



Market Announcement

21 June 2023

Fonterra releases materials for Special Meeting in July

Further to the Co-operative's announcement on 12 June 2023, see attached a copy of the Notice of Meeting for the Special Meeting of Shareholders – Capital Return to be held virtually at 10:30am on 12 July 2023.

The Notice of Meeting contains a special resolution to approve a return of capital to shareholders by way of a share buyback and, at the same time, a share subdivision.

The Notice of Meeting, including the Explanatory Notes, provides shareholders with the information required to enable them to vote.

In accordance with the Initial Court Orders, relevant materials being sent to farmer shareholders are also attached.

ENDS

For further information contact:

Anya Wicks
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Dairy for life

Proposed Return of Capital

Fonterra Special Meeting – Capital Return

Notice of Special Meeting of Shareholders and
Explanatory Notes

To be held virtually at
10:30am on Wednesday 12 July 2023



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This Notice of Meeting contains a special resolution to approve a return of capital to shareholders by way of a share buyback and, at the same time, a share subdivision.

It is important you read this Notice of Meeting, including the Explanatory Notes. This will provide you with the information that you need to enable you to vote.

Fonterra Co-operative Group Limited

Special Meeting – Capital Return

This Special Meeting will be held as a virtual meeting at **10:30am on Wednesday, 12 July 2023**. Shareholders may participate using the instructions set out below under the heading ‘Virtual Meeting’.

Virtual Meeting

To attend the meeting and participate online, use the following link to the virtual meeting platform:
<https://edge.media-server.com/mmc/go/Fonterra-Special-Meeting-2023>

Shareholders may attend and participate in the meeting virtually via the online platform and will be able to vote and ask questions during the meeting. Shareholders will be required to enter their name and contact number.

More information regarding virtual attendance at the meeting (including how to vote and ask questions virtually during the meeting) is set out in the Fonterra Online Meeting Guide 2023 (Appendix 3) (also available here: nzfarmsource.co.nz/fonterra-special-meeting).

Special Meeting Documents

Each shareholder has been sent this Notice of Meeting booklet which includes:

- A Letter from the Chairman
- Notice of Meeting (including the text of the matter to be voted on by shareholders)
- Explanatory Notes regarding the matter to be voted on by shareholders
- A Special Meeting Voting Paper/Proxy Paper (Appendix 1). You can use this Voting Paper/Proxy Paper:
 - To vote **online** or **by post** by **10:30am on Monday, 10 July 2023**.
 - If you are unable to attend the Special Meeting, and you do not wish to vote **online** or **by post**, you can appoint a proxy to attend and vote on your behalf by completing the Voting Paper/Proxy Paper 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 *electionz.com* receives it no later than **10:30am on Monday, 10 July 2023**.
 - If you are a company or other body corporate, you can appoint a representative to attend and vote on your behalf by completing the Voting Paper/Proxy Paper.
- A copy of Fonterra’s application to the Court for final orders sanctioning the return of capital to shareholders (dated **26 May 2023**) (Appendix 2).

Further instructions are on the back of the Special Meeting Voting Paper/Proxy Paper and on page 2 of this Notice of Meeting.

Voting

Shareholders can vote on the matters to be considered at the Special Meeting **online** or by **post**. The instructions on how to vote in this manner can be found on the Special Meeting Voting Paper/Proxy Paper.

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/Proxy Paper, and count, all **online** and **postal votes**.

For the Special Meeting, shareholders can also vote by attending the meeting virtually, or by appointing a proxy or representative (who can attend the meeting virtually to vote on their behalf).

All **online** and **postal votes** must be received by *electionz.com* by **10:30am on Monday, 10 July 2023**.

Voting Entitlements

A shareholder’s voting entitlement is based on their share backed milk supply. “Supplying Shareholders” will receive one vote for every 1,000 kilograms of milksolids backed by shares that they supplied to Fonterra during the season ended **31 May 2023**. A “Secondary Shareholder’s” voting entitlement is based on share backed milk supply, up to the ‘agreed percentage’ in relation to Fonterra’s share standard for the supplying farm. By way of example:

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

If a Supplying Shareholder did not supply last season but now owns an existing farm that supplied last season, the voting entitlement for that Supplying Shareholder and any Secondary Shareholder will be based on that farm’s supply last season or on the Board’s estimate of milksolids production for this season. In the case of a dry farm conversion and farm amalgamations/divisions, voting entitlement is based on one vote for every estimated 1,000 kilograms of milksolids to be supplied during the season ended **31 May 2024**. Milk supplied on Contract Supply and milk which is not backed by shares is excluded from milksolids production when calculating voting entitlements.

In accordance with the Companies Act 1993, the Board has fixed **9:00pm on 10 July 2023** (the “**Voting Entitlement Time**”) as the time for determining voting entitlements of shareholders for this meeting.

Accordingly, those persons who are, at the Voting Entitlement Time, registered as shareholders will be entitled to vote at the Special Meeting in respect of their supply, as noted above, backed by shares registered in their name at the Voting Entitlement Time.

A shareholder’s voting entitlement for a supplying farm is shown on their Voting Paper/Proxy Paper for that farm, which is enclosed in this pack. If a shareholder appoints a proxy or representative, the proxy or representative will exercise that shareholder’s voting entitlement as described above.

Shareholder questions or requests for corrections relating to voting entitlements should be sent to *electionz.com* (email: *info@electionz.com* or phone: +64 3 377-3530).

Proxies or Representatives

Instructions to appoint a proxy or representative are outlined in this Notice of Meeting and the Special Meeting Voting Paper/Proxy Paper. *electionz.com* will contact each proxy or representative ahead of the Special Meeting to provide them with the necessary information required to enable them to participate in and vote during the Special Meeting.

You may appoint the Chairman of the meeting or any director, or any other person, as your proxy (a proxy need not be a shareholder). Where a shareholder does not name a person as their proxy but otherwise completes the Voting Paper/Proxy Paper in full, or where a shareholder’s named proxy does not attend the meeting, the Chairman of the meeting will act as that shareholder’s proxy and will vote in accordance with that shareholder’s express direction.

The Chairman intends to vote any discretionary proxies, for which they have authority to vote, in favour of the resolution.

All proxy or representative appointments must be received by *electionz.com* by **10:30am on Monday, 10 July 2023**.

