



Dairy for life

Fonterra Annual Meeting 2019

Notice of Annual Meeting
of Shareholders and Explanatory Notes

10.30am on Thursday, 7 November 2019
ILT Stadium Southland
Surrey Park Sports Centre
18 Surrey Park Road
Invercargill

Contents

FONTERRA CO-OPERATIVE GROUP LIMITED ANNUAL MEETING FOR 2019	3
Annual Meeting Documents	3
Votes Required and Quorum	3
Results of Voting	3
Meeting Attendees	3
LETTER FROM THE CHAIRMAN	4
FONTERRA CO-OPERATIVE GROUP LIMITED ANNUAL MEETING AGENDA	5

PART ONE

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS OF FONTERRA CO-OPERATIVE GROUP LIMITED	6
Business	6
Annual Meeting Proceedings	6
Remuneration of Directors, Shareholders' Councillors and Directors' Remuneration Committee Members	6
Appointment of Auditor	6
Ratification of Appointment of Director	6
Approval of Amendments to the Shareholders' Council By-laws	6
Shareholders' Council Report	6
Approval of Shareholders' Council Programme and Budget	7
Shareholder Proposals	7

PART TWO

EXPLANATORY NOTES TO NOTICE OF ANNUAL MEETING	8
Welcome	8
Annual Meeting Proceedings	8
Remuneration of Directors, Shareholders' Councillors and Directors' Remuneration Committee Members	8
Appointment of Auditor	9
Ratification of Appointment of Director	9
Approval of Amendments to the Shareholders' Council By-laws	10
Approval of Shareholders' Council Programme and Budget	11
Shareholder Proposals	13

Fonterra Co-operative Group Limited

Annual Meeting For 2019

Fonterra's Annual Meeting will be held at the ILT Stadium Southland, Surrey Park Sports Centre, 18 Surrey Park Road, Invercargill at **10.30am on Thursday, 7 November 2019**.

Annual Meeting Documents

Each Shareholder has been sent:

- This Notice of Meeting booklet, which includes:
 - Letter from the Chairman
 - Notice of Meeting (including the text of the matters to be voted on by Shareholders) (Part One)
 - Explanatory Notes regarding each of the matters to be voted on by Shareholders (Part Two).
- A Fonterra Board of Directors Election Voting Paper
- A Shareholders' Council Voting Paper (for Shareholders in Wards 11 and 14 only)
- A combined Annual Meeting Voting Paper/Proxy Form. Use this Voting Paper:
 - If you are attending the Annual Meeting to vote in person.
 - If you are unable to attend the Annual Meeting, and you do not wish to vote online or post, you can appoint a proxy to attend and vote on your behalf by completing the Proxy Form and returning it to the address specified on the freepost envelope included in the Voting Pack or otherwise set out on the form, so that the Returning Officer receives it no later than **10.30am on Tuesday, 5 November 2019**.
 - If you are a company or other body corporate, you can appoint a representative to attend and vote on your behalf by completing the Proxy Form

Further instructions are on the back of the Proxy form.

You can vote on the matters to be considered at the Annual Meeting **online** or **by post**. The instructions on how to vote in this manner can be found on the Voting Papers.

electionz.com Limited has been authorised by the Board to receive, at the address specified on the freepost envelope included in the Voting Pack or otherwise set out on the Voting Paper, and count, all **online** and **postal votes**.

For the Annual Meeting you can also vote by proxy, or by attending the meeting in person.

All online, postal and proxy votes must be received by the Returning Officer by **10.30am on Tuesday, 5 November 2019**.

A Shareholder's voting entitlement is based on their milksolids production. Shareholders will receive one vote for every 1,000 kilograms of milksolids supplied to Fonterra during the season ended **31 May 2019**.

If a Shareholder did not supply last season but now owns an existing farm that supplied last season, the voting entitlement 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 2020**. Milk supplied on Contract Supply and milk which is not backed by shares or counting vouchers is excluded from milksolids production when calculating voting entitlements.

In accordance with the Companies Act, the Board has fixed **5.00pm on 9 October 2019** as the date for determining voting entitlements of Shareholders for this meeting.

Accordingly, those persons who are, at **5.00pm on 9 October 2019**, registered as Shareholders will be entitled to vote at the Annual Meeting in respect of the shares registered in their name on that date backed by production.

A Shareholder's voting entitlement for a farm is shown on the Voting Paper enclosed for that farm with this pack. If a Shareholder appoints a proxy, the proxy will exercise that Shareholder's voting entitlement as described above.

Votes Required and Quorum

The ordinary resolutions will be passed if they are approved by a simple majority of the votes of those Shareholders entitled to vote and voting on the resolutions.

The special resolution will be passed if approved by a majority of 75% or more of the votes of those Shareholders entitled to vote and voting on the resolution.

The quorum for the meeting is present if not fewer than 50 Shareholders have cast postal votes (including by electronic means) or are present in person or by a representative, who between them hold or represent the holder or holders of not less than two per cent of the voting rights entitled to be exercised on the resolutions to be considered at the meeting.

There are no voting restrictions on the resolutions to be considered at the meeting.

Results of Voting

The results of voting at the Annual Meeting will be posted on Farm Source at www.nzfarmsource.co.nz and our My Co-op app as soon as vote counting is complete and the Chairman has declared the results.

Meeting Attendees

The Annual Meeting is held for the benefit of Shareholders and their authorised proxies and representatives. Fonterra management will also be in attendance, as well as invited members of the media.

2019 Fonterra Elections and Annual Meeting

Dear farmers,

Our 2019 Annual Meeting will be held at the ILT Stadium Southland in Invercargill on Thursday 7 November.

We have moved away from holding the Annual Meeting at manufacturing facilities, to minimise the disruption to our operations team and reduce costs.

At this year's meeting Miles and I will review the Co-operative's financial performance and discuss our newly announced strategy and operating model.

Shareholders are being asked to vote on six ordinary business resolutions to:

1. approve the remuneration of Directors;
2. approve the remuneration of Councillors;
3. approve the remuneration of the Directors' Remuneration Committee Members;
4. approve the appointment of the Auditor;
5. approve the Shareholders' Council programme and budget; and
6. ratify the appointment of an Independent Director, Scott St John.


Each of these ordinary resolutions require more than 50 per cent support from voting farmers to be passed.

There is also a special resolution to approve amendments to the Shareholders' Council By-laws. This relates to the finalisation of the changes to our Farmer Director election process, which were announced back in July. Special resolutions require at least 75 per cent support from voting farmers to be passed.

There are also two Shareholder proposals for consideration by Shareholders. Further detail on the proposals and the resolutions are included within this booklet.

If you can't attend the meeting in person, you can cast your vote online, by post, or by way of proxy. Further instructions on how to vote by all of these methods can be found on the voting papers in your voting pack.

I look forward to seeing as many of you as possible at Invercargill.



John Monaghan

Chairman

Fonterra Co-operative Group Limited

Annual Meeting Agenda

Below is the proposed programme for the Annual Meeting. Shareholders should note that the order may change at the discretion of the Chairman. Shareholders should allow sufficient time to register their attendance upon arrival prior to the start of the meeting.

10.00am - Registration / Morning Tea

10.30am - Welcome

Welcome / Introduction – John Monaghan, Chairman of the Board

10.45am – Annual Meeting Proceedings

Chairman's Review

Chief Executive Officer's Presentation

Approval of Remuneration of Directors, Shareholders' Councillors and Directors' Remuneration Committee Members

Directors' Remuneration Committee Review – David Gasquoine, Chairman

Resolution 1: That no increase of remuneration of Directors' be approved

Resolution 2: That no increase of remuneration of Shareholders' Councillors be approved

Resolution 3: That no increase of remuneration of Members of Directors' Remuneration Committee be approved

Appointment of Auditor

Resolution 4: Appointment of KPMG as auditor and authorisation of the Directors to fix the auditor's remuneration

Ratification of Appointment of Director

Resolution 5: Ratification of appointment of Scott St John

Approval of Amendments to the Shareholders' Council By-laws

Resolution 6: Approval of amendments to the Shareholders' Council By-laws

Shareholders' Council Report

Chairman's Review – Duncan Coull

Approval of Shareholders' Council Programme and Budget

Resolution 7: Approval of the Shareholders' Council programme and budget

Shareholder Proposals

Resolution 8: Mr Paterson's Proposal

Resolution 9: Mr Simpson's Proposal

Voting Paper Collection

Announcement of Resolution Results

General Business

1.00 / 1.30pm - Closing / Lunch (approximately)

Notice of Annual Meeting of Shareholders of Fonterra Co-operative Group Limited

Notice is given that the Annual Meeting of the Shareholders of Fonterra Co-operative Group Limited ("Company") will be held on **Thursday, 7 November at the ILT Stadium Southland, Surrey Park Sports Centre, 18 Surrey Park Road, Invercargill.**

John Monaghan

Chairman, on behalf of the Board

Notice of Meeting dated 15 October 2019

Business

Welcome/Introduction

Annual Meeting Proceedings

Chairman's Review

Chief Executive Officer's Presentation

Remuneration of Directors, Shareholders' Councillors and Directors' Remuneration Committee Members

Directors' Remuneration Committee Review

Resolution 1: That no increase of remuneration of Directors be approved

To consider the remuneration of Directors recommended by the Directors' Remuneration Committee and, if thought fit, to resolve:

"That no increase of remuneration of Directors be approved, as recommended by the Directors' Remuneration Committee."

Resolution 2: That no increase of remuneration of Shareholders' Councillors be approved

To consider the remuneration of Shareholders' Councillors recommended by the Directors' Remuneration Committee and, if thought fit, to resolve:

"That no increase of remuneration of Shareholders' Councillors be approved, as recommended by the Directors' Remuneration Committee."

Resolution 3: That no increase of remuneration of Members of the Directors' Remuneration Committee be approved

To consider the remuneration of Members of the Directors' Remuneration Committee recommended by the Board and, if thought fit, to resolve:

"That no increase of remuneration of Members of the Directors' Remuneration Committee be approved, as recommended by the Board."

Appointment of Auditor

Resolution 4: Appointment of KPMG as auditor and authorisation of the Directors to fix the auditor's remuneration

To consider the appointment of KPMG as auditor of the Company and authorisation of the Directors to fix the auditor's remuneration and, if thought fit, to resolve:

"To appoint KPMG as auditor of the Company until the conclusion of the Company's next Annual Meeting and authorise the Directors to fix the auditor's remuneration."

Ratification of Appointment of Director

Resolution 5: Ratification of appointment of Mr Scott St John

To consider and, if thought fit, to resolve:

"To ratify the appointment by the Board of Mr Scott St John as a Director of the Company, under clause 12.4 of the Constitution."

Approval of Amendments to the Shareholders' Council By-laws

Resolution 6: Approval of amendments to the Shareholders' Council By-laws

To consider and, if thought fit, to resolve as a special resolution:

"To approve the proposed amendments to the By-laws of the Shareholders' Council, as set out in Part Two of the Notice of Meeting."

Shareholders' Council Report

Chairman's Review

Approval of Shareholders' Council Programme and Budget

Resolution 7: Approval of Shareholders' Council programme and budget

To receive and discuss the Shareholders' Council report (including the Milk Commissioner's report) for 2018/19 (contained in the Shareholders' Council's 2019 Annual Report to Shareholders) and the Shareholders' Council's programme and budget for 2019/20 and, if thought fit, to resolve:

"To approve the Shareholders' Council's programme and budget for the financial year ending 31 July 2020."

Shareholder Proposals

Resolution 8: Mr Paterson's Proposal

To consider and, if thought fit, to resolve:

"An independent review of Fonterra Shareholders Council to be conducted immediately post the 2019 AGM."

The Purpose:

- *How can the Shareholder Council be a more effective cornerstone shareholder.*
- *Is there a better model.*
- *Acknowledging that the current model is not working for its owners.*

Action:

- *Review to be completed by mid-2020.*
- *Any constitutional changes are required to be tabled at the 2020 AGM.*

Proposed:

- *An independent review panel and the appointment of an independent chairman to be selected and agreed on by the Concerned Shareholders Group and the Fonterra Shareholders Council.*
- *The selected group is to adhere to the following:*
 - *Conduct a professional submission and assessment process on the current representation model.*
 - *Provide Owners and Council with their review and recommendations for consultation on whether the council is fit for purpose or requires structural change.*
 - *Has the power to co-opt extra panel members as required.*
 - *All costs to be born out of existing council budget."*

Resolution 9: Mr Simpson's Proposal

To consider and, if thought fit, to resolve:

"That this AGM instructs the Shareholders Council to substitute under the Performance Committee Terms of Reference ratified by full Council 24 June 2019 – the following changes under Membership and Quorum [page 2]- Replace full script with;

- *the Performance Committee shall be appointed by the Shareholders Council*
- *the annual appointment of the Chair, and instruction on the direction of the Committee shall be made by the Shareholders Council*
- *the Committee shall consist of a minimum of 5 members including the Shareholders Councillor Chair or his/her nominee who shall be an ex-officio member of the committee.*
- *The remaining minimum 4 committee members shall consist of one Shareholders Council member, and a minimum of three independent appointees who can provide independent legal, economic or other professional advice.*

That this AGM instructs the Shareholders Council to substitute under the Performance Committee Terms of Reference ratified by full Council 24 June 2019 – the following change to Authority Clause page 3 to read;

Authority; The Performance Review Committee is authorised to:

- *Seek information/guidance from the OECD, the International Financial Corporation and other significant entities that have had experience working with major cooperatives, state owned enterprises and other entities with both commercial and other goals.*
- *within the terms of reference initiate activities to evaluate Fonterra's performance to observe whether the good business practices are being followed and the expectations of Shareholders are being met.*
- *ensure their report does not breach any of the company's statutory requirements.*
- *seek information it reasonably requires from management through the Council Executive*
- *Independently report their findings/opinions or commentary directly to all shareholders twice yearly at the six monthly interim financial statement, and prior to the AGM."*

Explanatory Notes to Notice of Annual Meeting

Welcome

The Chairman will welcome Shareholders.

Annual Meeting Proceedings

Remuneration of Directors, Shareholders' Councillors and Directors' Remuneration Committee Members

Resolution 1: That no increase of remuneration of Directors' be approved

In accordance with clause 34.1 of the Company's Constitution, the Directors' Remuneration Committee ("Committee") met in July 2019 to consider, and recommend to Shareholders, the form and amount of the Directors' remuneration. The Committee comprises six elected Shareholders and is chaired by Mr David Gasquoin. Mr Gerard Wolvers resigned in June 2019.

Between 2014 and 2016 the Committee recommended that Directors' remuneration remain unchanged, which was appropriate given the very challenging economic conditions experienced by Shareholders.

In 2017 the Committee noted that market data showed that remuneration levels for Directors had increased significantly since the Fonterra Directors' remuneration was last increased in 2013. The Committee recommended increases to the remuneration level for Directors, in line with recent market movements. The Committee made this recommendation in 2017 to ensure that Fonterra continued to attract and retain the very best Director candidates, one of the key objectives of the Governance and Representation Review recommendations.

The Committee also recommended that a discretionary pool of fees be available for remunerating Directors for additional workload or additional Committee or working group duties. It was recommended that this discretionary pool of \$75,000 per annum would be allocated at the discretion of the Appointments and Remuneration Committee of the Board and the Chairman of the Board.

In 2018 the Committee considered workload expectations and market trends and recommended no change to Director remuneration.

In 2019 the Committee reviewed remuneration practices in New Zealand and Australia. The Committee noted that Director remuneration had not been increased since 2017. The Committee considered that as with previous years, the general market trend was for a small annual increase in directors' remuneration.

In considering its recommendation the Committee noted that Fonterra Directors' base remuneration was at market but when combined with no additional fees for Board Committee memberships, Fonterra Directors' remuneration was below market.

The Committee considered whether current remuneration levels were appropriate, given the substantial Director

workload, to ensure highly skilled directors were attracted and retained on the Board. The Committee believes it is important to set realistic fee levels, having particular regard to the broader market and the workload requirements.

The Committee noted that the \$75,000 discretionary pool of fees put in place in November 2017 had been used for the first time in 2019 to remunerate a Director \$25,000 for additional workload. The Committee determined that the discretionary pool gave the Board a tool to adequately remunerate Directors for additional workload including multiple Committee memberships.

As such the Committee determined to recommend no change to Director remuneration in 2019.

The Committee's recommendation to Shareholders in relation to the remuneration of Directors is:

That the remuneration for the Directors be approved at the following amounts from the date of this Annual Meeting:

- Chairman **\$430,000 p.a.** (no change)
- Director **\$175,000 p.a.** (no change)

In addition, at the discretion of the Board, the Chair of each permanent Board Committee may be paid an additional \$35,000 p.a., unless that person is the Chairman of the Board or already in receipt of a Committee Chair allowance (no change).

• Discretionary Pool

Up to **\$75,000** per annum (in aggregate), be provided for fees for Directors to be remunerated for additional duties, workload and responsibilities (in each case not to exceed \$25,000 per annum per Director); such fees to be allocated at the discretion of the Appointments and Remuneration Committee of the Board and the Chairman of the Board and the tabling of details of such fee payments to the Directors' Remuneration Committee annually (no change).

The Committee has also approved the expense reimbursement policy for both Directors and Shareholders' Councillors, whereby actual and reasonable expenses associated with their positions are reimbursed. It has also approved, and regularly monitors, the reimbursement of reasonable travel expenses for Directors' spouses/partners.

Resolution 2: That no increase of remuneration of Shareholders' Councillors be approved

In accordance with By-law 3.1 of the Shareholders' Council By-laws, the Directors' Remuneration Committee met in July 2019 to consider, and recommend to Shareholders, the form and amount of the remuneration to be paid to Shareholders' Councillors.

The Committee noted that the number of Council wards had been reduced to 25 from the date of the 2017 Annual Meeting.

The Committee considers the Councillor's representative role to be an important one for the Co-operative, and that the level of the honoraria needs to be sufficient to attract and recognise Shareholders of a high calibre serving in that capacity.

Between 2014 and 2016 the Committee recommended that Shareholders' Councillor honoraria remain unchanged, which was appropriate given the very challenging economic conditions experienced by Shareholders.

In 2017 the Committee recommended increases to the Shareholders' Councillor honoraria.

In 2018 the Committee recommended that the Shareholders' Councillor honoraria remained unchanged.

The Committee believes that the Shareholders' Council honoraria remains appropriate and has determined to recommend no change in 2019. The Committee noted that the role of Deputy Chair had been disestablished in 2019.

The Committee reviews with the Chair of the Shareholders' Council the allocations made from the discretionary pool in the prior year, and is comfortable that the pool was utilised in a reasonable manner consistent with the intent of the recommendation.

