

# Fonterra Annual Meeting 2023

Notice of Hybrid Annual Meeting  
of Shareholders and Explanatory Notes

10.30am on Thursday, 9 November 2023

Mt Hutt Memorial Hall  
160 Main Street  
Methven  
Canterbury



# Contents

<b>FONTERRA CO-OPERATIVE GROUP LIMITED 2023 ANNUAL MEETING</b>	<b>1</b>
Annual Meeting documents	1
How to join online	1
Questions	1
Meeting attendees	1
Voting	1
Voting entitlements	2
Proxies or representatives	2
Votes required and quorum	2
Results of voting	2
<b>CHAIR'S LETTER</b>	<b>3</b>
<b>FONTERRA CO-OPERATIVE GROUP LIMITED ANNUAL MEETING AGENDA</b>	<b>4</b>
<b>PART 1</b>	
<hr/>	
<b>NOTICE OF ANNUAL MEETING OF SHAREHOLDERS OF FONTERRA CO-OPERATIVE GROUP LIMITED</b>	<b>5</b>
Business	5
Annual Meeting proceedings	5
Remuneration of Elected Directors, Co-operative Councillors and Directors' Remuneration Committee members	5
Appointment of auditor	5
Ratification of appointment of Directors	5
Amendments to the Constitution relating to the Milk Price Panel	5
Amendments to the Constitution relating to Board size and composition	6
Co-operative Council report	6
Co-operative Council programme and budget	6
Shareholder proposals	6
<b>PART 2</b>	
<hr/>	
<b>EXPLANATORY NOTES TO NOTICE OF ANNUAL MEETING</b>	<b>7</b>
Welcome	7
Annual Meeting proceedings	7
Appointment of auditor	8
Ratification of appointment of Directors	8
Amendments to the Constitution relating to the Milk Price Panel	8
Amendments to the Constitution relating to Board size and composition	10
Co-operative Council programme and budget	11
Shareholder proposals	13

# Fonterra Co-operative Group Limited

## 2023 Annual Meeting

Fonterra's Annual Meeting will be held as a **hybrid meeting** at **10.30am on Thursday, 9 November 2023**. Shareholders may either attend in person at the **Mt Hutt Memorial Hall, 160 Main Street, Methven, Canterbury** or **join online** using the instructions set out below.

### Annual Meeting documents

Each shareholder has been sent:

- This Notice of Meeting booklet, which includes:
  - a letter from the Chair;
  - the Notice of Meeting (including the text of the matters to be voted on by shareholders) (Part One); and
  - explanatory notes regarding each of the matters to be voted on by shareholders (Part Two).
- A Fonterra Board of Directors Election Voting Paper.
- A Fonterra Board of Directors Candidate Booklet.
- A Fonterra Co-operative Council Voting Paper (for shareholders in Wards 3 and 6 only).
- A Fonterra Co-operative Council Candidate Booklet (for shareholders in Wards 3 and 6 only).
- A combined Annual Meeting Voting/Proxy Paper. Use this Voting/Proxy Paper:
  - To vote **online** or by **post** so that the Returning Officer receives your vote no later than **10.30am on Tuesday, 7 November 2023**.
  - If you are attending the Annual Meeting in person, to vote in person.
  - If you are unable to attend the Annual 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/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 the Returning Officer receives it no later than **10.30am on Tuesday, 7 November 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/Proxy Paper.

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

Note: Shareholders without voting entitlements have only been sent this Notice of Meeting booklet.

### How to join online

To attend the meeting and participate online, use the following link to the virtual meeting platform:  
<https://edge.media-server.com/mmc/go/AnnualMeeting2023>

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 available here:  
[www.fonterra.com/online-meeting-guide-2023](http://www.fonterra.com/online-meeting-guide-2023)

### Questions

Shareholders will be able to ask questions in person or, for those attending online, via the online platform during the Annual Meeting. We encourage shareholders to submit questions online as early as possible to ensure that as many questions as possible are received and addressed at the appropriate time during the meeting.

### 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 the auditors and invited members of the media.

### Voting

Shareholders 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 Annual Meeting Voting/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 Annual Meeting Voting/Proxy Paper, and count, all online and postal votes.

Shareholders can also vote by attending the meeting in person or online, or by appointing a proxy or representative (who can attend the meeting in person or online to vote on their behalf).

All online and postal votes must be received by the Returning Officer by **10.30am on Tuesday, 7 November 2023**.

## Voting entitlements

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A shareholder's voting entitlement is based on their share backed milk supply.

'Supplying Shareholders' 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. The voting entitlements of 'Secondary Shareholders' are based on share backed milk supply, up to the 'agreed percentage' in relation to Fonterra's share standard for the relevant 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; and
- 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 **5.00pm on 11 October 2023** (the **Voting Entitlement Time**) as the date 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 Annual 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 (as at the date of printing) is shown on their Annual Meeting Voting/Proxy Paper, which is enclosed with this pack (if applicable). 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](mailto:info@electionz.com) (email: [info@electionz.com](mailto:info@electionz.com) or phone: +64 3 377-3530).

## Proxies or representatives

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

You may appoint the Chair 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 Annual Meeting Voting/Proxy Paper in full, or where a shareholder's named proxy does not attend the meeting, the Chair of the meeting will act as that shareholder's proxy and will vote in accordance with that shareholder's express direction.

The Chair intends to vote any discretionary proxies, for which they have authority to vote, in favour of the resolutions (other than the shareholder proposals).

All proxy or representative appointments must be received by the Returning Officer by **10.30am on Tuesday, 7 November 2023**.

## Votes required and quorum

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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 resolutions will be passed if they are approved by a majority of 75% or more of the votes of those shareholders entitled to vote and voting on the resolutions.

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

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The results of voting at the Annual 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 Chair has declared the results.



# Chair's Letter

Kia ora tātou

Our 2023 Annual Meeting will be held as a hybrid meeting at 10.30am on Thursday, 9 November 2023. Shareholders may either attend in person at the Mt Hutt Memorial Hall, 160 Main Street, Methven, Canterbury, or join the meeting online.

At this year's meeting, Miles and I will review the Co-operative's performance and discuss our progress towards our 2030 strategic goals.

Given the pressure our individual farming businesses are under as we face into a combination of on-farm inflation and a significantly lower forecast Farmgate Milk Price range for the 2023/24 season, Miles and I will also discuss how our Co-op will be supporting our members, and the actions management is undertaking to reduce the Co-op's costs and ultimately improve overall returns to members.

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

1. approve changes to the remuneration of Elected Directors;
2. approve changes to the remuneration of Co-operative Councillors;
3. approve no change to the remuneration of the Directors' Remuneration Committee members;
4. approve the appointment of the auditor;
5. ratify the appointment of Mr Bruce Hassall as an Appointed Director;
6. ratify the appointment of Ms Holly Kramer as an Appointed Director; and
7. approve the Co-operative Council programme and budget.

Each of these ordinary resolutions requires more than 50% of votes cast in favour on it to be passed.

There are also two special resolutions which shareholders are being asked to vote on, to:

1. approve amendments to the Constitution relating to the composition of the Milk Price Panel, to address recent changes to the Dairy Industry Restructuring Act 2001; and
2. approve amendments to the Constitution relating to Board size and composition.

Each of these special resolutions requires more than 75% of votes cast in favour of it to be passed.

There are also four shareholder proposals for consideration by shareholders. Further details on each of the proposals is included in this Notice of Meeting. You will see that two of these proposals (Resolutions 10 and 11) are inconsistent with the Board's proposal on Board size and composition in Resolution 8. Given the Co-operative Council has advised that it does not support these proposals, even if Resolutions 10 and 11 are passed, they will not become effective under our Constitution. Therefore, in the unlikely event that both Resolution 8 and Resolutions 10 and 11 are passed, only Resolution 8 would be given effect to. In any event, your Board strongly encourages you to vote FOR Resolution 8 and AGAINST Resolutions 10, 11, 12 and 13.

If you can't attend the Annual Meeting in person or online and are eligible to vote, 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 paper in your voting pack (if applicable).

I look forward to seeing as many of you as possible in Methven and online.

Ngā mihi



**Peter McBride**  
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 Chair. Shareholders should allow sufficient time to register their attendance upon arrival, prior to the start of the meeting.

<b>10.00am - Registration</b>
<b>10.30am - Welcome</b> Welcome - Peter McBride, Chair of the Board
<b>Annual Meeting Proceedings</b> Chief Executive Officer's presentation Chair's review
<b>Approval of Remuneration of Elected Directors, Co-operative Councillors and Directors' Remuneration Committee Members</b> Directors' Remuneration Committee review – Conall Buchanan, Chair of the Directors' Remuneration Committee Resolution 1: Approval of changes to the remuneration of Elected Directors Resolution 2: Approval of changes to the remuneration of Co-operative Councillors Resolution 3: Approval of no change to the remuneration of members of the Directors' Remuneration Committee
<b>Appointment of auditor</b> Resolution 4: Appointment of KPMG as auditor and authorisation of the Directors to fix the auditor's remuneration
<b>Ratification of appointment of Directors</b> Resolution 5: Ratification of appointment of Mr Bruce Hassall Resolution 6: Ratification of appointment of Ms Holly Kramer
<b>Amendments to the Constitution relating to the Milk Price Panel</b> Resolution 7: Approval of amendments to the Constitution relating to the composition of the Milk Price Panel
<b>Amendments to the Constitution relating to Board size and composition</b> Resolution 8: Approval of amendments to the Constitution relating to Board size and composition
<b>Co-operative Council report</b> Chair's review – John Stevenson Co-operative Council programme and budget Resolution 9: Approval of the Co-operative Council programme and budget
<b>Shareholder proposals</b> Resolution 10: Mr Richard Dampney's first proposal Resolution 11: Mr Richard Dampney's second proposal Resolution 12: Mr Richard Dampney's third proposal Resolution 13: Mr Richard Dampney's fourth proposal
<b>Voting paper collection</b>
<b>General business</b>
<b>12.45pm - Closing (approximately)</b>



## PART ONE

# 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 (the **Company**) will be held as a hybrid meeting at **10.30am on Thursday, 9 November 2023**. Shareholders may either attend in person at the Mt Hutt Memorial Hall, 160 Main Street, Methven, Canterbury or join online using the instructions set out in this Notice of Meeting.

Peter McBride

**Chair, on behalf of the Board**

**Notice of Meeting dated 16 October 2023**

## Business

Welcome

## Annual Meeting proceedings

Chief Executive Officer's presentation

Chair's review

## Remuneration of Elected Directors, Co-operative Councillors and Directors' Remuneration Committee members

Directors' Remuneration Committee review

### Resolution 1: Approval of changes to the remuneration of Elected Directors

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

*"To approve the changes to the remuneration of Elected Directors, as recommended by the Directors' Remuneration Committee."*

### Resolution 2: Approval of changes to the remuneration of Co-operative Councillors

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

*"To approve the changes to the remuneration of Co-operative Councillors, as recommended by the Directors' Remuneration Committee."*

### Resolution 3: Approval of no change to the remuneration of members of the Directors' Remuneration Committee

To consider any changes to 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 Directors

### Resolution 5: Ratification of appointment of Mr Bruce Hassall

To consider and, if thought fit, to resolve:

*"To ratify the appointment by the Board of Mr Bruce Hassall as a Director of the Company, under clause 12.4 of the Constitution."*

### Resolution 6: Ratification of appointment of Ms Holly Kramer

To consider and, if thought fit, to resolve:

*"To ratify the appointment by the Board of Ms Holly Kramer as a Director of the Company, under clause 12.4 of the Constitution."*

## Amendments to the Constitution relating to the Milk Price Panel

### Resolution 7: Approval of amendments to the Constitution relating to the composition of the Milk Price Panel

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

*"To approve the proposed amendments to the Constitution of the Company, as set out in the section headed 'Resolution 7' of Part Two of the Notice of Meeting, to be effective on and from the date that corresponding amendments have been made to the Fonterra Shareholders' Market Rules."*

## Amendments to the Constitution relating to Board size and composition

### Resolution 8: Approval of amendments to the Constitution relating to Board size and composition

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

*“To approve the proposed amendments to the Constitution of the Company, as set out in the section headed ‘Resolution 8’ of Part Two of the Notice of Meeting.”*

## Co-operative Council report

Chair’s review

## Co-operative Council programme and budget

### Resolution 9: Approval of Co-operative Council programme and budget

To receive and consider the Co-operative Council’s report on its activities during the financial year ending 31 July 2023 and its view on the alignment of Company strategy and performance to members’ expectations and aspirations; the Milk Commissioner’s report for the 2022/23 season (which is set out in the Co-operative Council’s 2023 Annual Report); and the Co-operative Council’s programme and budget for the financial year ending 31 July 2024 and, if thought fit, to resolve:

*“To approve the Co-operative Council’s programme and budget for the financial year ending 31 July 2024.”*

## Shareholder proposals

### Resolution 10: Mr Richard Dampney’s first proposal

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

*“That the number of Appointed (Independent) Directors be reduced from four to two.”*

### Resolution 11: Mr Richard Dampney’s second proposal

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

*“That the number of Farmer Elected Directors remain.”*

### Resolution 12: Mr Richard Dampney’s third proposal

To consider and, if thought fit, to resolve:

*“That Fonterra shareholders or former Elected Directors can be appointed as “Independent Directors” provided they have had a five year stand down and 75% approval is attained from voting shareholders.”*

### Resolution 13: Mr Richard Dampney’s fourth proposal

To consider and, if thought fit, to resolve:

*“That the Independent Assessment Panel for Elected Directors be scrapped.”*



# Explanatory Notes to Notice of Annual Meeting

## Welcome

The Chair will welcome shareholders.

## Annual Meeting proceedings

### Remuneration of Elected Directors, Co-operative Councillors and Directors' Remuneration Committee Members

#### Resolution 1: Approval of changes to the remuneration of Elected Directors

In accordance with clause 34.1 of the Company's Constitution, the Directors' Remuneration Committee (**DRC**) met in July 2023 to consider, and recommend to shareholders, the form and amount of the Elected Directors' remuneration. The DRC comprises six elected shareholders and is chaired by Mr Conall Buchanan.

The DRC reviewed remuneration practices in New Zealand and Australia. The DRC considered whether current remuneration levels were appropriate to ensure highly skilled Directors were attracted and retained on the Board, noting the substantial Director workload. The DRC confirmed that small incremental annual increases in fees continued to be its preferred approach, rather than having periods of no increase followed by large uplifts. The DRC discussed the appropriate level of an increase in the current inflationary environment and being mindful of the financial difficulties that many shareholders were facing with rising on-farm costs and interest rates.

The DRC reviewed the allocations made from the discretionary pool in the prior year, and was comfortable that the pool was utilised in a reasonable manner.

The DRC recommended that the following changes to the remuneration of Elected Directors be approved from the date of this Annual Meeting:

- **Chair:** Increase of \$14,000 (being ~2.97%) to **\$484,000 p.a.**
- **Elected Director:** Increase of \$5,500 (being ~2.88%) to **\$196,500 p.a.**
- In addition, at the discretion of the Board:
  - **The Chair of each permanent Board Committee (unless that person is the Chair of the Board, the Chair of the Audit, Finance and Risk Committee or already in receipt of a Committee Chair allowance):** Increase of \$1,000 (being ~2.78%) to **\$37,000 p.a.**
  - **The Chair of the Audit, Finance and Risk Committee:** Increase of \$1,500 (being 3%) to **\$51,500 p.a.**

- **Discretionary pool:** No change from up to **\$150,000 p.a.** in aggregate. The discretionary pool is provided for Directors to be remunerated for additional duties, workload and responsibilities (such fees to be allocated at the discretion of the People, Culture and Safety Committee of the Board and the Chair of the Board).