Questions

Shareholders will be able to ask questions via the online platform during the Special Meeting. We encourage shareholders to submit questions as early as possible to ensure that as many questions as possible are received and addressed at the appropriate time during the meeting.

Votes Required and Quorum

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 Special 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 resolution to be considered at the meeting.

There are no voting restrictions on the resolution to be considered at the Special Meeting.

Results of Voting

The results of voting at the Special Meeting will be posted on NZX, the Farm Source website and our My Co-op app as soon as vote counting is complete and the Chairman of the meeting has declared the results.

Meeting Attendees

The Special Meeting is held for the benefit of shareholders and their authorised proxies and representatives. Fonterra management will also be in attendance, as well as the auditors and Fonterra’s legal advisers.

Chairman's Letter

Dear Shareholders

Capital Return

On 16 March 2023 we provided further details on our intention to return approximately \$800 million of capital to shareholders following completion of the sale of Soprole. We announced on 25 May 2023 our intention to bring forward the payment date for the capital return, from October 2023 to August 2023.

The capital return will be a pro rata return of capital effected by a Court approved scheme of arrangement under Part 15 of the Companies Act 1993.

How will the return of capital actually work and how am I affected?

One (1) in every six (6) of your shares will be bought back by Fonterra and immediately cancelled and in return you will receive \$3.00 for each cancelled share. At the same time as the share cancellation, a share subdivision will occur so that, immediately after the share buyback and subdivision, you will continue to hold the same number of shares as you held before the share buyback and subdivision. The reason the share subdivision is occurring is to ensure that no shareholder's compliance with their minimum shareholding requirements in relation to Fonterra's share standard or their voting entitlement is affected by the share buyback.

While shareholders will receive \$3.00 for each share that Fonterra buys back, shareholders will not pay anything for the shares they receive as a result of the share subdivision.

The tax consequences of the return of capital are set out under the heading "Taxation" in the Explanatory Notes to the Notice of Meeting. Shareholders are recommended to obtain independent tax advice on the effect of the capital return, based on their individual circumstances.

What do I need to do?

The capital return requires approval by at least 75% of the votes cast on the resolution at the Special Meeting.

If the return of capital is approved by shareholders at the Special Meeting, Fonterra will then seek final Court approval to undertake the return of capital. It is expected that the scheme will occur on 11 August 2023 with payment to be made by 17 August 2023 (although these dates remain indicative only at this stage).

Board's recommendation

The Fonterra Board unanimously recommends that you vote in favour of the resolution.

Yours sincerely



Peter McBride
Chairman

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

Notice is given that the Special Meeting of the Shareholders of Fonterra Co-operative Group Limited (“**Fonterra**”) will be held at **10:30am on Wednesday, 12 July 2023 virtually** using the instructions set out under the heading ‘Virtual Meeting’.

Peter McBride
Chairman, on behalf of the Board
Notice of Meeting dated 21 June 2023

Business

Welcome/Introduction.

Approval of Capital

Resolution 1: Approval of Capital Return

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

“THAT the scheme of arrangement relating to the return of capital to shareholders, as set out in the Arrangement Document incorporated in the Explanatory Notes in the Notice of Meeting, be approved.”

It is important you read the Explanatory Notes set out in this Notice of Meeting. This will provide you with the detail that you need to enable you to vote on the special resolution set out above.

Explanatory Notes

On **16 March 2023**, Fonterra provided an update on its intention to undertake a capital return to shareholders of approximately \$800 million, once the proceeds of the sale of Soprole had been received. The proposed capital return would be put to shareholders for approval by a special resolution at a special meeting of shareholders. On **25 May 2023** Fonterra announced it was bringing forward the payment date to August 2023.

The Board has determined that this return of capital should be effected by way of a Court-approved arrangement under Part 15 of the Companies Act 1993 (“**Scheme**”). The Board considers the proposed Scheme to be fair to all shareholders as it achieves a return of capital on a pro rata basis and the share subdivision that will occur at the same time ensures that a shareholder’s compliance with the minimum shareholding requirements in relation to Fonterra’s share standard, and their voting rights (which require their milk supply to be backed by shares, as explained on page 1 of this Notice of Meeting booklet) are not affected by the share buyback.

On **26 May 2023**, Fonterra applied to the High Court of New Zealand for an order directing Fonterra to put the Scheme to shareholders. The Court made initial orders on **9 June 2023** which require (amongst other things) the Scheme to be approved by special resolution of shareholders (that is, a resolution passed by a 75% majority of the votes of all shareholders entitled to vote and voting at the meeting). If the resolution is passed, Fonterra will seek final orders from the High Court sanctioning the return of capital. The final orders that are being sought by Fonterra sanctioning the Scheme are set out in the copy of Fonterra’s application to the Court (dated **26 May 2023**), which appears as Appendix 2 of this Notice of Meeting booklet.

If shareholders do not approve the Scheme, it will not proceed and Fonterra’s application to the High Court will be discontinued.

The Scheme and its Effect

Subject to approval by shareholders, and receipt of final orders from the High Court sanctioning the return of capital, the Scheme will result in:

- (a) the repurchase and cancellation of one (1) in every six (6) shares held by each shareholder in Fonterra (together with all rights attaching to those shares). Fractions of a share to be acquired by Fonterra will be rounded up or down to the nearest whole number (with 0.5 rounded up);
- (b) at the same time, one share held by each shareholder which is not repurchased by Fonterra will be subdivided into such number of ordinary shares as were repurchased from that shareholder, plus one (1); and
- (c) the payment to each shareholder of \$3.00 for each share repurchased and cancelled (“**Share Cancellation Payment**”).

In this way, Fonterra will return to shareholders, on a pro rata basis, approximately \$800 million of capital.

Each shareholder’s individual circumstances are different as to their backing of supply of milksolids with shares, as well

as their level of compliance with the minimum shareholding requirements in relation to Fonterra’s share standard. To avoid altering this, a share subdivision will occur at the same time so shareholders will, after the share buyback, continue to hold the same number of shares as they held immediately before that share buyback. Shareholders will not pay any sum for the shares they receive as a result of the share subdivision.