The Committee's recommendation to Shareholders in relation to the remuneration of Shareholders' Councillors is:

That the honoraria for the Shareholders' Councillors and the Chairman of the Council be approved at the following amounts from the date of this Annual Meeting:

- Chair **\$100,000 p.a.** (no change)
- Councillors **\$35,000 p.a.** (no change)
- Discretionary Pool

Up to **\$100,000** per annum (in aggregate), be provided for additional honoraria of Project Leaders and Subcommittee Chairpersons of the Shareholders' Council (in each case not to exceed \$17,500 per annum per person); and for ordinary Councillors representing the Council at its request on external Committees; such provisions to be allocated in whole or part at the discretion of the Chairman of the Shareholders' Council and the tabling of details of such honoraria payments to the Directors' Remuneration Committee annually (no change to the amount of the current pool arrangement).

Resolution 3: That no increase of remuneration of Members of the Directors' Remuneration Committee be approved

The Board met to consider, and recommend to Shareholders, the form and amount of the remuneration to be paid to Members of the Directors' Remuneration Committee. The Directors' Remuneration Committee comprises six elected Shareholders.

The Board noted that the Directors' Remuneration Committee members' honoraria had been increased in 2017 and were not changed in 2018.

The Board recommends no change be made in 2019.

The Board's recommendation to Shareholders in relation to the remuneration of Members of the Directors' Remuneration Committee is that the remuneration be set at the following amounts from the date of this Annual Meeting:

- Chairman **\$2,000 p.a.** (no change)
- Member **\$1,000 p.a.** (no change)

Furthermore, Members of the Directors' Remuneration Committee are entitled to be paid for reasonable expenses incurred in connection with the business of the Committee, in line with the policy for remuneration of Directors and Shareholders' Councillors.

Appointment of Auditor

Resolution 4: Appointment of KPMG as auditor and authorisation of the Directors to fix the auditor's remuneration

The Companies Act 1993 requires the Company to appoint an auditor. Section 207S of the Companies Act 1993 provides that the fees and expenses of an auditor appointed at an Annual Meeting can be fixed in the manner determined at that meeting.

A formal request for proposal process was completed last year for the provision of external audit services for the financial year ended 31 July 2020. In December 2018 Fonterra announced that KPMG was the successful party in that process, and the Directors recommend that KPMG be appointed as auditor for the coming year.

The Directors recommend that Shareholders authorise the Board to fix the auditor's remuneration.

Ratification of Appointment of Director

Resolution 5: Ratification of appointment of Mr Scott St John

The Company's Constitution requires that the Shareholders of the Company ratify the appointment of each Director appointed by the Board in accordance with clause 12.4 of the Constitution. This is to take place at the first Annual Meeting of the Company following that Director's appointment and, where the appointment is for a term exceeding three years, shall be ratified by Shareholders every three years.

Mr Scott St John was appointed by the Board in accordance with clause 12.4 of the Constitution and his appointment is required to be ratified by Shareholders at the 2019 Annual Meeting.

The Fonterra Board has determined that Mr St John qualifies as an Independent Director.

Mr St John's remuneration and benefits, as with all of the Independent Directors, are determined by the Board in accordance with section 161 of the Companies Act and are not subject to Resolution 1. However, the Fonterra Board remunerates Independent Directors at the same level as Elected Directors.

Details of his qualifications and experience are set out below.

Scott St John

Scott St John was appointed to the Fonterra Co-operative Group Board in November 2016.

He was the CEO of First NZ Capital (FNZC) for 15 years, stepping down from that role in early 2017. Scott has served on the Council of the University of Auckland since 2009 and was appointed Chancellor in 2017. He is a Director of Fisher and Paykel Healthcare and chairs their Audit and Risk Committee. Scott also serves on the Board of Mercury NZ Limited and NEXT Foundation. Previous roles have included Chairman of the Securities Industries Association, serving on the Board of First NZ Capital and membership of both the Capital Markets Development Taskforce and the Financial Markets Authority Establishment Board.

Approval of Amendments to the Shareholders' Council By-laws

Resolution 6: Approval of amendments to the Shareholders' Council By-laws

Resolution 6 is a special resolution required by clause 16.7 of the constitution.

In March 2019 a joint committee of the Board and Shareholders' Council was established to review aspects of the Director election process. After consideration of farmer feedback alongside governance best practice, and consultation with the Returning Officer and the Independent Selection Panel, the Committee put forward a number of recommendations to the Board and Shareholders' Council. Changes to the Director election process were agreed, to take effect for the 2019 Director election.

The recommendations included:

- All candidates recommended by the Independent Selection Panel will go directly through to the ballot without approval by the Shareholders' Council.
- A stand-down period will be introduced for sitting Shareholders' Councillors which will prevent them from standing for the Board in the same election cycle in which they step-off the Shareholders' Council.

To take effect, these recommendations require changes to the Shareholders' Council By-laws as follows:

2.13 Candidates may stand for Election of Directors:

For the avoidance of doubt a candidate in an Election may (provided that the candidate has not, at any time following the date of the annual meeting immediately preceding the relevant election of Directors, held office as a Councillor) also be a candidate in an election of Directors held at the same time, but if that candidate is elected as a Director then the votes for that person in the Election shall be disregarded and if there is no other candidate in the Election a casual vacancy in terms of clause 1.7 shall be deemed to have arisen.

4.5 Appointments to other bodies Independent Selection Panel:

The Council shall appoint an independent

member (who may not be a Councillor) to the Independent Selection Panel, and two observers (who shall be Councillors) to the Nominations Committee of the Board.

~~4.6 Consultation on candidates for the Board: The Nominations Committee will consult with the Council in relation to the persons that the Committee proposes to recommend for nomination by the Board (and election by Shareholders pursuant to clause 12.1(a) of the Constitution) as directors of the Company. The Council will have particular regard to whether the appropriate number of directors have sufficient "on farm knowledge and experience", in accordance with the Board's skills matrix.~~

~~4.7 Approval to stand: The Council must assess (and resolve, by 75% majority in accordance with clause 5.8) whether it approves the candidacy of any proposed candidate for election as a Director (pursuant to clause 12.1(a) of the Constitution). The matters to be considered by the Council for the purposes of each such resolution shall be limited to an assessment as to whether there is anything in the process by which the candidate has been nominated, or pertaining to the candidate themselves, that causes the Council to consider that the candidate is not a suitable person to put himself or herself forward for election as a director. The chairperson of the Council must advise the Nominations Committee as to the outcome of each such resolution, and the Board will disclose the outcome, and any reasons provided by the chairperson of the Council for it, in the nomination that forms the basis for the postal ballot in which the candidate is proposed to be elected.~~

On 25 September 2019 the Shareholders' Council approved the changes to the Shareholders' Council By-laws, subject to Shareholders' approval. The Shareholders' Council recommends that Shareholders vote to support the amendments.

The Shareholders' Council emailed all shareholders on the proposals on 8 July. A copy of that email, together with a full copy of the By-laws showing the changes, and further information on the changes to the Director election process, can be viewed online at www.nzfarmsource.co.nz/business/advice-support/shareholders-council/2019-agm

If resolution 6 is passed by the requisite majority of 75 per cent or more of votes cast by Shareholders entitled to vote and voting on the resolution, the Shareholders' Council By-laws will be amended as set out above.

If the resolution is not passed then the recommended changes will not take effect. This means the Shareholders' Council will still be required to approve the candidacy of Director candidates recommended by the Independent Selection Panel, and in doing so consider the matters set out above in clauses 4.6 and 4.7 of the Shareholders' Council By-laws. In addition, there would be no stand-down period for sitting Shareholders' Councillors standing for the Board.

The Shareholders' Council has announced there will be a review of the representative functions (see the Shareholders' Council's responses to resolutions 8 and 9 below). In addition, a review of the changes arising from the 2016 Governance and Representation review is required to be completed by the 2021 Annual Meeting. It is anticipated that the changes

recommended by this resolution will be considered as part of those reviews.

Approval of Shareholders' Council Programme and Budget

Resolution 7: Approval of Shareholders' Council programme and budget

Under this item of business the Chairman of the Shareholders' Council will, in accordance with the requirements of the Company's Constitution:

- report on Council's view as to the Company's direction, performance and operations for the preceding financial year;
- report on the activities undertaken by the Council in the preceding financial year;
- present the Council's programme and budget for the current financial year;
- present the Milk Commissioner's Report;
- comment on other Company and dairy industry matters.

Shareholders are then asked to approve the programme and budget of the Shareholders' Council for the financial year ending 31 July 2020:

	FY2019 Budget \$000	FY2019 Actual \$000	FY2020 Budget \$000
Operating Costs:			
Communications – including Annual Report design and print, information videos for Shareholders	65	29	20
Councillor Honoraria (refer Resolution 2), Council staff salaries and related costs	1,825	1,543	1,660
Professional Services – Milk Commissioner costs, fees paid to Council appointees to the Milk Price Panel, Legal costs	110	112	110
Meetings and Engagement - including accommodation and travel for Council meetings, Board/Board Committee meetings, Ward engagements, Government and other external stakeholder engagements	350	204	200
Other – Councillor liability insurance, Council staff information technology expenses	35	21	20
Total	2,385	1,909	2,010

	FY2019 Budget \$000	FY2019 Actual \$000	FY2020 Budget \$000
Connection			
Contribution to costs of MyConnect conference	210	210	210
Contribution to costs of Purpose review	65	49	0
Understanding Your Co-operative Programme	265	210	250
Councillor training and development - including new Councillor introduction programme	80	0	30
Council engagement with farmers in regions – travel, accommodation and catering	50	29	100
Total	670	498	590
Governance Development Programme	146	138	146
Guardianship			
Fonterra Elections:			
Returning Officer – Director election, Councillor elections, Directors' Remuneration Committee election, and for 2019 Fonterra Farmer Custodian Trust election		200	235
Director candidate meetings		45	55
Returning Officer - second Director election 2018		47	0
Independent Selection Panel and secretariat, independent Search Agent and candidate interview expenses		178	185
Total	250	470	475
Performance			
External analyst support for review of interim and annual results	55	41	50
FY19 external analyst costs for 2018 independent assessment of Fonterra's financial performance since inception	120	125	0
Total	175	166	50
Total	3,626	3,181	3,271

BUDGET

Council seeks Shareholder approval for a budget of \$3.271 million for FY20 as summarised above.

This is an increase of \$90,000 over actual spend in FY19 due to:

- **Councillor Honoraria, Council staff salaries and staff costs:** The Explanatory Notes to Resolution 2 set out the remuneration payable to Shareholders' Councillors. The FY20 budget makes allowance for the allocation of the full Honoraria Discretionary Pool amount (if appropriate) and Council staff short term incentive payments (at the Co-op's discretion).
- **Fonterra Elections:** For FY20 further allowance has been made for the election for one trustee of the Fonterra Farmer Custodian Trust, the retirement of two Councillors on top of the standard rotation, and for additional Director candidates going to the ballot as Independently Assessed Candidates.
- **Understanding Your Co-operative Programme:** During FY19 there were fewer participants than FY18 where there was record attendance. During FY20 Council plans to hold shorter events in the regions to enable more farmers to participate and continue some Head Office based two-day events.
- **Councillor training and development:** In prior years Council has allocated budget to enable some Councillors to develop a better understanding of the Co-op's overseas operations. Due to the focus on reducing expenditure and the strategy reset in-market visits were not undertaken during FY19 and are not planned for FY20. Councillor training and development is imperative to meeting Council's objectives and effectively fulfilling its functions so a reduced allowance has been retained.
- **Council engagement with farmers in regions:** As an extension to individual Councillor engagements in their Wards, during FY19 Council's Leadership Team held 9 meetings across 4 regions attended by over 420 farmers. In response to Shareholder requests and recognising the effectiveness of these engagements, they will be continued and expanded during FY20.
- **Director elections:** The costs of the Independent Selection Panel and secretariat, independent Search Agent and candidate interviews are now recognised in Council's budget so there is a greater transparency of Director election costs for Shareholders.

In November 2018 Fonterra Shareholders approved a budget of \$3.626 million for FY19 of which \$3.181 million (88%) was utilised. A smaller Council has resulted in lower Meetings and Engagement costs. Director election costs exceeded those budgeted due to the necessity to hold a second election, and through recognising the costs of the Independently Assessed Candidates process. Other variations between FY19 budgeted and actual expenditure are noted above.

WORK PROGRAMME

Council's work programme for FY20 includes:

Performance Monitoring

- Receive and review Fonterra's Statement of Intentions (SOIs) for FY20.
- Receive and review Fonterra's strategy, three-year business plan and budget.
- Monitor and report to Fonterra Shareholders on Council's view of Fonterra's direction, performance and operations, including a commentary on actual achievements compared to the Board's SOIs.
- Continue to work with the Board to ensure a meaningful performance and reporting framework.
- Understand Fonterra's reasons for any business investments, acquisitions and disposals.
- Report on areas of concern and interest throughout the year as required.

Connection

Learning, Development and Succession

- Provide relevant learning and development programmes for Shareholders.
- Provide two appointees to the Governance Development Committee, and receive and consider the Governance Development Committee's annual report on its activities, proposed programme and budget.
- Administer the Governance Development Programme.
- Administer relevant training programmes for Shareholders' Councillors.

Representation

- Gather and regularly report Farmer feedback and views to the Board.
- Provide farmer-minded analysis of key Board decisions to Shareholders.
- Consider and investigate any issues referred to Council by Shareholders.
- Meet as a full Council with the full Fonterra Board at least twice.
- Meet with individual members of the Board from time to time as required to perform Council's functions.
- Attend meetings of and represent Fonterra Farmers' views to the Board's Co-operative Relations Committee.
- Work to improve Shareholder participation in the Co-operative through providing opportunities for meaningful connection and improving Shareholders' awareness of the importance of engaging with their Co-op.

- Help develop farmers' understanding of our Co-op's strategy and how key Board decisions relate to that strategy.
- Comment to Fonterra Farmers on Fonterra and dairy industry matters as they arise.
- Engage with officials and make submissions on behalf of Fonterra Farmers on the DIRA Bill, Zero Carbon Bill and any other relevant legislation.

Guardianship

Independent Appointments

- If new appointments are required, appoint:
 - the Milk Commissioner
 - one independent appointee to the Independent Selection Panel (Director election)
 - two representatives to the Board's Milk Price Panel (one of whom must be an independent appointee)
 - one trustee in relation to the operation of the Fonterra Shareholders' Fund.

Co-operative Governance

- Act as a sounding board for the Co-op's Board on matters that impact our individual farming businesses.
- Receive information on and report on the management and operation of the Fonterra Shareholders' Fund.
- Meet with the Milk Price Panel on at least two occasions to receive an overview of the Panel's activities and discuss Milk Price issues.
- Continue to assess the Board's governance practices.

Fonterra Elections

- Manage the Director election process in consultation with the Board, appoint a Returning Officer to conduct the Fonterra Elections, and organise Director candidate meetings.
- Conduct a post-event review of the Director election process.

Council Operations

- Convene a minimum of six meetings of the full Council during the year and hold other meetings as required.
- Use Committees and project teams to undertake Council's work programme and address issues in a timely and cost-effective manner.
- Report to Shareholders on Council's activities, including formally in the FY20 Shareholders' Council Annual Report.

Fonterra Constitution and By-laws of the Shareholders' Council

- Consult with the Board on its capital structure and milk payments reviews.
- Review the Co-op's philosophy in light of the outcomes of the capital structure review and the new Purpose statement.
- Propose any changes to the Fonterra Constitution and Council By-laws which the Council considers to be in the best interests of Fonterra Shareholders.
- Review any proposed changes to Fonterra's Constitution.
- Commence planning for the five-year review of the 2016 governance and representation changes, which is required to be completed by the 2021 Annual Meeting.

Shareholder Proposals

Under clause 15.1 of the Constitution, a Shareholder may give written notice to the Board of a matter which the Shareholder proposes to raise for discussion or resolution at the next meeting of Shareholders at which the Shareholder is entitled to vote. Under the provisions of section 9 of the first schedule to the Companies Act, the Shareholder may include a statement of not more than 1000 words in support of the proposal, together with the name and address of the proposing shareholder.

Resolution 8: Shareholder Proposal - Mr Tony Paterson's Proposal

The Company has received the following proposal from Mr Tony Paterson for shareholder consideration and resolution at the Annual Meeting.

"An independent review of Fonterra Shareholders Council to be conducted immediately post the 2019 AGM."

The Purpose:

- *How can the Shareholder Council be a more effective cornerstone shareholder.*
- *Is there a better model.*
- *Acknowledging that the current model is not working for its owners.*

Action:

- *Review to be completed by mid-2020.*
- *Any constitutional changes are required to be tabled at the 2020 AGM.*

Proposed:

- *An independent review panel and the appointment of an independent chairman to be selected and agreed on by the Concerned Shareholders Group and the Fonterra Shareholders Council.*
- *The selected group is to adhere to the following:*
 - o *Conduct a professional submission and assessment process on the current representation model.*

- o Provide Owners and Council with their review and recommendations for consultation on whether the council is fit for purpose or requires structural change.
- o Has the power to co-opt extra panel members as required.
- o All costs to be born out of existing council budget.“

Your Board does not support this proposal and recommends that you vote against it.

The Shareholders' Council has advised it does not support the Proposal.

This Shareholder proposal is an ordinary resolution requiring the support of a simple majority of the votes of those Shareholders entitled to vote and voting on the resolution.

Under Fonterra's Constitution, the resolution will not be binding on the Board or Shareholders' Council.

The proposing Shareholder, Mr Tony Paterson, was entitled to provide a statement in support of the proposal. The following was supplied:

Dear Shareholders,

As a group of concerned shareholders, we have drafted and submitted a carefully worded resolution to the Annual General Meeting in November 7th 2019 in Invercargill to be voted on by shareholders.

The purpose of the resolution is to offer the opportunity for all shareholders to address the following points;

- The implementation of an independent and transparent review of the Fonterra Shareholders Council.
 - o Reviewing the inaction by the Fonterra Shareholders Council given the evident non-performance of Fonterra.
 - o Ensuring the Shareholder representative structure is independent of Fonterra Board influence.
- Whether the Fonterra Shareholders Council is fit for purpose.
 - o What alternative structures of a representative body are available for Fonterra Shareholders.
 - o Whether a representative body is required for Shareholders.
- Ensuring the ability of Fonterra Shareholders to have their views heard and valued through the submission process.
 - o This is an opportunity for Shareholders to provide individual submissions to the review process.

We encourage you to vote in support of this resolution for a better Fonterra we will all be proud of in the future.

Thanks to all the shareholders who have contributed to this resolution which has been a broad cross section of Fonterra Shareholders from across New Zealand.

Regards

Tony Paterson.

Contact details: email tp.lisa@xtra.co.nz, phone 0275948341

The Board comments on Mr Paterson's Proposal as follows:

The Board respects the rights of Shareholders to propose resolutions for consideration by all Shareholders. Your Board has considered Mr Paterson's proposal and recommends that you vote AGAINST this proposal.

The Board considers that the action contemplated by the proposal is unnecessary due to the recently announced review of the Shareholders' Council.

On 1 October 2019 the Shareholders' Council announced to all shareholders that it would be instigating a full review of the Shareholders' Council. It was announced that the review will look at:

- Council's functions under the Constitution and whether there should be any changes, and
- the appropriate structure to achieve those functions.