The DRC also approved the expense reimbursement policy for both Directors and Co-operative 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: Approval of changes to the remuneration of Co-operative Councillors

In accordance with By-law 3.1 of the Co-operative Council By-laws, the DRC met in July 2023 to consider, and recommend to shareholders, the form and amount of the remuneration to be paid to Co-operative Councillors.

The DRC considered Councillor remuneration, noting that small incremental annual increases in fees continued to be its preferred approach, rather than having periods of no increase followed by large uplifts. The DRC agreed that the level of the honoraria needed to be sufficient to attract shareholders of a high calibre, and to recognise that Councillors were required to pay rising labour costs for time off-farm while performing Council duties. The DRC discussed the appropriate level of an increase in the current inflationary environment and being mindful of the financial difficulties that many shareholders were facing with rising on-farm costs and interest rates.

The DRC reviewed the allocations made from the discretionary pool in the prior year, and was comfortable that the pool was utilised in a reasonable manner.

The DRC recommended that the following changes to the remuneration of Co-operative Councillors be approved from the date of this Annual Meeting:

- **Chair:** Increase of \$4,000 (being ~3.33%) to **\$124,000 p.a.**
- **Councillor:** Increase of \$1,250 (being ~3.25%) to **\$39,750 p.a.**
- **Discretionary pool:** No change from up to **\$100,000 p.a.** in aggregate. The discretionary pool is provided for additional honoraria of Co-operative Councillors (excluding the Chair of the Co-operative Council) who have additional responsibilities including as Council committee chairpersons, project leaders for Council workstreams, observers on Board Committees, or representing the Council at its request on external committees; (such provisions to be allocated in whole or part at the discretion of the Chair of the Co-operative Council).

### **Resolution 3: Approval of no change to the remuneration of members of the Directors' Remuneration Committee**

In accordance with clause 34.1 of the Company's Constitution, the Board met to consider, and recommend to shareholders, the form and amount of the remuneration to be paid to members of the DRC. The DRC comprises six elected shareholders.

The Board noted that the DRC members' honoraria was last increased in 2021 to **\$2,500 p.a.** for the Chair and **\$1,500 p.a.** for the other members.

The Board recommends no change to this in 2023.

Members of the DRC are also entitled to be paid for reasonable expenses incurred in connection with the business of the DRC, in line with the policy for remuneration of Directors and Co-operative 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 (the **Companies Act**) requires the Company to appoint an auditor. Section 207S of the Companies Act provides that the fees and expenses of an auditor appointed at an Annual Meeting can be fixed in the manner determined at that meeting.

KPMG has audited the Company's financial statements for the year ended 31 July 2023.

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 Directors**

### **Resolution 5: Ratification of appointment of Mr Bruce Hassall**

### **Resolution 6: Ratification of appointment of Ms Holly Kramer**

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 Bruce Hassall was appointed by the Board in 2017 and re-appointed in 2020 and 2023. In accordance with clause 12.4 of the Constitution, his latest re-appointment is required to be ratified by shareholders at the 2023 Annual Meeting.

Ms Holly Kramer was appointed by the Board in 2020 and re-appointed in 2023. In accordance with clause 12.4 of the Constitution, her re-appointment is required to be ratified by shareholders at the 2023 Annual Meeting.

The Fonterra Board has determined that Mr Bruce Hassall and Ms Holly Kramer each qualify as an independent Director.

The remuneration and benefits of Mr Bruce Hassall and Ms Holly Kramer, as with all of the Appointed 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 Appointed Directors at the same level as Elected Directors.

Details of their qualifications and experience are set out below.

### **Mr Bruce Hassall**

Mr Hassall is a Chartered Accountant and has had a 35-year career at PwC, including holding the position of Chief Executive Officer of the New Zealand practice from 2009 to 2016. He is Chair of The Farmers Trading Company Limited, Prolife Foods Limited and Fletcher Building Limited.

Mr Hassall was previously a Director of the Bank of New Zealand and a member of the University of Auckland Business School Advisory Board. He was a founding Board Member of the New Zealand China Council. Mr Hassall has extensive experience in financial reporting, information system processes, risk management, business acquisitions, capital raising and IPOs across both listed and private companies.

### **Ms Holly Kramer**

Ms Kramer has more than 30 years of extensive governance, management and product/marketing experience. She was Chief Executive Officer of major Australian retailer Best & Less. She has also held senior executive roles at Telstra Corporation, Ford Motor Company (in the US and Australia) and Pacific Brands.

Ms Kramer is currently a Director on the Boards of Woolworths (Chair, Sustainability Committee), ANZ Banking Group and associated companies, the GO (Goodes-O'Loughlin) Foundation and agritech start-up NBryo Limited. She is also the Pro-Chancellor of Western Sydney University and a Member of the Bain Advisory Group. Her previous governance roles include the Boards of Abacus Property Group, Australia Post, Endeavour Group, Nine Entertainment Corporation, AMP Limited, Lendi, Telstra Clear (NZ) and The Ethics Centre.

## **Amendments to the Constitution relating to the Milk Price Panel**

### **Resolution 7: Approval of amendments to the Constitution relating to the composition of the Milk Price Panel**

Resolution 7 is a special resolution required by section 106(1)(a) of the Companies Act.

### **Background**

The Dairy Industry Restructuring (Fonterra Capital Restructuring) Amendment Act 2022 amended the Dairy Industry Restructuring Act 2001 (DIRA) to, amongst other things:

- require that the independent Chair of the Milk Price Panel (the **Panel**) have no 'meaningful association' with the Company or a shareholder, and be approved by the responsible Minister under DIRA (the **Minister**); and



- increase the number of members on the Panel nominated by the Minister from one to two.

The Company's Constitution and the Fonterra Shareholders' Market Rules (the **FSM Rules**) set out certain requirements applying to the Panel, including that:

- it must comprise six members;
- a majority must be 'independent';
- the Co-operative Council is entitled to appoint up to two members (at least one of whom must be independent);
- one member must be nominated by the Minister; and
- the remaining members are appointed by the Board.

Currently, the Panel has six members:

- Mr David Pilkington, independent Chair with no 'meaningful association' with the Company and approved by the Minister (appointed to the Panel in 2023);
- Professor Hamish Gow, independent Ministerial nominee (appointed to the Panel in 2021);
- Ms Ming Lim-Pollard, independent Ministerial nominee (appointed to the Panel in 2023);
- Mr Fred Ohlsson, independent Co-operative Council nominee (appointed to the Panel in 2022);
- Mr Bill Donaldson, Co-operative Council nominee (appointed to the Panel in 2014); and
- Ms Leonie Guiney, an Elected Director (appointed to the Panel in 2023).

Mr Bruce Hassall, an independent Appointed Director, stood down from the Panel on Ms Lim-Pollard's appointment taking effect and has since been attending Panel meetings as an observer.

The Board recommends that the Company's Constitution is amended to increase the size of the Panel to seven members to accommodate the additional Ministerial nominee and independent Chair, while allowing the number of Panel positions held by the Fonterra Directors and Co-operative Council nominees to be two each. This is consistent with section 150E(1) of DIRA, which allows there to be up to seven Panel members.

### Proposed amendments

The proposed amendments to clause 10.3(c) of the Constitution to give effect to this are set out below in mark up.

**10.3(c) The Panel must at all times comply with the following requirements:**

- it must comprise six seven members;
- a majority of the members must qualify for appointment as at all times be "independent" ("independent") members (within the meaning of any applicable enactment or, if there is no applicable enactment, as determined by the Board from time to time);
- the Co-operative Council is entitled to appoint up to two members (at least one of whom must be independent);

- one two members of the Panel must be the persons (who must be independent) nominated by the responsible Minister for appointment as a members of the Panel under subsection 150E(1A)(a) of the Dairy Industry Restructuring Act 2001 ("DIRA") so long as such provision remains in force or, in the event that the chair of the Panel is a member nominated by the responsible Minister, three members of the Panel must be persons (who must be independent) nominated by the responsible Minister for appointment as members of the Panel under subsections 150E(1)(a) and (d) of DIRA so long as such provisions remain in force;
- the remaining members shall be appointed by the Board; and
- the chairman of the Panel is nominated by the Board and, for so long as subsection 150E(1)(b) of DIRA remains in force, approved by the responsible Minister and:
  - must be independent;
  - must, for so long as subsection 150E(2A) of DIRA remains in force, not have a "meaningful association" with the Company or with a Shareholder; and
  - shall have no casting vote.

Fonterra has requested that the corresponding FSM Rule 1.8.2 that sets out the size and membership composition of the Panel also be amended, subject to shareholder approval of the proposed amendments to clause 10.3(c) of the Constitution.

A solicitor's opinion regarding the Constitution of the Company, as required under Rule 1.11.1 of the FSM Rules, has been provided to NZX. As the proposed amendment will alter Part A of the Company's Constitution, the approval of the amendment by a majority of 50% or more of members of the Co-operative Council is required under clause 18.1 of the Constitution. This approval was received on 3 October 2023.

The Board of Fonterra has approved the changes to the Constitution of the Company as outlined in Resolution 7, subject to shareholders' approval. The Board recommends that shareholders vote to support the amendments proposed in Resolution 7.

If Resolution 7 is passed by the requisite majority of 75% or more of votes cast by shareholders entitled to vote and voting on the resolution, the Constitution will be amended as set out above only upon the FSM Rules being amended to be consistent with this change.

If Resolution 7 is not passed then the recommended changes will not take effect. Voting against Resolution 7 will not prevent the Fonterra Board from being required to appoint two Ministerial nominees and an independent Chair with no "meaningful association" with Fonterra or any shareholder on the Panel (as these requirements are mandated under DIRA). Rather, this would mean that there would only be three (rather than four) Panel positions able to be held by Fonterra Directors and Co-operative Council nominees.

## Amendments to the Constitution relating to Board size and composition

### Resolution 8: Approval of amendments to the Constitution relating to Board size and composition

Resolution 8 is a special resolution required by section 106(1)(a) of the Companies Act.

#### Background

As part of earlier governance and representation reviews, a commitment was made to review the Company's Board size and composition in 2024.

With the capital structure review, asset divestment programme and long term strategy work largely behind the Company, the Board believes it is the right time to review its size and composition. The Board has been consulting with shareholders and the Co-operative Council on Board size and composition since early June this year to determine if there were sufficient indications of support for further change.

When thinking about the right size of the Board, striking a balance is important. The Company wants to increase efficiency and avoid 'group think', whilst retaining an appropriate level of skills and capabilities as defined by its Board skills matrix.

The New Zealand Institute of Directors recommends, as a general rule, a Board size of between 6-8 directors in the case of medium to large sized companies in New Zealand. The Company's global scale makes it an outlier.

As well as the size of the organisation, optimal Board size is also informed by the associated workload requirements. The changes in the Company's governance framework, with changes to Board sub-committees and no requirement for an Independent Director to chair the Milk Price Panel support the concept of a smaller Board.

Through the previous governance and representation reviews it was clear that a strong Elected Director majority on the Board was important to farmers, alongside the other elements of farmer control.

The proposal being put to shareholders is to reduce the number of directors on the Board from 11 down to 9. The current balance between Elected Directors and Appointed Directors would be maintained, with a composition of 6 Elected Directors and 3 Appointed Directors. As is the case today, the Chair would still be selected from within the pool of Elected Directors.

The Board's view is that this reduction strikes the right balance between a strong and diverse level of perspectives, skills and experiences and manageable workloads while providing directors the opportunity to participate in discussions and decisions to the best of their abilities.

The Board does not intend that the number of Elected Directors would fall below six, given the workload implications of having a smaller number.

#### Proposed amendments

The proposed amendments to clause 12.1 of the Constitution to give effect to the proposed change in Board size are set out below in mark up.

**12.1 Number of Directors:** There shall be not more than ~~13~~ **11** Directors until the conclusion of the ~~2016~~ **2024** annual meeting of the Company, not more than 12 Directors until the conclusion of the 2017 annual meeting of the Company, and not more than ~~11~~ **9** Directors thereafter, of whom:

- (a) not more than ~~9~~ **7** until the conclusion of the ~~2016~~ **2024** annual meeting, ~~8~~ until the conclusion of the 2017 annual meeting, and ~~7~~ **6** thereafter, are Directors elected by Shareholders in accordance with clauses 12.2 and 33.4 or appointed by the Board in accordance with clause 33.1; and
- (b) not more than ~~4~~ **until the conclusion of the 2024 annual meeting, and 3 thereafter**, are Directors appointed by the Board in accordance with clause 12.4.

A solicitor's opinion regarding the Constitution of the Company, as required under Rule 1.11.1 of the FSM Rules, has been provided to NZX. As the proposed amendment will alter Part A of the Company's Constitution, the approval of the amendment by a majority of 50% or more of members of the Co-operative Council is required under clause 18.1 of the Constitution. This approval was received on 3 October 2023.

The Board of Fonterra has approved the changes to the Constitution of the Company as outlined in Resolution 8, subject to shareholders' approval. The Board recommends that shareholders vote to support the amendments proposed in Resolution 8.

If Resolution 8 is passed by the requisite majority of 75% or more of votes cast by shareholders entitled to vote and voting on the resolution, the Constitution will be amended as set out above. The changes will apply from the 2024 Annual Meeting, with the removal of one Elected Director position and one Appointed Director position at that time.

If Resolution 8 is not passed then the recommended changes will not take effect.

**The shareholder proposals set out in Resolutions 10 and 11 are inconsistent with the Board's proposal in Resolution 8. The usual course is that inconsistent resolutions are not proposed at the same meeting, with shareholders able to vote against a resolution or seek an amendment to it rather than an inconsistent resolution being put to the meeting. However, the Companies Act provides that all shareholder proposals be presented to shareholders, which has led to this inconsistency. Given the Co-operative Council has advised that it does not support these proposals, even if Resolutions 10 and 11 are passed, they will not become effective under the Company's Constitution. Therefore, in the unlikely event that both Resolution 8 and Resolutions 10 and 11 are passed, only Resolution 8 would be given effect to.**

## Co-operative Council programme and budget

### Resolution 9: Approval of Co-operative Council programme and budget

Under this item of business, the Chair of the Co-operative Council will, in accordance with the requirements of the Company's Constitution:

- report on the activities undertaken by Council during the financial year ending 31 July 2023;

- report Council's view on the alignment of the Company's strategy and performance to members' expectations and aspirations;
- present the Milk Commissioner's report; and
- present Council's programme and budget for the current financial year to shareholders for approval.

