1. **Purpose**

1.1. This Group Standard supports compliance with Fonterra's Group Securities Trading Policy, including the rules for trading in the following Restricted Securities (securities):

- Fonterra's co-operative shares listed on the Fonterra Shareholders' Market (shares)
- Fonterra's listed capital notes
- Fonterra's retail bonds
- Any other listed securities of Fonterra or its subsidiaries from time to time
- Units issued by the Fonterra Shareholders' Fund (Units) listed on the NZX Main Board and the ASX; and
- Milk Price Futures and options traded on the NZX.

1.2. The requirements imposed by this Group Standard are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand, Australia and any other country where those securities may be listed.

1.3. Although Fonterra is not the issuer of the Units, they are considered as Restricted Securities because Material Information held by individuals to whom this Group Standard applies is likely to affect the price of the Units.

1.4. There are also similar restrictions around trading in the NZX's Milk Price Futures and options which use Fonterra's final, announced Farmgate Milk Price as a settlement reference.

2. **Scope**

2.1. This Group Standard applies to all entities and individuals defined in the Scope section of the Fonterra Group Policy Principles.

2.2. The general rules apply in respect of directors, officers and employees (including any contractor, consultant, advisor or secondee) of the Fonterra Group, and to Shareholders' Councillors and members of the Milk Price Panel who hold or wish to trade in Restricted Securities. The Group Securities Trading Policy is designed to protect both Fonterra and its individuals, whether they are working offshore or not.

2.3. In this Group Standard, ‘trade’ includes buying or selling securities (or agreeing to do so) as principal or agent, or advising or encouraging anyone else to do so. It does not include the subscription for, or issue of, new securities.

2.4. More specific and stringent rules also apply in certain circumstances to trading in Restricted Securities by directors, shareholders, councillors, members of the Milk Price Panel and certain employees and other persons. These rules are set out in section 4, Additional Trading Restrictions for Restricted Persons, below.

2.5. Independent Directors of Fonterra (as determined in accordance with the Fonterra Shareholders' Market (FSM) Rules) are not permitted to acquire Units, as that would give rise to a Disqualifying Relationship under the FSM Rules.

3. **Requirements**

3.1. **Fundamental Rule**

The fundamental rule is that insider trading is prohibited at all times.

If you possess **material information** (as defined below), then, whether or not you are a Restricted Person (also as defined below), you must not:

- Trade Restricted Securities;
- Advise or encourage others to trade, or hold, any Restricted Securities; or
- Pass on the material information to others.

The prohibitions apply regardless of how you learn of the information, and regardless of why you did so.

3.2. **Material Information**

Material information is information relating to Fonterra or the Fonterra Shareholders' Fund that:

- Is not generally available to the market; and
• A reasonable person would expect, if it were generally available to the market, would have a material effect on the price of the Restricted Securities.

Material Information could include, but is not limited to, information concerning:

• The financial performance of Fonterra
• A possible change to the announced forecast Farmgate Milk Price or a change to the calculation methodology
• Details of the final Farmgate Milk Price
• A possible change in the strategic direction of Fonterra
• A possible acquisition or sale of any assets or company by Fonterra
• Entry into or the likely entry into or termination or likely termination of material contracts or other business arrangements
• A possible change in Fonterra’s capital structure
• A change, or pending change, in the credit rating of Fonterra
• Senior management changes
• A material legal claim by or against Fonterra; or
• Any other unexpected material liability.

Information also includes rumours, matters of supposition, intentions of a person (including Fonterra) and information which is insufficiently definite to warrant disclosure to the public. It does not matter how you come to know the material information (including, for example, whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or at a social function).

Information is generally available to the market if it has been released as an NZX and ASX announcement and a reasonable period thereafter has expired, or investors that commonly invest in listed securities can readily obtain the information (whether by observation, use of expertise, purchase or other means) or it consists of deductions or conclusions or inferences made or drawn from the foregoing.

