



Disclosure

Relates to: Fonterra Global Disclosure Policy

1. Purpose

This global standard explains how we meet our commitment to promote a well-informed and efficient market in our shares and listed debt securities.

In addition, by meeting our commitment above this will also promote a well-informed and efficient market in the units issued by the Fonterra Shareholders' Fund, given those units are designed to track our shares, and all NZX disclosures by Fonterra are also disclosed against the Fonterra Shareholders' Fund.

2. Scope

- 2.1 This global standard applies to all the entities and individuals outlined in the Scope section of the Fonterra Global Policy Principles and Framework, and in respect of directors, officers and employees (including any contractor, consultant, advisor, secondee, lawyer, accountant or auditor) of the Fonterra Group, Shareholders' Councillors, members of the Milk Price Panel and Directors of the Fonterra Shareholders' Fund.
- 2.2 This global standard relates to the disclosure of timely, full and accurate information relating to all listed securities of Fonterra. These are:
 - Fonterra's co-operative shares
 - Fonterra's retail bonds; and
 - Fonterra's listed capital notes
- 2.3 Spokespeople who are authorised to communicate on behalf of Fonterra with interested parties, or the Manager or Trustee of the Fonterra Shareholders' Fund, are the:
 - Chairman of the Board
 - Chief Executive Officer
 - Chief Financial Officer
 - Managing Director, Co-operative Affairs
 - Director Governance, Risk and Audit, Director Capital Markets, and Director Legal, or their nominees
- 2.4 No other employee, except when authorised by the Director Communications, can make public comments about Fonterra listed securities. This includes:
 - Fonterra Directors and Senior Managers
 - Directors of the Fonterra Shareholders' Fund
 - Shareholder Councillors
 - Members of the Milk Price Panel; and
 - Any contractor, consultant, advisor, secondee, lawyer, accountant or auditor of Fonterra or any of its subsidiaries.

3. Requirements

3.1 Continuous Disclosure Obligations

- 3.1.1 Section 2 of the FSM Rules and Section 3 of the Listing Rules, in summary, require that unless an exception applies (as discussed in paragraph 3.12 below), all Material Information, being information concerning Fonterra or its securities listed on the FSM or the NZDX (as the case may be) that a reasonable person would expect, if it were generally available to the market, to have a

material effect on the price of Fonterra's listed securities, must be made public through an NZX announcement immediately once Fonterra becomes aware of that information.

- 3.2 Unless an exception applies, Fonterra must not disclose Material Information to any person prior to disclosing that Material Information to NZX and receiving an acknowledgement by NZX that it has received that information ("**General Rule**").
- 3.3 The NZX considers a 'reasonable person' to be a person who commonly invests in securities, and holds such securities for a period of time, based on their view of the inherent value of the securities.
- 3.4 The term "material effect" is not defined in the NZX rules. Whether a particular price movement constitutes a "material effect" will depend on the specific characteristics of the security, including liquidity.
- 3.5 NZX may consider price movements in securities when determining whether information has had a material effect on the price of an issuer's quoted securities. Based on the NZX Guidance Note on Continuous Disclosure (1 January 2019), NZX will consider price movements as follows:
- A price movement of 10% or more in a quoted security will generally be treated as evidence that information has had a material effect on the price of those quoted securities.
 - A price movement of between 5% and 10% in a quoted security is more likely than not to be treated as evidence that the information has had a material effect on the price of those quoted securities.
 - A price movement of 5% may be considered evidence of a "material effect" for issuers with large market capitalisations and highly liquid securities.
- 3.6 Given the size of Fonterra, a price movement of 5% as a result of disclosure of information may still result in such information being determined as having been Material Information. It is also difficult to determine in advance what effect any information may have on Fonterra's quoted securities. Prudence should therefore be exercised.
- 3.7 In respect of the General Rule, it should be noted that:
- Fonterra is deemed to be aware of all information as soon as a director or executive officer has, or ought reasonably to have, come into possession of that information in the course of the performance of their duties.
 - Information that may have a material effect on the price of Fonterra's listed debt securities will primarily be information that relates to Fonterra's ability to meet its interest and principal repayment obligations. Similarly, any change to, or review of, Fonterra's credit rating is also likely to be material information.
 - The disclosure obligation can include Material Information which Fonterra becomes aware of through a third party - for example, information generated by a regulatory authority or a counterparty to a transaction, or the Fonterra Shareholders' Fund. Despite not originating from Fonterra, Fonterra is still obliged to disclose such Material Information.