The Co-operative Council seeks shareholder approval for a budget of \$2.371 million for operating costs for FY23 and \$925,000 for other costs contributed to or met by the Co-operative Council, giving a combined total of \$3.296 million, as summarised below:

	FY23 Budget \$000	FY23 Actual \$000	FY24 Budget \$000
<b>Co-operative Council operating costs:</b>			
Councillor honoraria (refer Resolution 2 for amounts), and Council staff salaries and associated costs	1,775	1,864	1,970
Co-operative Council meetings – including accommodation and travel for Council meetings, Board/Board Committee meetings, and meetings with external stakeholders	215	200	200
Communications – including Annual Report design and print	11	11	13
Councillor Ward meetings – including travel and catering	17	18	18
Councillor training and development – including course/facilitator costs, and new Councillor introduction programme	35	7	15
Insurance and IT costs – including Councillor liability insurance and staff information technology costs	42	41	60
External analyst support: <ul style="list-style-type: none"> <li>- Financial</li> <li>- Letter of Members' Expectations survey</li> </ul>	125	111	95
<b>Total Co-operative Council operating costs</b>	<b>2,220</b>	<b>2,252</b>	<b>2,371</b>
<b>Other costs contributed to or met by the Co-operative Council:</b>			
<i>Connection</i>			
Understanding Your Co-operative Programme	230	261	250
Governance Development Programme	165	104	110
<i>Accountability</i>			
External analyst – financial markets research and analysis required by Dairy Industry Restructuring Act 2001	-	-	100
<i>Guardianship</i>			
Fonterra Director election:	125	133	133
- Returning Officer costs	40	35	35
- Director candidate meetings			
- Independent Selection Panel and secretariat, independent agent and candidate interview expenses	130	131	141
- Printing and mailhouse costs	25	30	33
Professional Services - Milk Commissioner costs, fees and other costs relating to the Co-operative Council appointees to the Milk Price Panel, legal costs	100	130	123
<b>Total other costs contributed to or met by the Co-operative Council</b>	<b>815</b>	<b>824</b>	<b>925</b>
<b>Combined Total</b>	<b>3,035</b>	<b>3,076</b>	<b>3,296</b>



## Budget

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In November 2022, Fonterra shareholders approved a budget of \$3.035 million for FY23. Actual costs incurred were \$3.076 million (101% of budget).

Material variations between FY23 budgeted and actual expenditure, and FY23 actual expenditure and FY24 budgeted expenditure, are explained below:

- **Councillor honoraria and staff costs:** FY23 staff salaries and associated costs exceeded budget due to under-estimating salary costs (following a staff vacancy during late 2021/early 2022), including the discretionary component of staff salaries (which is recommended by Fonterra). The FY24 budget allows for the appointment of one Additional Councillor, the honoraria increases recommended by the Directors' Remuneration Committee (which are subject to shareholder approval, refer to Resolution 2), and increases in Council staff salaries as recommended by Fonterra.
- **Co-operative Council meetings:** The FY23 budget included an allowance for the costs of a digital platform for Council meeting papers. During the year these costs were centralised within the Fonterra business, and no allowance has been made for these costs in FY24. Allowance has been made for FY23 accommodation and travel cost increases continuing during FY24.
- **Councillor training and development:** The FY23 budget made allowance for externally facilitated training which was not fully utilised as some Council development was facilitated by Fonterra management. The FY24 budget makes allowance for some externally facilitated relevant training and development.
- **Insurance and IT costs:** FY23 insurance premium increases were at the level budgeted. Allowance has been made in the FY24 budget to fill a gap in existing insurance cover.
- **External analyst support:** Council's external financial analyst (Northington Partners) has been appointed to provide the independent financial markets research and analysis required by the Dairy Industry Restructuring Act 2001 ('DIRA') from 1 June 2023. FY24 costs therefore include allowance for analysis of FY24 first quarter and third quarter business updates under 'Co-operative Council operating costs - External analyst support' and allowance for expanded analysis of FY24 interim and full year results as required by the DIRA under 'Other costs contributed to or met by the Co-operative Council - Accountability'.
- **Understanding Your Co-operative Programme:** FY23 accommodation, travel and catering costs exceeded budget. Participants contribute towards these costs and their contribution will be increased by \$50 per person for 2024 events.
- **Elections:** FY23 costs exceeded budget reflecting inflationary increases and the number of candidates. The FY24 budget reflects cost increases advised by the Independent Assessment Panel and their independent agent, and anticipated increases in printing and mailhouse costs.

- **Professional services:** FY23 Milk Commissioner costs exceeded budget due to the number of disputes which were considered. No legal costs were incurred by Council during FY23. The FY24 budget includes a greater allowance for Milk Commissioner costs than the amount budgeted for in FY23, but less than the amount actually incurred in FY23.

## Work programme

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Council's work programme for FY24 includes the following key workstreams:

### Connection

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- Foster members' engagement with their Co-op through Ward meetings
- Further develop Council's understanding of members' interests, needs, views and expectations through survey and meetings
- Represent members' interests, needs, views and expectations to the Board including in the 2024 Letter of Members' Expectations
- When the Board or Management wish to consult with members on decisions which have the potential to affect members' interests in their Co-operative, engage with the Board and/or Management as part of that consultation
- Deliver the Understanding Your Co-operative Programme

### Guardianship

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- With the Board, review and refresh (as necessary) the Co-operative Philosophy including the Co-operative Principles and promote greater member understanding
- Manage the Director and Directors' Remuneration Committee elections in consultation with the Board, appoint the Returning Officer, and jointly with the Board appoint the Independent Assessment Panel that assesses Director candidates who choose to stand for election as Independently Assessed Candidates
- Represent members' interests in relation to changes to the terms and conditions of supply and the operation of the Fonterra Shareholders' Fund and the Fonterra Shareholders' Market
- Administer the Governance Development Programme
- Consider changes proposed by the Board to the Fonterra Constitution in relation to the Milk Price Panel and the Board size

## Accountability

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- Meet with the Board each quarter to discuss reports on consolidated and key business unit operations, including actual achievements compared to the Board's key measures for performance and any identified risks to the Company's ongoing performance
- Meet with the auditor to discuss their audit engagement and reports
- Monitor information provided by the Company to members and assist members to understand the implications of that information to them
- Seek Board explanation of and responsibility for the Company's strategy and performance
- Report to members Council's view on the extent to which members' expectations are being met
- Represent members' interests in relation to Milk Price Manual changes and governance.

Council will report to members at least quarterly, including through its Quarterly Updates, Annual Report and at the 2024 Annual Meeting.

## Shareholder proposals

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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.

Where shareholders have advised that they wish that their proposal, if adopted, to be binding on the Board (as is the case with each of the shareholder resolutions proposed for the Annual Meeting), this may require the Constitution to be amended which requires the support of shareholders holding 75% or more of the voting rights at the Annual Meeting. With the exception of changes to clause 16 of the Constitution, changes to Part A of the Constitution also requires the support of 50% or more of members of the Co-operative Council.

All four shareholder proposals have been made by Mr Richard Dampney, who has provided the following contact details for inclusion in the Notice of Meeting:

Address: 44 Roger Road, RD3, Kaikohe  
Telephone: 09 401 4754

### Resolution 10: First shareholder proposal by Mr Richard Dampney

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The Company has received the following proposal from Mr Dampney for shareholder consideration and resolution at the Annual Meeting:

*That the number of Appointed (Independent) Directors be reduced from four to two.*

**Resolution 10 is inconsistent with the Board's proposal in Resolution 8. The usual course is that inconsistent resolutions are not proposed at the same meeting, with shareholders able to vote against a resolution or seek an amendment to it rather than an inconsistent resolution being put to the meeting. However, the Companies Act provides that all shareholder proposals be presented to shareholders, which has led to this inconsistency. Given the Co-operative Council has advised that it does not support the proposal, even if Resolution 10 is passed, it will not become effective under the Company's Constitution. Therefore, in the unlikely event that both Resolution 8 and Resolution 10 are passed, only Resolution 8 would be given effect to.**

Mr Dampney has advised that he wishes the proposal, if adopted, to be binding on the Board. To achieve that, Part A of the Constitution would require amendment. This requires the support of shareholders holding 75% or more of the voting rights at the Annual Meeting.

The Constitution also provides that the support of 50% or more of members of the Co-operative Council is needed for such an amendment.

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

**The Co-operative Council has also advised that it does not support the proposal. This means that, even if Resolution 10 receives the support of shareholders holding 75% or more of the voting rights at the Annual Meeting, the Constitution will not be amended for Mr Dampney's first proposal.**

Mr Dampney was entitled to provide a statement in support of his proposal. The following was supplied:

*Talk is of reducing the Board size, Appointed or Independent Directors are traditionally conservative and support the Chairman, don't rock the boat and don't make any hard decisions, they come from a school of so called Professional Directors who have found a way of getting their free lunches without having to make any tough decisions and get their egos scratched at the same time.*

*If the Board needs specialist advice or knowledge, it's not hard to buy.*

**The Board comments on Mr Dampney's first proposal as follows:**

The Board respects the rights of shareholders to propose resolutions for consideration by all shareholders.

**The Board has considered Mr Dampney's first proposal and strongly recommends that you vote AGAINST it for the following reasons:**

- The Board has made a recommended proposal to shareholders in respect of Board size and composition in Resolution 8. The Board's view is that a reduction in the number of directors on the Board from 11 down to 9 (with a composition of 6 Elected Directors and 3 Appointed Directors, which maintains the current balance between Elected Directors and Appointed Directors) strikes the right balance between required skills and greater efficiency.
- The Board does not wish to change the current balance between Elected Directors and Appointed Directors. Appointed Directors are selected to enable the Board to access the skills and competencies needed to lead an enterprise of Fonterra's size, global reach and complexity. They are independent and bring perspectives, experience and skills which complement and enhance the attributes and skills provided by the Elected Directors.
- Appointed Directors currently fulfil a number of key roles on the Board, and only having two would significantly increase their workload and potentially risk Fonterra

being unable to attract and retain desirable candidates. In particular:

- As recommended by the NZX Corporate Governance Code, an independent Appointed Director chairs Fonterra's Audit, Finance and Risk Committee.
- If Resolution 7 (amendments to the Constitution relating to the Milk Price Panel) is passed, an Appointed Director will re-join the Milk Price Panel. A majority of members of the Milk Price Panel must be independent under DIRA, and the re-appointment of an Appointed Director will count towards this independence requirement.

**The Co-operative Council comments on Mr Dampney's first proposal as follows:**

The Co-operative Council acknowledges and respects the rights of shareholders to propose resolutions for consideration by all shareholders.

The Council has advised that it does not support this proposal.

- Council recognises the value of the diverse views and experiences offered by Independent Directors.
- Council supports a reduction of one Independent Director, from four to three, as proposed by the Board in Resolution 8.
- Whilst specialist advice can be commissioned, advisors do not have the same duties and liabilities as directors nor do they fulfil the role of governors of our Co-operative.

#### **Resolution 11: Second shareholder proposal by Mr Richard Dampney**

The Company has received the following proposal from Mr Dampney for shareholder consideration and resolution at the Annual Meeting:

*That the number of Farmer Elected Directors remain.*

The Board assumes that, by proposing that the number of Elected Directors 'remain', Mr Dampney is proposing that the number of Elected Directors be not more than seven.

**Resolution 11 is inconsistent with the Board's proposal in Resolution 8. As noted above, the usual course is that inconsistent resolutions are not proposed at the same meeting, with shareholders able to vote against a resolution or seek an amendment to it rather than an inconsistent resolution being put to the meeting. However, the Companies Act provides that all shareholder proposals be presented to shareholders, which has led to this inconsistency. Given the Co-operative Council has advised that it does not support the proposal, even if Resolution 11 is passed, it will not become effective under the Company's Constitution. Therefore, in the unlikely event that both Resolution 8 and Resolution 11 are passed, only Resolution 8 would be given effect to.**



Mr Dampney has advised that he wishes the proposal, if adopted, to be binding on the Board. To achieve that, Part A of the Constitution would require amendment. This requires the support of shareholders holding 75% or more of the voting rights at the Annual Meeting.

The Constitution also provides that the support of 50% or more of members of the Co-operative Council is needed for such an amendment.

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

**The Co-operative Council has also advised that it does not support the proposal. This means that, even if Resolution 11 receives the support of shareholders holding 75% or more of the voting rights at the Annual Meeting, the Constitution will not be amended for Mr Dampney's second proposal.**

Mr Dampney was entitled to provide a statement in support of his proposal. The following was supplied:

*Farmers are feeling ignored, disenfranchised and have a serious disconnect from the Board. Less Farmer Directors will only make this worse. Talk of a smaller Board takes away the risk of an A & B division within the Board, that only happens because the Chairman is not doing his job in keeping everyone all inclusive. The Board has already been reduced once and appeared to be harmonious at the present size.*

*Personally I would like to see a Board of nine Farmer elected Directors with no Independent Directors on the current three-year rotation, if the Board does not perform a third of the Board find out real quick at the next election.*

**The Board comments on Mr Dampney's second proposal as follows:**

**The Board has considered Mr Dampney's second proposal and strongly recommends that you vote AGAINST it for the following reasons:**

- The Board has made a recommended proposal to shareholders in respect of Board size in Resolution 8. The Board's view is that a reduction in the number of directors on the Board from 11 down to 9 (with a composition of 6 Elected Directors and 3 Appointed Directors, which maintains the current balance between Elected Directors and Appointed Directors) strikes the right balance between required skills and greater efficiency.
- Since the Company's formation it has been envisaged that the Board size would be rationalised over time. With the capital structure review, asset divestment programme and long term strategy work largely behind the Company, the Board believes it is the right time to reduce in size.
- The Board does not wish to change the current balance between Elected Directors and Appointed Directors, which it believes provides the right mix of experience and independence while maintaining a strong Elected Director majority on the Board.

- A smaller Board size is designed to encourage greater sharing of ideas and opinions by both Elected Directors and Appointed Directors. With Resolution 8, the Board is aiming to improve the dynamics within the group and support faster, robust decision making.

**The Co-operative Council comments on Mr Dampney's second proposal as follows:**

The Council has advised that it does not support this proposal.

- Council supports a reduction in total Board size as proposed by the Board in Resolution 8, which maintains the current balance between Farmer Directors and Independent Directors as well as the strong Farmer Director majority on the Board that is important to shareholders.
- The Board has assured shareholders that workload requirements can be met by six Farmer Directors, and that there will be no reduction in the availability of Farmer Directors to Co-op members.

#### **Resolution 12: Third shareholder proposal by Mr Richard Dampney**

The Company has received the following proposal from Mr Dampney for shareholder consideration and resolution at the Annual Meeting:

*That Fonterra shareholders or former Elected Directors can be appointed as "Independent Directors" provided they have had a five year stand down and 75% approval is attained from voting shareholders.*

The Constitution does not include a definition of "Independent Director" – rather, this is a definition which is contained in the FSM Rules.

Because this proposal does not seek to amend the Constitution, it 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.

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

**The Co-operative Council has also advised that it does not support the proposal.**

Mr Dampney was entitled to provide a statement in support of his proposal. The following was supplied:

*We have some very good Directors and Shareholders who in the past have resigned because of things that have happened. The skills and knowledge they have is huge and if they came back to the Board, they would be quickly up to speed and contributing from day one and have proven in the past that they can make tough decisions when needed.*

**The Board comments on Mr Dampney's third proposal as follows:**

**The Board has considered Mr Dampney's third proposal and recommends that you vote AGAINST it for the following reasons:**

- The FSM Rules define an 'Independent Director' as a director who is not an 'employee' of Fonterra or who has no 'disqualifying relationship'. A director has a disqualifying relationship where they have a direct or indirect interest, position, association or relationship that could reasonably influence, or reasonably be perceived to influence, in a material way, the director's capacity to bring an independent view to decisions relating to the Company, to act in the Company's best interests and to represent the interests of the Company's shareholders generally.
- Fonterra's shareholders and former Elected Directors would be likely to have a 'disqualifying relationship' with Fonterra, meaning that Mr Dampney's proposal is inconsistent with the FSM Rules.
- Fonterra's Constitution requires it to comply with the FSM Rules. The FSM Rules can only be changed by the NZX, who are unlikely to consider an alternative definition of "Independent Director" (noting that the current definition is consistent with the NZX Listing Rules).

**The Co-operative Council comments on Mr Dampney's third proposal as follows:**

The Council has advised that it does not support this proposal.

- This proposal is inconsistent with regulatory requirements around 'independence' which Fonterra must comply with, and the proposed voting threshold is higher than applies to other Independent Directors.
- All Fonterra shareholders have a pathway to the Board under the Fonterra Director election process.
- Fonterra's limits on Director tenure are in shareholders' interests, and reflect good practice.