By way of example, if a shareholder supplies 100,000 kgMS to Fonterra and holds 33,334 shares, by virtue of the share buyback they would only hold 27,778 shares. They would therefore cease to be in compliance with the minimum shareholding requirements in relation to Fonterra’s share standard (as they would hold less than 1/3 of the share standard of 100,000 shares). In addition, their votes would drop from 33 to 27. However, due to the share subdivision, which will occur at the same time as the share buyback, the shareholder will continue to hold 33,334 shares after the buyback, so will remain in compliance with the minimum shareholding requirement and will retain their 33 votes.

For completeness, in relation to the Fonterra Shareholders’ Fund (“**Fund**”), shares held by Fonterra Farmer Custodian Limited (as Custodian of the Fund) would be subject to the Scheme. Shares would be acquired from the Custodian in the same proportion as for all other Fonterra shareholders. Due to the share subdivision that will happen at the same time, the Custodian will remain after the Scheme holding the same number of shares as there are issued units, as is currently the case. The payment due to the Custodian will be paid directly to unitholders recorded as being unitholders at the Record Date (as that term is defined below).

Subject to the approval of shareholders, the final orders from the High Court sanctioning the Scheme are expected to be made on **31 July 2023**.

The share register is currently expected to close at **9:00pm (New Zealand time) on 10 August 2023**, or the date five business days after the date on which the final orders from the High Court sanctioning the Scheme are made, whichever is the latest (“**Record Date**”). This will be for the purpose of determining the shareholders who will participate in the Scheme, the number of shares to be acquired from each such shareholder and consequently the number of shares arising from the share subdivision, as well as the amount to be paid to that shareholder for the shares repurchased by Fonterra. The share repurchase and subdivision will occur on the business day following the Record Date.

Payment to shareholders (and unitholders) will be made in the same manner and into the same account as distributions have previously been made, within five business days after the Record Date. Each shareholder will also be issued with a new shareholding statement showing the share repurchase and share subdivision, resulting in the same number of shares being held by the shareholder following implementation of the Scheme as were held immediately prior to implementation of the Scheme. Both the payment to shareholders and the provision of a new shareholding statement will be undertaken by Fonterra’s share registrar.

Timetable and Key Steps

The timetable of the key steps necessary for the proposed Scheme is set out in the table below.

Event	Date
Special meeting of shareholders	12 July 2023
Final orders made by High Court*	31 July 2023
Record Date*	10 August 2023
Implementation Date*	11 August 2023
Payment to shareholders*	By 17 August 2023

* The dates above are indicative only. If the final court orders have not been made by **3 August 2023**, the Record Date will be five business days after the date on which the final orders from the High Court sanctioning the Scheme are made. The Implementation Date will occur one business day later, with payment being made to shareholders within five business days after the Record Date.

Taxation

The following is provided as general guidance as to the tax effect in New Zealand. Shareholders should obtain independent taxation advice on the effect of the Scheme based on their individual circumstances.

Fonterra has obtained a binding tax ruling from Inland Revenue that the amount paid to shareholders will be treated as a return of capital and not as a dividend for New Zealand income tax purposes.

This means the payment will generally not be taxable for shareholders unless made in relation to shares which were acquired for the purpose of resale (which will not include shares that a shareholder holds to comply with the minimum shareholding requirements in relation to Fonterra's share standard).

The binding tax ruling was made subject to the conditions that (a) the amount paid to shareholders on the cancellation of shares will be less than or equal to the "available subscribed capital per share" calculated under the ordering rule in s CD 23 of the Income Tax Act 2007, and (b) the cancellation will be a "fifteen percent capital reduction" as defined in s CD 22(9). Fonterra confirms that it anticipates that both of these conditions will be met.

Rationale for the Return of Capital

Fonterra has recently completed the sale of its Chilean business Soprole.

Fonterra has been through an extensive exercise to determine the best use of the sale proceeds. Some of the sale proceeds will be used to reduce debt. After taking into account Fonterra's balance sheet structure, investment opportunities and operating outlook, the Board has determined that approximately \$800 million should be returned to shareholders by a pro rata return of capital effected by way of a Court approved scheme of arrangement under Part 15 of the Companies Act 1993.

In determining the amount of capital to be returned to shareholders, Fonterra considered a number of factors, including:

- forecast cashflows, including expected capital expenditure;
- Fonterra's ability to meet all of its liabilities and maintain its credit rating;
- the level of sustainable earnings following the disposals;
- potential risks, including cyclically adverse price relativities and tax exposures; and
- the solvency position of the Fonterra Group.

In reviewing the options for the return of capital, Fonterra's objectives included:

- certainty that the return of capital would proceed (with a low level of execution risk);
- ensuring that the payment made to shareholders is appropriately treated as a return of capital for New Zealand tax purposes (see further information under the heading "Taxation");
- ensuring the return of capital will be made in a timely manner, so that shareholders receive cash in the near term; and
- adopting a method that ensured all shareholders are treated on the same basis and that the return of capital does not alter any shareholder's compliance with the minimum shareholding requirements in relation to Fonterra's share standard, or their level of voting rights.

The Board considers that the above objectives are met and that the return of capital is in the best interests of shareholders.

Directors of Fonterra and associated persons of Directors who legally and/or beneficially own shares in Fonterra will participate in the return of capital in exactly the same way as all other ordinary shareholders of Fonterra. Directors and/or their associated persons are entitled to vote on the special resolution to approve the return of capital.

Reservations Over Shares

As at **12 June 2023**, eight banks had “reservations” registered with Fonterra’s share registrar (Computershare Investor Services Limited (“**Computershare**”)) in respect of a large number of shareholdings.

A registered reservation has the effect of directing Computershare to not allow a transfer of the shares subject to the reservation until authorised to do so by the relevant bank.

As the Scheme will involve a repurchase of shares (being a transfer of shares to Fonterra), Fonterra has obtained an authorisation from each of the eight banks that currently hold reservations to permit each share transfer necessary to give effect to the Scheme. Each such authorisation has been granted on the basis that, immediately following the share buyback and subdivision described above, each reservation will be reinstated against the same number of shares as it applied to immediately prior to the share buyback (so that the relevant bank and shareholder are reinstated to their original positions).

If an additional bank or financier (i.e., one that is not one of the existing eight banks) seeks to register a new reservation, Fonterra will engage directly with that bank or financier to implement a similar arrangement to that described above.

Accordingly, shareholders will not need to engage with their banks to remove a reservation for the purposes of the Scheme. Shareholders who have any questions about any other implications that the Scheme may have in relation to their own financing arrangements should speak directly with their bank.