The Shareholders' Council advised that it contemplated independent oversight of the review and extensive shareholder consultation and that any changes requiring Shareholder approval will be considered at the 2020 Annual Meeting for implementation from that meeting.

Given the Shareholders' Council's announced review, the independent oversight of this review and the Shareholders' Council's intent to consult with shareholders, the Board considers that Mr Paterson's proposal is not necessary at the current time.

The Board also notes that the proposal asks shareholders to give the "Concerned Shareholders Group" the power to choose the proposed review panel. The members of that Group are not identified. Unlike the Shareholders' Council, the Group is not an elected representative body. Shareholders should carefully consider whether it is appropriate to vest such powers in an unidentified and non-elected group of shareholders.

The Shareholders' Council has reviewed Mr Paterson's Proposal.

The Shareholders' Council acknowledges and respects the rights of Shareholders to propose resolutions for consideration by all Shareholders.

The Shareholders' Council considered Mr Paterson's proposal. It does not support it for the reasons set out below.

1. The recent performance of our Co-operative has caused Council to reflect upon its role. Councillors, as Shareholders themselves, are serious about Council's role as the representative of all owners' interests and the guardian of our Co-operative principles.
2. Before assessing Fonterra's 'current representation model', deciding whether Council is 'fit for purpose' or whether Council requires 'structural change' Council believes it is important to take a step back and review Council's functions.
3. During the 2016 review of Governance and Representation, Council's role and the scope of Council's functions set out in the Constitution were clarified but not changed.

4. Council has already announced there will be a full review of Council, and that this review should include:
 - a. Council's functions under the Constitution and whether there should be any changes, and
 - b. the appropriate structure to achieve those functions.
 Council contemplates independent oversight of that review and extensive Shareholder consultation.
5. Once Council's purpose and functions moving forward have been reviewed and determined, it is then appropriate to determine how it should operate and any structural changes required.
6. The proposal requires the costs of the review to be met out of the existing Council budget. Until such time as any changes to Council's functions set out in the Constitution are approved by Shareholders, Council is required to perform those functions and necessarily incurs costs doing so.

Resolution 9: Shareholder Proposal - Mr Trevor Simpson's Proposal (Supported by Mr Mike Peters, JH & R Cotman and MJ Lumsden)

The Company has received the following proposal from Mr Trevor Simpson (which is supported by Mr Mike Peters, JH & R Cotman and MJ Lumsden) for shareholder consideration and resolution at the Annual Meeting.

Ordinary Resolutions to 2019 Fonterra AGM

"That this AGM instructs the Shareholders Council to substitute under the Performance Committee Terms of Reference ratified by full Council 24 June 2019 – the following changes under Membership and Quorum [page 2]- Replace full script with;

- *the Performance Committee shall be appointed by the Shareholders Council*
- *the annual appointment of the Chair, and instruction on the direction of the Committee shall be made by the Shareholders Council*
- *the Committee shall consist of a minimum of 5 members including the Shareholders Councillor Chair or his/her nominee who shall be an ex-officio member of the committee.*
- *The remaining minimum 4 committee members shall consist of one Shareholders Council member, and a minimum of three independent appointees who can provide independent legal, economic or other professional advice.*

That this AGM instructs the Shareholders Council to substitute under the Performance Committee Terms of Reference ratified by full Council 24 June 2019 – the following change to Authority Clause page 3 to read;

Authority: *The Performance Review Committee is authorised to:*

- *Seek information/guidance from the OECD, the International Financial Corporation and other significant entities that have had experience working with major cooperatives, state owned enterprises and other entities with both commercial and other goals.*

- *within the terms of reference initiate activities to evaluate Fonterra's performance to observe whether the good business practices are being followed and the expectations of Shareholders are being met.*
- *ensure their report does not breach any of the company's statutory requirements.*
- *seek information it reasonably requires from management through the Council Executive*
- *Independently report their findings/opinions or commentary directly to all shareholders twice yearly at the six monthly interim financial statement, and prior to the AGM."*

Your Board does not support this proposal and recommends that you vote against it.

The Shareholders' Council has advised it does not support the Proposal.

This Shareholder proposal is an ordinary resolution requiring the support of a simple majority of the votes of those Shareholders entitled to vote and voting on the resolution.

Under Fonterra's Constitution, the resolution will not be binding on the Board or Shareholders' Council.

The proposing Shareholder, Mr Trevor Simpson (supported by Mr Mike Peters, JH & R Cotman and MJ Lumsden), was entitled to provide a statement in support of the proposal. The following was supplied:

Supporting Commentary

Fonterra shareholding Farmers have become gravely concerned at the situation developing within their company. Most have serious concerns about the performance of our Cooperatives management. Shareholders have suffered significant losses in share value and confidence is waning. In our view it is imperative that Shareholders and NZ public regains trust in NZs major Company.

There have been suggestions in some quarters that the Shareholders watchdog the Shareholders Council has not performed as it was supposed to. There is also a view that the Northington Partners report was too little too late. The reality is no business can audit itself. Shareholders no longer want Fonterra directors, staff or their own shareholders telling them about Fonterra's performance. Such information with the best will is received with a degree of scepticism. The time has arrived for us to mature sufficiently enough to want to hear the view on Fonterra's performance from outside our ranks. In other words, some good ongoing independent analysis and informed views on the perception of our business from outside the company structure.

Independent Performance Review Committees have been important for improving state owned enterprise performance around the world and they have also been important in the corporate world where firms have important minority interests.

Initially a group of farmers with good advice were going to demand the setting up of a fully independent review team. We were aware that recently the shareholders council has put in place a new terms of reference for their Performance Committee

to consider Fonterra's Performance. While we support this move in principle, it does not go far enough in ensuring a degree of independence. Indeed the same could be said of our proposal and there is still a strong view that a truly independent panel is required. However if we were to follow that path then we would have to consider the relevance of the shareholders Council going forward.

Our remits reflect a middle ground and addresses some real concerns as to the nature of the terms of reference and the independence of its reporting back to shareholders. The proposed Independent Panel should not take on the role of the Company Auditor, instead it must focus on providing an ongoing succinct evaluation of overall performance, including execution of the Fonterra strategy.

To have value, the formation of such a vital committee must have Terms of Reference based on International best practice and we note that further guidance for the establishment of such a committee can be obtained from the OECD, International Financial Corporation and other significant entities that have had experience working with major cooperatives, state owned enterprises and other entities with both commercial and other goals.

There are some matters contained in the terms of reference that we do not believe meets these nor the shareholders requirements. In particular the powers given solely to the Council Chair in the appointment process do not seem healthy. Rather appointments and direction must come from the shareholders council itself and if they don't, why would we seek to retain the current format.

Instead of being critical, we table a two part resolution designed to address some of the shareholders concerns. While it must be a fundamental requirement to provide any Report from this review committee directly to Shareholders un-redacted at specific timelines, the independent committee will need to ensure in so doing it does not breach any of the company's statutory requirements. While a compromise from complete independence, carefully managed, we believe such actions are in line with best global practice, and has the potential to improve outcomes which will benefit shareholders, the industry and the nation.

We seek support from fellow Shareholders and from the Shareholders Council to implement these Resolutions.

The Board comments on Mr Simpson's Proposal as follows:

The Board respects the rights of Shareholders to propose resolutions for consideration by all Shareholders. Your Board has considered Mr Simpson's proposal and recommends that you vote AGAINST this proposal.

The Board considers that the action required by the proposal is unnecessary due to the recently announced review of the Shareholders' Council.

As detailed above, on 1 October 2019 the Shareholders' Council announced to all shareholders that it would be instigating a full review of the Shareholders' Council. The Council advised that the review will look at both the Council's functions under

the Constitution and whether there should be any changes, and the appropriate structure to achieve those functions.

Given the scope of the announced review, the Board's view is that it is premature to be proposing changes to Terms of Reference for the Council's Performance Committee as the role and functions of this Committee will be considered as part of the review of the Shareholders' Council.

Given the announced review of the Shareholders' Council's function, the Board considers that Mr Trevor Simpson's proposal is not necessary at the current time.

The Shareholders' Council has reviewed Mr Simpson's Proposal

The Shareholders' Council acknowledges and respects the rights of Shareholders to propose resolutions for consideration by all Shareholders.

The Shareholders' Council considered Mr Simpson's proposal. It does not support it for the reasons set out below.

1. The recent poor performance of our Co-operative has caused Council to reflect upon its role.
2. Council has announced there will be a full review of Council, and that this review should include:
 - a. Council's functions under the Constitution and whether there should be any changes, and
 - b. the appropriate structure to achieve those functions.Council contemplates independent oversight of that review and extensive shareholder consultation.
3. Council believes that two sections of the Performance Committee's Terms of Reference should not be considered in isolation. Rather, Council's performance monitoring and other functions set out in the Constitution should first be reviewed and a decision made as to whether any changes are required. It is then appropriate to consider how those functions should be carried out – whether by a Performance Committee or some other body, group or person. Only then is it appropriate to consider amendments to the Performance Committee's Terms of Reference.
4. Council also questions whether it is appropriate to seek information and/or guidance from the OECD (Organisation for Economic Co-operation and Development, an international organisation that works to shape public policies and global standard setting) and the International Financial Corporation (part of the World Bank Group, focused on developing and low-income countries).

Intentionally Blank

Intentionally Blank

Intentionally Blank



If undelivered please return to:

The Returning Officer
Fonterra Elections 2019
PO Box 3138
Christchurch 8140
Free phone 0800 666 034

Annual Meeting Proxy Paper Information

10.30am on 7 November 2019. ILT Stadium Southland, Surrey Park Sports Centre, 18 Surrey Park Road, Invercargill

HOW TO COMPLETE THE PROXY PAPER AND APPOINT A PROXY

- Appoint a proxy:** Provide the full name and address of your chosen proxy in the box labelled “Primary Proxy”. A proxy need not be a Shareholder.

The Chairman of the Meeting is willing to act as your primary proxy. If you wish to appoint the Chairman of the Meeting you can simply write “Chairman of the Meeting”.

It is recommended that you appoint an alternate proxy as well, in case your primary proxy is unable to attend on the day of the Annual Meeting. Please provide the full name and address of your alternate proxy in the box labelled “Alternate Proxy”.

Please note: You do NOT need to appoint an alternate proxy if the Chairman of the Meeting is your primary proxy.
- Instruct your proxy how to vote:** You can instruct your proxy how to vote by placing a tick in either the “For” or “Against” box. Your proxy CANNOT change the direction of your vote if you instruct them how to vote in this manner. If you do not instruct your proxy how to vote by placing a tick in either the “For” or “Against” box, then your proxy can vote as she/he determines.
- Sign the form:** Each Shareholder must sign the paper:
 - Individuals/Sole Proprietors: the Shareholder must sign the paper.
 - Companies: a duly authorised representative of the company must sign the paper.
 - Joint Shareholders (including trusts, partnerships and estates): it is your responsibility to ensure that the person(s) signing this paper is/are authorised to sign on behalf of, and bind, all joint holders.
 - Attorneys: if the paper is signed under a power of attorney, it must be accompanied by a signed certificate of non-revocation of the power of attorney. The power of attorney under which the paper is signed must be sent with the paper if the power of attorney has not been previously produced to the Company.
- Return the form:** Return the proxy paper as soon as possible. It must be received by the Returning Officer no later than 10.30am on Tuesday, 5 November 2019.
 - Mail by separating, folding and inserting the proxy paper into the freepost envelope provided.

To ensure your Proxy Paper reaches the Returning Officer before the close of voting please **post no later than Thursday, 31 October 2019**.

HOW TO APPOINT A CORPORATE REPRESENTATIVE

In the case of a Shareholder that is a company or other body corporate, a representative can be appointed to attend the Annual Meeting by completing the proxy form. In this form, proxy can mean proxy or representative appointed for a company or other body corporate or entity.

ERRORS AND OMISSIONS

By signing and returning the proxy paper, you authorise Fonterra, in its sole discretion, to rectify any errors in, or omissions from, the paper form, including by inserting and correcting details.

REVOKING YOUR APPOINTMENT

If you change your mind on the appointment of a proxy or representative, you can revoke the appointment by written notice to the Company. Such notice must be received at the registered office of the Company - Fonterra Annual Meeting, Fonterra Co-operative Group Limited, Private Bag 92032, Auckland 1142 no later than 10.30am on Tuesday, 5 November 2019.

Combined Annual Meeting Voting / Proxy Paper

YOU CAN VOTE IN **ONE** OF THE FOLLOWING FOUR WAYS:

1

INTERNET VOTING

Vote via Farm Source website (at **nzfarmsource.co.nz** and/or **fonterra.com**)

- 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 do not need to submit this Voting Paper and it can be destroyed.

PIN

PASSWORD

2

POSTAL VOTING

Post the completed Voting Paper to *electionz.com* in the freepost reply envelope provided.

To ensure your Voting Paper reaches the Returning Officer before the close of voting please **post no later than Thursday, 31 October 2019**.

3

AT THE MEETING

If you plan to attend the meeting, bring this form with you.

Voting instructions:

- Indicate your vote with a tick
- When advised by the Chairman of the Meeting, pass the completed Voting Paper to an official of the meeting.

4

BY PROXY

Appoint a person to attend the Annual Meeting and vote on your behalf.
A proxy need not be a Shareholder.

Internet, postal votes and proxy appointments must be received by *electionz.com Ltd* no later than: 10.30am on Tuesday, 5 November 2019

For enquiries phone the ELECTION HELPLINE: 0800 666 034

FONTERRA ANNUAL MEETING 2019

Annual Meeting Voting Paper

Use this paper to vote online, by post or by attending the Annual Meeting to vote in person.

Supply No.:

Details of person completing this Voting Paper:

First Name:

Surname:

Signature:

	Indicate your vote with a tick ✓	FOR	AGAINST
1	Resolution 1: That no increase of remuneration of Directors be approved	<input type="radio"/>	<input type="radio"/>
2	Resolution 2: That no increase of remuneration of Shareholders' Councillors be approved	<input type="radio"/>	<input type="radio"/>
3	Resolution 3: That no increase of remuneration of Members of the Directors' Remuneration Committee be approved	<input type="radio"/>	<input type="radio"/>
4	Resolution 4: Appointment of KPMG as auditor and authorisation of the Directors to fix the auditor's remuneration	<input type="radio"/>	<input type="radio"/>
5	Resolution 5: Ratification of appointment of Mr Scott St John	<input type="radio"/>	<input type="radio"/>
6	Resolution 6: Approval of amendments to the Shareholders' Council By-laws	<input type="radio"/>	<input type="radio"/>
7	Resolution 7: Approval of Shareholders' Council programme and budget	<input type="radio"/>	<input type="radio"/>

Shareholder Proposals	Indicate your vote with a tick ✓	FOR	AGAINST
8	Resolution 8: Mr Paterson's Proposal	<input type="radio"/>	<input type="radio"/>
9	Resolution 9: Mr Simpson's Proposal	<input type="radio"/>	<input type="radio"/>

FONTERRA ANNUAL MEETING 2019

Annual Meeting Proxy Paper

10.30am on 7 November 2019. ILT Stadium Southland, Surrey Park Sports Centre, 18 Surrey Park Road, Invercargill

!

Only use this paper if you **do not** plan to attend the meeting but wish to be represented by a proxy holder at the meeting. This paper can also be used by a Shareholder that is a company or other body corporate to appoint a representative. There are no voting restrictions on the resolutions to be considered at the meeting.

A: Shareholder Details

Name

Supply Number:

Party Number:

B: Appointment of Proxy

If you wish to appoint someone as your proxy, insert their full name and address below. The Chairman of the Meeting is willing to act as a proxy.

Primary Proxy: I/We appoint:

Full name of your proxy:

Full address of your proxy:

as my/our proxy to vote for me/us on my/our behalf at the Annual Meeting of Shareholders to be held at 10.30am on Thursday, 7 November 2019 and at any adjournment of that Annual Meeting.

Alternate Proxy: You do not need to appoint an alternate proxy but it is recommended that you do so, unless you are appointing the Chairman of the Meeting as proxy. The Chairman of the Meeting is willing to act as an alternate proxy. If the person I/we have appointed is unable to be my/our proxy then I/we appoint:

Full name of your alternate proxy:

Full address of your alternate proxy:

C: Voting Instructions							
You only need to complete this section if you want to instruct your proxy holder how to vote.							
		FOR	AGAINST			FOR	AGAINST
1	Resolution 1	<input type="radio"/>	<input type="radio"/>	6	Resolution 6	<input type="radio"/>	<input type="radio"/>
2	Resolution 2	<input type="radio"/>	<input type="radio"/>	7	Resolution 7	<input type="radio"/>	<input type="radio"/>
3	Resolution 3	<input type="radio"/>	<input type="radio"/>	8	Resolution 8 Mr Paterson's Proposal	<input type="radio"/>	<input type="radio"/>
4	Resolution 4	<input type="radio"/>	<input type="radio"/>	9	Resolution 9 Mr Simpson's Proposal	<input type="radio"/>	<input type="radio"/>
5	Resolution 5	<input type="radio"/>	<input type="radio"/>				

Signature(s) of Shareholder(s) named in Section A (Please see signing instructions on the next page.)

By signing this form, I/we warrant and undertake that I/we are authorised to sign on behalf of, and bind, the Shareholder(s) named in Section A.

Name of Shareholder

Signature

Full name and title of signatory

Date

Name of Shareholder

Signature

Full name and title of signatory

Date

Name of Shareholder

Signature

Full name and title of signatory

Date

If you are appointing a proxy, return this paper as soon as possible. It must be received by the Returning Officer no later than **10.30am Tuesday, 5 November 2019.** Mail by separating, folding and inserting the proxy paper into the freepost envelope provided.

A low-angle, rear-view shot of a person walking through tall, dry grass. The person is wearing a dark, possibly black, raincoat and dark rubber boots. Their hands are slightly clenched at their sides. The background is a soft-focus field of tall grass under an overcast sky.

Fonterra Elections 2019 Board of Directors

Candidate Profiles



Dairy for life

Contents

Fonterra Directors Election Introduction	1
Attributes And Skills	2
Report of Independent Selection Panel	5
Candidate Profiles	
Cathy QUINN	7
Donna SMIT	10
Philipp HAAS	13
Andy MACFARLANE	17
Victor RUTHERFORD	21

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 – 2019 Fonterra Elections

Freephone 0800 666 034

iro@electionz.com

Fonterra Directors Election Introduction

Voting is now open for the election of TWO (2) Directors to the Fonterra Board.

This year there are five candidates: four Independently Assessed Candidates (Andy Macfarlane, Donna Smit, Philipp Haas and Cathy Quinn), and one Non-Assessed Candidate (Victor Rutherford).

The Fonterra Board has provided details of the Attributes and Skills the Board is seeking in the 2019 Directors' Elections (pages 2-4 of this booklet).

The four Independently Assessed Candidates have been assessed by the Independent Selection Panel against the desired Attributes and Skills. The Independent Selection Panel's Report outlining the process followed is on page 5 of this booklet. The Panel's assessment is included prior to each of these candidates' Profile Statements.