**Resolution 13: Fourth shareholder proposal by Mr Richard Dampney**

The Company has received the following proposal from Mr Dampney for shareholder consideration and resolution at the Annual Meeting:

*That the Independent Assessment Panel for Elected Directors be scrapped.*

The Independent Assessment Panel (the IAP) is a joint initiative between the Board and the Co-operative Council. The functions of the IAP are set out in the IAP's Terms of Reference.

Because this proposal does not seek to amend the Constitution, it is an ordinary resolution which requires the support of a simple majority of the votes of those shareholders entitled to vote and voting on the resolutions.

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

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

**The Co-operative Council has also advised that it does not support the proposal.**

Mr Dampney was entitled to provide a statement in support of his proposal. The following was supplied:

*All Fonterra Shareholders are reasonably intelligent and can make up their own minds and sort the wheat from the chaff. We do not need Fonterra telling us who to vote for via their so-called independent panel.*

*Also if remits are put to the Board, let the Shareholders decide on their merit, not get your preferred option pushed at us from every angle.*

**The Board comments on Mr Dampney's fourth proposal as follows:**

The Board has considered Mr Dampney's fourth proposal and recommends that you vote AGAINST it for the following reasons:

- The IAP process is designed to provide an independent assessment of candidates against the skills and experience required by the Board in any year, and to provide shareholders with independent and comprehensive information about recommended candidates.
- The IAP was formed as part of a governance and representation review voted on by shareholders in 2016 (and subsequently reviewed in 2019). The membership and operations of the IAP are independent of Fonterra.
- For those candidates who do not wish to go through the IAP process, a non-assessed candidates process runs in parallel. Any shareholder who has the support of 35 different shareholders can put themselves forward as a director candidate and be considered alongside the candidates assessed by the IAP.

**The Co-operative Council comments on Mr Dampney's fourth proposal as follows:**

The Council has advised that it does not support this proposal.

- Shareholders have advised they value independent opinion on Director candidate capability, skills and experience to help them make their voting decisions.
- Fonterra's Director election process also allows candidates to stand on a non-assessed basis.
- There are protocols in place to ensure the IAP's independence from Fonterra.
- The IAP's only role is to assess Farmer Director candidates who choose to stand under the Independent Assessment Process.





If undelivered please return to:

The Returning Officer

Fonterra Elections 2023

PO Box 3138

Christchurch 8140

Free phone 0800 666 034

# Annual Meeting Proxy Paper Information

10.30am on Thursday, 9 November 2023, at Mt Hutt Memorial Hall, 160 Main Street, Methven, Canterbury and online.

## 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 space provided for “Primary Proxy” in the box labelled “Appointment of Proxy” in the Annual Meeting Proxy Paper. A proxy need not be a shareholder.  
The Chair of the meeting is willing to act as your primary proxy. If you wish to appoint the Chair of the meeting you can simply write “Chair of the meeting”.  
Where a shareholder does not name a person as their proxy but otherwise completes the Annual Meeting 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 Chair of the meeting will act as that shareholder’s proxy and will vote in accordance with their express direction. The Chair intends to vote any discretionary proxies, for which they have authority to vote, in favour of the resolutions (except in the case of shareholder proposals).  
Please note: You do NOT need to appoint an alternate proxy if the Chair 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 in the box labelled “Voting Instructions”. 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 a box, then your proxy cannot vote.
- Sign the form:** Each shareholder who wishes to appoint a proxy must sign the “Annual Meeting Proxy Paper”:
  - Individuals/sole proprietors: The shareholder must sign the Annual Meeting Proxy Paper.
  - Companies: A duly authorised representative of the company must sign the Annual Meeting Proxy Paper.
  - Joint shareholders (including trusts, partnerships and estates): It is your responsibility to ensure that the person(s) signing the Annual Meeting Proxy Paper is/are authorised to sign on behalf of, and bind, all joint holders.
  - Attorneys: If the Annual 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 Annual Meeting Proxy Paper is signed must be sent with the Annual Meeting Proxy Paper if the power of attorney has not been previously produced to the Company.
- Return the form:** Return the Annual Meeting Proxy Paper as soon as possible. It must be received by the Returning Officer no later than 10.30am on Tuesday, 7 November 2023.
  - Mail by separating, folding and inserting the Annual Meeting Proxy Paper into the freepost envelope provided.

We recommend that you post your Annual Meeting Proxy Paper by no later than Tuesday, 31 October 2023 so that it is received by the Returning Officer before the close of appointment.

## 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 Annual Meeting Proxy Paper. In this form, proxy can mean proxy or representative appointed for a company or other body corporate.

## 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 Annual Meeting, Fonterra Co-operative Group Limited, Private Bag 92032, Auckland 1142 no later than 10.30am on Tuesday, 7 November 2023.

**PROXY APPOINTMENT CLOSING AT: 10.30AM ON TUESDAY, 7 NOVEMBER 2023**

# Combined Annual Meeting Voting / Proxy Paper



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

**1**

## POSTAL VOTING (INCLUDING ELECTRONICALLY) – CLOSING AT 10.30AM ON TUESDAY, 7 NOVEMBER 2023

**Either:**

- (a) Post the completed “Annual Meeting Voting Paper” to the Returning Officer in the freepost reply envelope provided.

To ensure your Annual Meeting Voting Paper reaches the Returning Officer before the close of voting please post no later than Tuesday, 31 October 2023.

**Or**

- (b) Electronically via Farm Source website at: [www.nzfarmsource.co.nz](http://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 Annual Meeting Voting Paper and it can be destroyed.

**PIN**

**PASSWORD**

**2**

## AT THE MEETING – FROM 10.30AM ON THURSDAY, 9 NOVEMBER 2023

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

Voting instructions:

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

**3**

## BY PROXY – RECEIVED BY 10.30AM ON TUESDAY, 7 NOVEMBER 2023

Appoint a person to attend the Annual 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) CLOSING AT: 10.30AM ON TUESDAY, 7 NOVEMBER 2023**

FONTERRA ANNUAL MEETING 2023

Annual Meeting Voting Paper

Use this paper to vote by post or by attending the Annual Meeting to vote in person. If voting online by way of electronic postal vote, refer to instructions above.

Supply No.:

Details of person completing this Voting Paper:

First Name:

Surname:

Signature:

Indicate your vote with a tick ✓		FOR	AGAINST
1	Resolution 1: Approval of changes to the remuneration of Elected Directors	<div></div>	<div></div>
2	Resolution 2: Approval of changes to the remuneration of Co-operative Councillors	<div></div>	<div></div>
3	Resolution 3: Approval of no change to the remuneration of members of the Directors' Remuneration Committee	<div></div>	<div></div>
4	Resolution 4: Appointment of KPMG as auditor and authorisation of the Directors to fix the auditor's remuneration	<div></div>	<div></div>
5	Resolution 5: Ratification of appointment of Mr Bruce Hassall	<div></div>	<div></div>
6	Resolution 6: Ratification of appointment of Ms Holly Kramer	<div></div>	<div></div>
7	Resolution 7: Approval of amendments to the Constitution relating to the composition of the Milk Price Panel	<div></div>	<div></div>
8	Resolution 8: Approval of amendments to the Constitution relating to Board size and composition	<div></div>	<div></div>
9	Resolution 9: Approval of the Co-operative Council programme and budget	<div></div>	<div></div>
10	Resolution 10: Mr Richard Dampney's first proposal	<div></div>	<div></div>
11	Resolution 11: Mr Richard Dampney's second proposal	<div></div>	<div></div>
12	Resolution 12: Mr Richard Dampney's third proposal	<div></div>	<div></div>
13	Resolution 13: Mr Richard Dampney's fourth proposal	<div></div>	<div></div>

FONTERRA ANNUAL MEETING 2023

Annual 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 Chair 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, 9 November 2023 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 Chair of the meeting as proxy. The Chair 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			FOR	AGAINST	PROXY DISCRETION
1	Resolution 1	<div></div>	<div></div>	<div></div>	8	Resolution 8	<div></div>	<div></div>	<div></div>
2	Resolution 2	<div></div>	<div></div>	<div></div>	9	Resolution 9	<div></div>	<div></div>	<div></div>
3	Resolution 3	<div></div>	<div></div>	<div></div>	10	Resolution 10	<div></div>	<div></div>	<div></div>
4	Resolution 4	<div></div>	<div></div>	<div></div>	11	Resolution 11	<div></div>	<div></div>	<div></div>
5	Resolution 5	<div></div>	<div></div>	<div></div>	12	Resolution 12	<div></div>	<div></div>	<div></div>
6	Resolution 6	<div></div>	<div></div>	<div></div>	13	Resolution 13	<div></div>	<div></div>	<div></div>
7	Resolution 7	<div></div>	<div></div>	<div></div>					

**Signature(s) of shareholder(s) named in Section A** (Please see signing instructions earlier.)  
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, 7 November 2023**.  
Mail by separating, folding and inserting the proxy paper into the freepost envelope provided.



# Fonterra Online Meeting Guide 2023

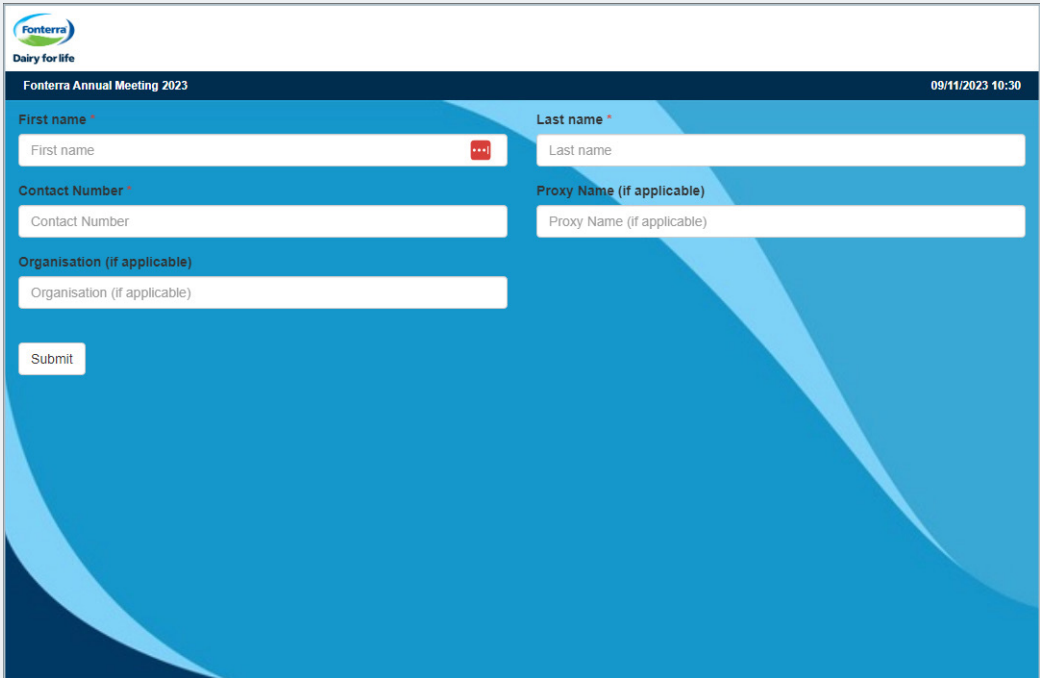
## Before you begin

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

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

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/AnnualMeeting2023>

The image shows a registration form for the Fonterra Annual Meeting 2023. At the top left is the Fonterra logo with the tagline 'Dairy for life'. The header bar is dark blue with the text 'Fonterra Annual Meeting 2023' on the left and the date and time '09/11/2023 10:30' on the right. The form has a blue background with white text and input fields. It includes fields for 'First name \*', 'Last name \*', 'Contact Number \*', and 'Proxy Name (if applicable)'. There is also a field for 'Organisation (if applicable)'. 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.

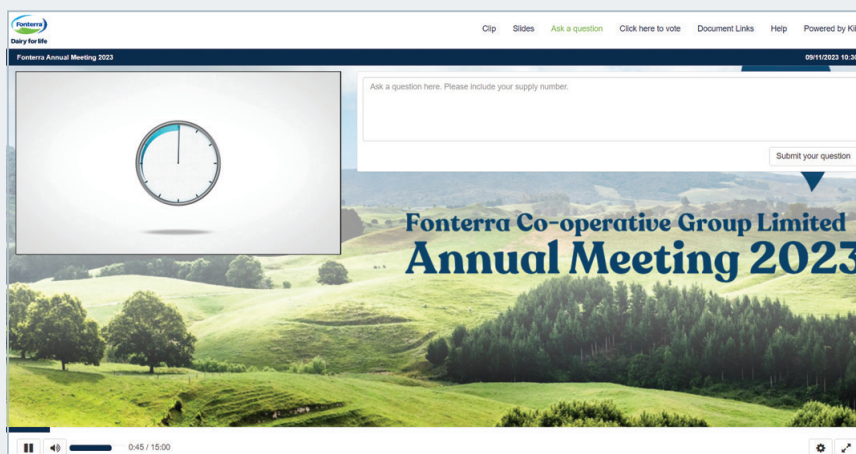
Your PIN and password will not expire, so you can log in as often as you like to complete your voting.

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

The Chair 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.





Dairy for life

# Fonterra Elections 2023

## Board of Directors

### Candidate Profiles

# Contents

KEY INFORMATION – 2023 ELECTION	1
FONTERRA DIRECTOR CANDIDATE MEETINGS AND ONLINE MEETING	2
ATTRIBUTES AND SKILLS	3
THE INDEPENDENT ASSESSMENT PANEL	6
2023 REPORT OF INDEPENDENT ASSESSMENT PANEL	7
<b>PROFILES</b>	
BRENT GOLDSACK	9
CATHY QUINN	12

## 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 – 2023 Fonterra Elections  
Freephone 0800 666 034  
[iro@electionz.com](mailto:iro@electionz.com)



# Key information – 2023 election

Number of vacancies to be filled

2

There are two candidates:

Independently Assessed Candidates

- Brent Goldsack
- Cathy Quinn

Votes may be cast via post or online and must be received by 10.30am on Tuesday, 7 November.

## Voting entitlements

Voting entitlements are calculated on the basis of share-backed milksolids production for each farm for the last season (2022/2023) or, in the case of dry farm conversions and farm amalgamations/divisions, the estimated milksolids production for this season which is backed by shares.

“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.

## Majority voting

This year, each shareholder may vote in favour of up to two candidates.

As this is an uncontested election (an equivalent number or fewer candidates than vacancies), each candidate must gain more than 50% support of votes cast in respect of that candidate to be elected. If one or more candidates does not achieve that threshold, a second election will not be held.

The Board may fill any such vacancy by appointing a ‘farmer’ director for the period up to the end of the next Annual Meeting. The Board must appoint if a vacancy will continue for six months or more. The Board may not appoint any of the unsuccessful candidates who stood in the uncontested election.

## Lost or damaged voting papers

Replacement Voting Papers are available to shareholders who did not receive their Voting Paper or spoil or damage it. These are available from the Returning Officer until the close of voting at 10.30am on Tuesday, 7 November 2023.

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

Completed Voting Papers must be received by the Returning Officer by 10.30am on Tuesday, 7 November 2023.

# Fonterra Director Candidate Meetings and Online Meeting

Fonterra shareholders have the opportunity to meet and ask questions of the Director candidates at eight meetings throughout the country and one webinar.

Chaired by the Fonterra Co-operative 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 date for the online meeting is listed below. Fonterra shareholders can join the online meeting by registering via the Farm Source website or the My Co-op app.