Unitholders in the Fund are not affected by the above as the Scheme does not involve a repurchase of units.

Costs of the Scheme

Fonterra estimates that the implementation costs associated with the Scheme (excluding the amount which will be returned to shareholders) will be \$944,244.26 (plus GST). (These costs include external legal fees, anticipated share registry costs, regulators’ fees, preparation and postage of the Notice of Meeting Booklet materials and convening the Special Meeting of Shareholders). The total Share Cancellation Payment will be determined at the time of implementation of the Scheme. As at **13 June 2023**, Fonterra had 1,609,244,669 shares on issue. At \$3.00 for one in every six shares, the total capital return would be \$804,622,335.

Further Information

Shareholders who have any questions about the effect of the Scheme on their investment should consult their financial advisers.

Copies of the Court documents filed in relation to the Scheme and the initial court orders are available on the following website nzfarmsource.co.nz/fonterra-special-meeting

Board Recommendation

The Board unanimously recommends that shareholders vote in favour of the special resolution.

Arrangement Document

Scheme of Arrangement pursuant to Part 15 of the Companies Act 1993

BETWEEN: Fonterra Co-operative Group Limited and the holders of shares in Fonterra Co-operative Group Limited at 9:00pm (New Zealand time) on the Record Date.

1. INTERPRETATION

1.1 In this document, unless the context otherwise requires:

“**Business Day**” means a day on which the New Zealand Stock Exchange operated by NZX Limited is open for trading.

“**Custodian**” means the person acting as the custodian of the Fonterra Shareholders’ Fund established by deed dated 23 October 2012, being Fonterra Farmer Custodian Limited.

“**Fonterra**” means Fonterra Co-operative Group Limited.

“**Implementation Date**” means the Business Day after the Record Date.

“**Record Date**” means 10 August 2023, or the date five Business Days after the date on which the final order from the High Court of New Zealand is made pursuant to section 236(1) of the Companies Act 1993 sanctioning the arrangement, whichever is the latest.

“**Share**” means a co-operative share in Fonterra.

“**Shareholder**” means each person who is registered in the share register of Fonterra as the holder of a Share at 9:00pm (New Zealand time) on the Record Date.

2. ARRANGEMENT

2.1 On the Implementation Date the following steps will occur contemporaneously:

- (a) One (1) Share for every six (6) Shares registered in the name of each Shareholder at 9:00pm (New Zealand time) on the Record Date shall be acquired by Fonterra and cancelled (together with all the rights attaching to those Shares). For this purpose, fractions of a Share to be acquired by Fonterra shall be rounded up or down to the nearest whole Share (with 0.5 rounded up); and
- (b) One (1) Share that each Shareholder is registered in the share register of Fonterra as the holder of (and which is not to be acquired by Fonterra pursuant to sub-paragraph (a) above) shall be subdivided into such number of Shares so that immediately after the acquisition by Fonterra pursuant to sub-paragraph (a) above and such subdivision, each Shareholder is registered in the share register of Fonterra as the holder of the same number of Shares as that Shareholder held immediately prior to the acquisition by Fonterra pursuant to sub-paragraph (a) above and the subdivision.

2.2 Within five Business Days after the Record Date, Fonterra shall pay to each Shareholder (or in respect of the Custodian, as the Custodian may direct Fonterra) \$3.00 for each Share which has been acquired by Fonterra from that Shareholder in accordance with the step in paragraph 2.1(a).

Special Meeting Voting Paper/Proxy Paper

FONTERRA SPECIAL MEETING CAPITAL RETURN

Special Meeting Proxy Paper Information

HOW TO COMPLETE THE PROXY PAPER AND APPOINT A PROXY

1. **Appoint a proxy:** Provide the full name and address of your chosen proxy in the space provided for "Primary Proxy" in the box labelled "Appointment of Proxy" in the Special Meeting Proxy Paper. 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".

Unless you choose the 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 Special Meeting, please provide the full name and address of your alternate proxy in the space labelled "Alternate Proxy" in the box labelled "Appointment of Proxy".

Where a Shareholder does not name a person as their proxy but otherwise completes the Proxy Paper in full, or where a Shareholder's named proxy (and any alternate, if one has been appointed) does not attend the meeting, the Chairman of the meeting will act as that Shareholder's proxy and will vote in accordance with their express direction. The Chairman intends to vote any discretionary proxies, for which they have authority to vote, in favour of the resolution.

Please note: You do NOT need to appoint an alternate proxy if the Chairman of the Meeting is your primary proxy.

2. **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 in the "Proxy Discretion" box. If you wish for your proxy to vote as she/he determines place a tick in the "Proxy Discretion" box. Your proxy CANNOT change the direction of your vote if you instruct them how to vote in this manner. If you do not expressly direct your proxy on how to vote by placing a tick in a box, then your proxy cannot vote.
3. **Sign the form:** Each Shareholder must sign the "Special Meeting Proxy Paper":
- Individuals/Sole Proprietors: the Shareholder must sign the Special Meeting Proxy Paper.
 - Companies: a duly authorised representative of the company must sign the Special Meeting Proxy Paper.
 - Joint Shareholders (including trusts, partnerships and estates): it is your responsibility to ensure that the person(s) signing the Special Meeting Proxy Paper is/are authorised to sign on behalf of, and bind, all joint holders.
 - Attorneys: if the Special Meeting Proxy 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.
4. **Return the form:** Return the Special Meeting Proxy Paper as soon as possible. It must be received by electionz.com no later than 10.30am on Monday, 10 July 2023.
- Mail by separating, folding and inserting the Proxy Paper into the freepost envelope provided.

To ensure your Special Meeting Proxy Paper reaches electionz.com before the close of voting please post no later than Wednesday 5 July 2023.

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 Special Meeting by completing the Proxy Paper. In this form, proxy can mean proxy or representative appointed for a company or other body corporate or entity.

REVOKING YOUR APPOINTMENT

A Shareholder can still attend, even if they have appointed a proxy (although Shareholders attending virtually will not be able to vote if a proxy has been appointed). 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 Special Meeting, Fonterra Co-operative Group Limited, Private Bag 92032, Auckland 1142 no later than 10.30am on Monday, 10 July 2023.