The Non-Assessed Process allowed 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 the previously announced Independently Assessed Candidates. Victor Rutherford is standing as a Non-Assessed Candidate in 2019.

'First Past the Post' Voting System

The Farmer Directors' election uses First Past the Post voting. Each Shareholder may vote in favour of up to (but no more than) two candidates.

The two candidates with the highest number of votes will be elected to the Board. In the event of a tied vote the outcome will be determined by lot by the Returning Officer.

Fonterra Director Candidate Meetings

Fonterra Shareholders have the opportunity to meet and ask questions of the Director candidates at seven meetings throughout the country.

Chaired by the Fonterra Shareholders' Council, these meetings provide a setting in which candidates meet with and answer questions from Fonterra Shareholders with a focus on explaining how their governance skills and attributes meet the requirements of the Co-operative.

The format of the meetings will be that of a panel discussion whereby candidates are first provided an allotted time to introduce themselves before the Chair takes questions from the floor and moderates.

The dates and locations of the meetings are as follows:

Date	Time	Location	Venue
Tuesday, 22 October	10.00am – 12.00pm	Gore	Heartland Hotel, 100 Waimea St, Croydon, Gore
Tuesday, 22 October	7.00pm – 9.00pm	Ashburton	Ashburton Trust Event Centre, 211a Wills St, Ashburton
Wednesday, 23 October	10.30am – 12.30pm	Palmerston North	Awapuni Racecourse, Racecourse Rd, Palmerston North
Wednesday, 23 October	7.00pm – 9.00pm	Rotorua	Holiday Inn, 10 Tyron St, Whakarewarewa, Rotorua
Thursday, 24 October	11.00am – 1.00pm	Hamilton	Mystery Creek Bledisloe Building, 125 Mystery Creek Rd, Hamilton
Thursday, 24 October	7.00pm – 9.00pm	Stratford	Stratford Golf Club, Pembroke Rd East, Stratford
Friday, 25 October	11.30am – 1.30pm	Whangarei	The Barge, 474 Maunu Rd, Whangarei

Attributes and Skills

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 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 on 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 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. The Fonterra Board Skills List (described below) should never show that all skills are currently being delivered – it works best when it 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. This 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. 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.

Attributes

We consider that there are certain attributes 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.

- 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

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 published in Farm Source and the documents for the Directors' Elections 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 (ie. how many Directors need to exhibit each skill and to what level).

Skill Category	Definition
In Depth Dairy Farming Experience	Has 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	Well versed in and has in-depth expertise in what drives Fonterra's milk price and of the profit drivers of the Co-operative
Financial Experience	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
Risk Management Experience	Has had senior level experience in, or has advised at a high level to organisations that have significant risk management including reputational risk management
Global Manufacturing/ Commodity Experience	Has experience running manufacturing assets in order to maximise financial return/or experience at a senior level in a global commodity business
Consumer Experience	Has had a senior role in a consumer-oriented, retail or consumer goods company with significant local, regional or global brands
Effective Leadership	Demonstrated governance leadership experience. Has had experience in human resource/ people management, in particular, experience in environments that value and demonstrate diversity of thinking and diversity of approach
Commercial/ Value Creation track record	Has functional experience as CEO 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.
Global Experience/ Understanding	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
Technology Strategy and Governance	Has knowledge and experience in the governance, strategic use and risk management of technology including information systems
Corporate Sustainability and Responsibility Expertise	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
Innovation and Research and Development	Has experience in or a strong understanding of the management or governance of research and development and applied innovation

Skills Matrix

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. The whole of each blue bar represents the current Board's aggregated level for each skill, and the lighter shading within those bars represents the skills of the directors who are retiring by rotation in the current year (but are eligible for re-election).

The darker shading represents the skills of directors who are not retiring in 2019.

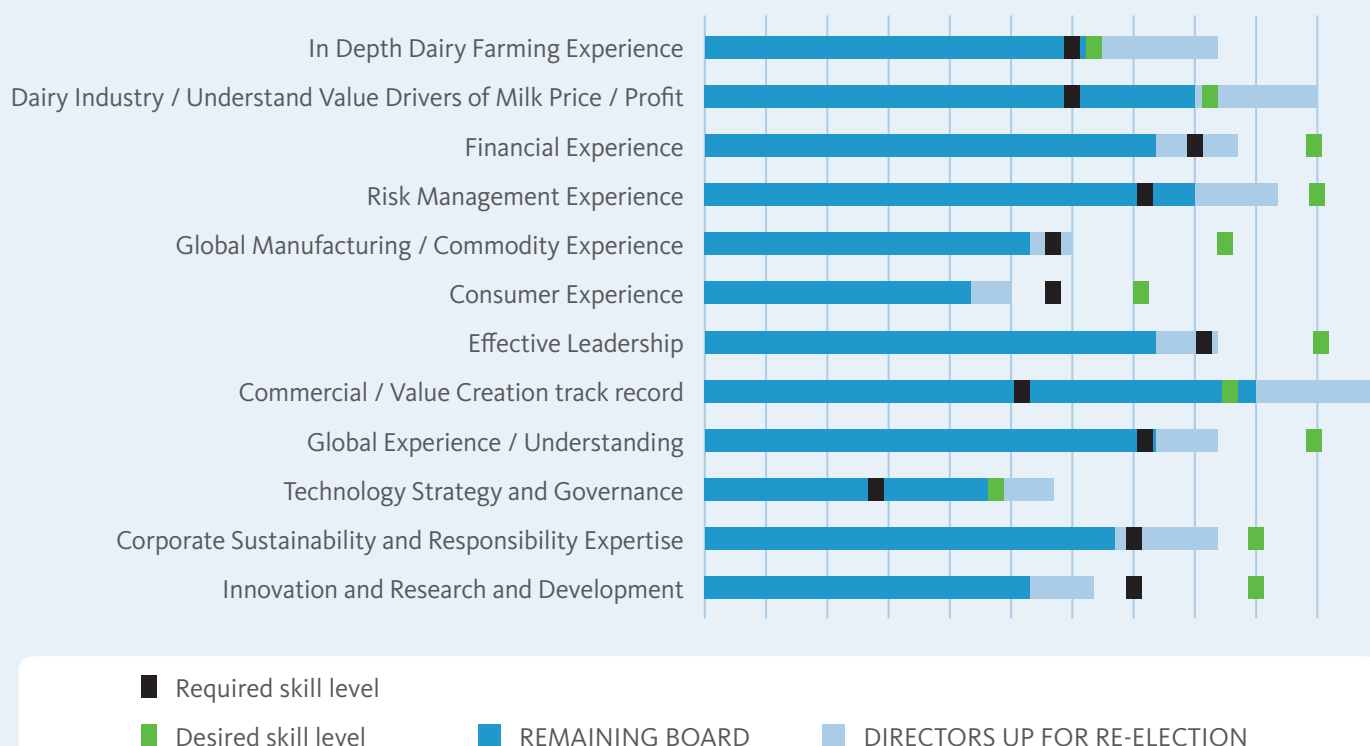
The Skills Matrix was provided to prospective candidates to show them the skills that the Board is looking for over time, and should be used as guidance. The Skills Matrix was supplied to the Independent Selection Panel to assist them as they assessed the best candidates for the Board, and the Matrix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

Based on this Skills Matrix (see below) the Board has prioritised a list of targeted skills being sought in the 2019 Farmer Director Election. These are:

- Corporate Sustainability and Responsibility Expertise,
- Global Manufacturing/ Commodity Experience,
- Consumer Experience.

The Board continuously aims to build the level of governance leadership experience on the Board.

2019 Skills Matrix – Aggregated Skills of existing Fonterra Board



Report of Independent Selection Panel

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

Introduction

This report sets out the 2019 process undertaken by the Independent Selection Panel (Panel) to:

- Rigorously assess and evaluate potential Farmer Director candidates under the Independent Assessment Process and make recommendations to Shareholders of the Farmer Director candidates to stand for election at the upcoming Fonterra 2019 election of directors;
- Rigorously assess and evaluate incumbent directors standing for re-election in the 2019 election of directors who elected to participate in the Independent Assessment Process.

The Panel was formed in 2016 by the Fonterra Board of Directors and the Fonterra Shareholders' Council 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 Fonterra Board in any year; and to provide Shareholders with independent and comprehensive information about recommended candidates. The membership and operations of the Panel are independent of Fonterra.

A joint committee of the Fonterra Board and Fonterra Shareholders' Council was established in March 2019 to review the director election process, following which changes were made to improve the independence and transparency of the newly named 'Independent Assessment Process'.

The Panel Members for 2019 are as follows:

- Tony Carter, Independent Chair appointed by the Panel members
- Joan Withers, Independent Member appointed by the Fonterra Board
- Rob Campbell, 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 Fonterra Board; and
- That Shareholders will be better informed in the electoral process.

2019 Process Undertaken by the Panel

The Panel met in July to:

- Elect the Chair of the Panel and note the appointment of new Panel members by the Fonterra Board and Fonterra Shareholders' Council;
- Appoint an independent secretariat to assist the Panel;
- Appoint an independent search agent to support the assessment of intending Independently Assessed Candidates;
- Consider and note the required attributes and skill requirements for director candidates, as set by the Fonterra Board;
- Review and approve amendments to its Terms of Reference following the 2019 review of the director election process;
- Agree the 2019 Panel Search Brief; and
- Agree the timetable to be followed in respect of the 2019 election process.

Following review of the nominations received, and an initial interview and reference checking process conducted by the Panel's independent search agent, the Panel interviewed a short-list of the candidates that applied under the 2019 Independent Assessment Process.

The Panel instructed the independent secretariat to arrange interviews with the selected candidates, including the incumbent directors standing for re-election who had elected to participate in the Independent Assessment Process. 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 2019 Candidate Handbook published by Fonterra, with particular regard given to the three targeted skills identified.

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 shareholders for consideration as a director of Fonterra.

Following the Independent Assessment Process, confidential feedback was provided to all candidates who participated in the process.

The two incumbent directors eligible for re-election each confirmed they would stand for re-election in the 2019 election process; and the Panel unanimously selected two additional intending candidates to put forward to Shareholders for election.

To assist Shareholders when deciding which candidates to vote for in the 2019 director elections, the Panel has prepared an assessment summary of each incumbent director standing for re-election and the two additional intending candidates put forward by the Panel, relative to the skills and attributes set out in the 2019 Candidate Handbook. These summaries are included in these Voting Papers.

Declaration of Association

From time to time, Panel members may interview and assess intending candidates they have worked with in the past or have a continuing business relationship with. The Panel is confident that, notwithstanding these associations, each Panel member will act with professionalism and independent judgment when assessing Independently Assessed Candidates and it is the intention of the Panel to make any such associations known to shareholders to ensure full transparency.

This year the Panel interviewed Cathy Quinn, with whom each Panel member has a current or prior business relationship. Notwithstanding these associations, the Panel is confident that its assessment of each Independently Assessed Candidate during the 2019 Independent Assessment Process was based on merit

Yours faithfully

Independent Selection Panel



Tony Carter



Joan Withers



Rob Campbell



Cathy QUINN

INDEPENDENTLY ASSESSED CANDIDATE

Mobile: 021 610 771

Email: cathy.quinn@minterellison.co.nz

Independent Selection Panel (ISP) Assessment - Non-incumbent

Cathy Quinn is a highly respected commercial and corporate lawyer with significant expertise in governance, equity capital markets, mergers and acquisitions and private equity services. She advises clients in a pragmatic, constructive and thoughtful way, taking into account what matters to them.

Having joined MinterEllisonRuddWatts on completion of her law studies at Victoria University of Wellington, she became Chair in 2009, and led the partnership for eight years during a period of transformation and significant growth. Amongst the numerous awards she has won, Cathy was made an Officer of the New Zealand Order of Merit for services to law and women in 2016.

Cathy is now pursuing a full-time governance career, stepping down from the MinterEllisonRuddWatts partnership at the end of 2019. She is a director of Tourism Holdings, Fletcher Building, Rangatira, a board member of New Zealand Treasury and the New Zealand China Council, and Chair of Fertility Associates. Cathy qualifies as a former director because she is a director and trustee of Thistlehurst Dairy Limited, which is a supplying shareholder to Fonterra.

Panel's assessment of Cathy's capabilities relative to 2019 Attributes:

Cathy demonstrates a deep commitment to the highest standards of governance, both through her experience advising boards on governance matters and through her own governance roles. She also initiated and led what has become an annual MinterEllisonRuddWatts Governance Symposium to challenge and raise standards of governance in New Zealand through thought leadership and international speakers. The Panel took the view that she had a solid empathy with the co-operative, demonstrated through her provincial New Zealand upbringing, where she spent a significant amount of time working on a relative's farm, and then through her legal work in the dairy sector. Cathy has had a long association with Fonterra as a legal advisor to predecessor entities as well as Fonterra and more recently as a trustee and shareholder of a supplier. Of particular significance is the advice and support she provided to the Trading Among Farmers (TAF) scheme, demonstrating a commitment to protecting shareholder interests. The Panel believed this practical experience of the co-operative's business gave her a solid understanding of its commercial and economic framework.

Cathy has developed a broad governance portfolio over recent years, alongside her leadership of the law firm's

board and (as previously mentioned) is currently a director with a range of entities.

The Panel felt that Cathy had a good track record of shareholder value creation, both indirectly through her years of advising different organisations, and directly, having led a significant turnaround in the performance as Chair of MinterEllisonRuddWatts. She was responsible for growing revenue by 70 per cent and doubling its profitability, demonstrating sound judgement in the decisions she took to deliver this outcome. This tenure has also provided her with a broad global perspective, having worked with many international companies and organisations operating in global markets. In addition, she has served on the NZ China Council, where she has led trade delegations to China and represented the Securities Commission at international meetings.

Despite having an active governance portfolio, the Panel believe Cathy's organisational ability, intellect and work ethic give her capacity to fulfil the role of a Fonterra Director. She demonstrated comprehensive strategic thinking capability in her extensive and constructive critique of Fonterra's strategy and performance at interview. Cathy has unquestioned honesty and integrity. The Panel agreed that she satisfied the attributes required by the Fonterra board.

Panel's assessment of Cathy's capabilities relative to 2019 Skills:

In relation to the priority skills, the Panel agreed that Cathy had some knowledge and experience of global manufacturing and commodities. Her role on the boards of THL and Fletcher Building, both of which have manufacturing operations, exposes her to the dynamics of this sector and she is proficient in contributing to discussions about the financial viability of investment in new manufacturing plants, for example.

The Panel also acknowledged the level of knowledge and understanding of consumer orientated companies which Cathy brings. On the board of THL, she has shown demonstrated value in the critique of its algorithmic pricing model for customers and more broadly, the legal consultation work she has undertaken has given her insights into different consumer goods companies. In addition, her role Chairing Fertility Associates, for example, has exposed her to specific segments of consumers both locally and through clinics in Malaysia.

The Panel assessed Cathy's capability in corporate sustainability and responsibility as a strength after

hearing of a range of new thinking she is bringing to her governance roles. For example, as Chair of the Sustainability and Risk Committee of THL, she had been part of the evaluation of capital expenditure, not only from a financial perspective but in relation to a broader consideration of its impact. In addition, as part of her role on the Safety, Health, Environment and Sustainability Committee at Fletcher Building, she is involved in seeing Fletcher Building adapt to customer and investor and other stakeholders' demand for sustainability of products and operations.

In terms of meeting the wider skillset required, the Panel agreed that Cathy had comparatively limited 'on farm' dairy experience, however, she articulated an extensive understanding of the dairy industry dynamics, including

the drivers of the milk price and the broader profit drivers of the co-operative. Whilst her financial ability and overall commercial capability were assessed to be solid, the Panel viewed her leadership capability and risk management experience as core competencies, where she could add significant value to the Fonterra Board. Cathy has some technology experience in the introduction of IT systems, and limited experience in innovation and research and development.

Overall, the Panel members were highly impressed by Cathy's calm, collected and clear communication style. She had prepared well for her interview and exuded a high level of competency. The Panel took the view that she would offer significant value in strongly representing farmers' interests on the Fonterra board.

Candidate Profile Statement

Why I want to stand for the Fonterra Board

Fonterra's success is incredibly important to shareholders and our nation. Fonterra was formed in the expectation that it would create a dairy company of global scale and deliver greater value than would otherwise be the case.

Fonterra's performance is unsatisfactory. The Board and management of Fonterra are working hard to turnaround Fonterra's performance. I believe I have skills, experience and attributes that would contribute to this. I am not a farmer or traditional elected director candidate, but understand the industry. Fonterra recognizes the difference between representation and governance. Fonterra has discussed looking inside its shareholder base to find directors for an organization of its size and complexity.

Attributes

I believe I have the attributes sought in Fonterra directors - from my 34 years of experience as an adviser to a range of complex and global businesses, and also in the most recent period as a director in a variety of listed and private companies including entities of scale.

- I have sought to raise the standards of corporate governance in New Zealand over decades. I seek to apply best practice governance as a director. I believe directors should approach matters with an independent and inquiring mind, be willing to ask challenging questions in a respectful manner, listen and make decisions with a view to the long term best interests of the organization.
- I have advised in the dairy industry for many years. In my career as a corporate lawyer, I have advised the Dairy Board, Fonterra, the Shareholders Council and competitors of Fonterra. In each of these roles I have sought to demonstrate my respect for the cooperative.
- I have broad governance experience. I chaired my firm's partnership and Board. I served on the Securities Commission. I am on the board of Tourism Holdings,

Fletcher Building and Rangatira Investments. I recently became the chair of Fertility Associates, serve as an executive Board member of the NZ China Council. I am on the Advisory Board of the NZ Treasury and Chair, OnBeingBold.

- I have a track record of creating value for shareholders. During my tenure as chair of my legal firm our profitability and reputation grew significantly. I have contributed to clients' strategy that contributed to value creation. I joined the Board of Fletchers in September 2018 and am working to see performance turnaround.
- I have a global perspective. I have been involved in organizations that interact with others across the globe and learnt from them. On the Securities Commission I represented it at some meetings of international regulators. I have advised companies from different parts of the world. As an Advisory Board member of the NZ Treasury we obtain international insights. I have spent time in China with the NZ China Council. My governance roles give me insights in respect of our offshore businesses.
- I have the time available to become a director of Fonterra. I am retiring as a partner of my firm no later than 31 December 2019 and have gained significant experience as a governor in the roles I have taken.
- I am regarded as a person of sound judgment. Clients have sought me out for my judgment and I believe I am seen as someone providing sound judgment around the Boards I sit on.
- One of the hallmarks of a good commercial lawyer is the ability to constructively question, challenge and critique before agreeing on the best outcome. I believe I have a successful track record of doing so both as a lawyer and a director.

Skills

I believe I have a broad set of skills that would make me a positive contributor to the Fonterra Board.