The dates and locations of the meetings are as follows:

Date	Time	Location	Venue
<b>Tuesday, 17 October</b>	11.00am – 1.00pm	Rotorua	<b>Arawa Park</b> 272 Fenton Street Rotorua
<b>Tuesday 17 October</b>	7.00pm – 9.00pm	Hamilton	<b>Mystery Creek</b> 125 Mystery Creek Rd, Mystery Creek Hamilton
<b>Wednesday 18 October</b>	11.00am – 1.00pm	Kerikeri	<b>Turner Centre</b> 43 Cobham Road Kerikeri
<b>Wednesday 18 October</b>	7.00pm – 9.00pm	<b>Online meeting</b>	
<b>Friday, 20 October</b>	11.00am – 1.00pm	Stratford	<b>Stratford Golf Club</b> Pembroke Road East Stratford
<b>Friday, 20 October</b>	7.00pm – 9.00pm	Palmerston North	<b>Awapuni Function Centre</b> 67 Racecourse Road Palmerston North <i>* Note new venue</i>
<b>Tuesday, 24 October</b>	11.00am – 1.00pm	Nelson	<b>Seifried Winery</b> 168 Redwood Road Appleby Nelson
<b>Tuesday, 24 October</b>	7.00pm – 9.00pm	Ashburton	<b>Hotel Ashburton</b> 11/35 Racecourse Rd, Allenton Ashburton
<b>Wednesday, 25 October</b>	11.30am – 1.30pm	Invercargill	<b>Ascot Park Hotel</b> Cnr Tay Street & Racecourse Road Invercargill

# Attributes and Skills

## Required attributes

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

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

## Targeted skills

Based on the 2023 Skills Matrix (page 5), the Board's current priorities, and the external operating environment, the Board has provided a list of targeted skills being sought in the 2023 Director election.

These targeted skills are as follows:

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

In 2023, the Board has targeted a similar set of skills to last year given that the needs of the business in terms of required and desired levels of each skill have not changed substantially. Financial Acumen is a new targeted skill for 2023, given the skill set of the Directors retiring by rotation. Sustainability was removed from the list of targeted skills in 2023, given the strong aggregated skill levels of Sustainability on the Board.

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

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

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

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

In addition to these required attributes, our Board requires a set of skills to deliver good governance. There is no expectation that each Director will have all of these skills but it is important that they are appropriately represented across the Board. Some Directors will have strengths in some of the skills while others

might be still developing them or will be able to rely on fellow Directors to provide guidance and expertise in particular areas.

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

This means that the search for skills on the Board should always be looking to extend and build on current expertise. The Fonterra Board Skills Matrix (described on page 5) shows the aggregate skills that are shared across the Board, as well as the skills that will be needed to deliver on the strategy in coming years, and should never show that all skills are currently being delivered. The Board Skills List (described on the right and below) shows a balanced mix of skills related to the current requirements of the Co-operative, which will continue to be enhanced to match Fonterra's future requirements.

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

## Skills list

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

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

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

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

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



# Skills Matrix

The Fonterra Board has produced a Skills Matrix which shows for each skill:

- the aggregate skills of the current Board; and
- the required and desired levels of that skill across the whole Board.

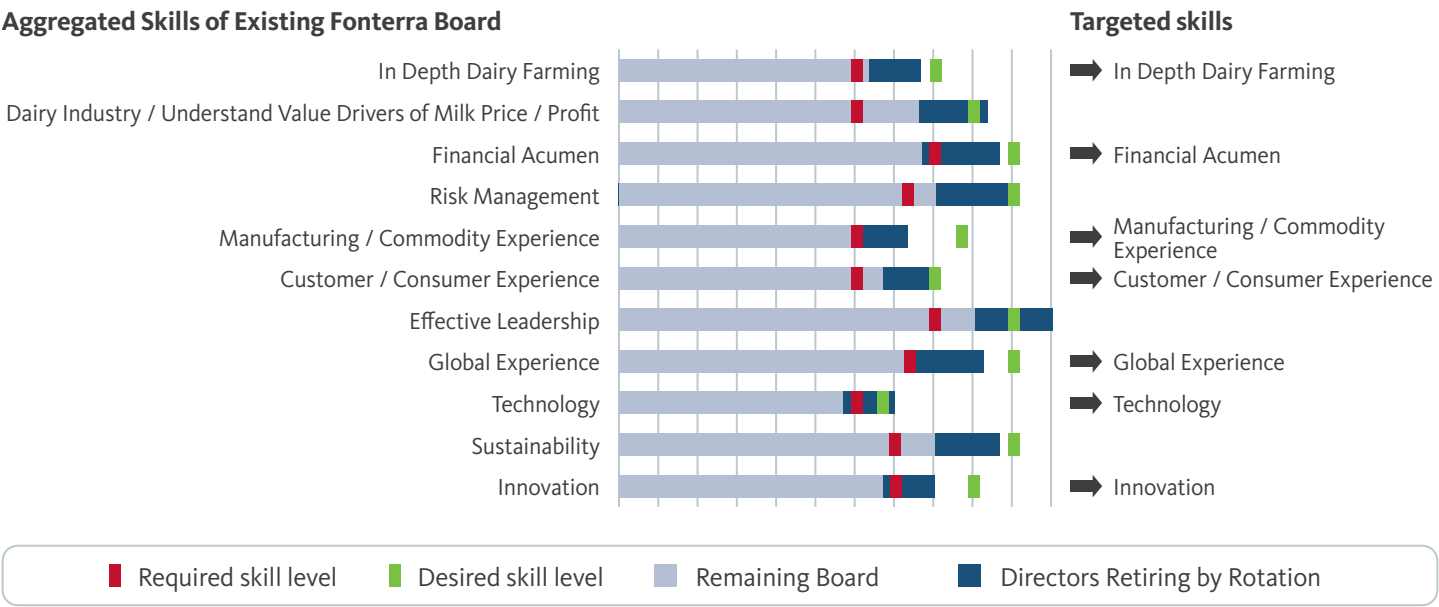
The Board has determined these required and desired levels based on the right mix of skills to govern Fonterra currently, the present composition of the Board and the future strategic needs of the business.

The Skills Matrix uses blue horizontal bars to show the current aggregated skill of the Board. The whole of each blue bar represents the current Board's aggregated level for each skill, and the darker shading within those bars represents the skills of the Directors who are retiring by rotation in the current year.

The lighter shading represents the skills of Directors who are not retiring in 2023.

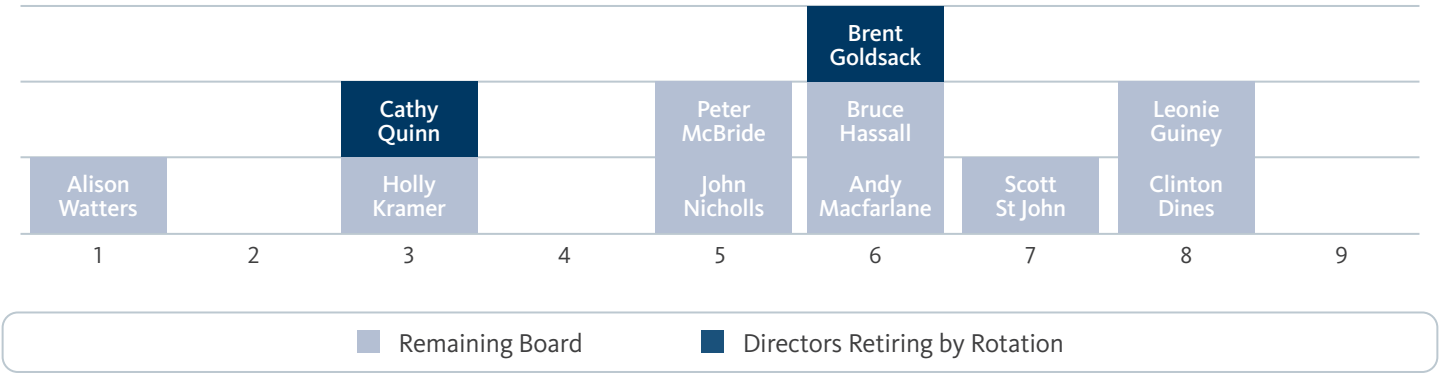
The Skills Matrix (below) shows the skills that the Board is looking for over time, and should be used as guidance. The Skills Matrix was provided to the Independent Assessment Panel to assist them as they assessed the best candidates for the Board, and it is included in voting packs as guidance for shareholders when making their voting decisions.

## 2023 Skills Matrix and Targeted Skills



## Director Tenure

Years on the Board at the conclusion of the 2023 Annual Meeting



# The Independent Assessment Panel

## Overview

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

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

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

## Panel membership

- Joan Withers (Chair)
- Rob Campbell
- Patrick Strange

## Panel Biographies

### Chair: Joan Withers

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



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

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

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

She holds a Master's Degree in Business Administration from The University of Auckland. Joan is also a University of Auckland Distinguished Alumni (2015). In 2015, she was named Supreme Winner in the Women of Influence Awards and was named as Chairperson of the Year at the Deloitte Top 200 Management Awards.

### Rob Campbell

Rob is a professional Director and investor with over 40 years' experience in investment management and corporate governance.



His current directorships include Chancellor of Auckland University of Technology, Chair of NZ Rural Land Limited, and Chair of Ara Ake Limited.

Rob holds the degrees of Bachelor of Arts with First Class Honours in Economic History and Political Science, and Master of Philosophy in Economics. He was also Senior Scholar in his final year at Victoria University and a member of the University's Professorial Board, and is recognised as a Distinguished Alumnus of the University.

Rob was made a Companion of the New Zealand Order of Merit in the 2020 New Year's Honours List for services to governance and business. In 2017, he was awarded the NZ Shareholders' Association Beacon Award and Chairperson of the year in the Deloitte Top 200 Awards. Rob is a Chartered Fellow of the Institute of Directors.

### Patrick Strange

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



He was named New Zealand Chair of the Year in 2022.

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

### Independent Secretariat

The Panel appoints an independent secretariat to carry out the administration functions. Wendy Chen of Juno Legal fulfilled this role in 2023.

# 2023 Report of Independent Assessment Panel

## Introduction

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This report sets out the 2023 process undertaken by the Independent Assessment Panel (**Panel**) to:

- Rigorously assess and evaluate potential Elected Director candidates under the Independent Assessment Process and make recommendations to shareholders of the Elected Director candidates to stand for election at the upcoming Fonterra 2023 election of directors; and
- Rigorously assess and evaluate incumbent directors standing for re-election in the 2023 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 Co-operative 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 the Fonterra Board and Fonterra Co-operative Council.

A joint committee of the Fonterra Board and Fonterra Co-operative 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 'Independent Assessment Process'.

The Panel Members for 2023 are as follows, all of whom are appointed jointly by the Fonterra Board and the Fonterra Co-operative Council:

- Joan Withers, Independent Member and Chair appointed by the Panel members
- Rob Campbell, Independent Member
- Patrick Strange, Independent Member

The objectives of the Panel are:

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

## 2023 Process Undertaken by the Panel

---

In June, by circular resolution, the Panel agreed to:

- Elect the Chair of the Panel and note the re-appointment / new appointment of the representative Panel members by the Fonterra Board and Fonterra Co-operative Council;
- Appoint an independent secretariat to assist the Panel;
- Consider and note the required attributes and skill requirements for director candidates, as set by the Fonterra Board;
- Review and recommend minor amendments to its Terms of Reference;
- Agree the 2023 Panel Search Brief; and
- Agree the timetable to be followed in respect of the 2023 election process.

In July, the Panel agreed to appoint an independent search agent to support the assessment of intending Independently Assessed Candidates.

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 the one candidate that applied under the 2023 Independent Assessment Process, together with the two incumbent directors standing for re-election who had elected to participate in the Independent Assessment Process.

Two interviews were carried out in person and one via Zoom because the candidate concerned was overseas during the interview period. Time was allowed for deliberation after each interview and following conclusion of all interviews.

During the short-listing and selection process, the Panel undertook a rigorous assessment of each candidate's attributes, skills and experience relative to those identified in the 2023 Candidate Handbook published by Fonterra, with particular regard given to the seven 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 incumbent directors who are eligible for re-election this year, Brent Goldsack and Cathy Quinn, confirmed they would stand for re-election in the 2023 election process.

The Panel unanimously agreed that the other intending candidate was not suitable to put forward to shareholders for election.

To assist shareholders when deciding which candidates to vote for in the 2023 directors elections, the Panel has prepared an assessment summary of the incumbent directors standing for re-election, relative to the skills and attributes set out in the 2023 Candidate Handbook. These summaries are included in these Voting Papers.

## Declaration of Association

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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, 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 two panel members have had business and professional associations. Joan Withers is a fellow shareholder and director of OnBeingBold Limited with Cathy Quinn. Rob Campbell was the chair of Tourism Holdings Limited at the same time that Cathy Quinn was a director on the board, and Rob had a professional legal advisor relationship with Cathy Quinn a number of years ago.

Notwithstanding these associations, the Panel is confident that its assessment of each Independently Assessed Candidate during the 2023 Independent Assessment Process was based on merit and was not influenced by any prior or current business relationship with any Panel members.

Yours faithfully

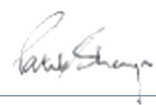
**Independent Assessment Panel**



Joan Withers



Rob Campbell



Patrick Strange





## Brent GOLDSACK

### INDEPENDENTLY ASSESSED CANDIDATE

Mobile: 021 756 154

Email: [brent@dairygold.co.nz](mailto:brent@dairygold.co.nz)

### Panel Assessment - Incumbent Director

Brent has served on the Fonterra Board for six years, having been elected in November 2017. During that time, he has been Chair of the Co-operative Relations Committee and the Capital Structure Committee, and was a member of the Milk Price Panel, the Safety and Risk, Audit and Finance, Sustainability and Innovation, Divestment and Disclosure Committees. In addition, he has served as the Fonterra representative on the 'Dairy Tomorrow' Steering Group – the strategy for the industry.

Brent currently holds several board roles in addition to Fonterra, including Rabobank and Power Farming. He is also Chair of Waitomo Group and Better Eggs. Previously, Brent enjoyed a professional services career with PwC of more than 20 years as one of New Zealand's leading tax and financial advisors. He advised many New Zealand companies operating in the primary and export led sectors and led PwC New Zealand's 'Behind the Farm Gate' Agri strategy.

He is married with two daughters and lives just outside of Hamilton. The family owns two dairy farms in the Waikato milking 1,000 cows and he takes an active role in these businesses.

#### Panel's assessment of Brent's capabilities relative to 2023 Attributes:

As an incumbent director, having had six years of experience on the Fonterra Board, and a director of several other agricultural organisations, the Panel felt Brent demonstrated a breadth of board experience and a thorough understanding of and commitment to the highest standards of governance, collective decision-making processes and the wider commercial and economic framework within which Fonterra operates. He feels privileged to serve on the Fonterra Board and brings a genuine empathy with the Co-operative and its farmer owners. The Panel were convinced of his unquestioned honesty and integrity.

Brent's 20+ year commercial background in accounting and subsequent governance career, serving organisations operating in several markets around the world has given him a broad global perspective. The Panel felt he demonstrated substantial strengths in his strategic thinking and judgement, which would allow him to continue to add value to the Fonterra Board. Brent is

proud of the Board's achievements, particularly the strengthening of the balance sheet and the reshaping of the culture and is looking forward to delivering an acceptable return on investment (ROI) for farmers. Brent has a track record of creating shareholder value in many organisations, and the Panel felt he brought the experience and the energy to contribute effectively in this area.