PROXY APPOINTMENT CLOSES AT: 10.30AM ON MONDAY, 10 JULY 2023

FONTERRA SPECIAL MEETING CAPITAL RETURN

Combined Special Meeting Voting / Proxy Paper



YOU CAN VOTE IN ONE OF THE FOLLOWING WAYS:

1 POSTAL VOTING (INCLUDING ELECTRONICALLY) – CLOSES AT 10.30AM ON MONDAY, 10 JULY 2023

Either:

- (a) Post the completed "Special Meeting Voting Paper" to electionz.com in the freepost reply envelope provided.

To ensure your Voting Paper reaches electionz.com before the close of voting please post no later than Wednesday 5 July 2023.

Or

- (b) Electronically 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 BY PROXY – RECEIVED BY 10.30AM ON MONDAY, 10 JULY 2023

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

Please only use one of these voting methods

For enquiries phone the ELECTION HELPLINE: 0800 666 034

POSTAL VOTING (INCLUDING ELECTRONICALLY) CLOSES AT: 10.30AM ON MONDAY, 10 JULY 2023

FONTERRA SPECIAL MEETING CAPITAL RETURN

Special Meeting Voting Paper

Use this paper to vote by post. If voting online either by way of electronic postal vote or online at the meeting, refer to instructions overleaf.

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 the scheme of arrangement relating to the return of capital to shareholders, as set out in the Arrangement Document incorporated in the Explanatory Notes in the Notice of Meeting, be approved	<input type="radio"/>	<input type="radio"/>
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FONTERRA SPECIAL MEETING CAPITAL RETURN

Special Meeting Proxy Paper

Only use this Proxy 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 Special Meeting of Shareholders to be held at 10.30am on Wednesday, 12 July 2023 and any adjournment of that Special 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

Complete this section to instruct your proxy holder how to vote.

		FOR	AGAINST	PROXY DISCRETION	ABSTAIN
1	Resolution 1: THAT the scheme of arrangement relating to the return of capital to shareholders, as set out in the Arrangement Document incorporated in the Explanatory Notes in the Notice of Meeting, be approved	<input type="radio"/>	<input type="radio"/>	<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 electionz.com no later than 10.30am Monday, 10 July 2023.

Mail by separating, folding and inserting the Proxy Paper into the freepost envelope provided.

Final Court Orders Application

IN THE HIGH COURT OF NEW ZEALAND AUCKLAND REGISTRY

I TE KŌTI MATUA O AOTEAROA TĀMAKI MAKĀURAU ROHE

CIV-2023-404-

UNDER Part 15 of the Companies Act 1993

IN THE MATTER OF an application for orders approving a scheme of arrangement under Part 15 of the Companies Act 1993

FONTERRA CO-OPERATIVE GROUP LIMITED a duly incorporated company with its registered address at 109 Fanshawe Street, Auckland Central, Auckland, 1010, New Zealand, and carrying on business as a dairy co-operative

Applicant

ORIGINATING APPLICATION FOR ORDERS APPROVING A SCHEME OF
ARRANGEMENT UNDER PART 15 OF THE COMPANIES ACT 1993
DATED 26 MAY 2023

Russell
McAugh

K M Massey | H M
Bain
P +64 9 367 8000
F +64 9 367 8163
PO Box 8
DX CX100085
Auckland

TO: The Registrar of the High Court at Auckland

AND TO: Any person that the High Court directs to be served

THIS DOCUMENT NOTIFIES YOU THAT:

1. The applicant, Fonterra Co-operative Group Limited ("**Fonterra**"), applies to the Court for the following orders:
 - (a) the scheme of arrangement described in the Arrangement Document (which is located at Schedule 1 of this application) ("**Scheme**") is approved;
 - (b) the Scheme is binding with immediate effect upon:
 - (i) Fonterra;
 - (ii) every person who is a Shareholder (as defined in the Arrangement Document) as at 9:00 pm (New Zealand Time) on the Record Date (also defined in the Arrangement Document); and (iii) such other persons as necessary to give effect to the Scheme; and
 - (c) Fonterra is granted leave to apply to the Court for approval of any amendment, modification, or supplement to the Scheme.
2. The grounds on which each of the above orders are sought are:
 - (a) section 236(1) of the Companies Act 1993 ("Act") provides jurisdiction for the Court to make orders that the Scheme is binding on Fonterra and such other persons as the Court may specify and upon such terms and conditions as the Court thinks fit;
 - (b) by the date on which this application is determined, Fonterra will have:
 - (i) complied with the initial orders made by this Court under section 236(2) of the Act; and
 - (ii) complied with Part 15 of the Act;
 - (c) the Scheme is such that an intelligent and honest person of business acting in respect of his or her own interest would reasonably approve it;
 - (d) the terms and conditions of the Scheme are otherwise fair and equitable to the shareholders of Fonterra;
 - (e) the Scheme will not adversely impact Fonterra's creditors;
 - (f) as set out in the affidavits and the memorandum of counsel filed in support of this application and the without notice interlocutory application for initial orders, filed herewith; and
 - (g) as set out in any updating affidavits to be filed following implementation of the initial orders and prior to the determination of this application.
3. This application is made in reliance on:
 - (a) Part 15 of the Act;
 - (b) Part 19 of the High Court Rules 2016;
 - (c) *Re CM Banks Ltd* [1944] NZLR 248 (SC), *Weatherston v Waltus Property Investments Ltd* [2001] 2 NZLR 103 (CA), *Re Auckland International Airport Ltd* [2014] NZHC 405, *Re Kirkcaldie & Stains Ltd* [2016] NZHC 112, *Re Tenon Ltd* [2016] NZHC 2497, *Re Tenon Ltd* [2017] NZHC 674, *Re New Zealand Oil & Gas Ltd* [2017], *Re PGG Wrightson Ltd* [2019] NZHC 1780, *Re Tilt Renewables Ltd* [2022] NZHC 1398, and *Re Tower Ltd* [2022] NZHC 328;
 - (d) the memorandum of counsel filed in support of this application and the without notice interlocutory application for initial orders;

- (e) the evidence filed in support of this application as set out in:
 - (i) the affidavit of Michael Rex Cronin, affirmed 26 May 2023; and
 - (ii) the affidavit of Bruce Ronald Hassall, affirmed 24 May 2023;
- (f) any further affidavit(s) filed by Fonterra prior to the determination of this application; and
- (g) any further memoranda of counsel filed prior to the determination of this application.