Fonterra has a separate Group Policy detailing the requirements for the disclosure of material information (refer to the Fonterra Group Disclosure Policy).

3.3. Insider Trading Laws

If you have any material information, unless an exception applies to you, it is illegal for you to:

• Trade Restricted Securities;
• Advise or encourage another person to trade or hold Restricted Securities;
• Advise or encourage a person to advise or encourage another person to trade or hold Restricted Securities; or
• Pass on the material information to anyone else – including colleagues, family or friends – knowing (or where you ought to have known) that the other person will use that information to trade, continue to hold, or advise or encourage someone else to trade, or hold, Restricted Securities.

This offence, called insider trading, can subject you to criminal liability including large fines and/or imprisonment, and civil liability, which may include being sued by another party (for example, Fonterra or the Fonterra Shareholders’ Fund) for any loss suffered as a result of illegal trading. While this Group Standard is designed to reduce the risk of insider trading, you are responsible for complying with the insider trading laws themselves.

3.4. Exceptions

This Fundamental Rule set out in this Policy does not apply to:

• Acquisitions and disposals by gift or inheritance
• Delegated or enforced compliance trading of co-operative shares by the Independent Agent
• Trading of Shares or Units:
  o undertaken by a person who holds material information obtained in his or her capacity as a director, officer or employee of Fonterra or as a member of the Shareholders’ Council; and
  o undertaken in connection with enabling the person to:
    ▪ comply with a requirement, imposed by or under Fonterra's constitution to hold a minimum or maximum number of Shares (including vouchers); or
    ▪ increase the person's voting rights, or the price paid to the person for milk supply, under Fonterra's constitution; and
  o in respect of which the person is not influenced by the material information.
• Advice or encouragement to trade Shares or Units:
  o that is given by a person who holds material information obtained in his or her capacity as a director, officer or employee of Fonterra or as a member of the Shareholders’ Council; and
  o is given in connection with enabling any person to:
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- comply with a requirement, imposed by or under Fonterra's constitution to hold a minimum or maximum number of Shares (including vouchers); or
- increase the person’s voting rights, or the price paid to the person for milk supply, under Fonterra's constitution; and
  - in respect of which the person giving the advice or encouragement is not influenced by the material information.

The latter two exceptions are pursuant to the Financial Markets Conduct (Insider Trading - Fonterra Co-operative Group Limited) Exemption Notice 2014.

3.5. Confidential Information

In addition to the above, you also have a duty of confidentiality to Fonterra.

You must not:

- Reveal any confidential information concerning Fonterra to a third party (including the Fonterra Shareholders’ Fund) unless:
  - that third party has signed a confidentiality agreement with Fonterra; and
  - you have been authorised to disclose the confidential information in accordance with the Fonterra Group Disclosure Policy;
- Use confidential information in any way which may injure or cause loss to Fonterra; or
- Use confidential information to gain an advantage, whether for yourself or another person.

3.6. Short Term Trading Discouraged

You should not engage in short term trading (the buying and selling of Restricted Securities within a 6-month period), unless there are exceptional circumstances discussed with and approved by Fonterra's Group General Counsel.

Short term trading can be a key indicator of insider trading, particularly if undertaken on a regular basis or in large amounts. Therefore, to reduce the risk of an allegation of insider trading, do not trade Restricted Securities on a short-term basis.

The rules contained in this Policy do not replace your legal obligations. The boundary between what is (and is not) in breach of the law is not always clear. Sometimes behaviour that you consider to be ethical actually may be insider trading.

3.7. Application of Policy

To the extent of any inconsistency with any previous policy or rules relating to this subject matter, this Policy prevails over them.

4. Additional Trading Restrictions for Restricted Persons

4.1. Restricted Persons will be considered responsible for the actions of trusts, companies and other entities controlled by them (such entities to also be considered as Restricted Persons for the purpose of this Group Standard). In this respect, ‘control’ is not to be construed in a technical way but by looking at how decisions are made in practice.

