peter Blake Emerging Leadership Award 2010
- Fonterra Governance Development Programme - 2010-2011
- 2005 & 2010 – IOD - 5 Day Company Directors Course
- First Nations Futures Fellowship - Business and Environmental Management Programme (Stanford University, USA) 2007-2008
- Deliberative Democracy and Sustained Dialogue Training - 2005-2006
- Bachelor of Science BSc

### **Current Governance Roles:**

- Chairperson – Maori Television (Broadcasting/Media)
- Board Member – Tourism New Zealand (Tourism/Marketing)
- Chairperson – Te Rūnanga o Ngāti Mutunga
- Chairperson – Taranaki Mouna Project Limited (Environmental Restoration Partnership)
- Director – Taranaki Whanui Limited (Iwi Investment)
- Trustee – Venture Taranaki Trust (Economic Development Agency)
- Chairperson – Te Ohu Kaimoana Trustee Limited (Fishing)
- Director – Aotearoa Fisheries Limited/Moana New Zealand (Fishing)
- Advisor – NEXT Foundation Advisory Board (Philanthropic)

I welcome the opportunity to contribute to the future of Fonterra.

## Candidate Interest Statement

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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:

- I am an owner and shareholder of Fonterra via my shareholding in Paraninihi ki Waitotara Incorporation (shareholder number 2026573), trading as PKW Farms LP jointly with associated persons (as defined in the Financial Markets Conduct Act 2013) which holds 3,161,362 Fonterra shares.

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



# John NICHOLLS

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John Nicholls was nominated under the Self-Nomination Process. He did not participate in the Independent Nomination Process, and so was not considered for nomination by the Fonterra Board or support of the Shareholders' Council.

John provided the following statement, and the assessments and views on attributes and skills are his own.

## Candidate Profile Statement

### Who am I?

I am a first generation dairy farmer (and make my living from dairy farming). My wife Kelly and I own Rylib Group which has six dairy farms in Mid Canterbury. We are a family values-based business that has worked extremely hard over the years to be committed to people, culture, environmental excellence and growth. Our company brand and reputation is what defines us and what drives us to succeed.

I graduated from Massey University in 1990 with a Degree in Agriculture and Post Graduate Diploma in Agricultural Science. I started my career in dairy farming in 1996, converting a sheep farm in South Wairarapa. In 2005 we shifted our focus to Mid Canterbury and currently employ 30 staff, milking over 5000 cows producing 2,500,000 kg/ms.

I was privileged to serve for three years on the Shareholders' Council, including the Performance Committee, Fair Value Committee and as an observer on the Milk Price Committee. During this time, I gained a greater understanding of the importance of serving the co-operative and developed broad and sound knowledge of the commercial and economic framework that Fonterra operates within.

I am an experienced Company Director and have served on the Board of MHV Water (formerly Mayfield Hinds Irrigation Ltd) and was elected Chair in 2013. MHV Water is New Zealand's largest inter-generational irrigation co-operative, owned by 200 farming entities and supplying irrigation water to over 50,000 hectares of land in the Ashburton District.

As Chair I have helped lead the organisation, and our shareholders, through a period of major change as we have taken on greater environmental responsibility. With the support of our shareholders we formed MHV Water from the merger of two neighbouring irrigation companies. We have expanded our scheme to better utilise

the water resources available and now manage nutrient consents on their behalf.

I have also served and currently serve on other local Boards.

I have travelled extensively through Europe, Asia, North Africa, South America and the USA looking at diversifications and industry leading initiatives. I attended the BNZ Pasture to Plate Agribusiness Tour of China in 2015.

### **Why am I standing?**

I am passionate about our industry and about our co-operative and want to make a difference. I believe in the potential of Fonterra and want to see it become stronger, more resilient and to start delivering the exceptional performance that it is capable of.