Dated: 26 May 2023



K M Massey | H M Bain

Counsel for the Applicant

This document is filed by **Kirsten Margaret Massey**, solicitor for the Applicant, of Russell McVeagh. The address for service of the Applicant is Level 30, Vero Centre, 48 Shortland Street, Auckland 1010.

Documents for service on the Applicant may be left at that address or may be emailed to kirsten.massey@russellmcveagh.com or hannah.bain@russellmcveagh.com.

Schedule 1 – Arrangement Document

Scheme of Arrangement pursuant to Part 15 of the Companies Act 1993

BETWEEN: Fonterra Co-operative Group Limited and the holders of shares in Fonterra Co-operative Group Limited at 9:00pm (New Zealand time) on the Record Date.

1. INTERPRETATION

1.1 In this document, unless the context otherwise requires:

“**Business Day**” means a day on which the New Zealand Stock Exchange operated by NZX Limited is open for trading.

“**Custodian**” means the person acting as the custodian of the Fonterra Shareholders’ Fund established by deed dated 23 October 2012, being Fonterra Farmer Custodian Limited.

“**Fonterra**” means Fonterra Co-operative Group Limited.

“**Implementation Date**” means the Business Day after the Record Date.

“**Record Date**” means 10 August 2023, or the date five Business Days after the date on which the final order from the High Court of New Zealand is made pursuant to section 236(1) of the Companies Act 1993 sanctioning the arrangement, whichever is the latest.

“**Share**” means a co-operative share in Fonterra.

“**Shareholder**” means each person who is registered in the share register of Fonterra as the holder of a Share at 9:00pm (New Zealand time) on the Record Date.

2. ARRANGEMENT

2.1 On the Implementation Date the following steps will occur contemporaneously:

- (a) One (1) Share for every six (6) Shares registered in the name of each Shareholder at 9:00pm (New Zealand time) on the Record Date shall be acquired by Fonterra and cancelled (together with all the rights attaching to those Shares). For this purpose, fractions of a Share to be acquired by Fonterra shall be rounded up or down to the nearest whole Share (with 0.5 rounded up); and
- (b) One (1) Share that each Shareholder is registered in the share register of Fonterra as the holder of (and which is not to be acquired by Fonterra pursuant to sub-paragraph (a) above) shall be subdivided into such number of Shares so that immediately after the acquisition by Fonterra pursuant to sub-paragraph (a) above and such subdivision, each Shareholder is registered in the share register of Fonterra as the holder of the same number of Shares as that Shareholder held immediately prior to the acquisition by Fonterra pursuant to sub-paragraph (a) above and the subdivision.

2.2 Within five Business Days after the Record Date, Fonterra shall pay to each Shareholder (or in respect of the Custodian, as the Custodian may direct Fonterra) \$3.00 for each Share which has been acquired by Fonterra from that Shareholder in accordance with the step in paragraph 2.1(a).

APPENDIX 3:

Fonterra Online Meeting Guide 2023

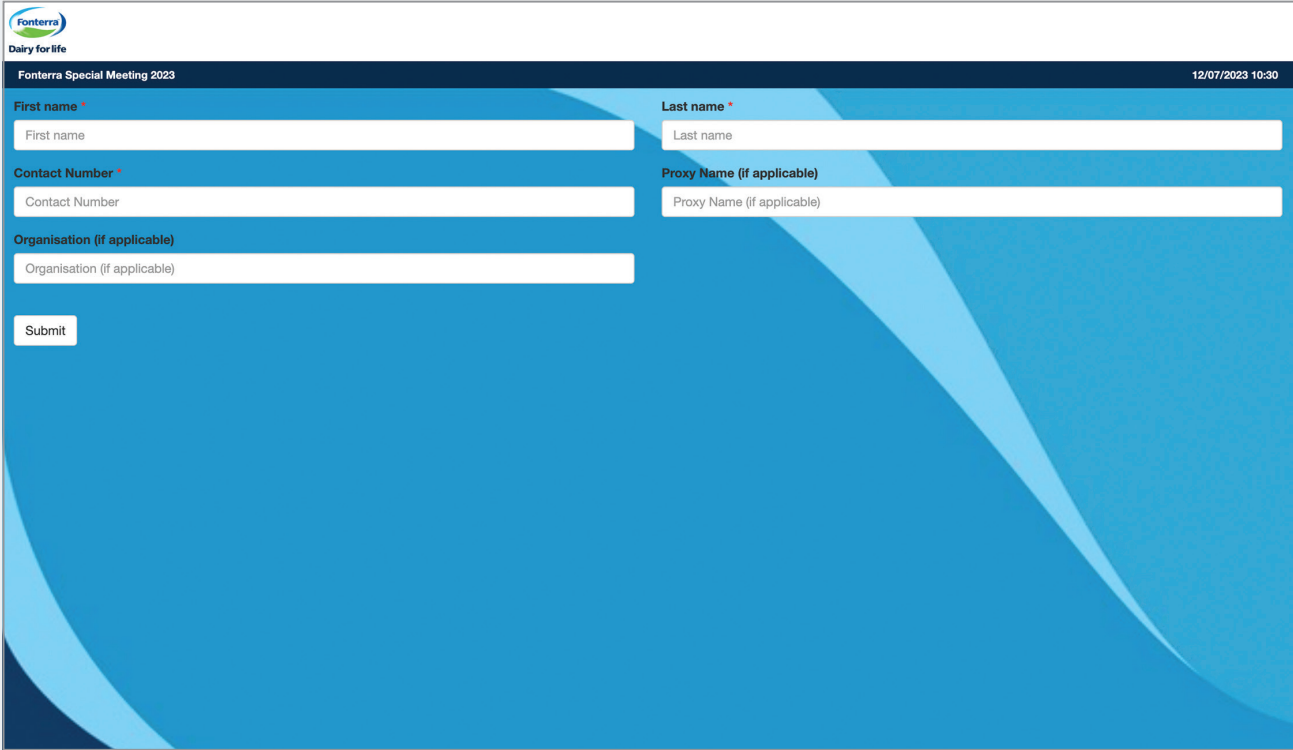
Before you begin

Ensure your operating system (desktop, mobile) and browser is supported:

Browsers	Desktop operating systems	Mobile operating systems
<ul style="list-style-type: none">• Google Chrome (two latest versions)• Microsoft Internet Explorer 11• Microsoft Edge (two latest versions)• Firefox (two latest versions)• Safari (two latest versions)	<ul style="list-style-type: none">• Windows 7 (latest service pack)• Windows 8.1 (latest service pack)• Windows 10 (latest version)• OS X 10.11 El Capitan• macOS 10.12 Sierra• macOS 10.13 High Sierra	<ul style="list-style-type: none">• iOS 10 and above• Android 4.4 and above

To access the meeting online click on the link below, or copy and paste the link to your browser:

<https://edge.media-server.com/mmc/go/Fonterra-Special-Meeting-2023>



The screenshot shows a registration form for the 'Fonterra Special Meeting 2023'. At the top left is the Fonterra logo with the tagline 'Dairy for life'. The page title is 'Fonterra Special Meeting 2023' and the date/time is '12/07/2023 10:30'. The form contains the following fields:

- First name ***: A text input field with 'First name' as a placeholder.
- Last name ***: A text input field with 'Last name' as a placeholder.
- Contact Number ***: A text input field with 'Contact Number' as a placeholder.
- Proxy Name (if applicable)**: A text input field with 'Proxy Name (if applicable)' as a placeholder.
- Organisation (if applicable)**: A text input field with 'Organisation (if applicable)' as a placeholder.

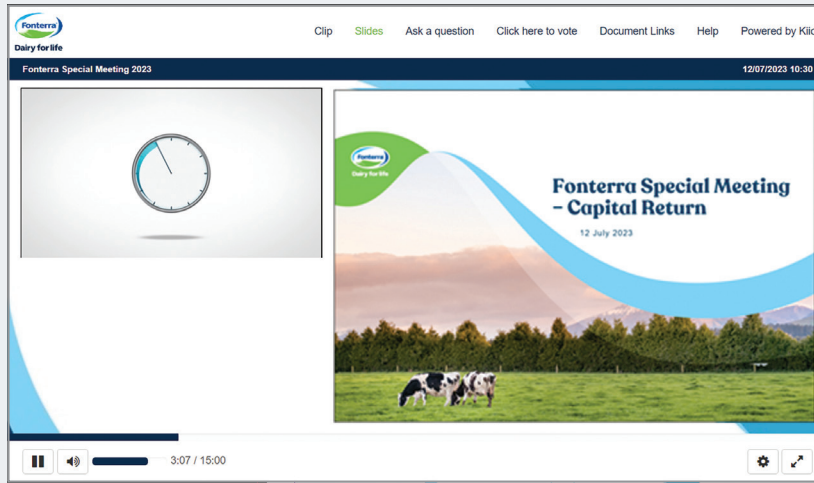
A 'Submit' button is located at the bottom left of the form area.

Enter your First Name, Last Name, and Contact Number. These fields are mandatory.

If you are a Proxy, enter your name.

If you are an invitee from another organisation, enter the name of the company.

Click on "Submit"



The video stream will appear in the left hand screen and begin to play automatically. This will be live once the meeting begins. If it does not play automatically, click on the “play” icon in the bottom left corner of the screen to begin. The volume control is next to this. The PowerPoint presentation will appear in the right hand screen.

How to vote

If you have not already voted and wish to vote during the meeting, click on “Click here to vote” in the top menu bar. This will open a new tab in your browser taking you to the *electionz.com* voting page.

You will need your Personal Identification Number (PIN) and password from your voting pack.

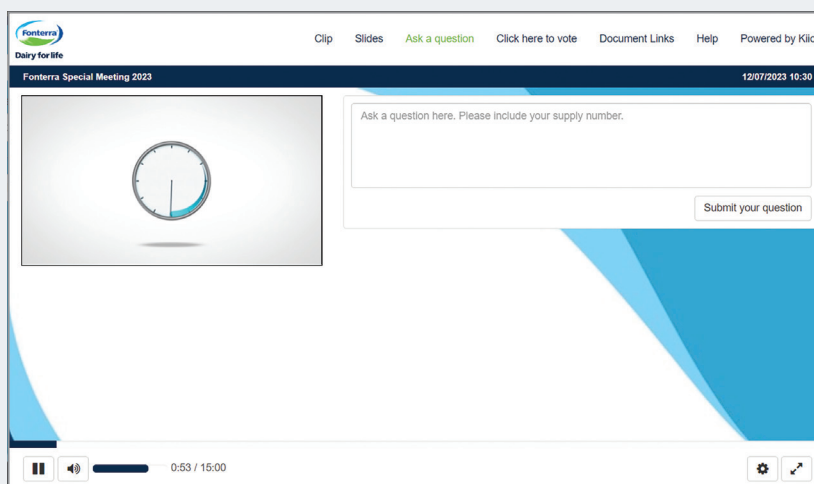
By entering the PIN and password for a shareholder, you warrant and undertake that you are authorised to exercise the vote of that shareholder.

The password is case sensitive and must be entered as it appears on your voting paper.

The Chairman will announce to the meeting when online voting on the resolutions opens and closes during the meeting. After voting online, you do not need to submit your Voting Paper and it can be destroyed.

Asking a Question

In the top menu bar, click on “Ask a question”.



Enter your question and Supply Number(s) in the box on the right of the viewing panel and click “Submit your question” to send. Click on “Slides” in the top menu bar to return to the PowerPoint presentation.

Technical Help

Click on the “Help” button in the top menu bar or phone support will be available on the day of the event and throughout the meeting by calling 09 300 3069.

Document Links

The Meeting Guide and Notice of Special Meeting can be accessed by clicking Document Links in the top menu bar.

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If undelivered please return to:

The Returning Officer

Fonterra Elections 2023

PO Box 3138

Christchurch 8140

Free phone 0800 666 034

Chairman's Email

21 June 2023

Subject: Notice of Meeting and voting info for July Special Meeting

Kia ora [name],

In March this year we provided details on our intention to return 50 cents per share, which is approximately \$800 million of capital, to shareholders following completion of the sale of Soprole.

Today I can share further information with you on the Special Meeting that will be held virtually at 10:30am on Wednesday 12 July, at which shareholders will be asked to vote to approve the scheme of arrangement related to this proposed capital return.

Your voting packs have been posted and should be arriving in your mailbox over the coming days.

In the meantime, the Notice of Meeting document can be viewed [here](#) and a guide showing how you can join the virtual meeting is available [here](#). Information related to the Special Meeting will be kept updated on [this Farm Source page](#).

