



Dairy for life

Fonterra Annual Meeting 2019

Notice of Annual Meeting
of Shareholders and Explanatory Notes

10.30am on Thursday, 7 November 2019
ILT Stadium Southland
Surrey Park Sports Centre
18 Surrey Park Road
Invercargill

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Fonterra Co-operative Group Limited

Annual Meeting For 2019

Fonterra's Annual Meeting will be held at the ILT Stadium Southland, Surrey Park Sports Centre, 18 Surrey Park Road, Invercargill at **10.30am on Thursday, 7 November 2019**.

Annual Meeting Documents

Each Shareholder has been sent:

- This Notice of Meeting booklet, which includes:
 - Letter from the Chairman
 - Notice of Meeting (including the text of the matters to be voted on by Shareholders) (Part One)
 - Explanatory Notes regarding each of the matters to be voted on by Shareholders (Part Two).
- A Fonterra Board of Directors Election Voting Paper
- A Shareholders' Council Voting Paper (for Shareholders in Wards 11 and 14 only)
- A combined Annual Meeting Voting Paper/Proxy Form. Use this Voting Paper:
 - If you are attending the Annual Meeting to vote in person.
 - If you are unable to attend the Annual Meeting, and you do not wish to vote online or post, you can appoint a proxy to attend and vote on your behalf by completing the Proxy Form 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, 5 November 2019**.
 - If you are a company or other body corporate, you can appoint a representative to attend and vote on your behalf by completing the Proxy Form

Further instructions are on the back of the Proxy form.

You 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 Voting Papers.

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 Voting Paper, and count, all **online** and **postal votes**.

For the Annual Meeting you can also vote by proxy, or by attending the meeting in person.

All online, postal and proxy votes must be received by the Returning Officer by **10.30am on Tuesday, 5 November 2019**.

A Shareholder's voting entitlement is based on their milksolids production. Shareholders will receive one vote for every 1,000 kilograms of milksolids supplied to Fonterra during the season ended **31 May 2019**.

If a Shareholder did not supply last season but now owns an existing farm that supplied last season, the voting entitlement 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 2020**. Milk supplied on Contract Supply and milk which is not backed by shares or counting vouchers is excluded from milksolids production when calculating voting entitlements.

In accordance with the Companies Act, the Board has fixed **5.00pm on 9 October 2019** as the date for determining voting entitlements of Shareholders for this meeting.

Accordingly, those persons who are, at **5.00pm on 9 October 2019**, registered as Shareholders will be entitled to vote at the Annual Meeting in respect of the shares registered in their name on that date backed by production.

A Shareholder's voting entitlement for a farm is shown on the Voting Paper enclosed for that farm with this pack. If a Shareholder appoints a proxy, the proxy will exercise that Shareholder's voting entitlement as described above.

Votes Required and Quorum

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 resolution will be passed if approved by a majority of 75% or more of the votes of those Shareholders entitled to vote and voting on the resolution.

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

The results of voting at the Annual Meeting will be posted on Farm Source at www.nzfarmsource.co.nz and our My Co-op app as soon as vote counting is complete and the Chairman has declared the results.

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 invited members of the media.

2019 Fonterra Elections and Annual Meeting

Dear farmers,

Our 2019 Annual Meeting will be held at the ILT Stadium Southland in Invercargill on Thursday 7 November.

We have moved away from holding the Annual Meeting at manufacturing facilities, to minimise the disruption to our operations team and reduce costs.

At this year's meeting Miles and I will review the Co-operative's financial performance and discuss our newly announced strategy and operating model.

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

1. approve the remuneration of Directors;
2. approve the remuneration of Councillors;
3. approve the remuneration of the Directors' Remuneration Committee Members;
4. approve the appointment of the Auditor;
5. approve the Shareholders' Council programme and budget; and
6. ratify the appointment of an Independent Director, Scott St John.

Each of these ordinary resolutions require more than 50 per cent support from voting farmers to be passed.

There is also a special resolution to approve amendments to the Shareholders' Council By-laws. This relates to the finalisation of the changes to our Farmer Director election process, which were announced back in July. Special resolutions require at least 75 per cent support from voting farmers to be passed.

There are also two Shareholder proposals for consideration by Shareholders. Further detail on the proposals and the resolutions are included within this booklet.

If you can't attend the meeting in person, 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 papers in your voting pack.

I look forward to seeing as many of you as possible at Invercargill.



John Monaghan

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 Chairman. Shareholders should allow sufficient time to register their attendance upon arrival prior to the start of the meeting.

10.00am - Registration / Morning Tea

10.30am - Welcome

Welcome / Introduction – John Monaghan, Chairman of the Board

10.45am – Annual Meeting Proceedings

Chairman's Review

Chief Executive Officer's Presentation

Approval of Remuneration of Directors, Shareholders' Councillors and Directors' Remuneration Committee Members

Directors' Remuneration Committee Review – David Gasquoine, Chairman

Resolution 1: That no increase of remuneration of Directors' be approved

Resolution 2: That no increase of remuneration of Shareholders' Councillors be approved

Resolution 3: That no increase of remuneration of Members of Directors' Remuneration Committee be approved

Appointment of Auditor

Resolution 4: Appointment of KPMG as auditor and authorisation of the Directors to fix the auditor's remuneration

Ratification of Appointment of Director

Resolution 5: Ratification of appointment of Scott St John

Approval of Amendments to the Shareholders' Council By-laws

Resolution 6: Approval of amendments to the Shareholders' Council By-laws

Shareholders' Council Report

Chairman's Review – Duncan Coull

Approval of Shareholders' Council Programme and Budget

Resolution 7: Approval of the Shareholders' Council programme and budget

Shareholder Proposals

Resolution 8: Mr Paterson's Proposal

Resolution 9: Mr Simpson's Proposal

Voting Paper Collection

Announcement of Resolution Results

General Business

1.00 / 1.30pm - Closing / Lunch (approximately)

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 (“Company”) will be held on **Thursday, 7 November at the ILT Stadium Southland, Surrey Park Sports Centre, 18 Surrey Park Road, Invercargill.**

John Monaghan
Chairman, on behalf of the Board
Notice of Meeting dated 15 October 2019

Business

Welcome/Introduction

Annual Meeting Proceedings

Chairman’s Review

Chief Executive Officer’s Presentation

Remuneration of Directors, Shareholders’ Councillors and Directors’ Remuneration Committee Members

Directors’ Remuneration Committee Review

Resolution 1: That no increase of remuneration of Directors be approved

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

“That no increase of remuneration of Directors be approved, as recommended by the Directors’ Remuneration Committee.”

