

Fonterra Board Code of Conduct

September 2018

Purpose

Fonterra's Values aim to create a "One Fonterra" approach across the Co-operative and to promote a climate of trust and transparency. The Values are:

- Co-operative Spirit
- Do the Right Thing
- Challenge Boundaries
- Make it Happen

The Fonterra Board strongly endorses the Values, and each Director has a responsibility to lead by example.

The Fonterra Board has adopted this Code of Conduct to guide members of the Board on ethical risk and to help nurture an environment where integrity and accountability are key.

This Code sets out general principles and sits alongside the Fonterra Board Charter and the Confidentiality Deed signed by each Director. No code, policy or requirement can anticipate every situation that might arise and Directors are expected to comply to the spirit and the letter of these documents, as well as all applicable laws and listing rules. In some areas, this Code summarises obligations and responsibilities of Directors that are set out in more detail on other documents. Where this is the case, the detailed obligations and responsibilities take precedence.

Directors are encouraged to bring questions or concerns around any aspect of this Code or its application to the attention of the Board. The Board will not permit a waiver of any part of this Code for any Director.

Standard of Care

1. Directors will exercise all due care, diligence, and skill in the performance of their functions and in the exercise of their powers.

Integrity and professionalism

2. Directors will act honestly and with integrity in all their dealings involving Fonterra.
3. Directors will exercise their powers of office for the proper purposes for which those powers were granted.
4. Directors will maintain the highest levels of professional conduct in their interactions with colleagues, business partners and in representing Fonterra in the community.
5. Directors will not discriminate on the grounds of race, religion, gender, marital status or disability.
6. Directors will be truthful and will not mislead (including by omission) nor make any false statements. Directors will not make promises or commitments that Fonterra does not intend, or would be unable, to honour.

Compliance

7. Directors will at all times comply with:
 - (a) all applicable laws and regulations, and listing rules;
 - (b) the Fonterra Board Charter; and
 - (c) the Fonterra Board Confidentiality Deed.
8. The Board must promote ethical behaviour. The Board will ensure that management encourages its employees (i) to seek guidance from managers, colleagues and other personnel when in doubt about the best course of action to take in any particular situation and (ii) have the means to report issues and concerns on a confidential basis, without the fear of retaliation for reporting in good faith.

Conflicts of interest

9. Directors will fully disclose to the Board at the earliest opportunity any relevant personal or business interest, whether public or private, that involves, or could appear to involve, a potential or actual conflict with the interests of Fonterra. A conflict can also occur where a Director takes actions or has interests that could make it difficult to objectively and efficiently perform his or her duties to Fonterra, or puts themselves in a position where this could be perceived to be the case.
10. Directors should consult with the Chairman prior to accepting any appointment to any public or private board, advisory board or as a consultant or employee.

Confidential information

11. Directors must maintain and protect the confidentiality of information relating to Fonterra and its business, and any other commercially sensitive matters, except where disclosure is required by law or expressly authorised.
12. Directors will keep confidential all information, discussions, deliberations and decisions that relate to the Board or to appointments to the Board that are not publicly known. Directors recognise that it is appropriate from time to time to ensure that certain information relating to the Board and to Fonterra and its business is not shared beyond the Board, and will exercise caution in sharing such information outside the Board including with management and shareholders.
13. Directors will maintain and observe their obligations of confidentiality and proper use of information even after they cease to be a Director.

Corporate opportunities

14. Directors will not take advantage of any Fonterra property, information or position, or an opportunity arising from these, for personal or family gain.

Benefits to Directors

15. Directors must not use their status as a Director of Fonterra to seek personal gain from those doing business or seeking to do business with Fonterra.
16. Directors must not accept payments, gifts or entertain beyond that which would be considered normal business practice. Directors must report the offering of any such benefit to the Board.

Observance of the Code

17. Directors will report to the Board any behaviour that involves non-compliance with the Code. The Board will take any action that is considered appropriate in the circumstances.
18. The Board will protect those Directors who report instances of non-compliance with the Code in good faith.
19. Directors will work collaboratively and will apply the principles of the Code to their duties and responsibilities on a daily basis.
20. Each Director will, with effect from the date of appointment and each anniversary of that date, sign a confirmation that they have read and understood this Code and will comply with it.
21. This Code will be reviewed annually to ensure it remains current with the law and current best practice.