3.8 False Markets

- 3.8.1 Fonterra will release Material Information to the NZX to the extent necessary to prevent the development or subsistence of a market for Fonterra's quoted securities which is materially influenced by false or misleading information, where required. This may be the case even where an exception to the obligation to disclose Material Information may apply.
- 3.8.2 Fonterra's general policy is that it does not respond to market speculation or rumours. However, if:
- Fonterra considers that it is obliged at that time to make a statement to the market about a particular matter;
 - Fonterra considers it prudent in order to prevent or correct a false market occurring in respect of its quoted securities; or
 - NZX asks for information to clarify the market speculation or rumour,
- the Disclosure Committee may authorise a statement to be released to the market. No employee is authorised to respond to rumours or market speculation without the express prior written approval of the Disclosure Committee.
- 3.8.3 If Fonterra does not have Material Information with which to respond to the rumour, then it may simply confirm that it is in full compliance with its continuous disclosure obligations.

3.9 Trading Halts

- 3.9.1 In order to maintain a well-informed and efficient market in respect of Fonterra quoted securities, Fonterra may request a trading halt from NZX in certain situations. This includes where:

- Material Information is leaked or inadvertently made public and further time is required to enable Fonterra to prepare an appropriate announcement;
- An event has occurred (for example a fire at one of Fonterra's processing plants) where the effect of the event needs to be investigated before Fonterra is able to advise the market of the impact of the event on it; or
- Fonterra is preparing to make a major announcement and is concerned to prevent uninformed or speculative trading.

3.10 Exceptions to the Continuous Disclosure Obligation

3.10.1 Material Information does not need to be disclosed where **all three** of the following are satisfied:

- A reasonable person would not expect the information to be disclosed; **and**
- The information is confidential and the confidentiality of the information is maintained; **and**
- One or more of the following apply:
 - The release of the information would be a breach of law;
 - The information concerns an incomplete proposal or negotiation;
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - The information is generated for internal management purposes; or
 - The information is a trade secret.

3.11 Disclosure Process

3.11.1 You must contact the Director Governance, Risk and Audit, or a member of the Capital Markets and Investor Relations team immediately if you become aware of any Material Information that has not been made public by Fonterra.

3.11.2 You will need to provide all the relevant details relating to the information, which, depending on the circumstances, will include:

- A general description of the matter;
- Details of the parties involved;
- The relevant date of the event or transaction;
- The status of the matter (e.g. the stage at which the negotiations are at);
- The estimated value of the transaction;
- The potential effect of the information on Fonterra's finances, operations or reputation; and
- The names of any persons (internal and external) involved in the matter.

3.11.3 The Director Governance, Risk and Audit, or the relevant member of the Capital Markets and Investor Relations team, will bring the information to the attention of the Disclosure Committee who will assess the materiality of the information in accordance with the Disclosure Committee Charter.

3.11.4 You must also contact the Director Governance, Risk and Audit, or a member of the Capital Markets and Investor Relations team, immediately if Fonterra is relying on an exception to the disclosure of Material Information (as noted in paragraph 3.12 above) and you become aware of any reason why the exception may no longer apply (for example, confidentiality has been lost).

3.12 Release

3.12.1 Any information intended to be made public, whether or not it is believed to be "Material Information" (except disclosures which are just for promotional purposes) must be reviewed by the Director Governance, Risk and Audit, or the Capital Markets and Investor Relations Team, before it is released.

3.12.2 The Director Governance, Risk and Audit or a member of the Capital Markets and Investor Relations Team must be notified immediately of any inadvertent disclosure or suspected disclosure of Material Information.

3.12.3 Authorised spokespersons must only conduct planned discussions with interested parties if a member of the Capital Markets and Investor Relations team is present, or has been advised of the meeting and its contents beforehand.

- 3.12.4 If an unplanned discussion with interested parties occurs, or if additional content is discussed at a planned meeting, the authorised spokesperson must advise a member of the Capital Markets and Investor Relations Team of the discussion and its contents immediately afterward.
- 3.12.5 Where directors, members of the Fonterra Management Team and senior management are asked to front interested parties' meetings, a member of the Capital Markets and Investor Relations Team must have been advised of that meeting and its contents prior to it taking place, and, if possible, a member of that team should be present.
- 3.12.6 If any other person to whom this Standard applies is approached for information concerning Fonterra, they must redirect this enquiry to the Capital Markets team.
- 3.12.7 Where Fonterra and any joint venture or project partner determines that disclosure of Material Information is necessary in regards to that joint venture or project, all parties affected by the disclosure should have an opportunity to review the content of the disclosure so that each party can then determine whether it needs to make a separate market announcement (unless a party is obliged to make immediate disclosure and is not able to give the other parties an opportunity to review that content). A trading halt may be required if immediate disclosure may not be possible.
- 3.12.8 Given this Standard, transactions must not be structured so that Fonterra is unable to comply with its legal obligations and this Standard of ensuring that all Material Information is appropriately released to the NZX before it is made public.