Resolution 2: That no increase of remuneration of Shareholders’ Councillors be approved

To consider the remuneration of Shareholders’ Councillors recommended by the Directors’ Remuneration Committee and, if thought fit, to resolve:

“That no increase of remuneration of Shareholders’ Councillors be approved, as recommended by the Directors’ Remuneration Committee.”

Resolution 3: That no increase of remuneration of Members of the Directors’ Remuneration Committee be approved

To consider 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 Director

Resolution 5: Ratification of appointment of Mr Scott St John

To consider and, if thought fit, to resolve:

“To ratify the appointment by the Board of Mr Scott St John as a Director of the Company, under clause 12.4 of the Constitution.”

Approval of Amendments to the Shareholders’ Council By-laws

Resolution 6: Approval of amendments to the Shareholders’ Council By-laws

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

“To approve the proposed amendments to the By-laws of the Shareholders’ Council, as set out in Part Two of the Notice of Meeting.”

Shareholders’ Council Report

Chairman’s Review

Approval of Shareholders' Council Programme and Budget

Resolution 7: Approval of Shareholders' Council programme and budget

To receive and discuss the Shareholders' Council report (including the Milk Commissioner's report) for 2018/19 (contained in the Shareholders' Council's 2019 Annual Report to Shareholders) and the Shareholders' Council's programme and budget for 2019/20 and, if thought fit, to resolve:

"To approve the Shareholders' Council's programme and budget for the financial year ending 31 July 2020."

Shareholder Proposals

Resolution 8: Mr Paterson's Proposal

To consider and, if thought fit, to resolve:

"An independent review of Fonterra Shareholders Council to be conducted immediately post the 2019 AGM.

The Purpose:

- *How can the Shareholder Council be a more effective cornerstone shareholder.*
- *Is there a better model.*
- *Acknowledging that the current model is not working for its owners.*

Action:

- *Review to be completed by mid-2020.*
- *Any constitutional changes are required to be tabled at the 2020 AGM.*

Proposed:

- *An independent review panel and the appointment of an independent chairman to be selected and agreed on by the Concerned Shareholders Group and the Fonterra Shareholders Council.*
- *The selected group is to adhere to the following:*
 - *Conduct a professional submission and assessment process on the current representation model.*
 - *Provide Owners and Council with their review and recommendations for consultation on whether the council is fit for purpose or requires structural change.*
 - *Has the power to co-opt extra panel members as required.*
 - *All costs to be born out of existing council budget."*

Resolution 9: Mr Simpson's Proposal

To consider and, if thought fit, to resolve:

"That this AGM instructs the Shareholders Council to substitute under the Performance Committee Terms of Reference ratified by full Council 24 June 2019 – the following changes under Membership and Quorum [page 2]- Replace full script with;

- *the Performance Committee shall be appointed by the Shareholders Council*
- *the annual appointment of the Chair, and instruction on the direction of the Committee shall be made by the Shareholders Council*
- *the Committee shall consist of a minimum of 5 members including the Shareholders Councillor Chair or his/her nominee who shall be an ex-officio member of the committee.*
- *The remaining minimum 4 committee members shall consist of one Shareholders Council member, and a minimum of three independent appointees who can provide independent legal, economic or other professional advice.*

That this AGM instructs the Shareholders Council to substitute under the Performance Committee Terms of Reference ratified by full Council 24 June 2019 – the following change to Authority Clause page 3 to read;

Authority; The Performance Review Committee is authorised to:

- *Seek information/guidance from the OECD, the International Financial Corporation and other significant entities that have had experience working with major cooperatives, state owned enterprises and other entities with both commercial and other goals.*
- *within the terms of reference initiate activities to evaluate Fonterra's performance to observe whether the good business practices are being followed and the expectations of Shareholders are being met.*
- *ensure their report does not breach any of the company's statutory requirements.*
- *seek information it reasonably requires from management through the Council Executive*
- *Independently report their findings/opinions or commentary directly to all shareholders twice yearly at the six monthly interim financial statement, and prior to the AGM."*

Explanatory Notes to Notice of Annual Meeting

Welcome

The Chairman will welcome Shareholders.

Annual Meeting Proceedings

Remuneration of Directors, Shareholders' Councillors and Directors' Remuneration Committee Members

Resolution 1: That no increase of remuneration of Directors' be approved

In accordance with clause 34.1 of the Company's Constitution, the Directors' Remuneration Committee ("Committee") met in July 2019 to consider, and recommend to Shareholders, the form and amount of the Directors' remuneration. The Committee comprises six elected Shareholders and is chaired by Mr David Gasquoine. Mr Gerard Wolvers resigned in June 2019.

Between 2014 and 2016 the Committee recommended that Directors' remuneration remain unchanged, which was appropriate given the very challenging economic conditions experienced by Shareholders.

In 2017 the Committee noted that market data showed that remuneration levels for Directors had increased significantly since the Fonterra Directors' remuneration was last increased in 2013. The Committee recommended increases to the remuneration level for Directors, in line with recent market movements. The Committee made this recommendation in 2017 to ensure that Fonterra continued to attract and retain the very best Director candidates, one of the key objectives of the Governance and Representation Review recommendations.

The Committee also recommended that a discretionary pool of fees be available for remunerating Directors for additional workload or additional Committee or working group duties. It was recommended that this discretionary pool of \$75,000 per annum would be allocated at the discretion of the Appointments and Remuneration Committee of the Board and the Chairman of the Board.

In 2018 the Committee considered workload expectations and market trends and recommended no change to Director remuneration.

In 2019 the Committee reviewed remuneration practices in New Zealand and Australia. The Committee noted that Director remuneration had not been increased since 2017. The Committee considered that as with previous years, the general market trend was for a small annual increase in directors' remuneration.