#### Panel's assessment of Brent's capabilities relative to 2023 Skills:

The Panel felt Brent demonstrated extensive capability in his financial understanding, as a highly experienced chartered accountant, governor, and business owner. He also demonstrates a deep understanding of the value drivers of the milk price / profit and can talk with impressive clarity about the strategic options available to Fonterra. Brent is actively involved as a shareholder of two dairy operations in the Waikato with a focus on livestock improvement through R&D in genetics. He is competent in articulating the competing demands and levers related to investment in R&D and innovation, and the effect on ROI. He previously had interests in other dairy farms, with experience operating in the United States, which the Panel reflected provides him with solid experience in dairy farming. Brent has significant experience in commodities, being a governor of organisations involved in eggs, fuel and banking, in addition to six years on the Fonterra Board. This tenure with Fonterra has provided Brent many opportunities to travel and understand the local market dynamics and customer preferences. This is bolstered through his other governance roles with organisations operating in Australia, USA and Europe, providing a compelling level of global experience. These governance roles have also further developed his understanding of consumers and customers – whilst not being a core strength, Brent has had significant exposure to several consumer brands and retail campaigns, with a marketing and branding focus.

Brent has a comprehensive understanding of risk and control frameworks from his time working as a professional services consultant. He is currently Chair of the Risk and Compliance Committee at Rabobank, where he brings sophisticated oversight and risk management approaches. Whilst Brent has not had a career in

technology, he is competent in the governance oversight of technology systems and large transformation projects. He is passionate about sustainability and, since taking on further governance roles, has many more opportunities to learn and trial different approaches. Brent recognises the need to manage sometimes competing or conflicting stakeholder interests, and acknowledges that the management of social, environmental, and economic factors must first involve a focus on being economically driven (i.e., creating value) or initiatives will be unlikely to succeed. The Panel viewed Brent's track record in leadership as particularly significant, having been

Managing Partner of the PwC Waikato office earlier in his career, his recent expansion into further governance roles, taking on Chair responsibilities, and taking a leadership role in the recent consultation on changes to the Fonterra capital structure.

Overall, the Panel felt Brent has matured as a governor and leader over the last six years and the Panel were impressed by his communication style – Brent effectively balances a genuine passion for Fonterra, an insightful knowledge of the relevant issues, with a constructive and open-minded approach. He has vision, intelligence, and a warm style.

## Candidate Profile Statement

My wife Delwyn and I live with our two daughters (15 and 18) just out of Hamilton where we milk 1,000 cows on two farms.

I was first elected to serve on the Board of Fonterra in November 2017. During the past 6 years I have chaired or been a member of a number of Fonterra Board Committees and I understand our Co-op well.

I take my position as a Farmer elected Board member very seriously. It is our role to ensure that Fonterra collects our milk every day, processes it efficiently, sells our products for as much as we can and returns the maximum amount to our New Zealand farmers.

I still believe passionately in the Co-op. I am proud to be a dairy farmer and I am proud of Fonterra and what we have done over the past 6 years. However, there is still a lot to do, in particular, having a clear Milk Price strategy and generating an acceptable return on the capital we have invested in the Co-op.

Our balance sheet is healthy, and our debt levels are relatively low. We have a Fonterra strategy that is easy to understand. We know what we are good at doing, and are becoming more mature in our decision making as to where to allocate capital and what to stop doing.

However, our working capital is still too high, and our return on capital is not at our target levels. We need to constantly review our costs and ensure we are as efficient as possible. We have had a (relatively) stable milk price over the past three years but that looks to have changed, and the global markets are becoming more volatile. Strong governance will be required to ensure we deliver the best milk price and returns to our farmers.

I would greatly appreciate your vote to be re-elected for a third term on the Board and look forward to discussing your views on the Co-op, and our strategy and performance.

### Why am I standing?

1. More than ever we need farmers on our Board who have the necessary skills and preferably a track record of successful governance. I meet all three of those criteria.
2. We must have a strong Co-op. At the heart of a strong Co-op is a strong milk price. I pride myself on a deep understanding of milk price, will fight for every cent and ensure the process is transparent. This will be even more important with current market conditions.
3. In times of uncertainty, having very clear expectations of what Fonterra has to do to be successful and the ability to hold management, the Board and myself accountable will be important. We work well together as a Board. We are not all the same. We don't all agree on everything, however, we do operate as a team and have a record of doing what we say we will do.

I have the specific skills and experience that Fonterra currently requires: we are farmers and I understand farmers, I have a lot of global experience, deep financial skills, an understanding of consumer and commodity markets. Importantly I have some common sense and a deep understanding of the workings of the Co-op from the past 6 years as a director.

Around the Board table I have a reputation for having a backbone, the ability to understand the big picture, to communicate with passion and clarity, and the courage to hold people (including myself) to account.

### Empathy with farmers and the Co-op

We are farmers. I spend a lot of time talking with farmers around New Zealand and also the rest of the world. Milk price is important, as is having a strong Co-op we are proud of.

Compliance has become a headache for farmers and dilutes value. We need to ensure that the Co-op does not get out of sync and only requests what it actually needs to generate the best milk price and earnings.

I believe there is a great future for dairy and for Fonterra dairy farmers. A number of the opportunities and challenges will need to be addressed in a balanced and economic manner.

### Commercial acumen

I am a Chartered Accountant. I was recently acknowledged by being awarded a Fellowship by the Accounting Society folk. I worked for a global accounting firm for 25 years and was on the New Zealand board. I understand numbers and the importance of allocating capital effectively.

During our time on the Board we have reduced capital expenditure significantly, improved our cashflow, reduced our debt, sold non-strategic assets and increased Advance Rate payments to get more money to farmers earlier in the season.

I am on the Board of Rabobank New Zealand and Chair of the fuel industry disruptor, Waitomo Group and Better Eggs (who supply 25% of NZ eggs).

### Formal qualifications:

- Commerce degree (accounting and finance) from Victoria University
- Qualified Chartered Accountant, and appointed a Fellow
- Lectured on International tax at the Auckland University Masters of Tax programme
- Completed short courses at Harvard and INSEAD University Business Schools

### Global experience

I had the privilege of working in Russia for 3 years, London for 2.5 years and New York for 18 months. I have traveled to many markets, also with board roles with Rabobank and Power Farming (operation in the US and Australia).

I take a keen interest in global matters, in particular relating to finance, dairy, and politics. I have a strong global network.

### Understanding of milk price and our profit drivers

I am passionate and vocal on milk price and understand it in detail. For 5 years I was the only farmer elected director on the Milk Price Panel.

A better return of our capital invested in the Co-op is required. I believe we are on the right track but we still have significant work to do in this area.

### Governance experience

Currently I am on the Boards of Fonterra, Rabobank New Zealand (including the Audit Committee, the Risk and Compliance Committee, and the Remuneration Committee) and Power Farming. I am Chairman of Waitomo Group – a 75 year old 3rd generation family business supplying the lowest cost fuel we can with great service, and Better Eggs.

I understand good governance. Good governors need to be close to the organisation's culture, and understand the value drivers. I am known to express my views, hold management accountable and create a fun and positive environment.

I would be humbled to be re-elected to the Board of Fonterra to work on behalf of farmers, continuing to build a strong sustainable Co-op, and to maximise our milk price and performance.

## 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:

- Financial interest jointly with associated persons in Ngarua Dairy Limited, which holds 160,434 Fonterra shares.
- Partner jointly with associated persons in Kakepuku Farms L.P, which holds 249,409 Fonterra shares.
- I am the Chair of Waitomo Group Limited (and subsidiaries) who have a standard business relationship with Farm Source for the sale of fuel to farmers.
- I am a director of Rabobank New Zealand Limited, who provide debt funding to a number of Fonterra supplying farmers. Further, it is my understanding that from time to time Rabobank in the Netherlands may provide certain funding and advice to Fonterra, however, I am not aware of what those arrangements are as I have never been party to any documentation or discussion on such arrangements.
- Financial interest jointly with the associated persons in Ngarua Dairy Limited and Kakepuku Farms L.P. which holds shares in Ballance Agri-Nutrients Limited and Livestock Improvement Corporation Limited.

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



## Cathy QUINN

### INDEPENDENTLY ASSESSED CANDIDATE

Mobile: 021 610 771

Email: [cathy@quinn.co.nz](mailto:cathy@quinn.co.nz)

### Panel Assessment - Incumbent Director

Cathy has served on the Fonterra Board for three years and is Chair of the Disclosure and Long-Term Aspirations Review Committees. She is also a member of the Audit, Finance & Risk Committee and the People, Safety and Culture Committee. Cathy was previously Chair of the Divestment Committee, including during the Soprole transaction, a member of the Capital Structure Committee and an observer on the Milk Price Panel.

Cathy currently holds several board roles in addition to Fonterra, including Fletcher Building and Rangatira Limited. She is also Chair of Tourism Holdings and Fertility Associates, as well as Pro-Chancellor, University of Auckland. Previously, Cathy enjoyed a 30+ year career as a commercial and corporate lawyer with MinterEllisonRuddWatts, including eight years as Chair leading the partnership during a period of transformation and significant growth. She has significant expertise in governance, equity capital markets, mergers and acquisitions and private equity services. She has advised the dairy industry for many years including the Dairy Board, Fonterra, the Co-operative Council, and competitors of Fonterra.

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 grew up in rural New Zealand and spent summers on family farms in her youth. She is now a director and shareholder of Thistlehurst Dairy Limited, based in the Waikato.

Cathy lives in Auckland and has two adult sons.

#### **Panel's assessment of Cathy's capabilities relative to 2023 Attributes:**

The Panel felt Cathy demonstrated an extensive understanding of and commitment to the highest standards of governance, having developed a comprehensive governance career, including being governor of some highly complex organisations, and through her extensive experience advising boards during her legal career. She expresses a genuine empathy for the Co-op and its farmer owners, gained through her own experiences and through her broad outreach activities, where she is committed to listening to farmers and learning about different perspectives. She articulates a clear understanding of the wider commercial and

economic framework in which Fonterra operates and the Panel felt she had established herself as a strong and active strategic contributor to the Board, having chaired committees such as the Disclosure Committee, the Divestment Committee, and the Long-Term Aspirations Review Committee.

Cathy's time on the Fonterra Board has increased her exposure to global developments relevant to Fonterra, and the Panel felt she expressed an informed global perspective, bolstered through other internationally focused governance roles and her commitment to knowledge and personal development. This is also conveyed through her open-minded approach and willingness to constructively challenge, whilst demonstrating a supportive approach to management and fellow Board members. Having operated at significant scale in mergers and acquisitions, the Panel felt Cathy is well positioned to identify how best to create value and has a proven track record of delivering shareholder value through governance and advisory roles. She has been sought out for her careful and considered judgement throughout her career and the Panel were convinced of her unquestioned honesty and integrity.

#### **Panel's assessment of Cathy's capabilities relative to 2023 Skills:**

The Panel felt Cathy demonstrated extensive capability in risk management and control frameworks, given her legal background, experience as a governor chairing Risk and Audit committees and her role on the Fonterra Audit, Finance & Risk Committee and chairing the Disclosure Committee, which has a heavy involvement in reviewing a range of reporting. These roles have also developed her broad financial acumen and the Panel felt she had developed a solid capability in this area. Whilst Cathy does not bring in-depth hands-on dairy farming experience, the Panel felt she has a comprehensive understanding of the value drivers of milk price / profit and can clearly articulate the practicalities for the organisation of different drivers, having gained more nuance to her understanding, during her first term on the Board. Cathy demonstrates a solid global experience and the Panel felt she has a deep appreciation of geopolitical risk, with a particularly strong understanding of China. Over the last three years she has further developed her customer



and consumer understanding and speaks passionately about the insights gained through market visits, and the opportunities to facilitate improvement.

Cathy convinced the Panel of her extensive leadership capabilities, due to past executive achievements, governance leadership and the comprehensive committee responsibility she has undertaken on the Fonterra Board. Whilst not an area of long-standing expertise, Cathy has quickly developed her understanding of manufacturing, and speaks of the learnings she brings through her experience at Fletcher Building, where she serves on the Health, Safety and Sustainability Committee, in the context of over 100 plant and manufacturing sites. The Panel felt this transfer of learning is also relevant in the context of technology governance, where Cathy brings experience from Fletcher Building's large-scale IT transformation, despite this not being a core strength. She recognises the inadequacy of current systems and is focused on the risk/return of investment, and how it translates to benefits for farmers. She applies a similar approach to innovation and has gained considerable

exposure to R&D discussions since joining the Fonterra Board. She brings experience of governing a research and development led organisation in Fertility Associates, understanding the link to strategy and the governance role in driving innovation. Cathy convinced the Panel of her understanding of the sustainability journey for Fonterra and linking this to long-term value creation. She demonstrated a solid appreciation of the strategic importance of future opportunities relating to sustainability for the Co-op, and clearly balances this with a view on the practicalities of supporting farmers on the journey.

Overall, the Panel were impressed with breadth of perspective Cathy brought and felt she had developed as a governor in the last three years. The Panel commented that her enthusiasm and passion for the organisation and the drive and work ethic she demonstrates would make her an asset to the Fonterra Board in a second term.

## Candidate Profile Statement

### Why I want to stand for the Fonterra Board?

Fonterra's success is critically important to each of us as shareholders and our nation.

I was elected three years ago. I believe, my diverse skills, experience and attributes have positively contributed to Fonterra. I have learnt more about Fonterra's business. This positions me to contribute more to the Board.

### Attributes

I believe I have the attributes to be an effective Fonterra director.

- I've long been passionate about good governance - as an adviser and regulator. I have an independent and inquiring mind, challenge respectfully and the courage to offer an alternative view. I listen to my colleagues and am open to changing my mind. I respect collective decision-making.
- I worked in the industry as a lawyer for decades. I've relished the opportunity as a director to talk with you. I seek to see that your perspectives are listened to and considered in decisions. As Fonterra works to meet the demands on it regarding sustainability, I appreciate the need to support you and take you with us on this journey. I understand the cost and other pressures you face and the need for Fonterra to perform regarding milk price and earnings. I know the frustration of compliance and the need to make this efficient. Similarly, you expect Fonterra to look for efficiency and cost savings generally.
- Our future shareholders are important to me. I'm proud that our farming business has provided sharemilking pathways to the next generation of farmers.
- I've broad governance experience, having served on government, listed and private boards.
- I have a track record of creating shareholder value. During my tenure at my old law firm, profitability and reputation grew significantly. As chair of Fertility Associates, I oversaw a sales process that created significant wealth. At Tourism Holdings we effected a significant merger strengthening the business globally.
- I have a global perspective. In addition to Fonterra, Tourism Holdings is a global business. Fertility Associates has a business in Malaysia and is targeting Asia. Fletcher's has significant operations in Australia. I understand global issues impact businesses.
- I have the time to give Fonterra. I've demonstrated this over the past three years, including chairing several committees and being a contributing member of others.
- I'm of sound judgment. I was sought out for this professionally. I believe my Board colleagues respect my judgment.

- I have the ability to apply strategic thought to important issues and to actively contribute to and positively influence, Board discussions. I have demonstrated this at Fonterra. I am seen by my colleagues on other Boards as doing so.

### Targeted Skills

**Innovation:** As a Fonterra director, I understand the importance of research and development, including nutrition science. Fonterra operates in a dynamic market, and our innovation program must keep up to pace with this. Fertility Associates supports research and development into fertility issues. We use applied innovation to provide services to patients. At Tourism Holdings and Fletcher's, we use applied innovation in our manufacturing processes and are investing in technologies to reduce emissions.

