

People, Culture and Safety Committee

Charter



Board approved August 2024

Constitution

The Board of Fonterra Co-operative Group Limited (the "Board") has established a committee of the Board, known as the People, Culture and Safety Committee (the "Committee").

Purpose

The purpose of the Committee is to assist the Board in fulfilling its corporate governance responsibilities relating to:

- the recruitment, retention, remuneration and development of directors, executives and other employees;
- optimising Fonterra's culture to deliver high performance;
- Fonterra's management of health, safety and wellbeing (including promoting a safe and healthy working environment for all Fonterra employees, contractors and members of the public as required); and
- any other matters referred to it by the Board.

Responsibilities

The responsibilities of the Committee include:

Appointments and Terminations

- Recommend to the Board the appointment and termination of the CEO, including applicable terms and conditions, and in relation to the performance of the CEO.
- Approve appointments or terminations relating to executive direct reports to the CEO ("CEO Direct Reports").
- Approve major organisational structure changes proposed by the CEO, including major changes to the accountabilities of CEO Direct Reports.
- Recommend to the Board the appointment processes and final, preferred candidates for any Director appointments under clause 12.4 of the Constitution.
- Recommend to the Board the entry into or amendment of any contracts with Appointed Directors for services as a Director, or in any other capacity, and the content of such contracts.
- Recommend to the Board the strategy for Director development.
- Approve the appointment of external parties to the role of key legal advisors and any other key professional advisors to the Committee as required, including remuneration advisory support.
- Approve the appointment by Fonterra of persons to governance positions, and the indemnification of such appointees.

Remuneration

- Approve the global remuneration strategy: the base pay structure (including Fonterra's fixed pay position in key labour markets); design of variable pay/incentive plan components at the global/BU level (measures, weightings, etc.) and Fonterra's global recognition and benefits programme frameworks.
- Recommend to the Board the performance, fixed annual pay and incentive/bonus opportunity of the CEO (as recommended by the Chairman) and subsequently recommend to the Board actual payments under the designated incentive/bonus plan and any remuneration changes for the CEO.
- Appoint an independent remuneration advisor to the Committee and the Board, and access independent objective advice on remuneration matters as required. Management will assist and provide advice to the Committee in relation to the appointment of an independent remuneration advisor but the Committee will have full and direct control and decision-making rights in relation to the selection, appointment and terms of engagement of any independent remuneration advisor.
- Exercise discretion to increase, decrease, suspend or otherwise adjust the terms relating to any remuneration of, or incentive payment to, the CEO and CEO Direct Reports as the Committee thinks fit (to the fullest degree legally possible). The Committee may take into account factors such as the Farmgate Milk Price (as calculated under the Milk Price Manual) and the amount actually paid as milk price, one-off and extraordinary items impacting performance and performance against Key Performance Indicators.
- Approve the performance, fixed annual pay, incentive/bonus opportunity of CEO Direct Reports (as recommended by the CEO) and supporting payment calculation methodology. Approve other remuneration changes for CEO Direct Reports not delegated through established policy or precedent nor mandated by local legal or contractual requirements.
- Recommend to the Board the remuneration and other benefits relating to Appointed Directors.
- Approve remuneration paid to Fonterra appointees to governance positions, or to Fonterra Directors in accordance with clauses 34.3 or 34.4 of the Constitution.

People Strategy, Talent, Development, Engagement and Culture

- Review Fonterra's People Strategy and talent and leadership activities, including how they support the organisation's strategy.
- Oversee Fonterra's approach to diversity and inclusion, including to approve and note progress against any measurable objectives.
- Oversee Fonterra's approach to and monitor development of organisational culture, so that it aligns with the Co-op's values and supports achievement of Fonterra's strategy.
- Review succession planning process and plans to confirm there is a pipeline of leadership talent, especially in relation to the roles of CEO and CEO Direct Reports.
- Review, provide counsel on, and note progress on Fonterra's policies to uphold human rights within its business operations.

Health, Safety and Wellbeing

- Maintain an informed understanding and knowledge of key health and safety matters, including regulatory and compliance requirements.
- Review, approve, and monitor Fonterra's health, safety and wellbeing strategy and be kept up-to-date with planning and deployment progress.
- Seek management assurance that Fonterra has appropriate resources and processes for reviewing and considering information about incidents and hazards relating to health, safety and wellbeing, and for responding to that information in a timely way.

-
- Approve, and monitor Fonterra's performance against, annual Key Performance Indicators (KPI's) including lead and lag measures in relation to health, safety and wellbeing.
 - The Committee will visit Fonterra sites at least twice annually, and undertake any other appropriate interactions in relation to health, safety and wellbeing.
 - The Committee has full discretion as to the health and safety matters or areas it wishes to consider or review.

Governance

- Approve high level policies to provide assurance of compliance with employment-related statutory requirements, including Privacy, Industrial Relations, and Ethical Behaviour.
- Oversee the preparation of Fonterra's public disclosures on employee remuneration in the annual results materials.
- Review Fonterra's Modern Slavery Statement, consider whether it is complete and consistent with the information known to Committee members and, if appropriate, recommend approval of it to the Board.
- Monitor the alignment of Fonterra's strategy, policies and practices related to remuneration, People Strategy and health, safety and wellbeing with Fonterra's risk management framework. This includes seeking assurance from management that Fonterra has appropriate resources and process for eliminating, managing and minimising risks relating to health, safety and wellbeing.
- Monitor and manage real and potential conflicts of interest involving the CEO and CEO Direct Reports.

Variations to the Standard Terms of Reference

The Board Committee Standard Terms of Reference shall apply, except where modified by this Charter.

Membership

Directors

The Chairman of the Board shall be a member of the Committee.

The Committee shall include at least one [1] director appointed under clause 12.4 of the Constitution ("Appointed Director").

Meeting Procedure

Attendance

The Chief Executive Officer, the Managing Director People and Culture and the Director of Health, Safety and Wellbeing shall be available to attend all meetings. The Committee may hold confidential sessions excluding management or advisors as they determine appropriate.