In considering its recommendation the Committee noted that Fonterra Directors' base remuneration was at market but when combined with no additional fees for Board Committee memberships, Fonterra Directors' remuneration was below market.

The Committee considered whether current remuneration levels were appropriate, given the substantial Director

workload, to ensure highly skilled directors were attracted and retained on the Board. The Committee believes it is important to set realistic fee levels, having particular regard to the broader market and the workload requirements.

The Committee noted that the \$75,000 discretionary pool of fees put in place in November 2017 had been used for the first time in 2019 to remunerate a Director \$25,000 for additional workload. The Committee determined that the discretionary pool gave the Board a tool to adequately remunerate Directors for additional workload including multiple Committee memberships.

As such the Committee determined to recommend no change to Director remuneration in 2019.

The Committee's recommendation to Shareholders in relation to the remuneration of Directors is:

That the remuneration for the Directors be approved at the following amounts from the date of this Annual Meeting:

- Chairman **\$430,000 p.a.** (no change)
- Director **\$175,000 p.a.** (no change)

In addition, at the discretion of the Board, the Chair of each permanent Board Committee may be paid an additional \$35,000 p.a., unless that person is the Chairman of the Board or already in receipt of a Committee Chair allowance (no change).

- Discretionary Pool

Up to **\$75,000** per annum (in aggregate), be provided for fees for Directors to be remunerated for additional duties, workload and responsibilities (in each case not to exceed \$25,000 per annum per Director); such fees to be allocated at the discretion of the Appointments and Remuneration Committee of the Board and the Chairman of the Board and the tabling of details of such fee payments to the Directors' Remuneration Committee annually (no change).

The Committee has also approved the expense reimbursement policy for both Directors and Shareholders' 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: That no increase of remuneration of Shareholders' Councillors be approved

In accordance with By-law 3.1 of the Shareholders' Council By-laws, the Directors' Remuneration Committee met in July 2019 to consider, and recommend to Shareholders, the form and amount of the remuneration to be paid to Shareholders' Councillors.

The Committee noted that the number of Council wards had been reduced to 25 from the date of the 2017 Annual Meeting.

The Committee considers the Councillor's representative role to be an important one for the Co-operative, and that the level of the honoraria needs to be sufficient to attract and recognise Shareholders of a high calibre serving in that capacity.

Between 2014 and 2016 the Committee recommended that Shareholders' Councillor honoraria remain unchanged, which was appropriate given the very challenging economic conditions experienced by Shareholders.

In 2017 the Committee recommended increases to the Shareholders' Councillor honoraria.

In 2018 the Committee recommended that the Shareholders' Councillor honoraria remained unchanged.

The Committee believes that the Shareholders' Council honoraria remains appropriate and has determined to recommend no change in 2019. The Committee noted that the role of Deputy Chair had been disestablished in 2019.

The Committee reviews with the Chair of the Shareholders' Council the allocations made from the discretionary pool in the prior year, and is comfortable that the pool was utilised in a reasonable manner consistent with the intent of the recommendation.

The Committee's recommendation to Shareholders in relation to the remuneration of Shareholders' Councillors is:

That the honoraria for the Shareholders' Councillors and the Chairman of the Council be approved at the following amounts from the date of this Annual Meeting:

- Chair **\$100,000 p.a.** (no change)
- Councillors **\$35,000 p.a.** (no change)
- Discretionary Pool

Up to **\$100,000** per annum (in aggregate), be provided for additional honoraria of Project Leaders and Subcommittee Chairpersons of the Shareholders' Council (in each case not to exceed \$17,500 per annum per person); and for ordinary Councillors representing the Council at its request on external Committees; such provisions to be allocated in whole or part at the discretion of the Chairman of the Shareholders' Council and the tabling of details of such honoraria payments to the Directors' Remuneration Committee annually (no change to the amount of the current pool arrangement).

Resolution 3: That no increase of remuneration of Members of the Directors' Remuneration Committee be approved

The Board met to consider, and recommend to Shareholders, the form and amount of the remuneration to be paid to Members of the Directors' Remuneration Committee. The Directors' Remuneration Committee comprises six elected Shareholders.

The Board noted that the Directors' Remuneration Committee members' honoraria had been increased in 2017 and were not changed in 2018.

The Board recommends no change be made in 2019.

The Board's recommendation to Shareholders in relation to the remuneration of Members of the Directors' Remuneration Committee is that the remuneration be set at the following amounts from the date of this Annual Meeting:

- Chairman **\$2,000 p.a.** (no change)
- Member **\$1,000 p.a.** (no change)

Furthermore, Members of the Directors' Remuneration Committee are entitled to be paid for reasonable expenses incurred in connection with the business of the Committee, in line with the policy for remuneration of Directors and Shareholders' 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 requires the Company to appoint an auditor. Section 207S of the Companies Act 1993 provides that the fees and expenses of an auditor appointed at an Annual Meeting can be fixed in the manner determined at that meeting.

A formal request for proposal process was completed last year for the provision of external audit services for the financial year ended 31 July 2020. In December 2018 Fonterra announced that KPMG was the successful party in that process, and 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 Director

Resolution 5: Ratification of appointment of Mr Scott St John

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 Scott St John was appointed by the Board in accordance with clause 12.4 of the Constitution and his appointment is required to be ratified by Shareholders at the 2019 Annual Meeting.

The Fonterra Board has determined that Mr St John qualifies as an Independent Director.

Mr St John's remuneration and benefits, as with all of the Independent 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 Independent Directors at the same level as Elected Directors.

Details of his qualifications and experience are set out below.

Scott St John

Scott St John was appointed to the Fonterra Co-operative Group Board in November 2016.

He was the CEO of First NZ Capital (FNZC) for 15 years, stepping down from that role in early 2017. Scott has served on the Council of the University of Auckland since 2009 and was appointed Chancellor in 2017. He is a Director of Fisher and Paykel Healthcare and chairs their Audit and Risk Committee. Scott also serves on the Board of Mercury NZ Limited and NEXT Foundation. Previous roles have included Chairman of the Securities Industries Association, serving on the Board of First NZ Capital and membership of both the Capital Markets Development Taskforce and the Financial Markets Authority Establishment Board.