The additional trading restrictions set out below apply to the following Restricted Persons:

- All Directors
- The Chief Executive and all senior officers (all Managers directly reporting to the Chief Executive and all Managers directly reporting to them)
- Shareholders’ Councillors
- Members of the Milk Price Panel; and
- Anyone else notified by Fonterra’s Group Director Governance, Risk and Audit from time to time.

4.2. Black-out periods

Restricted Persons are prohibited from trading in any Restricted Securities during the specific ‘black-out’ periods of:

- 30 days prior to Fonterra’s half-year balance date, until the first trading day after the half-year results are released to NZX;
- 30 days prior to Fonterra’s year-end balance date, until the first trading day after the full-year results are released to NZX; and
- 30 days prior to release of a product disclosure statement for a general public offer of the same class of Restricted Securities (which, for the avoidance of doubt, includes an offer of Units).

This is an absolute restriction and applies regardless of whether a Restricted Party holds material information about Fonterra, unless Fonterra’s Board provides a specific exemption.
Please note that, subject to the exceptions described above, if you hold material information you must not trade Restricted Securities at any time, not just during black-out periods.

4.3. Requirements before and after trading

Before trading in Restricted Securities, at any time, Restricted Persons must, in writing:

- Notify Fonterra’s Director Governance, Risk and Audit of their intention to trade in Restricted Securities, and seek consent to do so (using the Request for Consent to Trade in Restricted Securities - Staff form, or the Request for Consent to Trade in Restricted Securities - Directors form);
- Confirm they do not hold material information (or are not influenced by any material information held) when relying on the Financial Markets Conduct (Insider Trading Fonterra Co-operative Group Limited) Exemption Notice 2014; and
- Confirm that there is no known reason to prohibit trading in any Restricted Securities.

A consent is only valid for a period of 10 trading days after granting. A consent is automatically deemed to be withdrawn if the Restricted Person becomes aware of material information prior to trading (or, if relying on the Financial Markets Conduct (Insider Trading - Fonterra Co-operative Group Limited) Exemption Notice 2014, is influenced by that material information).

A Restricted Person must advise Fonterra’s Director Governance, Risk and Audit promptly following completion of any trade, and the Restricted Person must comply with any disclosure obligations he or she has under sub-part 6 of Part 5 of the Financial Markets Conduct Act 2013, the Financial Markets Conduct Amendment Regulations 2017 and any applicable market rules.

5. Accountability

5.1. All Fonterra Directors, employees, Shareholders’ Councillors and members of the Milk Price Panel, and any other persons referred to in this Group Standard, are responsible for ensuring they adhere to this. Additional requirements exist in terms of processes for ‘Restricted Persons’ as defined in this Group Standard.

The Managing Director, Co-operative Affairs is responsible for reviewing and updating this Group Standard.

6. Compliance

6.1. The Fonterra Group Policy Principles detail the expectations to comply with this Group Standard.

As with all Fonterra Group Policies, strict compliance with this Group Standard is a condition of employment or appointment to any other position referred to in this Group Standard. Non-compliance with this Group Standard may result in disciplinary action. The severity of the non-compliance will determine the action taken; this may include termination of employment.

7. Monitoring

7.1. Policy success and adherence can be measured by the number and type of unauthorised trades detected.

Fonterra may monitor the trading of Restricted Securities by the persons to whom this Group Standard applies as part of the administration of the Group Securities Trading Policy.

8. Related Information

The following documents are available on the Policy and Procedure library (PPL):

- Request for Consent to Trade in Restricted Securities - Directors
- Request for Consent to Trade in Restricted Securities - Staff
- Fonterra Group Disclosure Policy

9. Approvals

This Group Standard is approved by the Director Governance, Risk and Audit.

Please refer to the company intranet for version history and approvals information.

If you have questions about this Group Standard or how it applies to you, please email policies@fonterra.com.