In relation to the targeted skills:

- Corporate Sustainability and Responsibility Expertise. I chair the Sustainability Sub-Committee for the Board of Tourism Holdings. I am a member of the Health, Safety and Sustainability Committee of Fletcher Building. I completed a course on Sustainability by the Cambridge Institute for Sustainability. I demonstrate around the boards I sit on my commitment to sustainability in its broadest sense.
- Global Manufacturing/Commodity Experience. I have not been CEO of a global manufacturing/ commodity business but I believe I have relevant experience. I sit on the Boards of Tourism Holdings and Fletcher Building. Tourism Holdings is a global business with some manufacturing offshore. Fletcher Building's manufacturing is now concentrated in New Zealand and Australia. I have advised a number of businesses over the years that manufacture globally or are commodity businesses.
- Consumer Experience. I have had the opportunity to advise many companies with significant local, regional or global brands on a range of issues including regulatory issues in different jurisdictions. Tourism Holdings is a global business that provides services to our customers in each of the jurisdictions we operate. Fletcher Building operates in a globally competitive market albeit now focused on the New Zealand and Australian market. Fertility Associates provides IVF and other fertility services to customers via our businesses in Malaysia. In addition, the law is a business and our customers are consumers - invariably demanding and sophisticated ones. My legal firm has a global brand and I participated in the leadership of the group when I chaired the NZ firm.

The skills matrix provided also highlights that further skills in the areas of Effective Leadership, Risk Management and Global understanding would be desirable on the Fonterra Board.

Effective Leadership - I chaired my law firm during a period of growth and positive transformation. We did this by doing things differently.

Risk management experience - I have advised a range of organizations over my career on risk management issues. I am a member of the Risk and Audit Committee for Fletcher Building and the Health, Safety and Sustainability Committee. I am a member of the Audit Committee for Tourism Holdings and chair the Sustainability Committee. I chair the Risk and Audit Committee for the NZ Treasury.

Global experience/understanding - as noted above I believe I have a proven global mindset.

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 director and shareholder (as trustee) of Thistlehurst Dairy Limited, which is a supplying shareholder of Fonterra and holds 444,280 Fonterra shares.
- I am currently a partner at MinterEllisonRuddWatts (but have given notice of my resignation from the partnership no later than 31 December 2019). MinterEllisonRuddWatts has provided legal services from time to time to Fonterra, the Fonterra Shareholders Council and competitors of Fonterra.

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



Donna SMIT

INCUMBENT DIRECTOR - INDEPENDENTLY ASSESSED CANDIDATE

Mobile: 027 265 6668

Email: cdsmit@xtra.co.nz

Independent Selection Panel (ISP) Assessment - Incumbent Director

Donna Smit is standing for re-election to the Fonterra board, having completed her first, three-year tenure. She is a dairy farmer and experienced director with a demonstrated history of working in primary industries and has a deep knowledge and understanding of farming with long-established connections and a high profile within farming communities.

Donna has extensive experience in finance and business management of organisations within the dairy and kiwifruit industries. She is a Fellow Chartered Accountant and a Chartered Member of the Institute of Directors. She is currently a director of EastPack Limited, her family farming business, Corona Farms Limited and a Trustee of the Dairy Women's Network. Former governance roles have included directorships at Ballance Agri-Nutrients, Primary ITO and a Trustee position at Eastern Bay Energy Trust.

She has a strategic mindset with proven, first-hand knowledge of how to grow a business from the ground up. Alongside her husband, Corrie, she has built a successful family farming operation with farms in Whakatane and Oamaru, producing close to 1.4m kgms from more than 3,000 cows, as well as investments in kiwifruit. Three of the couple's four children also farm. In addition, Donna has more than 20 years of experience working in a leadership position at the kiwifruit co-operative EastPack – one of the most profitable primary sector businesses in New Zealand.

Panel's assessment of Donna's capabilities relative to 2019 Attributes:

The Panel assessed Donna to have a very high standard of governance with a demonstrated history of working in the primary industries. She has studied governance in detail and applied high standards to her personal contribution. Donna is an alumnus of the Fonterra Governance Programme and (as previously mentioned) is a Fellow of Chartered Accountants of Australia and New Zealand and a Chartered member of the Institute of Directors. At interview, she explained her motivation for being a Fonterra board member was to effect positive change within the organisation.

As a passionate dairy farmer, Donna exudes a deep empathy for the co-operative and its ethos and has an authentic understanding of the dairy farming industry and community. Her Fonterra Committee roles include serving on the Co-operative Relations Committee, where she shares her knowledge, connections and networks in the industry and the community at large. The Panel felt her affinity to this attribute was extensive and, in addition, that

she demonstrated a good knowledge of Fonterra's broader commercial and economic framework. Given her operational management experience, her in-depth knowledge of the industry, and her experience on the Fonterra board, she demonstrated a valuable skill in being able to understand the detail, whilst also being able to apply strategic thought to significant issues, for example, in relation to balance sheet adjustments and the assessment of assets. Despite Donna's experience being mainly in the primary sector, the Panel viewed her experience in those organisations to be wide-ranging, providing her with a broad governance experience.

Highly commercially minded, Donna's own family farming business is an example of how she has created value in a business, expanding to seven farms in both the North and South Island, achieving significantly lower break-even than the average farmer and showcasing best practice in sustainable methods. This also points to her sound judgement in decision making. Whilst her profile is linked definitively to New Zealand, she takes a keen interest in global initiatives, developing existing knowledge of exporting gained through EastPack activities, with further inspiration from Fonterra-related trips to the US, Asia, Latam and Europe.

Donna has already made significant contributions to Fonterra through her courageous and constructive critique and challenge. In the new environment, the Panel believe she will develop further and have considerable impact. Donna's honesty and integrity are unquestioned. The Panel expressed the view that she satisfied all the attribute requirements.

Panel's assessment of Donna's capabilities relative to 2019 Skills:

In relation to the priority skills required by the Fonterra board, the Panel agreed that Donna demonstrated some understanding of global manufacturing processes and had already demonstrated introducing improvements in the governance of this area for Fonterra by introducing manufacturing metrics into the board pack, for example. She had also delivered a 27 per cent saving in labour costs at EastPack through the introduction of lean manufacturing techniques.

Donna demonstrated some experience of bringing an understanding of the consumer into the operations of EastPack, through handling customer complaints and collating customer insights. She also articulates a desire to connect the consumer to the farm gate

through incorporation of pasture-fed dairy, New Zealand provenance and co-operative rather than corporate values in the messaging to consumers. The Panel agreed that corporate sustainability and responsibility was a distinct strength in Donna's nomination. Her own farm has won a Ballance Farm Environmental Award for the Bay of Plenty area for combining sustainable farming techniques and animal husbandry with concern for the impact of dairying on the local community. She is an advocate for incentivising farmers with rewards to introduce good practice in this area.

In terms of the wider skillset, the Panel determined she demonstrated extensive 'on farm' dairy experience and financial understanding. She demonstrated a tremendous level of resilience and leadership, and a solid understanding of risk management, technology and innovation, particularly in relation to the wide-ranging issues she

managed through her time at Eastpack, including the PSA crisis and her award-winning introduction of RFID technology. The panel acknowledged her strengthening global perspective.

Overall, the Panel expressed admiration for Donna's resilient and spirited approach to her time on the Fonterra board at a time of change and transformation. They respected the way in which she has shown grit and determination in tackling some of the board challenges. At interview, she also impressed with her heartfelt understanding of farming communities and her commitment to a modern farming model which demonstrated responsible stewardship rather than ownership of the land. She expressed the view that sensitivity to environmental protection was more conducive to diverse thinking at the board table than ever before.

Candidate Profile Statement

Socrates said "The secret to change is to focus all of your energy, not on fighting the old, but building the new".

Fonterra is vital for New Zealand. I am standing for re-election on the Fonterra board because I am passionate about building a new Fonterra to support New Zealand farmers.

My priority for Fonterra is to maximise the value of our farmers milk and capital. We will do this by:

- owning the strategic direction,
- ensuring there is an effective governance culture,
- holding management to account and
- ensuring the probity of financial reports and a high standard of compliance with regulatory environments.

Owning the Strategic Direction

We have made big changes to the strategic direction of Fonterra.

We have dropped the 'Volume' ambition and are focusing on adding value to NZ milk.

To me, focusing on "value" means applying a financial rationale when considering what products, what markets, what investments and what people.

We will continue to make sustainability a foundation, customers value milk that is farmed ethically and sustainably and products that are backed by our NZ co-operative heritage.

Ensuring there is an effective Governance Culture

There have been many changes in the leadership of Fonterra in the past three years, a new CFO, CEO, Chairman, and a new Auditor. The culture has changed as well, it needed to.

We have a relatively new board comprising a team of capable people, who are working diligently and honestly. I know some

of our decisions have caused our farmers shareholders and unitholders some angst. We are acting in the best interests of the co-operative for the long term, we are building the new.

Holding Management to Account

We have appointed a new CEO and CFO, both have been employed with fair and realistic terms and including for remuneration.

Performance information provided to the board has improved immensely.

Robust post investment reviews are now completed on capex and investments.

Our communication lines have changed, our CEO now reports on GDT results and updates. Management play a key role in presenting results at our roadshows. You may have noticed fewer slides and more time for questions.

There has been a strong focus on careful management of our capex and opex budgets.

The results haven't been as good as we would have liked, but I can say this board is working hard on presenting realistic forecasts, the long term poor performing assets have been looked at with a sense of realism, and bold decisions have been made to protect our balance sheet for the long term future of our co-operative. We are dealing with significant investments in China that have not performed.

We have addressed the 90-day Supplier payment terms, we now pay NZ suppliers in accordance with business best practice.

Some big decisions have been made to keep our A- credit rating. Big, bold decisions, but we are making economic decisions rather than emotional ones.

This is the new Fonterra.

Compliance with Regulation

You may have noticed that our Annual Financial Statements have more detailed notes explaining how valuations have been determined.

We are working hard on allocating the unallocated overheads to business units. This will drive more accountability and ensure we assign resources and focus for the best return.

It was pleasing that 2018 Fonterra's Annual Financial Statements won the communications award and a Gold Medal at the Australasian Reporting Awards. The report was commended for having a clear, compelling narrative and a look and feel that promoted a strong company identity and culture.

What I bring to the table

Here are three compelling attributes I bring to the Fonterra board of directors:

- Corporate governance and management experience
- Expertise in strategy, finance and manufacturing.
- Practical knowledge across multiple rural industries

About me

I am a Dairy Farmer, a Fellow Chartered Accountant, a Commercial Director and a mother with three of my four children dairy farming. A strategic mind set and first-hand knowledge of how to grow a business from the ground up.

Alongside my husband Corrie I have built a successful family farming operation with farms in Whakatane and Oamaru producing 1.4m kgms from over 3,000 cows, as well as investments in kiwifruit.

I also have more than 20 years' experience working as a company administrator at kiwifruit co-operative EastPack, one of the most profitable primary sector businesses in New Zealand.

Qualifications and Awards

I have a number of qualifications, professional memberships and awards to my name, including:

- Chartered Member, Institute of Directors;

- Fellow Member, Chartered Accountants of Australia & NZ;
- Fonterra Governance Development Programme 2009-2010;
- National Business Growth Dairy Excellence Awards 2005;
- GS1 International Award for Innovation 2009 – RFID Project.

Corporate governance experience

I have extensive corporate governance experience. I am a director of my family farming business Corona Farms Group and hold the following governance roles:

- Trustee of Dairy Women's Network (DWN)
"Donna is solutions focused and not afraid to ask the hard questions. She also has a strong moral conviction to work hard and do the right thing for farmers. She will look for alternative solutions rather than accept the status quo if she can find a way to do things better." I have a huge level of respect for Donna" Cathy Brown Chair of DWN
- Fonterra Board committees include Audit and Finance and Co-operative Relations Committee.
- Director of the Fonterra Farmer Custodian Ltd and FSF Management Company Ltd.
- Director of EastPack Limited (May 2019) and Chair of Audit and Risk Committee.
- Director of Kiwifruit Equities Ltd and subsidiary entities.

Looking Forward

We have the building blocks in place to improve Fonterra's financial performance, we can't sell assets as a single way to prosperity, every drop of milk and every cent of capital count. Astute financial oversight is essential.

Other areas of focus will be:

- Governance Best Practice
- Ensuring our Capital Structure is fit for purpose.
- Earning your Trust with a clear value strategy and open honest communication.

I have the experience and energy to serve, together let's build the new Fonterra, I respectfully ask for your support via your vote.

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 jointly with associated other persons (as defined in the Financial Markets Act 2013) as follows:
 - Corona Farms Ltd 881,922 FCG Shares & 9,317 FSF Units
 - Seven Mile Farms Ltd 305,940 FCG Shares & 3,063 FSF Units

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



Philipp HAAS

INDEPENDENTLY ASSESSED CANDIDATE

Mobile: 020 440 8000

Email: philipp@haasconsulting.com

Independent Selection Panel (ISP) Assessment - Non-incumbent

Swiss-born Philipp Haas is an international businessman, investor and experienced board director. He holds a Master of Business Administration (MBA) from the Business School for Economics, Law and Business Administration of St. Gallen with a specialisation in banking and is a current or former director of 40 companies – four of which are publicly listed. His professional experience encompasses training programmes at the Cantonal Bank of Zurich, Rothschild Bank in Zurich and Gestifundo S.A. in Lisbon, Portugal. He was then active in syndication and primary trading of Eurobonds and international equity issues with both First Boston Corp., New York as well as with Credit Suisse First Boston, London. He has been an equity analyst and a global investment advisor to institutional clients in Switzerland and heads up his own Haas Consulting business.

Philipp has farming interests in Argentina and New Zealand. His interests in Argentina include five cropping cattle ranches, and a goat milk operation, making goat cheese and selling it to speciality restaurants. He has extensive land interests in New Zealand, totalling 15,000 hectares, and owns two dairy farms in Southland with 2000 cows – one supplying Fonterra, while the other is with 'MyMilk'. He also owns seven run-off blocks and four beef and sheep stations.

He has been highly successful in management as head of one of Turkey's largest pharmaceutical companies, Deva Holdings Limited. He is fluent in German, English, French, Spanish, Portuguese, Italian and Turkish.

Panel's assessment of Philipp's capabilities relative to 2019 Attributes:

The Panel considered Philipp's standard of governance to be very strong, gained both through practical experience on several boards across multiple industries facing different challenges, and enhanced by his experience as an analyst and investor. Philipp was strongly supportive of the co-operative model, with an analytical overlay which recognised the importance of farmer interests as a primary driver.

He demonstrated an innate commercial mindset and understanding of the wider economic framework in which Fonterra operates and his governance experience is broad, having been a director of more than 40 companies in his career.

Delivering to shareholders is a core attribute for Philipp and he has personally led profitable turnarounds in several companies. In addition, through his investment

management company, he analyses companies in emerging markets and has been able to generate significant value for shareholders through his understanding of the markets, triggers, catalysts and timing.

Philipp has been a joint Swiss/New Zealand citizen for 20 years and has a truly global perspective, spending periods of time working in his Turkish manufacturing business and overseeing his extensive land and property interests in New Zealand and Argentina. He is fluent in seven languages and he expressed the view that this could be helpful to Fonterra internationally.

Philipp's business interests are well-managed, enabling him to take a step back from operational matters and have the time available to undertake a Fonterra director role. If he were to be successful, Philipp would spend a greater amount of time in New Zealand to fulfil the duties required.

Philipp impressed the Panel with his track record of sound judgement in relation to the successful management of his businesses and the depth of his strategic capability was evident. He demonstrated a clear ability to constructively critique Fonterra's strategic direction, in particular the historical decisions to buy into overseas milk pools and focus on commodity markets. Part of Philipp's success in turning around several companies has been in the adoption of strict financial management. Philipp has a deep understanding of the volatility of international markets and was critical of Fonterra's past management of foreign businesses. His honesty and integrity were unquestioned and therefore the Panel took the view that he more than satisfied the attributes required.

Panel's assessment of Philipp's capabilities relative to 2019 Skills:

In terms of Fonterra's priority skills for 2019, the Panel acknowledged that Philipp had an impressive track record of success in global manufacturing and commodities. As the Chairman and Chief Executive of Deva Holdings in Turkey, he has 12 years of manufacturing experience in the pharmaceutical sector across three sites. Deva is a rapidly growing business which produced 220 million units in 2018 compared to 60 million units in 2006. The Panel could also see that this role had also given him deep insights into a consumer-orientated business in the pharmaceutical context. He had overseen the development of new products in new segments, selling to 50 countries worldwide. Philipp had also held a previous governance role with Rogan Brewery in the Ukraine where he

restructured the business for sale to InBev. An element in this process was the ramping up of marketing capability to develop a premium brand which took market share from 15 per cent to 25 per cent.

In terms of corporate sustainability and responsibility, Philipp's achievements in this area were in relation to his work at Deva and his farm management practices meet high standards. The Panel particularly appreciated his handling of an environmental scare at Deva, when barrels of organic alcohol were found to be buried on the site of new factory buildings, attracting negative media attention. He organised proper disposal and launched a campaign to communicate this remediation work.

In relation to the wider skillset required, the Panel felt that Philipp demonstrated solid 'on-farm' dairying experience. He took a very hands-on approach to the operations of his farming businesses, before putting a management structure in place. Panel members felt Philipp demonstrated an extensive commercial understanding of the dairy industry, the drivers of the milk price and the profit drivers for the co-operative. His financial expertise is a key strength, having demonstrated extensive capability in the analysis of markets and companies from an investment perspective and proven operational management of key financial metrics in the profitable

turnarounds of several businesses. Philipp demonstrates extensive experience in the management of risk, again from both an investment and operational perspective. For example, in his pharmaceutical experience, he has an acute understanding of the risks in product development and has instigated a process to assess product feasibility from different disciplines including the market opportunity, production and regulatory. He also demonstrates extensive capability in the management of innovation, research and development, having grown the R&D function at Deva Holdings from 10 to 170 people and built a new centre of excellence to improve the flow of new products. He has an ability in the delivery of significant value creation through his numerous business interests and his global experience and understanding is impressive. He has some understanding of technology through the implementation of IT systems in the Turkish pharmaceutical business, but this is not a key strength for Philipp.

Overall, the Panel expressed the view that Fonterra would be fortunate to have an individual with Philipp's experience as a Farmer director. His confident but understated personal style, and succinct and decisive mode of communication suggested he would resonate well with existing board members and provide confidence to shareholders that he was representing their interests well.

Candidate Profile Statement

Understanding of and commitment to the highest standards of governance including an understanding of the collective group decision making process adopted by the Fonterra Board:

As a current and past director of more than 40 companies, of which 4 are publicly listed, I understand corporate governance and am deeply committed to the highest governance standards.

Understanding of and empathy with the Co-Op:

I am a shareholder of many co-ops, such as Alliance, Ballance, and Fonterra. I firmly believe that Fonterra must remain farmer controlled.

Ability and knowledge to comprehend the wider commercial and economic framework in which Fonterra operates:

An economist by training, I understand the international, economic and commercial reality within which Fonterra operates. Through my farming operations in Argentina and New Zealand and through my management experience as the head of one of the largest Turkish pharmaceutical companies, I understand the FMCG and international markets.