Approval of Amendments to the Shareholders' Council By-laws

Resolution 6: Approval of amendments to the Shareholders' Council By-laws

Resolution 6 is a special resolution required by clause 16.7 of the constitution.

In March 2019 a joint committee of the Board and Shareholders' Council was established to review aspects of the Director election process. After consideration of farmer feedback alongside governance best practice, and consultation with the Returning Officer and the Independent Selection Panel, the Committee put forward a number of recommendations to the Board and Shareholders' Council. Changes to the Director election process were agreed, to take effect for the 2019 Director election.

The recommendations included:

- All candidates recommended by the Independent Selection Panel will go directly through to the ballot without approval by the Shareholders' Council.
- A stand-down period will be introduced for sitting Shareholders' Councillors which will prevent them from standing for the Board in the same election cycle in which they step-off the Shareholders' Council.

To take effect, these recommendations require changes to the Shareholders' Council By-laws as follows:

2.13 Candidates may stand for Election of Directors:

For the avoidance of doubt a candidate in an Election may (provided that the candidate has not, at any time following the date of the annual meeting immediately preceding the relevant election of Directors, held office as a Councillor) also be a candidate in an election of Directors held at the same time, but if that candidate is elected as a Director then the votes for that person in the Election shall be disregarded and if there is no other candidate in the Election a casual vacancy in terms of clause 1.7 shall be deemed to have arisen.

4.5 Appointments to other bodies Independent Selection Panel: The Council shall appoint an independent

~~member (who may not be a Councillor) to the Independent Selection Panel, and two observers (who shall be Councillors) to the Nominations Committee of the Board.~~

~~4.6 Consultation on candidates for the Board: The Nominations Committee will consult with the Council in relation to the persons that the Committee proposes to recommend for nomination by the Board (and election by Shareholders pursuant to clause 12.1(a) of the Constitution) as directors of the Company. The Council will have particular regard to whether the appropriate number of directors have sufficient "on farm knowledge and experience", in accordance with the Board's skills matrix.~~

~~4.7 Approval to stand: The Council must assess (and resolve, by 75% majority in accordance with clause 5.8) whether it approves the candidacy of any proposed candidate for election as a Director (pursuant to clause 12.1(a) of the Constitution). The matters to be considered by the Council for the purposes of each such resolution shall be limited to an assessment as to whether there is anything in the process by which the candidate has been nominated, or pertaining to the candidate themselves, that causes the Council to consider that the candidate is not a suitable person to put himself or herself forward for election as a director. The chairperson of the Council must advise the Nominations Committee as to the outcome of each such resolution, and the Board will disclose the outcome, and any reasons provided by the chairperson of the Council for it, in the nomination that forms the basis for the postal ballot in which the candidate is proposed to be elected.~~

On 25 September 2019 the Shareholders' Council approved the changes to the Shareholders' Council By-laws, subject to Shareholders' approval. The Shareholders' Council recommends that Shareholders vote to support the amendments.

The Shareholders' Council emailed all shareholders on the proposals on 8 July. A copy of that email, together with a full copy of the By-laws showing the changes, and further information on the changes to the Director election process, can be viewed online at www.nzfarmsource.co.nz/business/advice-support/shareholders-council/2019-agm

If resolution 6 is passed by the requisite majority of 75 per cent or more of votes cast by Shareholders entitled to vote and voting on the resolution, the Shareholders' Council By-laws will be amended as set out above.

If the resolution is not passed then the recommended changes will not take effect. This means the Shareholders' Council will still be required to approve the candidacy of Director candidates recommended by the Independent Selection Panel, and in doing so consider the matters set out above in clauses 4.6 and 4.7 of the Shareholders' Council By-laws. In addition, there would be no stand-down period for sitting Shareholders' Councillors standing for the Board.

The Shareholders' Council has announced there will be a review of the representative functions (see the Shareholders' Council's responses to resolutions 8 and 9 below). In addition, a review of the changes arising from the 2016 Governance and Representation review is required to be completed by the 2021 Annual Meeting. It is anticipated that the changes

recommended by this resolution will be considered as part of those reviews.

Approval of Shareholders' Council Programme and Budget

Resolution 7: Approval of Shareholders' Council programme and budget

Under this item of business the Chairman of the Shareholders' Council will, in accordance with the requirements of the Company's Constitution:

- report on Council's view as to the Company's direction, performance and operations for the preceding financial year;
- report on the activities undertaken by the Council in the preceding financial year;
- present the Council's programme and budget for the current financial year;
- present the Milk Commissioner's Report;
- comment on other Company and dairy industry matters.

Shareholders are then asked to approve the programme and budget of the Shareholders' Council for the financial year ending 31 July 2020:

	FY2019 Budget \$000	FY2019 Actual \$000	FY2020 Budget \$000
Operating Costs:			
Communications – including Annual Report design and print, information videos for Shareholders	65	29	20
Councillor Honoraria (refer Resolution 2), Council staff salaries and related costs	1,825	1,543	1,660
Professional Services – Milk Commissioner costs, fees paid to Council appointees to the Milk Price Panel, Legal costs	110	112	110
Meetings and Engagement - including accommodation and travel for Council meetings, Board/Board Committee meetings, Ward engagements, Government and other external stakeholder engagements	350	204	200
Other – Councillor liability insurance, Council staff information technology expenses	35	21	20
Total	2,385	1,909	2,010

	FY2019 Budget \$000	FY2019 Actual \$000	FY2020 Budget \$000
Connection			
Contribution to costs of MyConnect conference	210	210	210
Contribution to costs of Purpose review	65	49	0
Understanding Your Co-operative Programme	265	210	250
Councillor training and development - including new Councillor introduction programme	80	0	30
Council engagement with farmers in regions – travel, accommodation and catering	50	29	100
Total	670	498	590
Governance Development Programme	146	138	146
Guardianship			
Fonterra Elections:			
Returning Officer – Director election, Councillor elections, Directors' Remuneration Committee election, and for 2019 Fonterra Farmer Custodian Trust election		200	235
Director candidate meetings		45	55
Returning Officer - second Director election 2018		47	0
Independent Selection Panel and secretariat, independent Search Agent and candidate interview expenses		178	185
Total	250	470	475
Performance			
External analyst support for review of interim and annual results	55	41	50
FY19 external analyst costs for 2018 independent assessment of Fonterra's financial performance since inception	120	125	0
Total	175	166	50
Total	3,626	3,181	3,271

BUDGET

Council seeks Shareholder approval for a budget of \$3.271 million for FY20 as summarised above.