4. Accountability

- 4.1 All Directors, Shareholders' Councillors, members of the Milk Price Panel and employees (including any contractor, consultant, advisor, secondee, lawyer, accountant or auditor) of Fonterra and any of its subsidiaries are responsible for ensuring they adhere to this Standard.
- 4.2 **Disclosure Committee**
 - 4.2.1 The Fonterra Disclosure Committee oversees the continuous disclosure obligations, and has overall responsibility for reviewing, monitoring and implementing this global standard.
 - 4.2.2 As set out above, the Disclosure Committee is responsible for assessing the materiality of the information brought to its attention by the Director Governance, Risk and Audit, or a member of the Capital Markets team. The Disclosure Committee is also responsible for assessing whether an exception to the requirement to disclose the Material Information applies.
 - 4.2.3 In addition, the Disclosure Committee evaluates other information which may not be material but its disclosure would, nonetheless, benefit the market. The Disclosure Committee meets regularly to fulfil their obligations pursuant to the Disclosure Committee Charter.
 - 4.2.4 The Disclosure Committee reports any significant disclosure issues or breaches of this Standard to the Board.
- 4.3 **Director Governance, Risk and Audit**
 - 4.3.1 The Director Governance, Risk and Audit has overall management responsibility for this standard.
- 4.4 **Director Legal / Director Governance, Risk and Audit and Director Capital Markets**
 - 4.4.1 The Director Governance, Risk and Audit co-ordinates all NZX communications and confirms that relevant staff have had input and signoff.
 - 4.4.2 The Director Legal, Director Governance, Risk and Audit, and Director Capital Markets also review general market communications to ensure a consistent approach. They should be kept informed by authorised spokespersons of issues discussed during meetings with interested parties.
- 4.5 **Market Announcement Platform (MAP) announcements**
 - 4.5.1 The Director Governance, Risk and Audit is responsible for lodging announcements with NZX or the ASX via their Market Announcement platforms. NZX and ASX confirmation must be received before an authorised spokesperson may talk publicly about the information.
- 4.6 **Investor Relations**
 - 4.6.1 Capital Markets and Investor Relations is responsible for all communications with interested parties.

5. Compliance

- 5.1 The Fonterra Global Policy Principles and Framework details the expectations to comply with this global standard.
- 5.2 Failure to comply with this Group Standard may:
- Cause a breach of legislation or market rules
 - Result in liability for Fonterra and negatively impact our reputation; and/or
 - Lead to personal liability for those involved.

6. Monitoring

- 6.1 The Fonterra Disclosure Committee oversees the continuous disclosure obligations, and has overall responsibility for reviewing, monitoring and implementing this global standard.

7. Definitions

Term	Definition
ASX	ASX Limited (the Australian Stock Exchange) or a financial market operated by ASX Limited
FSM Rules	These are the listing rules applying to the Fonterra Shareholders' Market
Interested Parties	Shareholders, other investors in Fonterra, unit holders in the Fonterra Shareholders' Fund, market participants, analysts and other market observers
Listing Rules	These are references to the NZX Main Board/Debt Market Listing Rules and the ASX Main Board Listing Rules.
Material Information	Information concerning Fonterra or its securities listed on the FSM or NZDX that a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of any of Fonterra's quoted securities
NZX	NZX Limited (the New Zealand Stock Exchange)

8. Related Information

Fonterra Global Disclosure Policy
 Fonterra Global Calculating and Disclosing Non-GAAP Financial Information Standard
 Fonterra Global Communication Policy
 Fonterra Global Ethical Behaviour Policy
 Fonterra Global Information Management Policy
 Fonterra Global Securities Trading Policy
 FSM Rules and NZX Guidance Note on Continuous Disclosure
 Main Board / Debt Market Listing Rules
 Financial Markets Conduct Act 2013

9. Approvals

This global standard is approved by **the Director Governance, Risk and Audit**.

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