Those who know me would call me tough but fair. I believe that actions speak louder than words and I strive to act with honesty and integrity. I work hard to bring energy and focus, I hold myself and others to account and I'm not afraid to make hard decisions when needed. I believe in developing people; I respect others and grow the people within my own business. I seek and welcome feedback so that I can challenge the status quo.

I am fortunate to have built my own business to a scale that I can step away from day-to-day management and believe that I have the skills, values and capability to make a difference on the Fonterra board.

### **What do we need Fonterra to be?**

Fonterra needs to be a great business that we can all be proud of but we need to agree on what being great means for Fonterra. We need clarity of our vision and purpose so that we can develop and implement strategies to achieve these.

At its core we need Fonterra to be exceptional at doing the basics – taking our milk and turning it into nutritious products that our customers value. We need Fonterra to be striving to add value to our milk, only taking other opportunities where they make sense.

Achieving this requires discipline in how we operate and in how we spend the capital provided by our shareholders. Disciplined organisations focus on the fundamentals - they operate with strong values and culture, they understand what they are good at and what they need to do to succeed. They don't go chasing after rainbows. Instead they build on their fundamentals, continually fine-tuning their approach and getting better and better over time.

Our values as a business need to reflect the values we hold as shareholders; hard-working, respect for others, honest and trustworthy and acting confidently, but not arrogantly.

With the recent change in leadership, Fonterra has started on this journey. We need to continue to develop it and cement these in place to guide us as we enter into a new phase of Fonterra's evolution and growth.

Currently Fonterra is facing some difficult challenges. Our balance sheet is stretched and it will take discipline over a number of years to rebuild it to a strong position with the capacity to respond to issues as they arise. Political and social pressures in New Zealand require us to recapture the hearts and minds of everyday New Zealanders and rebuild their trust and restore their belief that we too are working for the good of New Zealand. Competition for milk in New Zealand is set to intensify and we need to behave and act with strength and integrity to ensure we protect our long-term investments.

How we respond to these challenges must not only be informed by careful analysis, but must also stay true to the values, vision and purpose that we collectively hold.

**Conclusion**

I am a dairy farmer and earn my income from the milk cheque on the 20th of each month. My wife and I have built a successful dairy farming business driven strongly by our family values.

We need to get the basics of Fonterra right to position us for the next phase of our evolution and growth. We need Directors with the strength to drive the changes and improvements required and with a natural empathy for our farmers and our industry. I have the skills, values and capability to bring that change.

I need your vote to make a difference!

**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:

I am a supplying Shareholder of Fonterra (in my name) jointly and with associated persons (as defined in the Financial Markets Conduct Act 2013) as follows:

- Ma Taua Dairies Ltd            466,000 Co-operative shares
- Delarbe Farm Ltd            262,000 Co-operative shares
- Fairmont Farm Ltd           336,000 Co-operative shares
- Mahanga Dairies Ltd        395,000 Co-operative shares
- Kairoa Dairies Ltd            374,000 Co-operative shares
- Akitu Dairies Ltd            181,000 Co-operative shares

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

## Self-Nominated Candidate Endorsements

John Nicholls is a Self-Nomination Process Candidate. Each self-nominated candidate must be supported by not less than 35 Shareholders.

The following Shareholders supported his nomination.