This is an increase of \$90,000 over actual spend in FY19 due to:

- **Councillor Honoraria, Council staff salaries and staff costs:** The Explanatory Notes to Resolution 2 set out the remuneration payable to Shareholders' Councillors. The FY20 budget makes allowance for the allocation of the full Honoraria Discretionary Pool amount (if appropriate) and Council staff short term incentive payments (at the Co-op's discretion).
- **Fonterra Elections:** For FY20 further allowance has been made for the election for one trustee of the Fonterra Farmer Custodian Trust, the retirement of two Councillors on top of the standard rotation, and for additional Director candidates going to the ballot as Independently Assessed Candidates.
- **Understanding Your Co-operative Programme:** During FY19 there were fewer participants than FY18 where there was record attendance. During FY20 Council plans to hold shorter events in the regions to enable more farmers to participate and continue some Head Office based two-day events.
- **Councillor training and development:** In prior years Council has allocated budget to enable some Councillors to develop a better understanding of the Co-op's overseas operations. Due to the focus on reducing expenditure and the strategy reset in-market visits were not undertaken during FY19 and are not planned for FY20. Councillor training and development is imperative to meeting Council's objectives and effectively fulfilling its functions so a reduced allowance has been retained.
- **Council engagement with farmers in regions:** As an extension to individual Councillor engagements in their Wards, during FY19 Council's Leadership Team held 9 meetings across 4 regions attended by over 420 farmers. In response to Shareholder requests and recognising the effectiveness of these engagements, they will be continued and expanded during FY20.
- **Director elections:** The costs of the Independent Selection Panel and secretariat, independent Search Agent and candidate interviews are now recognised in Council's budget so there is a greater transparency of Director election costs for Shareholders.

In November 2018 Fonterra Shareholders approved a budget of \$3.626 million for FY19 of which \$3.181 million (88%) was utilised. A smaller Council has resulted in lower Meetings and Engagement costs. Director election costs exceeded those budgeted due to the necessity to hold a second election, and through recognising the costs of the Independently Assessed Candidates process. Other variations between FY19 budgeted and actual expenditure are noted above.

WORK PROGRAMME

Council's work programme for FY20 includes:

Performance Monitoring

- Receive and review Fonterra's Statement of Intentions (SOIs) for FY20.
- Receive and review Fonterra's strategy, three-year business plan and budget.
- Monitor and report to Fonterra Shareholders on Council's view of Fonterra's direction, performance and operations, including a commentary on actual achievements compared to the Board's SOIs.
- Continue to work with the Board to ensure a meaningful performance and reporting framework.
- Understand Fonterra's reasons for any business investments, acquisitions and disposals.
- Report on areas of concern and interest throughout the year as required.

Connection

Learning, Development and Succession

- Provide relevant learning and development programmes for Shareholders.
- Provide two appointees to the Governance Development Committee, and receive and consider the Governance Development Committee's annual report on its activities, proposed programme and budget.
- Administer the Governance Development Programme.
- Administer relevant training programmes for Shareholders' Councillors.

Representation

- Gather and regularly report Farmer feedback and views to the Board.
- Provide farmer-minded analysis of key Board decisions to Shareholders.
- Consider and investigate any issues referred to Council by Shareholders.
- Meet as a full Council with the full Fonterra Board at least twice.
- Meet with individual members of the Board from time to time to as required to perform Council's functions.
- Attend meetings of and represent Fonterra Farmers' views to the Board's Co-operative Relations Committee.
- Work to improve Shareholder participation in the Co-operative through providing opportunities for meaningful connection and improving Shareholders' awareness of the importance of engaging with their Co-op.

- Help develop farmers' understanding of our Co-op's strategy and how key Board decisions relate to that strategy.
- Comment to Fonterra Farmers on Fonterra and dairy industry matters as they arise.
- Engage with officials and make submissions on behalf of Fonterra Farmers on the DIRA Bill, Zero Carbon Bill and any other relevant legislation.

Guardianship

Independent Appointments

- If new appointments are required, appoint:
 - the Milk Commissioner
 - one independent appointee to the Independent Selection Panel (Director election)
 - two representatives to the Board's Milk Price Panel (one of whom must be an independent appointee)
 - one trustee in relation to the operation of the Fonterra Shareholders' Fund.

Co-operative Governance

- Act as a sounding board for the Co-op's Board on matters that impact our individual farming businesses.
- Receive information on and report on the management and operation of the Fonterra Shareholders' Fund.
- Meet with the Milk Price Panel on at least two occasions to receive an overview of the Panel's activities and discuss Milk Price issues.
- Continue to assess the Board's governance practices.

Fonterra Elections

- Manage the Director election process in consultation with the Board, appoint a Returning Officer to conduct the Fonterra Elections, and organise Director candidate meetings.
- Conduct a post-event review of the Director election process.

Council Operations

- Convene a minimum of six meetings of the full Council during the year and hold other meetings as required.
- Use Committees and project teams to undertake Council's work programme and address issues in a timely and cost-effective manner.
- Report to Shareholders on Council's activities, including formally in the FY20 Shareholders' Council Annual Report.

Fonterra Constitution and By-laws of the Shareholders' Council

- Consult with the Board on its capital structure and milk payments reviews.
- Review the Co-op's philosophy in light of the outcomes of the capital structure review and the new Purpose statement.
- Propose any changes to the Fonterra Constitution and Council By-laws which the Council considers to be in the best interests of Fonterra Shareholders.
- Review any proposed changes to Fonterra's Constitution.
- Commence planning for the five-year review of the 2016 governance and representation changes, which is required to be completed by the 2021 Annual Meeting.