Broad governance experience:

A board member in Rogan Breweries in the Ukraine, I assisted in the restructuring of the company, increase profitability and its sale to InBev. I was also a board member of Net Holding, Turkey's leading tourism and entertainment operator.

I am a shareholder of my farming company in Argentina, Agrovest S.A. and director of my farming companies in New Zealand, Southern Farms New Zealand Ltd as well as its land holding companies, which today operate 2 dairy farms and 4 beef and sheep stations with a total land holding of 15,000 hectares.

I am the founder, Chairman and CEO of EastPharma Ltd and Chairman and CEO of Deva Holding A.S. since 2008.

Proven track record of creating value for shareholders:

In 1992, encouraged by investment legend Sir John Templeton, I started GEM Global Equities Management S.A. in order to manage investments in emerging markets.

As a fund manager, I created outstanding returns for my investors, who included George Soros and Sir John Templeton. Gazinvest Fund went up 14 times between 2003 and 2006, thanks to my ability to analyze companies.

At Deva Holding A.S., a deep restructuring involving the building of all new production sites, new strategic focus., and while it was loss making during many years, it now has an EBITDA margin in excess of 30% and it has reached the number one position in the Turkish hospital market.

It had no exports in 2006, but now exports 15% of its sales and has its own subsidiaries in Germany, US, Switzerland and New Zealand and it sells to 50 countries worldwide, ranging from the US to Europe, Russia, Africa, Middle East, Asia.

The new production facilities were successfully inspected and approved by the health ministries of Europe and also by the US FDA.

Global perspective:

Born and bred in Switzerland, I became a New Zealand citizen after I relocated here to build up my farming operation. I had earlier specialised in emerging markets and know markets from Latin America to Russia, Middle East, Africa and Asia and lived myself many years in countries like Portugal, Argentina, Turkey, US and visits brought me to most countries in this world.

I speak fluently English, German, Swiss German, French, Italian, Spanish, Portuguese and Turkish.

Time available to undertake a Director's responsibilities:

Given that all my companies are on a very successful track, I will have the needed time for a directorship at Fonterra.

Sound Judgement:

I have sound judgement, built up through my career in investments and business management.

Ability to apply strategic thought to important issues:

I am able to develop long term strategies overall and also identify the important issues. As a result of this strategic thinking, all my ventures have been extremely successful.

Ability to constructively question, challenge and critique:

Almost all of my key executives say, they want to work with me, because they can learn from me and my way of leading by constructively asking questions and challenging them while at the same time encouraging them to make and present their own plans and take initiatives.

Unquestioned honesty and integrity:

Thanks to my honesty and integrity as a Chairman and CEO, I enjoy the trust and respect of my Boards as well as of my executives. I pride myself for being honest and transparent in all situations.

SKILLS DESCRIPTION:

Global manufacturing/Commodity Experience:

In 2006, Deva Holding produced 60 million units and in 2018, the output had reached 220 million units. I was the main person driving this production expansion, providing me with 12 years of global manufacturing experience.

Consumer Experience:

Directorships at Rogan Brewery and Net Holding provided me excellent experiences in the consumer sector.

Leading Deva Holding A.S. provided deep insights into the pharmaceutical consumer segment.

Corporate Sustainability and Responsibility Expertise:

At Deva Holding A.S. I pursue strategies which have led to a sustainable development. I have made environmental protection and health and safety key strategic drivers and as a result, the company is on a stable and long term sustainable growth path.

Details of my previous governance experience:

Consumer:

Rogan Breweries, Ukraine and Net Holding Turkey.

Pharmaceuticals:

Deva Holding A.S. Turkey and 10 subsidiaries

Life Insurance:

New Life Yasam Sigorta A.S., Life Insurance company, Turkey, Chairman

Farming companies New Zealand, Director

General statement regarding my views, policies and intentions if elected:

In my view, Fonterra is in a critical situation. The main issues are:

- Stagnating milk production in New Zealand
- Increased competition from foreign companies
- Fonterra's High debt levels

I intend to ensure that Fonterra improves profitability so it can pay dividends to shareholders and can stay independent and will not be taken over by a foreign entity, as has happened to Silver Fern Farms as well as most recently to Westland Milk.

We need to lower the debt, improve profitability and the Fonterra share price by limiting capital expenditure and decreasing costs, promoting higher value added, branded, consumer products and by intensifying marketing to emerging markets. I am opposed to making new investments outside of New Zealand like Beingmate and farms in China.

Having said this, I am against selling assets at fire-sale prices or assets which can be valuable for Fonterra in the future. Therefore, Fonterra must now restructure and turn around companies it holds outside New Zealand by managing these units better. The foreign participation should be used to maximize returns for milk sales of New Zealand farmer shareholders.

If assets are sold, these should first be made profitable and then sold, in order to achieve good value for shareholders.

All corporate strategies must have the target to maximize sustainable returns for New Zealand farmers and to avoid high volatility in their milk price.

The ultimate long term goal is that milk powder commodity business be a small part of Fonterra's business, its main focus being on consumer business with strong brands, as this will create a sustainable and profitable business for many generations of New Zealand dairy farmers to come.

Fonterra needs to scrutinise its relationship with A2 milk company in order to maximize its own as well as its farmer supplier's profits from the know how on A2 milk, which was in the first place mostly developed by Fonterra researchers.

Fonterra ought to make its policy not to deduct any money from its payout to farmers.

Fonterra is required to diversify its markets, no market should have a share of more than 10%, unless long term supply agreements with stable pricing are concluded, in which case 20% limit may apply.

Fonterra be directed to decrease the high cost base it has built up over the years in order to ensure a good and steady milk price.

Board and management to be held accountable for the outcome of their actions by performance measurement systems.

Fonterra is required to defend farmer interests against excessive demands from government and interest groups.

Fonterra should evaluate whether its hedging policy, which has mostly resulted in losses for farmers, is the right way to proceed in the future.

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 have a beneficial interest in Mataura-Chimneys Ltd, which owns 379,756 Fonterra shares.

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



Andy MACFARLANE

INCUMBENT DIRECTOR - INDEPENDENTLY ASSESSED CANDIDATE

Mobile: 0274 323 964

Email: andy@mrb.co.nz

Independent Selection Panel (ISP) Assessment - Incumbent Director

Andy Macfarlane is standing for re-election to the Fonterra board, having completed a 2-year tenure. He has been a farm management consultant for 38 years and formed Macfarlane Rural Business Limited with partners in 1997, retiring as a shareholder in March 2018.

With the support of his wife Tricia, and in partnership with his brother and sister-in-law, he started farming in 1989 and completed the family's first dairy conversion soon afterwards. He purchased his first dairy co-operative shares in 1990.

The Macfarlane's farming interests encompass multiple equity partnerships. The family lives near Ashburton on "Pencarrow Farm" which has a high profile for its environmental record.

Andy has been active in Governance since the late 1980s, and serves as a Director of Edgewater Hotel (Wanaka) Limited. He is a past President of the New Zealand Institute of Primary Industry Management (responsible for New Zealand Rural Professionals), was Chair of Deer Industry New Zealand for seven years, a director of AgResearch for five years, and has just retired as a director of Ngāi Tahu Farming. He continues as a director of ANZCO (New Zealand's fifth largest exporter). He has been a director of Fonterra since November 2017. He was a founding partner in Agricom and has been active in forming equity partnerships utilising commercial property, which have served as a useful succession planning and risk management tool for farmer investors. He has also been a Councillor of Lincoln University for nearly ten years.

Panel's assessment of Andy's capabilities relative to 2019 Attributes:

Andy demonstrated solid governance skills in the Panel's view. He has had specialised training in this area, having undertaken the Agri-Governance UK course and is a member of the NZ Institute of Directors. He describes his early governance experience as sitting around the kitchen table talking to farmers and has latterly migrated into a series of professional board roles as a director or Chair (see above). As an incumbent director on the Fonterra board, and as a farm management consultant and supplier himself, Andy demonstrates a deep and extensive understanding and empathy with the co-operative. Whilst he would not describe himself as 'religiously co-operative,' he believes passionately in the power of 'collective capital and collective effort'.

Andy has a sound understanding of the wider commercial and economic framework within which Fonterra operates, which is further developing through his involvement on two board committees.

Andy has had a career-long focus on value creation for shareholders and broader stakeholders. His advice as a farm consultant has directly impacted shareholder value, and he has brought this practical mentality to his board roles. At Ngāi Tahu Farming, for example, he has led taskforces to improve operations that drove improved shareholder return, whilst also providing broader social and environmental value to the stakeholder group.

In terms of global perspective, Andy is a member of Global Dairy Farmers and regularly attends their international conferences. As a result of this involvement, he has visited and studied agriculture in the US, Brazil, Argentina, Australia, Vietnam, Thailand, Russia, Poland, the Netherlands, the UK, Ireland and Canada. Again, the Panel assessed him as having a good grounding in these key attributes.

Andy has been a Fonterra board director for fewer than two years and has the capacity to undertake a further period of appointment.

The Panel took the view that Andy's commercial success on a personal level, in a breadth of areas, pointed to solid judgement. He has a level of intuition around farming and agriculture honed through the years he has spent on farms and amongst primary sector organisations. He articulates one of his key skills as being a bridge between the commercial strategy and the practical. As a former Chair of the Deer Industry NZ for example, he had oversight of an integrated marketing and production strategy called 'Passion to Profit' which involved five meat exporters co-operating under a common brand to break into new markets. This encouraged an outward looking approach to help farmers achieve a step change in results.

Andy demonstrates high energy levels and a positive communication style. He was thoughtful in his critique of Fonterra, and authentic in his description of the challenge to build trust with the shareholder in the years ahead. The Panel questioned whether Andy's 'team player' quality limited his ability to be a truly effective challenger but determined that he had solid experience in this area. His honesty and integrity are unquestioned and therefore the Panel determined he held the key attributes required by the Fonterra board.

Panel's assessment of Andy's capabilities relative to 2019 Skills:

In relation to the priority skills, the Panel was satisfied that Andy has a solid level of manufacturing and commodities experience. He has spent a number of years advising the multinational meat exporter ANZCO, firstly on a production level and then contributing in a governance capacity as a director since 2009. The company is one of New Zealand's largest exporters with sales of around \$1.5bn to more than 80 countries. This role has developed Andy's skills and understanding of processing economics, market development and global trade issues.

Whilst the bulk of Andy's career has been focused on the production side, Andy has utilised his consumer/market understanding to drive innovation and cultural change back into the organisation, particularly in the deer industry. For example, DINZ was successful in repositioning venison from game meat, used predominantly in Europe in heavy winter recipes, to a grass-fed meat used for summer grilling, and was able to grow the US market as a result. Andy uses market visits with the Fonterra board to gain further insights into different consumer requirements to build on his understanding and contribution to strategy.

Andy's understanding of corporate sustainability and responsibility was assessed as extensive by the Panel. He is passionate about food production and the sustainable use of water and the use of science, education and communication strategies to help build sustainable rural businesses with values that enhance the New Zealand brand. His family farm, "Pencarrow," has recently won five awards in the 2019 Canterbury Ballance Farm Environment Awards. This capability extends to his governance career and as a former director of Ngāi Tahu Farming, he helped the board work with management to develop a sustainability strategy which was grounded in Maori values. Andy has significant "on farm" experience, having been a farm management consultant for 38 years, retiring from his business in 2018. He has also owned and operated several farms with his family for the last 30 years.

In relation to the wider skillset, Andy demonstrated significant experience in the dairy industry and the Panel believed he had a solid understanding of the milk price and its value drivers through his time on the Fonterra board, his understanding of the wider dairy industry and his supplier perspective.

Whilst not a functional expert in finance, Andy has developed a keen awareness of finance in the management of his various commercial operations and in his governance roles and has a solid appreciation of risk, serving on several Audit and Risk Committees in his governance career. The Panel also took the view that he had demonstrated sound leadership in his Chairmanship of the Deer Industry NZ for seven years and had contributed to shareholder value in its broadest sense. A good grounding in international issues through his involvement in the Global Dairy Farmers organisation, study trips abroad and Fonterra market visits was evident to the Panel.

Andy has a distinctive strength in his understanding of the governance and strategic use of research, development and innovation as a farm consultant, as a contributor to the board of AgResearch and as a founding partner in a company called Agricom Limited, which developed seeds and utilised plant variety rights for farming systems locally and abroad. He is a Councillor at Lincoln University, and has contributed to its revitalisation as a participant in a hub, integrating science, education and commerce. In addition, Andy recently joined the board of Blinc (Lincoln Hub), which brings together Government, private sector and research/education institutions in the research space.

Overall, the Panel members took the view that Andy held a solid understanding and experience in many of the skill areas. At the interview Andy demonstrated a collegial and affable style. In the context of the Fonterra Board it is important that this approach does not get in the way of appropriately challenging the status quo.

Candidate Profile Statement

My interest in the agrifood sector was triggered by family, late in high school, prompting me to complete a Bachelor of Agricultural Science at Lincoln University.

- I have been a farm management consultant for 38 years and formed Macfarlane Rural Business Ltd with partners in 1997, retiring as a shareholder in March 2018.
- With the assistance of my wife Tricia, and in partnership with my brother and his wife, we started farming in 1989, and completed our first dairy conversion close to that time. We purchased our first dairy co-op shares in 1990.
- Our farming interests encompass multiple equity partnerships. We live near Ashburton on “Pencarrow Farm” which has a high profile for its environmental record.
- I have been active in Governance since the late 1980’s. I serve as a Director of Edgewater Hotel (Wanaka) Ltd, am a past president of the New Zealand Institute of Primary Industry Management (responsible for New Zealand Rural Professionals), was chair of Deer Industry New Zealand for seven years, a director of AgResearch for five years, and have just retired as a director of Ngai Tahu Farming. I continue as a director of ANZCO (New Zealand’s fifth largest exporter). I have been a director of Fonterra since November 2017.
- I was a founding partner in Agricom.
- I have been active in forming equity partnerships utilising in commercial property, which have served as a useful succession planning and risk management tool for farmer investors.

38 years of advising farming families on the growth, profitability and achievement of their personal objectives has been matched with 30 years of farming in a fast-changing Canterbury environment.

That combination of experience grounds my thinking from a producer perspective and has honed my senses around risk management and opportunities.

In later years, my role as chair of Deer Industry New Zealand (DINZ) allowed me to focus on what is good for an industry and the collective good, rather than just the families I serve or advise.

DINZ concentrated my mind on the importance of focusing on the risks and rewards from aligning production to market opportunities and returns.

I have had a long period advising (at a production level), then in governance, at ANZCO, who are one of New Zealand’s largest and most successful exporters (approx. \$1.5B turnover).

ANZCO, under the leadership of Sir Graeme Harrison, have been successful in fighting for value creation beyond primary processing.

The ANZCO involvement has created higher learning opportunities and experience in how to create, maintain and fight for returns in a very low margin business, subject to risk in global markets, exchange rate risks, and biological risk at a supply level, mainly from climate variables.

Two other key roles, as a director of AgResearch and a councillor at Lincoln University, rely for profit on a similar operating model to food exporters. That model is units of throughput multiplied by margin per unit.

That stark economic reality often conflicts with the long-term goals and requirements for research and education, which are often more important than short term profitability from a long term, national perspective. A long-term measure of success is the national outcome as it relates to the food sector.

Likewise, my role as a director at Ngai Tahu Farming required balancing of strict commercial objectives with a requirement to meet social and environmental objectives for a wide group of stakeholders, known for their great engagement levels, that represent a good cross section of New Zealand society.

Whether building service companies, farming companies, property companies, food processing and marketing, or research and education, my whole career has been based on creating value for shareholders in the strict sense, but other stakeholders in the wider sense. Those stakeholders benefit from the social, environmental, and recreational wealth that result from well planned and balanced growth.

That range of experience has instilled in me, an acute sense of analysis, ability to assess risk, and to drive strategies that create value.

My passion is linking the global opportunities with on farm potential, across multiple land uses.

In order to do so, we must also value our New Zealand stakeholders, and continue to broaden our engagement and mutual understanding with them based on an aligned sense of values.

There are few New Zealand companies that have created the opportunity to scale that opportunity. I consider myself fortunate to be a significant supplier and governor to both Fonterra and ANZCO.

The 21 months I have been a director of Fonterra has reinforced my core belief in the power of collective capital, and the responsibility that comes with managing that collective capital wisely, on behalf of all shareholders, suppliers and staff. That collective capital gives us an opportunity to own and influence the value chain outside the farmgate. Making the most of that opportunity is critical, and the current board and management are focused on repositioning Fonterra to deliver. The path to success is not linear, but as part of the team, overseeing the delivery, I am passionate about continuing in my role to complete the current challenge.

At this stage of my career I have a good balance of experience, knowledge and resilience, while retaining my well-known passion and energy.

I value the opportunity to further contribute to an industry and co-operative at the heart of New Zealand’s future.

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:

- An associated entity Kintore Farm Ltd, is a supplying shareholder of Fonterra, and holds 813,301 shares.
- An associated entity, Fernside Holdings and Deebury Pastoral Partnership, and its subsidiary companies, Stoneybeck Holdings Ltd, Brockbank Holdings Ltd and Cloverfields Ltd, is a supplying shareholder of Fonterra, and holds 1,072,689 shares and 9,317 units.
- An associated entity, Windwhistle Pastoral Ltd, is a supplying shareholder, and holds 85,534 shares and 172 FSF units.
- An associated company, Pencarrow Farm Ltd supplies Synlait Milk Ltd.
- Pencarrow Farm Ltd retains 122,150 FSF units in Fonterra.
- I am a trustee (non-beneficial) to Stonylea Trust, who own 10,000 FSF units.
- An associated company Riverbank Farm Ltd supplies Synlait Milk Ltd.
- A subsidiary company of Fernside Holdings Ltd and Cloverfields Ltd supplies Synlait Milk Ltd.
- I am a councillor of Lincoln University who supply milk to Fonterra and may supply research services to Fonterra.
- I am a recent past director of Ngai Tahu Farming, who supply milk to Fonterra and Synlait.
- I am a founding partner of Macfarlane Rural Business, but not a director or shareholder (as of 31.03.18) who provides advice to farmer suppliers of Fonterra and other dairy companies.
- An associated person, John Macfarlane, is a director and shareholder of My Farm Ltd, who manage equity investments who supply Fonterra.

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



Victor RUTHERFORD

NON-ASSESSED CANDIDATE

Mobile: 021 88 66 55

Email: victor@propertyapplications.co.nz

Victor Rutherford is standing as a candidate under the Non-Assessed Process.

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

Candidate Profile Statement

Why am I standing?

I am a passionate dairy farmer who has spent too much time trying to make a change from inside the farm gate – it's time to effect real change inside the boardroom.

As farmers we need more than a corporation that simply buys our milk. We need our co-operative back, and Fonterra to work for farmers and our dairy industry in general, paving new roads for successful dairying and guaranteeing the best financial returns possible.