You can vote online **from tomorrow morning** once you receive an email from iro@electionz.com with your Pin and Passcode. Voting will remain open until 10.30am on Monday, 10 July 2023. You can also vote via post, at the meeting or by proxy – for details see further information on pages 1-2 of the Notice of Meeting.

How the return of capital will work

If approved by shareholders, the capital return will be a pro rata return of capital effected by a Court approved scheme of arrangement under Part 15 of the Companies Act 1993.

One in every six of your shares will be bought back by Fonterra and immediately cancelled. In return you will receive \$3.00 for each cancelled share.

At the same time as the share cancellation, a share subdivision will occur so that, immediately after the share buyback and subdivision, you will continue to hold the same number of shares as you held before the share buyback and subdivision. The share subdivision ensures that no shareholder's compliance with their minimum shareholding requirements in relation to Fonterra's Share Standard or their voting entitlement is affected by the share buyback.

While shareholders will receive \$3.00 for each share that Fonterra buys back, shareholders will not pay anything for the shares they receive as a result of the share subdivision.

The tax consequences of the return of capital are set out under the heading "Taxation" in the Explanatory Notes to the Notice of Meeting. We recommend that you obtain independent tax advice on the effect of the capital return, based on your individual circumstances.

Next steps

The capital return requires approval by at least 75% of the votes cast on the resolution at the Special Meeting.

If the return of capital is approved by shareholders at the Special Meeting, there's nothing you need to do after that. Fonterra will then seek final Court approval to undertake the return of capital. It is expected that the scheme will occur on 11 August 2023 with payment to be made by 17 August 2023 (these dates are indicative only at this stage).

The voting process is being overseen independently by **electionz.com** and you can expect to receive email and/or text reminders while the voting period is open. If you have any queries regarding the voting process, please call electionz.com during normal office hours on 0800 666 034.

Peter.

To: [Email address]
Subject: Voting Pack for the 2023 Special Meeting – Capital Return

Dear <Shareholder's first name>

Voting Pack for the 2023 Special Meeting – Capital Return

This Voting Pack email provides you with the information and documentation you need to vote for the upcoming Fonterra Special Meeting – Capital Return. The Special Meeting will be held virtually at **10:30am NZST on Wednesday 12 July 2023**.

You can attend the meeting and participate online by using the following link to the virtual meeting platform.
<https://edge.media-server.com/mmc/go/Fonterra-Special-Meeting-2023>

The Voting Pack has been mailed to all Shareholders on the Share Register at 9:00pm NZST on 19 June 2023. You will also receive the Voting Pack materials by post.

In accordance with the Constitution, your voting entitlement for the Special Meeting is based on your share-backed milk supply, with one vote for every 1,000 kilograms of milksolids (kgMS) backed by shares that you supplied to Fonterra during the season ended 31 May 2023. A "Secondary Shareholder's" voting entitlement is based on share backed milk supply, up to the 'agreed percentage' in relation to Fonterra's Share Standard for the supplying farm.

If you are a Supplying Shareholder and did not supply last season but now own an existing farm that did, your voting entitlement (and your Secondary Shareholders' (if any)) is either 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 the Board's estimate of milksolids production for the season ended 31 May 2024. Milk supplied on Contract Supply and milk which is not backed by shares is excluded from milksolids production when calculating voting entitlements. Voting entitlements will be calculated based on shareholdings recorded in the Share Register at 9:00pm NZST on 10 July 2023.

There is one special resolution to be voted on and this 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 Special 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 resolution to be considered at the meeting.

You can vote in any one of **four** ways. The Board has approved the use of online and postal voting for the Special Meeting. You may also attend the Special Meeting virtually to vote, or appoint a proxy or representative to attend virtually and vote for you.

Please read the following information carefully before voting.

Attached to this Voting Pack email are:

- Notice of Meeting booklet (or click [HERE](#)); and
- Special Meeting Voting Paper and Proxy Form (or click [HERE](#))

Please note that the Voting Pack you receive in the post will also include a freepost envelope, however, if you are based outside of New Zealand, due to delivery timeframes, Fonterra recommends that you attend the meeting virtually to vote or use one of the other voting methods.

Please see below for details of the Special Meeting and detailed voting instructions.

Voting Methods for Fonterra Special Meeting

Your vote can be cast in **ONE** of the following **four** ways. Please use only one option, and vote only once.

- 1. ONLINE** Vote via nzfarmsource.co.nz. Login using your Farm Source login and password and follow the link to the voting site. You will be asked at the voting site to enter your unique Personal Identification Number (PIN) and password. Your PIN and

password are printed on your Voting Paper. Follow the onscreen instructions to submit your vote. Once you have submitted your vote you will be able to print a confirmation. After voting online, you do not need to submit the Voting Paper and it can be destroyed.

- 2. POSTAL** Complete and sign your Voting Paper, then fold your Voting Paper and post it to electionz.com Limited in the freepost envelope provided in the physical Voting Pack. However, if you are based outside of New Zealand, due to delivery timeframes, Fonterra recommends that you attend the meeting virtually to vote or use one of the other voting methods.
- 3. AT THE MEETING** Vote by attending the Special Meeting virtually, or by appointing a proxy or representative who can attend the Special Meeting virtually to vote on your behalf. Attend the Special Meeting virtually, by logging into the virtual meeting platform using the link provided at the beginning of this email and voting online as described at item 1. above.
- 4. BY PROXY** Appoint a proxy/representative to attend the Special Meeting and vote on your behalf by completing and returning the Proxy Form. Further instructions are on the back of the Proxy Form.

Important: If you have more than one farm, you will receive a Voting Pack for each farm and you must complete the Voting Paper in each Voting Pack for all of your votes to be counted.

Votes for the Special Meeting cast in advance by internet or post, and Proxy Forms appointing a proxy, must be received by electionz.com Limited by no later than **10:30am NZST on Monday 10 July 2023.**

Any queries regarding voting should be made to the electionz.com Helpline on free phone +64 (0)800 666 034.

Yours faithfully



Warwick Lampp
Returning Officer – 2023 Fonterra Special Meeting
Free phone 0800 666 034
iro@electionz.com

For any assistance with voting, please phone the *electionz.com* Helpline on free phone +64 (0)800 666 034.