Shareholder Proposals

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.

Resolution 8: Shareholder Proposal - Mr Tony Paterson's Proposal

The Company has received the following proposal from Mr Tony Paterson for shareholder consideration and resolution at the Annual Meeting.

"An independent review of Fonterra Shareholders Council to be conducted immediately post the 2019 AGM.

The Purpose:

- *How can the Shareholder Council be a more effective cornerstone shareholder.*
- *Is there a better model.*
- *Acknowledging that the current model is not working for its owners.*

Action:

- *Review to be completed by mid-2020.*
- *Any constitutional changes are required to be tabled at the 2020 AGM.*

Proposed:

- *An independent review panel and the appointment of an independent chairman to be selected and agreed on by the Concerned Shareholders Group and the Fonterra Shareholders Council.*
- *The selected group is to adhere to the following:*
 - o *Conduct a professional submission and assessment process on the current representation model.*

- o Provide Owners and Council with their review and recommendations for consultation on whether the council is fit for purpose or requires structural change.
- o Has the power to co-opt extra panel members as required.
- o All costs to be born out of existing council budget.“

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

The Shareholders' Council has advised it does not support the Proposal.

This Shareholder proposal 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 or Shareholders' Council.

The proposing Shareholder, Mr Tony Paterson, was entitled to provide a statement in support of the proposal. The following was supplied:

Dear Shareholders,

As a group of concerned shareholders, we have drafted and submitted a carefully worded resolution to the Annual General Meeting in November 7th 2019 in Invercargill to be voted on by shareholders.

The purpose of the resolution is to offer the opportunity for all shareholders to address the following points;

- The implementation of an independent and transparent review of the Fonterra Shareholders Council.
 - o Reviewing the inaction by the Fonterra Shareholders Council given the evident non-performance of Fonterra.
 - o Ensuring the Shareholder representative structure is independent of Fonterra Board influence.
- Whether the Fonterra Shareholders Council is fit for purpose.
 - o What alternative structures of a representative body are available for Fonterra Shareholders.
 - o Whether a representative body is required for Shareholders.
- Ensuring the ability of Fonterra Shareholders to have their views heard and valued through the submission process.
 - o This is an opportunity for Shareholders to provide individual submissions to the review process.

We encourage you to vote in support of this resolution for a better Fonterra we will all be proud of in the future.

Thanks to all the shareholders who have contributed to this resolution which has been a broad cross section of Fonterra Shareholders from across New Zealand.

Regards

Tony Paterson.

Contact details: email tp.lisa@xtra.co.nz, phone 0275948341

The Board comments on Mr Paterson's Proposal as follows:

The Board respects the rights of Shareholders to propose resolutions for consideration by all Shareholders. Your Board has considered Mr Paterson's proposal and recommends that you vote AGAINST this proposal.

The Board considers that the action contemplated by the proposal is unnecessary due to the recently announced review of the Shareholders' Council.

On 1 October 2019 the Shareholders' Council announced to all shareholders that it would be instigating a full review of the Shareholders' Council. It was announced that the review will look at:

- Council's functions under the Constitution and whether there should be any changes, and
- the appropriate structure to achieve those functions.

The Shareholders' Council advised that it contemplated independent oversight of the review and extensive shareholder consultation and that any changes requiring Shareholder approval will be considered at the 2020 Annual Meeting for implementation from that meeting.

Given the Shareholders' Council's announced review, the independent oversight of this review and the Shareholders' Council's intent to consult with shareholders, the Board considers that Mr Paterson's proposal is not necessary at the current time.

The Board also notes that the proposal asks shareholders to give the "Concerned Shareholders Group" the power to choose the proposed review panel. The members of that Group are not identified. Unlike the Shareholders' Council, the Group is not an elected representative body. Shareholders should carefully consider whether it is appropriate to vest such powers in an unidentified and non-elected group of shareholders.

The Shareholders' Council has reviewed Mr Paterson's Proposal.

The Shareholders' Council acknowledges and respects the rights of Shareholders to propose resolutions for consideration by all Shareholders.

The Shareholders' Council considered Mr Paterson's proposal. It does not support it for the reasons set out below.

1. The recent performance of our Co-operative has caused Council to reflect upon its role. Councillors, as Shareholders themselves, are serious about Council's role as the representative of all owners' interests and the guardian of our Co-operative principles.
2. Before assessing Fonterra's 'current representation model', deciding whether Council is 'fit for purpose' or whether Council requires 'structural change' Council believes it is important to take a step back and review Council's functions.
3. During the 2016 review of Governance and Representation, Council's role and the scope of Council's functions set out in the Constitution were clarified but not changed.

4. Council has already announced there will be a full review of Council, and that this review should include:
 - a. Council's functions under the Constitution and whether there should be any changes, and
 - b. the appropriate structure to achieve those functions.
 Council contemplates independent oversight of that review and extensive Shareholder consultation.
5. Once Council's purpose and functions moving forward have been reviewed and determined, it is then appropriate to determine how it should operate and any structural changes required.
6. The proposal requires the costs of the review to be met out of the existing Council budget. Until such time as any changes to Council's functions set out in the Constitution are approved by Shareholders, Council is required to perform those functions and necessarily incurs costs doing so.

Resolution 9: Shareholder Proposal - Mr Trevor Simpson's Proposal (Supported by Mr Mike Peters, JH & R Cotman and MJ Lumsden)

The Company has received the following proposal from Mr Trevor Simpson (which is supported by Mr Mike Peters, JH & R Cotman and MJ Lumsden) for shareholder consideration and resolution at the Annual Meeting.

