

Media release

10 June 2016

RESULTS OF FONTERRA SHAREHOLDER VOTING AT SPECIAL MEETING

Fonterra's Board and Shareholders' Council will consider adjustments to the recommendations on the Co-operative's governance and representation model with a view to bringing a revised proposal back to farmer shareholders before the end of the year.

This follows today's Special Meeting where farmer shareholders did not pass a resolution regarding changes to Fonterra's Constitution and Shareholders' Council By-laws. 63.74 per cent of votes cast were in favour of the changes but under Fonterra's Constitution 75 per cent support was required for the changes to be accepted.

Fonterra Chairman John Wilson said that this is the Co-operative working as it should.

"We asked our farmers to consider significant changes to the process for electing Directors. A strong majority, almost two thirds of our farmers, voted in favour of the recommendation.

"They want a system that gets the most knowledgeable and skilled candidates on to the Board; and a process that encourages diversity and sees our most capable farmer shareholders put themselves forward," he said.

"The fact that we didn't achieve the 75 per cent tells us that the change proposed was a big ask, particularly around the change from being able to choose from any and all candidates. The Board respects that view," he said.

Mr Wilson said the Governance and Representation Review had been a rigorous and positive process for the Co-operative. It was important that the Co-operative remained focused on strengthening its governance and representation model.

"We owe it to our farmers and to New Zealand to move this Co-operative forward by developing a model that gets the best possible talent onto the Board in the future. I am confident we can develop a solution which secures a mandate," he said.

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About Fonterra

Fonterra is a global leader in dairy nutrition – the preferred supplier of dairy ingredients to many of the world's leading food companies. It is also a market leader with its own consumer dairy brands in New Zealand and

Australia, Asia, Africa, the Middle East and Latin America. Fonterra is a farmer-owned co-operative and the largest processor of milk in the world. It is one of the world's largest investors in dairy research and innovation drawing on generations of dairy expertise to produce more than two million tonnes of dairy ingredients, value added dairy ingredients, specialty ingredients and consumer products for 140 markets.

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