Entity Name	Farm ID	Shareholder Name
EK & MJ Chisnall Ltd	37066, 37067, 37072, 39625, 37189, 37184	Evan Chisnall
Greig Farming Ltd	45300	Owen Greig
Couper & Couper Ltd	11705	Simon Couper
Diversion Farm Ltd	46170	Lloyd Rayner
D&D Dairies Ltd	46049	Greg Duckett
Three Spring Dairies Ltd	37225	Willy Leferink
Keswick Farm Dairies Ltd	38747	Richard Stalker
Clearview Farms Ltd	78915	Phillip Herdman
Melrose Dairy Ltd	37065, 37064, 37068	Mark Slee
Pahautea Limited Partnership	46158	Alexander Bidwill
AR Mockford Family Trust	73808	Allan Mockford
Rotopai Farms Ltd	46102, 46103, 46104	Stewart Weatherstone
Amuri Dairying Ltd	37905, 37912, 37919	Andrew Benton
Delvin Kapuni Ltd	41652	Steve Poole
GRALYN FAMILY TRUST NO1 & NO2	42974	Graham Robinson
Wilmar Farms Partnership	10202	William Tye
Gow Family Trust	21743	Matthew Gow
Back Track Dairies Limited	37240, 37241	Jeremy Casey
Glenheath Farming Company Ltd	47271	John Gunson
Westmorland Estate Ltd	76727	Sue Fish
Aranui Dairies Ltd	45549	Andrew Gillespie
MD & DW Heenan	35302, 35303, 35304	Denis Heenan
Ardno Farms Ltd	35312, 35314	Nick Hamilton

HK & HR Boyd Family Trust	32793	Howard Boyd
Engliston Pastoral Co Ltd	32506	Hamish English
Paul Turner Farm Trust	35203, 35207	Paul Turner
Sole Farms Ltd	32648	John Hickman
Strathyre Farms Ltd	32683	John Hickman
Maxwell Farming (Mossburn) Ltd	32796	Alan Maxwell
Hillpark Dairy	37208	Charles Whitehead
Claxby Estate Ltd	38701, 38702	Margaret Spencer-Bower
Longland Dairies Ltd	37110	Martin Furrer
Circle Hill Ltd Partnership	38262	Robert McNab
Kenmare Dairy Ltd	37804	Emlyn Francis
MOBH Farm Partnership	32355	Tim Montgomerie







If undelivered please return to:

The Returning Officer  
Fonterra Elections 2018  
PO Box 3138  
Christchurch 8140  
Free phone 0800 666 034



## Election of ONE (1) Director

You can vote in ONE (1) of the following two (2) ways:

### 1. INTERNET VOTING

Vote via Farm Source website at:  
**www.nzfarmsource.co.nz**

- Login using your Farm Source login and password.
- Follow the voting links from the homepage.
- Enter your Personal Identification Number (PIN) and password – see below.

IMPORTANT: By entering the PIN and password you warrant and undertake that you are authorised to exercise the vote of this Shareholder.

After voting online, you should not submit this Voting Paper and it can be destroyed.

**PIN**

**PASSWORD**

### 2. POSTAL VOTING

Post your completed Voting Paper(s) in the freepost envelope provided no later than **Friday, 14 December 2018** so it reaches the Returning Officer **before** the close of voting.

*Please only use **one** of these voting methods.*

**Voting closes at:  
1PM ON THURSDAY, 20 DECEMBER 2018**

For enquiries phone the ELECTION HELPLINE: 0800 666 034

### First Past the Post, Majority Voting

To be elected to the Board a candidate must obtain more than 50 per cent support from Shareholders who have voted. If both candidates get more than 50 per cent support, the candidate with the highest proportion of votes will be appointed.

If neither candidate obtains more than 50 per cent support:

- Another election will not be held for the vacant position
- The Board can use its constitutional power to make a temporary appointment to fill the vacancy until the conclusion of the 2019 Annual Meeting.

### Postal Voting Instructions

**This is a First Past the Post, Majority vote to elect ONE (1) Director.**

- You are encouraged to cast a vote (either YES or NO) for **both** candidates.
- You may only vote YES for **ONE (1)** candidate. If you vote YES for both candidates, your vote will be invalid.
- You **can** vote NO for both candidates if you wish.
- Vote by placing a tick “✓” in the YES or NO circle next to the name of each candidate.

VOTE HERE  
**YES**      **NO**



**John NICHOLLS**

Self Nomination Process Candidate



**Jamie TUUTA**

Independent Nomination Process Candidate

FONTERRA  
SHAREHOLDERS'  
COUNCIL