Ordinary Resolutions to 2019 Fonterra AGM

"That this AGM instructs the Shareholders Council to substitute under the Performance Committee Terms of Reference ratified by full Council 24 June 2019 – the following changes under Membership and Quorum [page 2]- Replace full script with;

- *the Performance Committee shall be appointed by the Shareholders Council*
- *the annual appointment of the Chair, and instruction on the direction of the Committee shall be made by the Shareholders Council*
- *the Committee shall consist of a minimum of 5 members including the Shareholders Councillor Chair or his/her nominee who shall be an ex-officio member of the committee.*
- *The remaining minimum 4 committee members shall consist of one Shareholders Council member, and a minimum of three independent appointees who can provide independent legal, economic or other professional advice.*

That this AGM instructs the Shareholders Council to substitute under the Performance Committee Terms of Reference ratified by full Council 24 June 2019 – the following change to Authority Clause page 3 to read;

Authority: *The Performance Review Committee is authorised to:*

- *Seek information/guidance from the OECD, the International Financial Corporation and other significant entities that have had experience working with major cooperatives, state owned enterprises and other entities with both commercial and other goals.*

- *within the terms of reference initiate activities to evaluate Fonterra's performance to observe whether the good business practices are being followed and the expectations of Shareholders are being met.*
- *ensure their report does not breach any of the company's statutory requirements.*
- *seek information it reasonably requires from management through the Council Executive*
- *Independently report their findings/opinions or commentary directly to all shareholders twice yearly at the six monthly interim financial statement, and prior to the AGM."*

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

The Shareholders' Council has advised it does not support the Proposal.

This Shareholder proposal 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 or Shareholders' Council.

The proposing Shareholder, Mr Trevor Simpson (supported by Mr Mike Peters, JH & R Cotman and MJ Lumsden), was entitled to provide a statement in support of the proposal. The following was supplied:

Supporting Commentary

Fonterra shareholding Farmers have become gravely concerned at the situation developing within their company. Most have serious concerns about the performance of our Cooperatives management. Shareholders have suffered significant losses in share value and confidence is waning. In our view it is imperative that Shareholders and NZ public regains trust in NZs major Company.

There have been suggestions in some quarters that the Shareholders watchdog the Shareholders Council has not performed as it was supposed to. There is also a view that the Northington Partners report was too little too late. The reality is no business can audit itself. Shareholders no longer want Fonterra directors, staff or their own shareholders telling them about Fonterra's performance. Such information with the best will is received with a degree of scepticism. The time has arrived for us to mature sufficiently enough to want to hear the view on Fonterra's performance from outside our ranks. In other words, some good ongoing independent analysis and informed views on the perception of our business from outside the company structure.

Independent Performance Review Committees have been important for improving state owned enterprise performance around the world and they have also been important in the corporate world where firms have important minority interests.

Initially a group of farmers with good advice were going to demand the setting up of a fully independent review team. We were aware that recently the shareholders council has put in place a new terms of reference for their Performance Committee

to consider Fonterra's Performance. While we support this move in principle, it does not go far enough in ensuring a degree of independence. Indeed the same could be said of our proposal and there is still a strong view that a truly independent panel is required. However if we were to follow that path then we would have to consider the relevance of the shareholders Council going forward.

Our remits reflect a middle ground and addresses some real concerns as to the nature of the terms of reference and the independence of its reporting back to shareholders. The proposed Independent Panel should not take on the role of the Company Auditor, instead it must focus on providing an ongoing succinct evaluation of overall performance, including execution of the Fonterra strategy.

To have value, the formation of such a vital committee must have Terms of Reference based on International best practice and we note that further guidance for the establishment of such a committee can be obtained from the OECD, International Financial Corporation and other significant entities that have had experience working with major cooperatives, state owned enterprises and other entities with both commercial and other goals.

There are some matters contained in the terms of reference that we do not believe meets these nor the shareholders requirements. In particular the powers given solely to the Council Chair in the appointment process do not seem healthy. Rather appointments and direction must come from the shareholders council itself and if they don't, why would we seek to retain the current format.

Instead of being critical, we table a two part resolution designed to address some of the shareholders concerns. While it must be a fundamental requirement to provide any Report from this review committee directly to Shareholders un-redacted at specific timelines, the independent committee will need to ensure in so doing it does not breach any of the company's statutory requirements. While a compromise from complete independence, carefully managed, we believe such actions are in line with best global practice, and has the potential to improve outcomes which will benefit shareholders, the industry and the nation.

We seek support from fellow Shareholders and from the Shareholders Council to implement these Resolutions.

The Board comments on Mr Simpson's Proposal as follows:

The Board respects the rights of Shareholders to propose resolutions for consideration by all Shareholders. Your Board has considered Mr Simpson's proposal and recommends that you vote AGAINST this proposal.

The Board considers that the action required by the proposal is unnecessary due to the recently announced review of the Shareholders' Council.

As detailed above, on 1 October 2019 the Shareholders' Council announced to all shareholders that it would be instigating a full review of the Shareholders' Council. The Council advised that the review will look at both the Council's functions under

the Constitution and whether there should be any changes, and the appropriate structure to achieve those functions.

Given the scope of the announced review, the Board's view is that it is premature to be proposing changes to Terms of Reference for the Council's Performance Committee as the role and functions of this Committee will be considered as part of the review of the Shareholders' Council.

Given the announced review of the Shareholders' Council's function, the Board considers that Mr Trevor Simpson's proposal is not necessary at the current time.

The Shareholders' Council has reviewed Mr Simpson's Proposal

The Shareholders' Council acknowledges and respects the rights of Shareholders to propose resolutions for consideration by all Shareholders.

The Shareholders' Council considered Mr Simpson's proposal. It does not support it for the reasons set out below.

1. The recent poor performance of our Co-operative has caused Council to reflect upon its role.
2. Council has announced there will be a full review of Council, and that this review should include:
 - a. Council's functions under the Constitution and whether there should be any changes, and
 - b. the appropriate structure to achieve those functions.Council contemplates independent oversight of that review and extensive shareholder consultation.
3. Council believes that two sections of the Performance Committee's Terms of Reference should not be considered in isolation. Rather, Council's performance monitoring and other functions set out in the Constitution should first be reviewed and a decision made as to whether any changes are required. It is then appropriate to consider how those functions should be carried out – whether by a Performance Committee or some other body, group or person. Only then is it appropriate to consider amendments to the Performance Committee's Terms of Reference.
4. Council also questions whether it is appropriate to seek information and/or guidance from the OECD (Organisation for Economic Co-operation and Development, an international organisation that works to shape public policies and global standard setting) and the International Financial Corporation (part of the World Bank Group, focused on developing and low-income countries).