With a strong and varied business history and a genuine passion for seeing this industry flourish, I believe I can play a significant role in helping Fonterra find its culture again, and shape a profitable future.

What needs to change?

Farmers need a strong voice of perspective, conscience, and connection with Fonterra. Trust has been lost and it needs to be earned again. Too many times I have found out details of Fonterra business deals from the newspaper. Too many times I've been left asking questions. As Fonterra farmers, we're all business-people running a substantial operation, and the lack of transparency is creating disillusionment in our supplier base. **Without that supplier base, there is no Fonterra.**

Many co-operatives have failed because of lack of farmer engagement and corporate disconnection from members. But I believe well run co-operatives are the way of the future, not dinosaurs of the past.

Feeding the world's population is a heated topic in the United Nations, and being part of New Zealand's dairy industry, we are a significant contributor to food supply around the world. It makes clear sense to have farmers in control of supply and distribution, not some corporation with an agenda.

New Zealand milk has a provenance that should command a notable premium worldwide – other corporations and co-operatives have successfully achieved this. There is no reason that with the right focus from Fonterra, we as farmers shouldn't be able to share in the financial returns we're entitled to because of that provenance. **The bottom line, financial stability is imperative for a satisfied supplier base.**

I see a Fonterra that has a proud and connected farmer base. Shareholders that are **fully** informed, and trust those they have elected. A co-operative where they are **listened** to, and

their questions are valid and worthy of answers. I want to work to make this vision a reality – and I feel the best place I can be of service is by being your voice inside the boardroom.

My background

Born in Te Aroha, Waikato – the son of a dairy farmer and entrepreneur – I have had extensive business and real-world experience.

I am an experienced company director, having led 15 New Zealand companies. I've also had international exposure, working on multiple overseas ventures through setting up successful business partnerships in both Hong Kong and Japan before I was 18. This has given me invaluable global experience from a young age.

Several years later, I returned to live in Japan, where I spent another two years immersed in local business and exporting to NZ.

Through these entrepreneurial experiences I have obtained extensive financial acumen and believe I have the capabilities required to be a responsive director to meet the needs of Fonterra shareholders. To succeed in my business enterprises, I learned to be thorough and vigorous in due diligence when selecting partnerships. I also have the necessary business sense to make the tough calls when required.

Back in NZ, I gained a variety of experiences across different industries, including being both a Retail and Wholesale Motor Vehicle dealer, Finance broker, Property investor, Motelier and Charter boat operator, but the pull of the land drew me back to farming.

My first challenge into dairying was purchasing my grandparents' farm in Te Aroha, the two neighbouring farms, and converting them to dairy, supplying New Zealand Dairy group.

Ten years later I divested all my businesses and properties, investing everything into a second farm in Northland. Three years ago, I sold my Te Aroha farm, and I currently farm at Tutamoe, Northland as well as working as a property developer/investor, in Christchurch.

I have travelled the world extensively and have a significant understanding of varied cultures. My travels include South America, Mexico, Japan, Hong Kong, USA, Australia and the Pacific islands, all numerous times. I've also toured France

and Spain, and visited Taiwan, London, Sweden and Denmark, including a tour of Swedish housed dairy farms, manual and fully automated.

I have a natural entrepreneurial spirit and have had clear success in my business enterprises over the years. These various experiences have given me sound thought and judgement in a large variety of financial dealings. They've given me clarity of thought under pressure, resilient character, and the grit to get the job done, and done well, no matter the challenge.

Why self-nominate?

I have the business acumen, experience and motivation to positively impact Fonterra for farmers.

Being a passionate self-made businessman and farmer, I am confident in asking hard questions, yet respect the difference between governance and management.

I have been very vocal in support of dairy farmers and have an unshakable integrity to be a valuable asset on the Fonterra board, but do not believe the Independent Selection Panel or Shareholders Council could see past my previous outspoken history.

I see being a director for Fonterra as a key role of service, not a sideline, and I would devote considerable time to fulfilling the role. I am 51 years old, and my partner is well-established in her own career, and we have no children – so I have the time and impetus to put toward this role. We have a home in Auckland, just 10 minutes from Fonterra head office.

I believe the scale and complexity of Fonterra requires serious time commitment without the distraction of other board roles or careers. My promise to shareholders – I have that time and can make that commitment. I will work for farmers to gain your trust and reignite your faith in being part of a profitable, proud and progressive co-operative.

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 via my shareholding in Nineteen Sixty Six Ltd which owns 50% shareholding in Property Applications NZ Ltd which holds 215841 Co-operative shares and 27904 Vouchers

Directorships

- Peregrine Commercial Ltd
- Peregrine Homes Ltd
- Markson Farms Ltd
- Property Applications NZ Ltd
- Nineteen Sixty Six Ltd

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



If undelivered please return to:

The Returning Officer

Fonterra Elections 2019

PO Box 3138

Christchurch 8140

Free phone 0800 666 034

Election of TWO (2) Directors

YOU CAN VOTE IN ONE OF THE FOLLOWING TWO 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 do not need to submit this Voting Paper and it can be destroyed.

PIN

PASSWORD

2

POSTAL VOTING

Post the completed Voting Paper(s) in the freepost envelope provided no later than **Thursday, 31 October 2019** so it reaches the Returning Officer **before** the close of voting.

Please only use one of these voting methods

For enquiries phone the ELECTION HELPLINE: 0800 666 034

**Voting closes at:
10.30am on Tuesday, 5 November 2019**

First Past the Post Voting

This is a First Past the Post vote to elect two (2) directors.

The two candidates with the highest number of votes will be elected.

Postal Voting Instructions

- You may select a maximum of **TWO (2)** candidates. If you select more than two candidates, all your votes will be invalid.
- You can select fewer than two candidates.
- Vote by placing a tick “✓” in the circle next to the name of each candidate you wish to vote in favour of.



VOTE HERE



Cathy QUINN

Independently Assessed Candidate



Donna SMIT

Incumbent Director - Independently Assessed Candidate



Philipp HAAS

Independently Assessed Candidate




Andy MACFARLANE

Incumbent Director - Independently Assessed Candidate



Victor RUTHERFORD

Non-Assessed Candidate



Fonterra Elections 2019 Shareholders' Council

Candidate Profiles
Ward 11 - Eastern Bay of Plenty

FONTERRA
SHAREHOLDERS'
COUNCIL



Contents

The Fonterra Shareholders' Council Election	1
The Shareholders' Council Representation Role	1
Key Qualities and Capabilities of a Councillor	2
Shareholders' Council Wards	3
Candidate Profiles	
Wilson JAMES	4
Gerard van BEEK	5

DISCLAIMER STATEMENT BY FONTERRA CO-OPERATIVE GROUP LIMITED

Each Candidate Profile Statement contains a maximum of 400 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 – 2019 Fonterra Elections

Freephone 0800 666 034

iro@electionz.com

The Fonterra Shareholders' Council Election

There are 25 Shareholders' Councillors representing Fonterra shareholders in 25 Wards throughout New Zealand.

Voting is now open for the election of a Councillor to represent shareholders in Ward 11 Eastern Bay of Plenty.

There are two candidates – Wilson James and Gerard van Beek.

Voting Method

Voting for Shareholders' Councillors is on the basis of two votes per shareholder. Both votes may be used by the shareholder, or one may be given to a sharemilker. Votes are not weighted by milksolids production.

The Shareholders' Council Representation Role

The Shareholders' Council's representation role on behalf of shareholders is an important contributor to Fonterra's governance framework, and is set out in our Constitution and Council's By-laws.

Council's activities can be summarised under three main themes:

1) Monitoring:

- Council acts as the Co-operative's cornerstone shareholder monitoring and reporting on the performance of the Co-operative against specified targets and its strategy.
- Council provides farmers with an objective, independent opinion on matters which they deem to be significant from an owner's perspective.

2) Farmer Connect:

- Council is responsible for ensuring we have an informed and connected farmer base within the Co-operative.
- Council represents the collective view of farmers up to the Board, and provides farmer-minded analysis of key Board decisions back out to the farmer base.
- Council works with the Board to develop a pipeline of future leaders through educational programmes such as the Understanding Your Co-operative Programme and the Governance Development Programme.
- Council plays a supportive role in developing farmers' understanding of our Co-operative's strategy and how key Board decisions relate to that strategy. Importantly, Council educates farmers on the benefit of being in a co-operative, who we are and why our Co-operative exists.

3) Guardians of our Co-operative Principles:

- Council is the guardian of our Co-operative Principles and acts as a sounding-board for the Board on matters that impact our individual farming businesses.
- Council has other formal and constitutional roles including:
 - Managing the Director elections process in consultation with the Board.
 - Approving the company's mission statement and values as proposed by the Board.
 - Appointing the Milk Commissioner.
 - Considering and, in consultation with the Board, proposing changes to Part A of the Constitution.
 - Ability to call a Special Meeting of shareholders.
 - Consulting with the Board in relation to the Fonterra Shareholders' Market and Fonterra Shareholders' Fund.
 - Consulting with the Board in relation to the Milk Price Manual and Principles.
 - Sitting on the Board's Co-operative Relations Committee.

Key Qualities and Capabilities of a Councillor

- Honesty and integrity.
- Courage to question/challenge the status quo.
- In-depth farming knowledge.
- An understanding of Fonterra's business.
- Awareness of the regulatory frameworks in which the Co-operative operates.
- An understanding of and empathy with the Co-operative.
- An understanding of the key drivers of wealth - milk price and profit.
- Business acumen - financial literacy and ability to think strategically.
- Communication skills (including presentation/public speaking capability).
- Interpersonal skills (approachable nature, empathy with fellow farmers).
- Time available to undertake the required Councillor responsibilities.
- A commitment to on-going training including building broad-based Co-operative and governance knowledge to enhance their effectiveness in the role.

Shareholders' Councillors are elected representatives and are expected to commit an average of one day per week to their role.

Shareholders' Council Wards

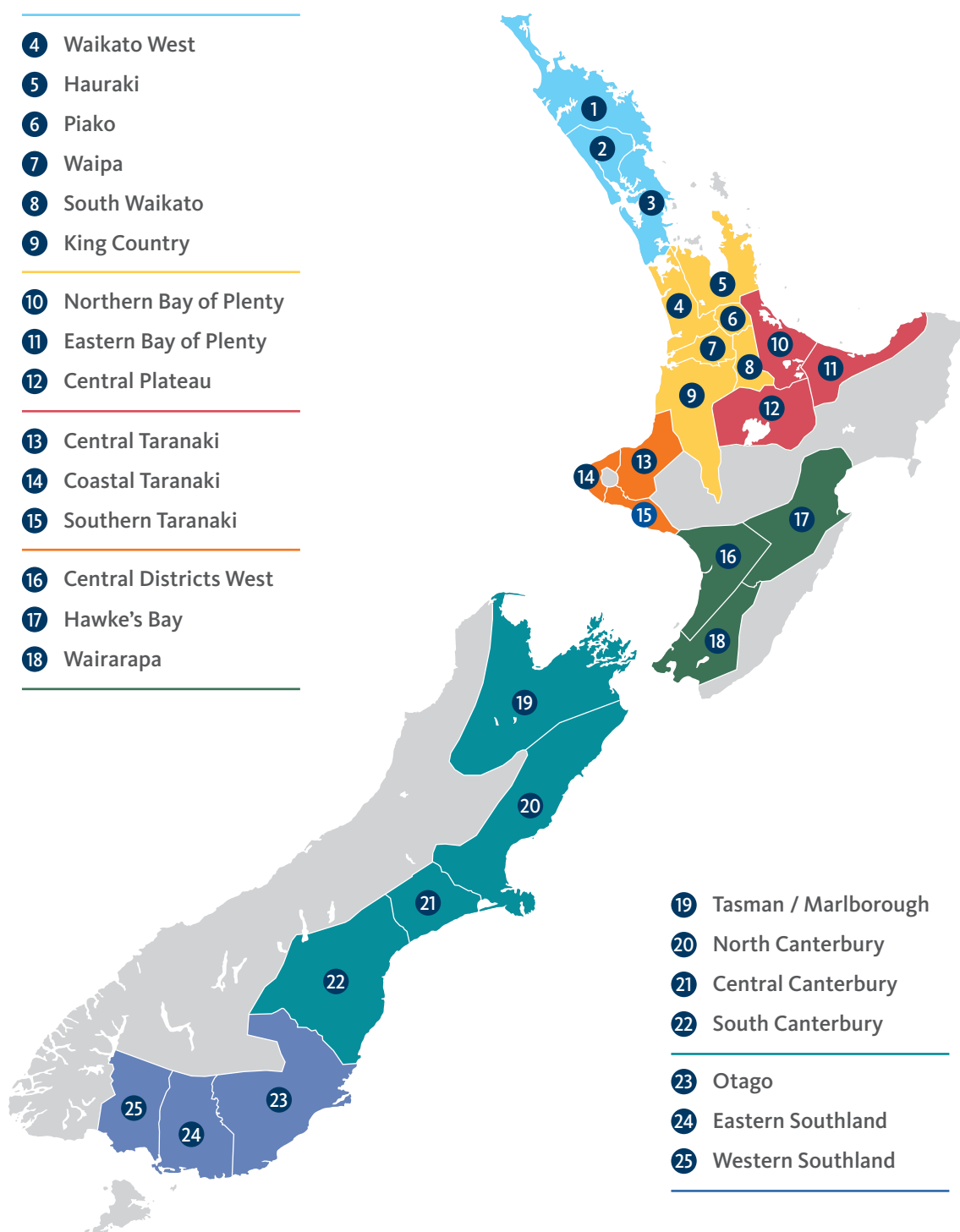
- ① Northern Northland
- ② Central Northland
- ③ Southern Northland

- ④ Waikato West
- ⑤ Hauraki
- ⑥ Piako
- ⑦ Waipa
- ⑧ South Waikato
- ⑨ King Country

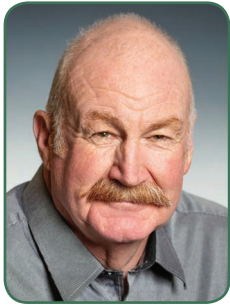
- ⑩ Northern Bay of Plenty
- ⑪ Eastern Bay of Plenty
- ⑫ Central Plateau

- ⑬ Central Taranaki
- ⑭ Coastal Taranaki
- ⑮ Southern Taranaki

- ⑯ Central Districts West
- ⑰ Hawke's Bay
- ⑱ Wairarapa



- ⑲ Tasman / Marlborough
- ⑳ North Canterbury
- ㉑ Central Canterbury
- ㉒ South Canterbury
- ㉓ Otago
- ㉔ Eastern Southland
- ㉕ Western Southland



Wilson JAMES

WHAKATANE

Mobile: 027 498 1854

Email: ws.james@xtra.co.nz

I am Wilson James and am standing for re- election for Ward 11, Eastern BOP, for a position on the Shareholders' Council. I see my role on the Shareholders' Council primarily as being there to represent local shareholders and to help Council lead the Co-op into a better and greater future. The contact would be to keep shareholders informed and receive feedback (both good and bad) from Shareholders.

I am the current Shareholder Councillor for Ward 11 and am a member of the Governance and Ethics Committee within Council, a position which I find very interesting and enjoy. I feel privileged to be on the Shareholders Council and take my role of representing shareholders very seriously and attempt to serve them to the best of my ability.

I am married to Sandra with three grown children. Sandra and I have been dairy farming for over 38 years and were the original BOP Focus Farm from 2007-2010. I am a former member of the BOP Focus on Dairy Committee.

I was Chairman of Awakeri School Board of Trustees for nine years, was the inaugural Chairman of the Awakeri Events Centre for 21 years, a former member of the Plains Water Advisory Board, a former member of the Plains Irrigation Committee, a Justice of the Peace, current member of the EBOP Justice of the Peace Association Council and former Fonterra Networker.

I firmly believe in the future of Fonterra as a Co-op and dairy farming in New Zealand. I will help foster a strong Fonterra network through the My-Connect programme and I work in full co-operation with the local Area Managers.

Although I consider myself as a hands-on farmer I am not involved in the daily management of our farms but do maintain a keen interest and input into what is happening both on and off the farms.

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 the partnership WB & SI James supply number 22,468 and hold 290,656 Fonterra shares.

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



Gerard van BEEK

WHAKATANE

Mobile: 0274 444 940

Email: nassau@xtra.co.nz

I am a passionate Fonterra member and firmly believe in being part of a co-operative. By members pooling their capital resources we can convert our milk into high value products and deliver the best return to all.

For 16 years I worked for Bay Milk Products as a Yield and Loss officer and as a software engineer monitoring manufacturing performance against NZDB cost models. These roles have given me an unique insight into how our milk is converted into finished products and how profits are returned to members.

After leaving the factory I commenced share milking and subsequently farm ownership. I took a strong interest in the National Breeding Objective and determined that Fonterra's farmgate payment model lacked transparency by not separately valuing Lactose which is a huge driver within the current evaluation model.

In Fonterra's Milk Price Manual and in the Milk Price Statement (MPS) it is clear that Lactose plays an important role in revenue creation. Using MPS averages, the model cost of Lactose is \$0.32c/kgMS while Manufacturing and Capital costs are \$1.78c/kgMS. Lactose makes up 15% of total MPS costs. Lactose generates 38% of Fonterra's MPS revenue. This method of accounting socialises the cost of Lactose over all Milksolids and hides the value shift between Lactose rich Milksolids to Lactose poor Milksolids though the Protein payment.

I have attended all but one of Fonterra's AGMs since its creation. I will continue to do so until Lactose transparency is achieved. Fonterra staff know that its policy of not separately accounting for Lactose is driving the National Breeding Objective rather than fairly valuing milk at the farm gate. Animal Evaluation Ltd clearly indicate that this issue can only be resolved through Fonterra recognising Lactose value.

Synlait pays for Lactose and valued Lactose at 20.81% of Fat in 2018.

I also maintain a comprehensive product price data set and use this to identify which product mixes generate the most revenue from Milksolids.

I have submitted to MPI on DIRA legislation which I feel has served its purpose and should lapse.

Qualifications:

- Diploma in Education (Waikato University)
- Extramural study Massey University, interest papers
- Kellogg's Rural Leaders Program
- I have completed the "Understand your co-operative program"
- Completed RMA Making Good Decisions Program. I am a RMA Hearings Commissioner

I have been a Whakatane District Council Councillor for the last 9 years.

If elected I will bring alternative insights to the Shareholders' Council.

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 jointly with Associated Persons (as defined in the Financial Markets Conduct Act 2013) as follows:
 - GF MH van Beek Family Trust and hold 61,500 Fonterra shares
 - Rubia Farm Ltd and hold 95,000 Fonterra shares
- I am a Shareholder Councillor for Livestock Improvement Corporation Ltd

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



If undelivered please return to:
The Returning Officer
Fonterra Elections 2019
PO Box 3138
Christchurch 8140
Free phone 0800 666 034



For the Shareholders' Council Election you have received two Voting Papers for each farm that you own in Ward 11.
Votes for the Shareholders' Council Elections are on a per farm basis, not on milksolids production.