**Financial acumen:** I developed financial skills and knowledge as a commercial lawyer and owner of a law firm. My skills have grown, including through serving on Audit and Finance committees of several companies.

**Manufacturing/commodity experience:** As well as serving on Fonterra's Board, Tourism Holdings and Fletcher's have trans-Tasman manufacturing businesses.

**Customer/Consumer:** In addition to Fonterra, companies I am a director of have significant consumer and customer businesses. Tourism Holdings rents and sells campervans globally with strong brands. Fletcher's manufactures and sells products under different brands to businesses and consumers. Fertility Associates offers fertility services under market-leading brands. Rangatira has several consumer businesses. The law is a competitive business with demanding customers.

**In depth dairy farming:** While not a hands-on farmer, I've been a director of our dairy farming business for 12 years, navigating the same opportunities and issues as our shareholders.

**Global experience:** All the businesses I'm involved with are impacted by international issues, including geopolitics and the global economy. I seek to keep abreast of global issues and their impact.

**Technology:** I've experience as a governor regarding technology. I championed my old law firm developing a technology business which was sold successfully. Every business I'm involved with uses technology to enhance customer experience, improve health & safety and for efficiency. I'm acutely aware of cyber risk and the importance of systems to minimise this.

### Other skills in Fonterra's skills matrix

**Understand value drivers of milk price/profit:** I served as an observer on the Milk Price Panel for a period. This enhanced my understanding of the process of determining milk price as well as the value drivers. During my time on the Board, I learned more about our profit drivers.

**Risk management:** I've significant experience as a lawyer and a director, including serving on Audit, Risk, Health, Safety and Sustainability Committees.

**Effective leadership:** I have a track record of this. Chairing my old law firm involved strategic leadership, people leadership, stakeholder management and embracing diversity including of thought. I was asked to continue as independent chair of Fertility Associates post its sale. I was elected chair of Tourism Holdings. I believe I am regarded as an effective chair of various subcommittees at Fonterra.

**Sustainability:** I have a strong understanding of the importance of sustainability in its broadest sense to long-term value creation. I undertook a course on sustainability. I serve on Fletcher's Health, Safety and Sustainability Committee and chaired Tourism Holdings' before becoming chair.

### Committees

Chair, Disclosure Committee, Long Term Aspirations Committee

Member, Audit, Finance and Risk Committee, People, Culture and Safety Committee

Previous: Chair, Divestment Committee, Milk Price Panel Observer

### Intentions if re-elected

If re-elected, I will work hard to:

- use my skills and experience for your benefit; and
- deliver what most matters to you: the highest possible milk price and dividends.

It has been a privilege to serve as your director, and I humbly ask for your support to continue to do so.

## Candidate Interest Statement

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

- I am a director and shareholder (as trustee) of Thistlehurst Dairy Limited, a supplying shareholder of Fonterra which holds 444,280 Fonterra shares.
- I am currently a consultant to MinterEllisonRuddWatts. MinterEllisonRuddWatts has provided legal services from time to time to Fonterra and competitors of Fonterra.

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









If undelivered please return to:

The Returning Officer

Fonterra Elections 2023

PO Box 3138

Christchurch 8140

Free phone 0800 666 034

## Election of TWO (2) Directors

### YOU CAN VOTE IN ONE OF THE FOLLOWING WAYS:

**1**

#### ONLINE VOTING

Electronically via Farm Source website at:  
**[www.nzfarmsource.co.nz](http://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**
**OR**
**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 Wednesday, 1 November 2023.

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

For enquiries phone the ELECTION HELPLINE: 0800 666 034

#### Majority Voting

This is a majority vote to elect TWO (2) Directors.

To be elected to the Board a candidate must obtain more than 50% support of votes cast in respect of that candidate.

If either candidate does not achieve more than 50% support, a second election will not be held.

The Fonterra Constitution and Election rules require that the Board must appoint a farmer director to fill a casual vacancy that will continue for six months or more. The Board may not appoint any of the unsuccessful candidates who stood in the uncontested election.

#### Postal Voting Instructions

- You are encouraged to cast a vote (either YES or NO) for **each** and **every** candidate.
- Vote by placing a tick "✓" in the YES or NO circle next to the name of each candidate.

**YES**
**NO**
**VOTE HERE**

**Brent GOLDSACK**

Independently Assessed Candidate


**Cathy QUINN**

Independently Assessed Candidate

**VOTING CLOSSES AT:**
**10.30AM ON TUESDAY, 7 NOVEMBER 2023**





Dairy for life

# Fonterra Elections 2023

## Co-operative Council

Candidate Profiles  
Ward 3 - Southern Northland



# Contents

KEY INFORMATION – 2023 ELECTION	1
KEY QUALITIES AND CAPABILITIES OF A COUNCILLOR	1
THE ROLE OF COUNCIL	2
<b>PROFILES</b>	
SUE MCKAY	3
CUSHLA SMITH	4

## NOTE ON CANDIDATE STATEMENTS

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 – 2023 Fonterra Elections  
Freephone 0800 666 034  
[iro@electionz.com](mailto:iro@electionz.com)

# Key information – 2023 election

## Ward 3 - Southern Northland

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There are two candidates – Sue McKay and Cushla Smith.

Votes may be cast via post or online and must be received by 10.30am on Tuesday, 7 November.

## Voting entitlement

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Voting for Co-operative Councillors is on the basis of two votes per shareholder who is entitled to vote in a Ward election. Both votes may be used by the shareholder, or one may be given to a sharemilker. Votes are not weighted by milksolids production.

## Voting system

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The Co-operative Council elections are held on a Ward basis using Single Transferable Voting.

## Lost or damaged Voting Papers

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Replacement Voting Papers are available to shareholders who did not receive their Voting Paper or spoil or damage it. These are available from the Returning Officer until the close of voting at 10.30am on Tuesday, 7 November 2023.

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

Completed Voting Papers must be received by the Returning Officer by 10.30am on Tuesday, 7 November 2023.

# Key qualities and capabilities of a Councillor

The key capabilities required to successfully fulfil a Councillor's representation role are set out below. A Co-operative Councillor is also expected to be willing to continually develop their capabilities around business understanding, communication and interpersonal skills, and teamwork.

- 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 a Councillor's responsibilities
- A commitment to on-going training including building broad-based Co-operative and governance knowledge to enhance their effectiveness in the role.

Councillors are expected to commit an average of one day per week to their role.

# The role of Council

Council's role, functions and powers are set out in Fonterra's Constitution.

Council's role is to support Shareholders' democratic control of their Company and to actively represent and seek to protect members' interests as owners, investors, suppliers and members of the Fonterra Co-operative community.

Council's functions, and the activities undertaken to perform them, can be summarised under three main themes:

## Connection

- The primary role of Council is to connect members to their Co-operative.
- Engagement activities within each Ward aim to build a comprehensive understanding of members' interests, needs, views and expectations and to provide members with regular feedback on Council's representation of these to the Board.
- Councillors receive calls and emails from members and hold Ward meetings, and may be asked to represent Council at field days and other events.
- Councillors are expected to report in a timely manner on the feedback and themes they hear.
- Council arranges educational programmes for members, such as the Understanding Your Co-operative Programme (which Councillors host) and the Governance Development Programme.

## Accountability

- Council seeks to ensure Co-operative members are fully informed about their Co-operative's performance.
- Councillors meet with the Board at least four times each financial year to seek explanation on how well recent performance is meeting members' expectations, whether Fonterra is 'on-track' for meeting its strategic objectives, and what new and/or emerging challenges Fonterra is facing and addressing.
- Council seeks to hold the Board to account by seeking from the Board explanation of and responsibility for Fonterra's strategy and performance.
- Councillors refer to publicly available information and Council commissions external advisors to provide independent analysis.
- Council regularly submits questions to the Board.
- Council regularly and transparently reports back to members on its engagements with the Board, including the Board's explanations.

## Guardianship

- Along with the Board, Council acts as the guardian of the Co-operative Philosophy, including the Co-operative Principals, Purpose Statement and Values.
- Council is also the primary channel for consultation when Fonterra is considering policy or operational changes that may affect members.
- Council advocates publicly on members' collective behalf on matters relating directly to members' interests in the Co-operative.
- Council also:
  - manages the Director election process in consultation with the Board;
  - appoints the Milk Commissioner;
  - consults with the Board in relation to the operation of the Fonterra Shareholders' Market and the Fonterra Shareholders' Fund;
  - consults with the Board in relation to any changes to the Milk Price Manual and Principles; and
  - has four Councillor observers attend meetings of the Board's Co-operative Relations Committee.

Council has the power to:

- consider and, in consultation with the Board, propose to shareholders changes to the Constitution;
- recommend the commissioning of a special report on specific projects or activities; and
- call a special meeting of shareholders, in certain circumstances.

In carrying out its representation role, Council represents the interests of all members of the Co-operative, being shareholders supplying milk to the Co-operative, their sharemilkers and contract milkers, and other persons supplying milk to the Co-operative in New Zealand under standard terms and conditions of supply.

Each Councillor is assigned to one of three committees - Connection, Accountability or Guardianship. However all Councillors are expected to participate fully in all Council activities.



## Sue McKay

### PAPAROA

Mobile: 021 431 831

Email: sharemilkers@hotmail.com

I believe everyone in Fonterra has a part to play and also a say, in making it a strong and enviable dairy company to supply and belong to. When we work together with the belief that everyone can succeed, we will all achieve success and our Co-op will be stronger for it. We must make the Co-op strong for generational succession.

My husband and I joined dairy later in life and we are proud to have worked our way up through to farm ownership. We do not come from generational dairy farming backgrounds. Dairy has given us a great future, but it has also given us many challenges. I would be bringing my understanding of those challenges and successes to this role.

It is my goal as a Co-operative Councillor to give my area's Shareholders a voice at the table. I have a personality that questions everything. I have listened and supported many dairy farmers over more than a decade, from new entrants to dairy, through to farm owners. I believe I have the ability to voice their concerns and views where necessary with a balanced approach.

There are no fancy certificates, awards or degrees on my CV, but there is a lot of mud under my fingernails. A lack of certificates hasn't stopped me reaching our goal of farm ownership. This is an area I am passionate about, the next generation believing they can reach the level they desire and providing a dairy farming industry where this can be achieved.

Communication both ways is crucial to creating an understanding of all parties' goals and needs. We are all at different stages of our dairy careers.

I promise to hear what you say and relay that to those who need to hear your voice.

### 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 as a Director of RDB Farms Limited (supply number 11901). The company holds 43,092 Fonterra shares.

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





## Cushla SMITH

### WELLSFORD

Mobile: 021 324 965

Email: smithcushla1@gmail.com

My husband Matt and I have been involved in the dairy industry for the past 18 years. Having being Fonterra shareholders for 12 of those and with many more to go I am putting myself forward to represent the Southern Northland region as Co-operative Councillor.

For the past 8 years we have owned and operated our 118ha farm at Tomarata milking 270 cows while raising our 3 young children. Prior to that we leased a 300ha dairy and beef operation for 11 years in South Head, Helensville – also a great area with a talented group of famers.

I come from a financial background being a registered property valuer and having worked in rural lending managing a dairy portfolio at Rabobank Whangarei. Throughout our farming career we have been involved in the Sharemilker of the Year Contest, I have been on the judging panel for the Ballance Farm Environment Awards and sat on the NDDT committee. With young children, community involvement is a big part of my life chairing the Wellsford Kindergarten committee and coordinating the Junior Wellsford football club with 140 members.

I believe communication is key when it comes to Fonterra and its shareholders. As your Co-operative Councillor my aim would be to actively represent lower northland providing timely feedback on concerns and taking suggestions from farmers to the Council for action. The role would also provide me with a more detailed insight into the direction from head office and continue to give us confidence of our industry going forward. Northland farmers have plenty to offer and face a set of unique challenges, I would continue to make sure your opinions are valued and voiced going forward.

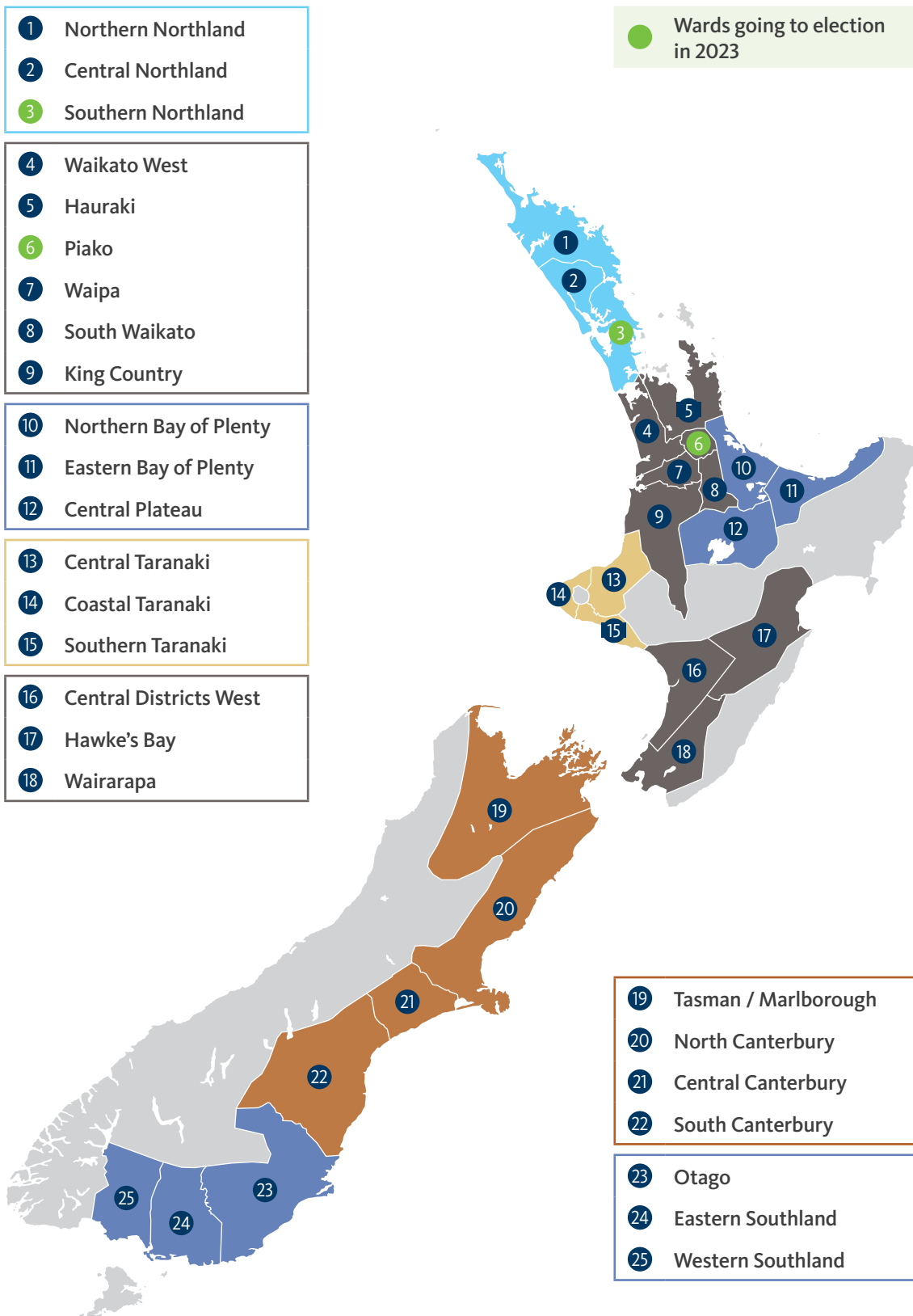
### Candidate Interest Statement

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:

- Matt and myself are 100% shareholders of Wacvac Farms, which is a supplying shareholder of the Fonterra Group and holds 72,476 shares.