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If undelivered please return to:

The Returning Officer
Fonterra Elections 2019
PO Box 3138
Christchurch 8140
Free phone 0800 666 034

Annual Meeting Proxy Paper Information

10.30am on 7 November 2019. ILT Stadium Southland, Surrey Park Sports Centre, 18 Surrey Park Road, Invercargill

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 box labelled "Primary Proxy". A proxy need not be a Shareholder.
The Chairman of the Meeting is willing to act as your primary proxy. If you wish to appoint the Chairman of the Meeting you can simply write "Chairman of the Meeting".
It is recommended that you appoint an alternate proxy as well, in case your primary proxy is unable to attend on the day of the Annual Meeting. Please provide the full name and address of your alternate proxy in the box labelled "Alternate Proxy".
Please note: You do NOT need to appoint an alternate proxy if the Chairman 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. Your proxy CANNOT change the direction of your vote if you instruct them how to vote in this manner. If you do not instruct your proxy how to vote by placing a tick in either the "For" or "Against" box, then your proxy can vote as she/he determines.
- Sign the form:** Each Shareholder must sign the paper:
 - Individuals/Sole Proprietors: the Shareholder must sign the paper.
 - Companies: a duly authorised representative of the company must sign the paper.
 - Joint Shareholders (including trusts, partnerships and estates): it is your responsibility to ensure that the person(s) signing this paper is/are authorised to sign on behalf of, and bind, all joint holders.
 - Attorneys: if the 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 paper is signed must be sent with the paper if the power of attorney has not been previously produced to the Company.
- Return the form:** Return the proxy paper as soon as possible. It must be received by the Returning Officer no later than 10.30am on Tuesday, 5 November 2019.
 - Mail by separating, folding and inserting the proxy paper into the freepost envelope provided.

To ensure your Proxy Paper reaches the Returning Officer before the close of voting please **post no later than Thursday, 31 October 2019.**

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 proxy form. In this form, proxy can mean proxy or representative appointed for a company or other body corporate or entity.

ERRORS AND OMISSIONS

By signing and returning the proxy paper, you authorise Fonterra, in its sole discretion, to rectify any errors in, or omissions from, the paper form, including by inserting and correcting details.

REVOKING YOUR APPOINTMENT

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, 5 November 2019.

Combined Annual Meeting Voting / Proxy Paper

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

- INTERNET VOTING**
Vote via Farm Source website (at nzfarmsource.co.nz and/or fonterra.com)
 - 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
------------	-----------------
- 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 Thursday, 31 October 2019.**
- AT THE MEETING**
If you plan to attend the meeting, bring this form with you.
Voting instructions:
 - Indicate your vote with a tick
 - When advised by the Chairman of the Meeting, pass the completed Voting Paper to an official of the meeting.
- BY PROXY**
Appoint a person to attend the Annual Meeting and vote on your behalf.
A proxy need not be a Shareholder.

Internet, postal votes and proxy appointments must be received by [electionz.com Ltd](http://electionz.com) no later than: 10.30am on Tuesday, 5 November 2019

For enquiries phone the ELECTION HELPLINE: 0800 666 034

Annual Meeting Voting Paper

Use this paper to vote online, by post or by attending the Annual Meeting to vote in person.

	Supply No.:	<input type="text"/>
	Details of person completing this Voting Paper:	
	First Name:	<input type="text"/>
	Surname:	<input type="text"/>
Signature:		<input type="text"/>

		Indicate your vote with a tick ✓	FOR	AGAINST
1	Resolution 1: That no increase of remuneration of Directors be approved		<input type="radio"/>	<input type="radio"/>
2	Resolution 2: That no increase of remuneration of Shareholders' Councillors be approved		<input type="radio"/>	<input type="radio"/>
3	Resolution 3: That no increase of remuneration of Members of the Directors' Remuneration Committee be approved		<input type="radio"/>	<input type="radio"/>
4	Resolution 4: Appointment of KPMG as auditor and authorisation of the Directors to fix the auditor's remuneration		<input type="radio"/>	<input type="radio"/>
5	Resolution 5: Ratification of appointment of Mr Scott St John		<input type="radio"/>	<input type="radio"/>
6	Resolution 6: Approval of amendments to the Shareholders' Council By-laws		<input type="radio"/>	<input type="radio"/>
7	Resolution 7: Approval of Shareholders' Council programme and budget		<input type="radio"/>	<input type="radio"/>

Shareholder Proposals		Indicate your vote with a tick ✓	FOR	AGAINST
8	Resolution 8: Mr Paterson's Proposal		<input type="radio"/>	<input type="radio"/>
9	Resolution 9: Mr Simpson's Proposal		<input type="radio"/>	<input type="radio"/>

Annual Meeting Proxy Paper

10.30am on 7 November 2019. ILT Stadium Southland, Surrey Park Sports Centre, 18 Surrey Park Road, Invercargill

! Only use this 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	
<i>If you wish to appoint someone as your proxy, insert their full name and address below. The Chairman of the Meeting is willing to act as a proxy.</i>	
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, 7 November 2019 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 Chairman of the Meeting as proxy. The Chairman 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 You only need to complete this section if you want to instruct your proxy holder how to vote.							
		FOR	AGAINST			FOR	AGAINST
1	Resolution 1	<input type="radio"/>	<input type="radio"/>	6	Resolution 6	<input type="radio"/>	<input type="radio"/>
2	Resolution 2	<input type="radio"/>	<input type="radio"/>	7	Resolution 7	<input type="radio"/>	<input type="radio"/>
3	Resolution 3	<input type="radio"/>	<input type="radio"/>	8	Resolution 8 Mr Paterson's Proposal	<input type="radio"/>	<input type="radio"/>
4	Resolution 4	<input type="radio"/>	<input type="radio"/>	9	Resolution 9 Mr Simpson's Proposal	<input type="radio"/>	<input type="radio"/>
5	Resolution 5	<input type="radio"/>	<input type="radio"/>				

Signature(s) of Shareholder(s) named in Section A (Please see signing instructions on the next page.)	
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, 5 November 2019.**

Mail by separating, folding and inserting the proxy paper into the freepost envelope provided.