- You are automatically entitled to two votes. You may use your two votes in the following ways:**
1. If you want BOTH YOUR votes to be the same just complete and return VOTING PAPER 1.
 2. If you want your two votes to be different, or give the second vote to your sharemilker, tick the blue box below.
- ☐ I want my two votes to be different and have completed both Voting Papers / I have given Voting Paper 2 to my sharemilker to complete.

WARD 11 EASTERN BAY OF PLENTY
Election of ONE (1) Councillor

YOU CAN VOTE IN ONE OF THE FOLLOWING TWO 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 do not need to submit this Voting Paper and it can be destroyed.

PIN

PASSWORD

2

POSTAL VOTING

Post the completed Voting Paper(s) in the freepost envelope provided no later than **Thursday, 31 October 2019** so it reaches the Returning Officer **before** the close of voting.

Please only use one of these voting methods
For enquiries phone the ELECTION HELPLINE: 0800 666 034

**Voting closes at:
10.30am on Tuesday, 5 November 2019**

Postal Voting Instructions

(Please read carefully)

- Please rank the candidates you wish to vote for in your order of preference by clearly writing a “1” beside the name of the candidate you most prefer and a “2” beside the name of your second most preferred candidate.
- You can rank as many or as few candidates as you wish, **though your vote is most effective if you rank all candidates.**
- You can only write one number “1” and one number “2” and you must not give the same ranking to more than one candidate.
- **Do not** vote with a cross “X” or a tick, “✓”.
- If you make a mistake, cross it out and write the correct number next to it.

NUMBER HERE

Ensure each number is written neatly inside the voting box next to each candidate.

☐

Wilson JAMES

☐

Gerard van BEEK



For the Shareholders' Council Election you have received two Voting Papers for each farm that you own in Ward 11.
Votes for the Shareholders' Council Elections are on a per farm basis, not on milksolids production.

- You are automatically entitled to two votes. You may use your two votes in the following ways:**
1. If you want BOTH YOUR votes to be the same just complete and return VOTING PAPER 2.
 2. If you want your two votes to be different, or give the second vote to your sharemilker, tick the blue box below.
- ☐ I want my two votes to be different and have completed both Voting Papers / I have given Voting Paper 2 to my sharemilker to complete.

WARD 11 EASTERN BAY OF PLENTY
Election of ONE (1) Councillor

YOU CAN VOTE IN ONE OF THE FOLLOWING TWO 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 do not need to submit this Voting Paper and it can be destroyed.

PIN

PASSWORD

2

POSTAL VOTING

Post the completed Voting Paper(s) in the freepost envelope provided no later than **Thursday, 31 October 2019** so it reaches the Returning Officer **before** the close of voting.

Please only use one of these voting methods
For enquiries phone the ELECTION HELPLINE: 0800 666 034

**Voting closes at:
10.30am on Tuesday, 5 November 2019**

Postal Voting Instructions

(Please read carefully)

- Please rank the candidates you wish to vote for in your order of preference by clearly writing a “1” beside the name of the candidate you most prefer and a “2” beside the name of your second most preferred candidate.
- You can rank as many or as few candidates as you wish, **though your vote is most effective if you rank all candidates.**
- You can only write one number “1” and one number “2” and you must not give the same ranking to more than one candidate.
- **Do not** vote with a cross “X” or a tick, “✓”.
- If you make a mistake, cross it out and write the correct number next to it.

NUMBER HERE


Ensure each number is written neatly inside the voting box next to each candidate.

☐

Wilson JAMES

☐

Gerard van BEEK



Fonterra Elections 2019 Shareholders' Council

Candidate Profiles
Ward 14 - Coastal Taranaki

FONTERRA
SHAREHOLDERS'
COUNCIL



Contents

The Fonterra Shareholders' Council Election	1
The Shareholders' Council Representation Role	1
Key Qualities and Capabilities of a Councillor	2
Shareholders' Council Wards	3
Candidate Profiles	
Vaughn BROPHY	4
Mike SWIFT	5

DISCLAIMER STATEMENT BY FONTERRA CO-OPERATIVE GROUP LIMITED

Each Candidate Profile Statement contains a maximum of 400 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 – 2019 Fonterra Elections

Freephone 0800 666 034

iro@electionz.com

The Fonterra Shareholders' Council Election

There are 25 Shareholders' Councillors representing Fonterra shareholders in 25 Wards throughout New Zealand.

Voting is now open for the election of a Councillor to represent shareholders in Ward 14 Coastal Taranaki.

There are two candidates – Vaughn Brophy and Mike Swift.

Voting Method

Voting for Shareholders' Councillors is on the basis of two votes per shareholder. Both votes may be used by the shareholder, or one may be given to a sharemilker. Votes are not weighted by milksolids production.

The Shareholders' Council Representation Role

The Shareholders' Council's representation role on behalf of shareholders is an important contributor to Fonterra's governance framework, and is set out in our Constitution and Council's By-laws.

Council's activities can be summarised under three main themes:

1) Monitoring:

- Council acts as the Co-operative's cornerstone shareholder monitoring and reporting on the performance of the Co-operative against specified targets and its strategy.
- Council provides farmers with an objective, independent opinion on matters which they deem to be significant from an owner's perspective.

2) Farmer Connect:

- Council is responsible for ensuring we have an informed and connected farmer base within the Co-operative.
- Council represents the collective view of farmers up to the Board, and provides farmer-minded analysis of key Board decisions back out to the farmer base.
- Council works with the Board to develop a pipeline of future leaders through educational programmes such as the Understanding Your Co-operative Programme and the Governance Development Programme.
- Council plays a supportive role in developing farmers' understanding of our Co-operative's strategy and how key Board decisions relate to that strategy. Importantly, Council educates farmers on the benefit of being in a co-operative, who we are and why our Co-operative exists.

3) Guardians of our Co-operative Principles:

- Council is the guardian of our Co-operative Principles and acts as a sounding-board for the Board on matters that impact our individual farming businesses.
- Council has other formal and constitutional roles including:
 - Managing the Director elections process in consultation with the Board.
 - Approving the company's mission statement and values as proposed by the Board.
 - Appointing the Milk Commissioner.
 - Considering and, in consultation with the Board, proposing changes to Part A of the Constitution.
 - Ability to call a Special Meeting of shareholders.
 - Consulting with the Board in relation to the Fonterra Shareholders' Market and Fonterra Shareholders' Fund.
 - Consulting with the Board in relation to the Milk Price Manual and Principles.
 - Sitting on the Board's Co-operative Relations Committee.

Key Qualities and Capabilities of a Councillor

- Honesty and integrity.
- Courage to question/challenge the status quo.
- In-depth farming knowledge.
- An understanding of Fonterra's business.
- Awareness of the regulatory frameworks in which the Co-operative operates.
- An understanding of and empathy with the Co-operative.
- An understanding of the key drivers of wealth - milk price and profit.
- Business acumen - financial literacy and ability to think strategically.
- Communication skills (including presentation/public speaking capability).
- Interpersonal skills (approachable nature, empathy with fellow farmers).
- Time available to undertake the required Councillor responsibilities.
- A commitment to on-going training including building broad-based Co-operative and governance knowledge to enhance their effectiveness in the role.

Shareholders' Councillors are elected representatives and are expected to commit an average of one day per week to their role.

Shareholders' Council Wards

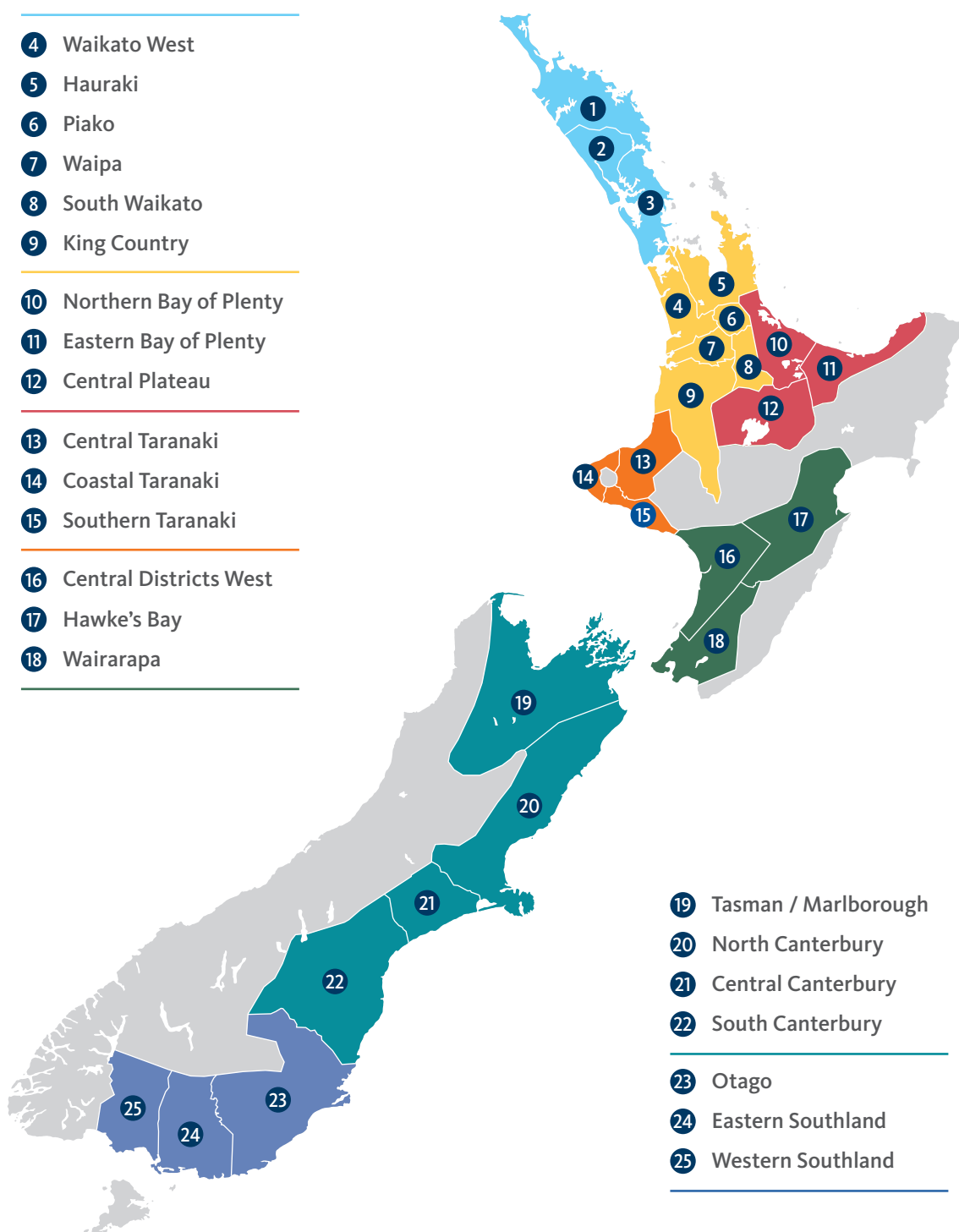
- 1 Northern Northland
- 2 Central Northland
- 3 Southern Northland

-
- 4 Waikato West
 - 5 Hauraki
 - 6 Piako
 - 7 Waipa
 - 8 South Waikato
 - 9 King Country

-
- 10 Northern Bay of Plenty
 - 11 Eastern Bay of Plenty
 - 12 Central Plateau

-
- 13 Central Taranaki
 - 14 Coastal Taranaki
 - 15 Southern Taranaki

-
- 16 Central Districts West
 - 17 Hawke's Bay
 - 18 Wairarapa



-
- 19 Tasman / Marlborough
 - 20 North Canterbury
 - 21 Central Canterbury
 - 22 South Canterbury
-
- 23 Otago
 - 24 Eastern Southland
 - 25 Western Southland
-



Vaughn BROPHY

WAREA

Mobile: 027 463 8632

Email: vsbrophy@xtra.co.nz

Hi, Vaughn here.

I share your frustration at the direction that our Company has been on and its loss of value for us as Shareholders. I am seeking another term to help ensure that our path forward is more stable and profitable to us as the Owners.

Since election to Shareholders' Council I have learned a huge amount as to what makes our Co-op run. As your Councillor I have used every opportunity to express your views to our Board / Management and other Organisations that have a bearing on our ability to farm e.g. (TRC, MfE, MPI and Local Politicians). Council does this work on your behalf. As your Representative we need your input / thoughts and opinions, so I ask that you express these to your Councillor. Also, I ask that you read the 'Council's Annual Report' as this gives the Council's independent view of the performance of our Company.

I thank you for your past support and look forward to continuing as your Shareholders' voice. Any comments, feedback or thoughts please contact me.

Recent Relevant Experience Includes:

- Hands On Dairy Farming on the Coast for the last 35+ years.
- Fonterra Shareholders' Councillor for Ward 14 Coastal Taranaki.
- Fonterra Networker for the past 7 years prior to election to Shareholders' Council.
- Past Convenor for DairyNZ Discussion Groups for area.
- Board of Trustees at Warea School, up until its closure, by the Government.

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 the names of VT & SJ Brophy (42543) and hold 58,584 Fonterra shares.
- To the best of my knowledge and belief the disclosures set out above are full and complete.



Mike SWIFT

NEW PLYMOUTH

Mobile: 0274 050 321

Email: mike.swift@xtra.co.nz

I am a farmer and a rural professional with a lifetime interest in dairy farming in the Taranaki region. I look for your support to represent our interests as a Fonterra Shareholders' Council member. Having a strong background in corporate and financial agribusinesses I bring a set of skills and experience to council from beyond the farm gate, whilst also retaining a strong affinity with the shareholders needs from within the farm gate.

I have been an investor in dairy farms supplying Fonterra for many years and believe we as shareholders are at a crucial junction. The poor strategy execution and investment decisions Fonterra has made in recent times are well publicised. However the core of the co-operative, being us the farmer owners should be resolute and forward thinking and support the new strategy announced by management and the board.

It is therefore time to either be apathetic or become a change exponent. The opportunity to represent, challenge, and look to the future of our co-operative is my mandate to stand. We need a strong co-operative and business model to meet the future and successive generations of dairy farmers.

I have a strong view that the level of indebtedness in the dairy industry along with inflationary costs and the increasingly difficult environmental thresholds are all going to challenge the next generations of dairy farmers. These obstacles require a strong Fonterra, a co-operative that can deliver strong year on year milk price, increase in shareholder value and engagement while we all protect our land and natural resources for future generations.

Culture will beat strategy, and I am therefore a strong proponent for engaging the shareholder base, employees and stakeholders. People drive the business and at the end of the day I want to represent and be proud of Fonterra as our co-operative and business partner of choice.

I believe I have the resource, experience, and skills to meet the core competencies of a shareholder councilor, namely monitoring, connection and guardianship.

Regionally we need a strong voice and fresh approach from our elected representation. We are in a period of unrest and change as we move through alterations in leadership, strategy and governance.

Accountability is crucial, and as your representative part of my role is the need to ensure we do not shy away from the current challenges to create a strong and prosperous Fonterra.

I look forward to your support.

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 director and shareholder of Kent Dairies Limited which holds 103,583 Fonterra shares.
- I am a shareholder and director SRF Investments Limited which owns shares in Opuia Dairies Limited which holds 125,000 Fonterra shares.

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



If undelivered please return to:
The Returning Officer
Fonterra Elections 2019
PO Box 3138
Christchurch 8140
Free phone 0800 666 034



For the Shareholders' Council Election you have received two Voting Papers for each farm that you own in Ward 14.
Votes for the Shareholders' Council Elections are on a per farm basis, not on milksolids production.

- You are automatically entitled to two votes. You may use your two votes in the following ways:**
1. If you want BOTH YOUR votes to be the same just complete and return VOTING PAPER 1.
 2. If you want your two votes to be different, or give the second vote to your sharemilker, tick the blue box below.
- ☐ I want my two votes to be different and have completed both Voting Papers / I have given Voting Paper 2 to my sharemilker to complete.

WARD 14 COASTAL TARANAKI
Election of ONE (1) Councillor

YOU CAN VOTE IN ONE OF THE FOLLOWING TWO 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 do not need to submit this Voting Paper and it can be destroyed.

PIN

PASSWORD

2

POSTAL VOTING

Post the completed Voting Paper(s) in the freepost envelope provided no later than **Thursday, 31 October 2019** so it reaches the Returning Officer **before** the close of voting.

Please only use one of these voting methods
For enquiries phone the ELECTION HELPLINE: 0800 666 034

Voting closes at:
10.30am on Tuesday, 5 November 2019

Postal Voting Instructions

(Please read carefully)

- Please rank the candidates you wish to vote for in your order of preference by clearly writing a “1” beside the name of the candidate you most prefer and a “2” beside the name of your second most preferred candidate.
- You can rank as many or as few candidates as you wish, **though your vote is most effective if you rank all candidates.**
- You can only write one number “1” and one number “2” and you must not give the same ranking to more than one candidate.
- **Do not** vote with a cross “X” or a tick, “✓”.
- If you make a mistake, cross it out and write the correct number next to it.

NUMBER HERE

Ensure each number is written neatly inside the voting box next to each candidate.

☐

Vaughn BROPHY

☐

Mike SWIFT



For the Shareholders' Council Election you have received two Voting Papers for each farm that you own in Ward 14.
Votes for the Shareholders' Council Elections are on a per farm basis, not on milksolids production.

- You are automatically entitled to two votes. You may use your two votes in the following ways:**
1. If you want BOTH YOUR votes to be the same just complete and return VOTING PAPER 2.
 2. If you want your two votes to be different, or give the second vote to your sharemilker, tick the blue box below.
- ☐ I want my two votes to be different and have completed both Voting Papers / I have given Voting Paper 2 to my sharemilker to complete.

WARD 14 COASTAL TARANAKI
Election of ONE (1) Councillor

YOU CAN VOTE IN ONE OF THE FOLLOWING TWO 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 do not need to submit this Voting Paper and it can be destroyed.

PIN

PASSWORD

2

POSTAL VOTING

Post the completed Voting Paper(s) in the freepost envelope provided no later than **Thursday, 31 October 2019** so it reaches the Returning Officer **before** the close of voting.

Please only use one of these voting methods
For enquiries phone the ELECTION HELPLINE: 0800 666 034

Voting closes at:
10.30am on Tuesday, 5 November 2019

Postal Voting Instructions

(Please read carefully)

- Please rank the candidates you wish to vote for in your order of preference by clearly writing a “1” beside the name of the candidate you most prefer and a “2” beside the name of your second most preferred candidate.
- You can rank as many or as few candidates as you wish, **though your vote is most effective if you rank all candidates.**
- You can only write one number “1” and one number “2” and you must not give the same ranking to more than one candidate.
- **Do not** vote with a cross “X” or a tick, “✓”.
- If you make a mistake, cross it out and write the correct number next to it.

NUMBER HERE

Ensure each number is written neatly inside the voting box next to each candidate.

☐

Vaughn BROPHY

☐

Mike SWIFT