

CHAIRMAN'S EMAIL RE NOTICE OF MEETING/SPECIAL MEETING

17 NOVEMBER 2021

Subject: Notice of Annual and Special Meetings

Dear [name],

Today we have released our Notice of Annual Meeting and Notice of Special Meeting (Capital Structure).

Hard copies have been posted to you, but in the meantime, you can read the documents online:

[Notice of Annual Meeting](#)

[Notice of Special Meeting – Capital Structure](#)

Our 2021 Annual Meeting and Special Meeting will be held at the ILT Stadium Southland, Surrey Park Sports Centre, 18 Surrey Park Road, Invercargill on Thursday 9 December. Due to the current COVID-19 restrictions, these meetings will be held as hybrid meetings and shareholders will also be able to attend the meetings online.

Immediately following the conclusion of the Annual Meeting, we will begin the Special Meeting to consider changes to our Capital Structure.

The Notice of Special Meeting booklet includes an overview of the recommended capital structure changes and details of the associated special resolution that you are being asked to vote on. I encourage you to read the details of the recommendation in conjunction with our long-term strategy booklet: [Our Path to 2030](#).

The Board and senior management are united in the view that what we are recommending is in the best interests of our Co-operative. There is no perfect answer, but we are confident that the Flexible Shareholding structure will support the sustainable supply of New Zealand milk that our long-term strategy relies on. One enables the other, and together they give our Co-op the potential to deliver the competitive returns that will continue to support our families' livelihoods from this generation to the next.

Having already obtained the support of 92% of the Co-operative Councillors, the recommended changes now require a minimum 75% support of voting farmers.

This is one of the most profound decisions we will make as farmers. I strongly encourage you to use your vote.

A successful farmer vote would not take effect until the Board is satisfied that any steps necessary for implementation have been (or will be) completed. We are continuing to work with the Government on what the changes might mean under the Dairy Industry Restructuring Act (DIRA).

In the interests of transparency, in our Notice of Special Meeting we have included a letter from the Minister of Agriculture outlining the Government's position on our capital structure proposal.

I believe we are philosophically aligned with the Government. We both want to see Fonterra continue to thrive as a New Zealand co-operative and deliver increasing value for the New Zealand economy and for farmers.

The Government is not at this stage in a position to support DIRA changes to facilitate our proposal. We understand the Government is looking for further assurance that our proposal supports contestability, drives performance and innovation, and protects alignment of shareholder interests.

I have spoken to the Minister since receiving his letter and remain confident that we can provide the Government with the necessary assurances and work together to find a regulatory framework that supports the Flexible Shareholding structure.

One of the considerations will be a strong mandate for change from the Co-op's farmers, so please exercise your ownership and control rights by voting.

If you can't attend the Annual Meeting or Special Meeting in person or online, you can 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 respective voting papers in your voting pack. Today you will also receive a separate email from the Co-operative Council Chairman, James Barron, with details about this year's Fonterra Board of Directors' Election, Directors' Remuneration Committee Election, and the Co-operative Councillor Elections.

I look forward to seeing as many of you as possible in Invercargill and online on 9 December.

Peter