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

# Council Wards





If undelivered please return to:

The Returning Officer

Fonterra Elections 2023

PO Box 3138

Christchurch 8140

Free phone 0800 666 034

FONTERRA ELECTIONS 2023

Co-operative Council Election

VOTING PAPER 1



For the Co-operative Council Election you have received two Voting Papers for each farm that you own in Ward 3.

Votes for the Co-operative 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 3 - SOUTHERN NORTHLAND

Election of ONE (1) Councillor

YOU CAN VOTE IN ONE OF THE FOLLOWING WAYS:

1

ONLINE VOTING

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
-----	----------

OR

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 Wednesday, 1 November 2023.

*Please only use one of these voting methods*

For enquiries phone the ELECTION HELPLINE: 0800 666 034

VOTING CLOSES AT:  
10.30AM ON TUESDAY, 7 NOVEMBER 2023

FONTERRA ELECTIONS 2023

Co-operative Council Election

VOTING PAPER 2



WARD 3 - SOUTHERN NORTHLAND

Election of ONE (1) Councillor

YOU CAN VOTE IN ONE OF THE FOLLOWING WAYS:

1

ONLINE VOTING

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.

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

PIN	PASSWORD
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OR

2

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10.30AM ON TUESDAY, 7 NOVEMBER 2023

- 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 both 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.
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<input type="text"/>	Sue McKAY
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<input type="text"/>	Cushla SMITH
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- 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.
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NUMBER HERE	Ensure each number is written neatly inside the voting box next to each candidate.
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<input type="text"/>	Sue McKAY
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<input type="text"/>	Cushla SMITH
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Dairy for life

# Fonterra Elections 2023

## Co-operative Council

Candidate Profiles  
Ward 6 - Piako



# Contents

KEY INFORMATION – 2023 ELECTION	1
KEY QUALITIES AND CAPABILITIES OF A COUNCILLOR	1
THE ROLE OF COUNCIL	2
<b>PROFILES</b>	
ALEISHA BROOMFIELD	3
ROBERT COOKSON	4

## NOTE ON CANDIDATE STATEMENTS

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 – 2023 Fonterra Elections  
Freephone 0800 666 034  
[iro@electionz.com](mailto:iro@electionz.com)

# Key information – 2023 election

## Ward 6 - Piako

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There are two candidates – Aleisha Broomfield and Robert Cookson.

Votes may be cast via post or online and must be received by 10.30am on Tuesday, 7 November.

## Voting entitlement

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Voting for Co-operative Councillors is on the basis of two votes per shareholder who is entitled to vote in a Ward election. Both votes may be used by the shareholder, or one may be given to a sharemilker. Votes are not weighted by milksolids production.

## Voting system

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The Co-operative Council elections are held on a Ward basis using Single Transferable Voting.

## Lost or damaged Voting Papers

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Replacement Voting Papers are available to shareholders who did not receive their Voting Paper or spoil or damage it. These are available from the Returning Officer until the close of voting at 10.30am on Tuesday, 7 November 2023.

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

Completed Voting Papers must be received by the Returning Officer by 10.30am on Tuesday, 7 November 2023.

# Key qualities and capabilities of a Councillor

The key capabilities required to successfully fulfil a Councillor's representation role are set out to below. A Co-operative Councillor is also expected to be willing to continually develop their capabilities around business understanding, communication and interpersonal skills, and teamwork.

- 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 a Councillor's responsibilities
- A commitment to on-going training including building broad-based Co-operative and governance knowledge to enhance their effectiveness in the role.

Councillors are expected to commit an average of one day per week to their role.

# The role of Council

Council's role, functions and powers are set out in Fonterra's Constitution.

Council's role is to support Shareholders' democratic control of their Company and to actively represent and seek to protect members' interests as owners, investors, suppliers and members of the Fonterra Co-operative community.

Council's functions, and the activities undertaken to perform them, can be summarised under three main themes:

## Connection

- The primary role of Council is to connect members to their Co-operative.
- Engagement activities within each Ward aim to build a comprehensive understanding of members' interests, needs, views and expectations and to provide members with regular feedback on Council's representation of these to the Board.
- Councillors receive calls and emails from members and hold Ward meetings, and may be asked to represent Council at field days and other events.
- Councillors are expected to report in a timely manner on the feedback and themes they hear.
- Council arranges educational programmes for members, such as the Understanding Your Co-operative Programme (which Councillors host) and the Governance Development Programme.

## Accountability

- Council seeks to ensure Co-operative members are fully informed about their Co-operative's performance.
- Councillors meet with the Board at least four times each financial year to seek explanation on how well recent performance is meeting members' expectations, whether Fonterra is 'on-track' for meeting its strategic objectives, and what new and/or emerging challenges Fonterra is facing and addressing.
- Council seeks to hold the Board to account by seeking from the Board explanation of and responsibility for Fonterra's strategy and performance.
- Councillors refer to publicly available information and Council commissions external advisors to provide independent analysis.
- Council regularly submits questions to the Board.
- Council regularly and transparently reports back to members on its engagements with the Board, including the Board's explanations.

## Guardianship

- Along with the Board, Council acts as the guardian of the Co-operative Philosophy, including the Co-operative Principals, Purpose Statement and Values.
- Council is also the primary channel for consultation when Fonterra is considering policy or operational changes that may affect members.
- Council advocates publicly on members' collective behalf on matters relating directly to members' interests in the Co-operative.
- Council also:
  - manages the Director election process in consultation with the Board;
  - appoints the Milk Commissioner;
  - consults with the Board in relation to the operation of the Fonterra Shareholders' Market and the Fonterra Shareholders' Fund;
  - consults with the Board in relation to any changes to the Milk Price Manual and Principles; and
  - has four Councillor observers attend meetings of the Board's Co-operative Relations Committee.

Council has the power to:

- consider and, in consultation with the Board, propose to shareholders changes to the Constitution;
- recommend the commissioning of a special report on specific projects or activities; and
- call a special meeting of shareholders, in certain circumstances.

In carrying out its representation role, Council represents the interests of all members of the Co-operative, being shareholders supplying milk to the Co-operative, their sharemilkers and contract milkers, and other persons supplying milk to the Co-operative in New Zealand under standard terms and conditions of supply.

Each Councillor is assigned to one of three committees - Connection, Accountability or Guardianship. However all Councillors are expected to participate fully in all Council activities.



## Aleisha BROOMFIELD

### SPRINGDALE

Mobile: 027 695 5360

Email: aleisha.broomfield@gmail.com

I'm standing for the Fonterra Co-operative Council as I feel I am well suited to represent the Ward 6 Farmers. I know many of you from my time as a Consulting Officer in the area. I have had an interest in this position since that time.

I feel I can represent the diversity within our Ward as I have worked my way up through sharemilking and now my partner James and I live in Springdale where we operate a 300-cow sharemilking business and our own 300-cow farm.

I have excellent written and verbal communication skills. I am a highly driven and self-motivated individual. I have recently completed professional development including Bachelor of Agricultural Science (Hons 1) from Lincoln University, NZ Diploma in Agribusiness, AWDT courses, Tatua Future Directors and To The Core Governance Programmes and more recently NZ Dairy Industry Awards. Through these courses I have been able to improve my leadership skills.

My top 5 Clifton strengths are: Communication, Responsibility, Command, Futuristic and Competitive. I think these strengths would bring a great diversity of thought to the Fonterra Co-operative Council. I have a strong moral compass and I am not afraid to speak up and have the tough conversations when required.

I think it is important for hands on farmers to take on these leadership roles within our industry so that we have an industry to be proud of in the future and continue to have young farmers progress through to farm ownership. We need to have strong Co-operatives with a clear vision and strategy to maintain our competitive advantage. This however needs to balance with a focus on engaging with farmers, so they understand what is happening in the Co-op and listening to farmers and their challenges. I see the Co-operative Council as a pathway for Fonterra to hear the voices of their farmer owners whether that be the good or bad.

I think the Co-operative Council role would be both an interesting and challenging role and I would encourage you to vote in these elections. Should you have any questions or comments in the lead up to the elections please feel free to give me a call on 027 695 5360. Between picking AB cows and other farm jobs I will do my best to get around and see you prior to the elections. All the best for AB and the months ahead.

### 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 as a beneficiary of Broomfield Trusts Partnership, which is a supplying shareholder of the Fonterra Group and holds 178,325 shares.

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





## Robert COOKSON

### SPRINGDALE

Mobile: 021 752 423

Email: robert.cookson1@gmail.com

As a Waikato Regional Councillor and owner of a 170 hectare farm in Springdale, I am well aware of the frustrations and issues farmers are facing daily.

It is imperative that our Co-operative Council continues to strongly advocate for us, ensuring our voices are heard and that our Board of Directors are held to account and acting in the best interests of us as their suppliers.

Too often we tend to work in silos and limit how much information is shared and filtered down to where it matters. For our Co-op to continue to thrive we need to bridge that gap between the Board and those on the ground.

I already have strong relationships with industry leaders, local farmers and within Fonterra which I believe will be crucial in this role to represent the Piako ward effectively.

I am the Chair of the Integrated Catchment Management Committee for Regional Council which manages \$1billion of flood protection and drainage assets within the region; and have been heavily involved in this committee and its subcommittees for the past 6 years.

I also sit on the Environmental Performance and Finance and Services Committees; as well as Te Kōpu a Kānapanapa – a Joint Management Committee for the Taupo catchment.

The Piako ward has a rich history of dairy farming. My family have proudly farmed in Springdale for over 90 years and currently own several farms in the area. I want to see that we can continue to do so for the next 90 years which can only happen if Fonterra continues as a financially strong company and continues to support its farmers.

Outside of Council and the farm I enjoy connecting with and supporting our rural communities. I am a sponsor of and enjoy attending our local Surfing for Farmers, which has been a great way to spend time with my family and connect with others in the industry. I also enjoy giving back to our communities – rearing and donating animals to several schools, sports clubs and events.

I look forward to meeting you and hearing how we can continue to strengthen our Co-op.

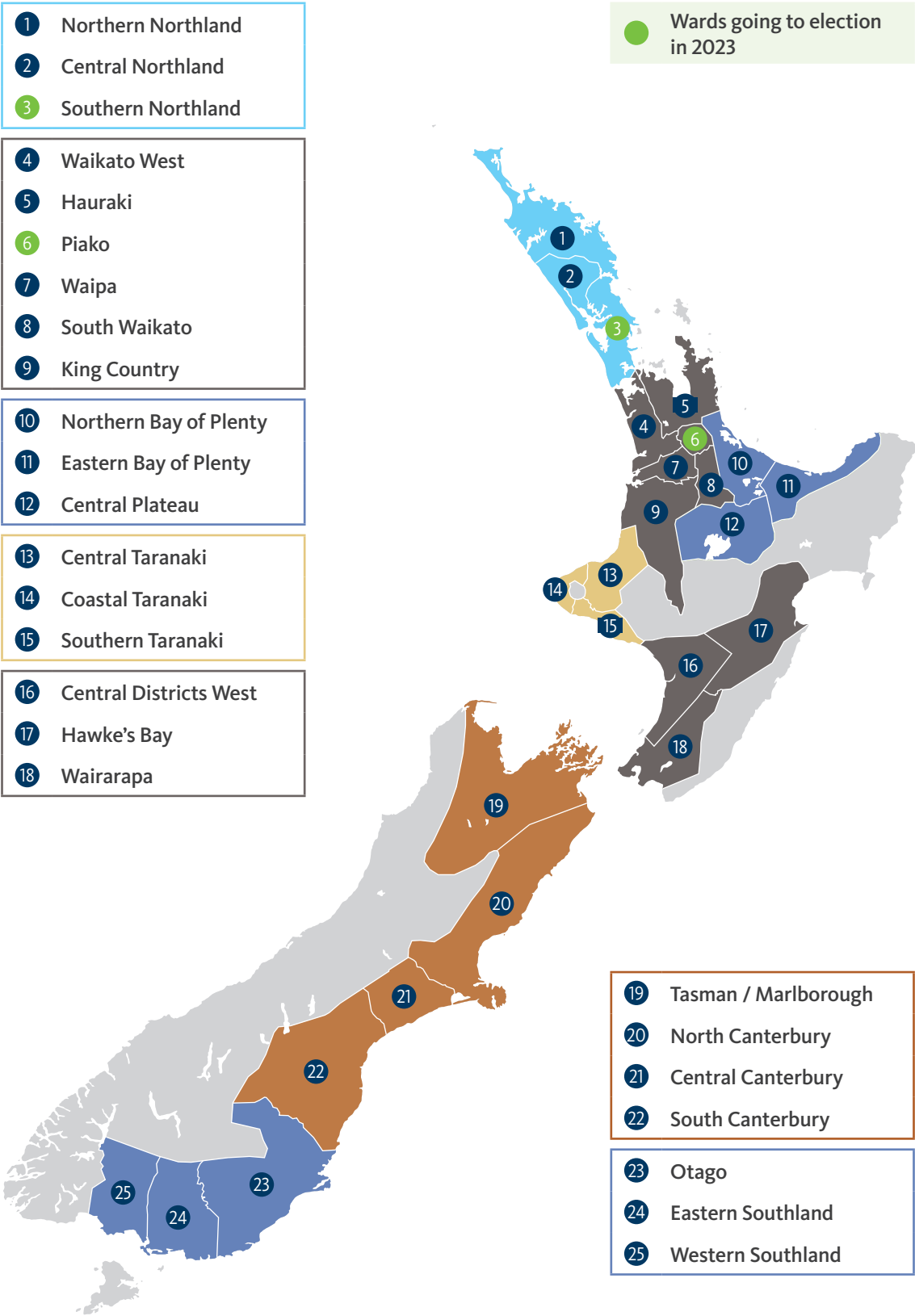
### Candidate Interest Statement

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 name of Rangitahi Farms Limited and hold 163,315 Fonterra shares.

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

# Council Wards





If undelivered please return to:

The Returning Officer

Fonterra Elections 2023

PO Box 3138

Christchurch 8140

Free phone 0800 666 034

FONTERRA ELECTIONS 2023

# Co-operative Council Election

## VOTING PAPER 1



For the Co-operative Council Election you have received two Voting Papers for each farm that you own in Ward 6.

Votes for the Co-operative 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 6 - PIAKO**  
Election of ONE (1) Councillor

YOU CAN VOTE IN ONE OF THE FOLLOWING WAYS:

1

### ONLINE VOTING

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
-----	----------

OR

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 Wednesday, 1 November 2023.

### 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 both 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.
<input type="text"/>	Aleisha BROOMFIELD
<input type="text"/>	Robert COOKSON

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

For enquiries phone the ELECTION HELPLINE: 0800 666 034

VOTING CLOSSES AT:  
**10.30AM ON TUESDAY, 7 NOVEMBER 2023**

FONTERRA ELECTIONS 2023

# Co-operative Council Election

## VOTING PAPER 2



For the Co-operative Council Election you have received two Voting Papers for each farm that you own in Ward 6.

Votes for the Co-operative 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 6 - PIAKO**  
Election of ONE (1) Councillor

YOU CAN VOTE IN ONE OF THE FOLLOWING WAYS:

1

### ONLINE VOTING

Electronically via Farm Source website at:  
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- Login using your Farm Source login and password.
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PIN	PASSWORD
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OR

2

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- 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.
<input type="text"/>	Aleisha BROOMFIELD
<input type="text"/>	Robert COOKSON

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**10.30AM ON TUESDAY, 7 NOVEMBER 2023**