Global Governance Standard

Securities Trading

Relates to: Fonterra Global Securities Trading Policy, Fonterra Global Disclosure Policy

1. Purpose

1.1 This Global Standard supports compliance with Fonterra’s Global Securities Trading Policy, including the rules for trading in the following (together the Restricted Securities):

(a) the following 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
   - a derivative where the underlying securities is one of the above, (together Restricted Securities A).

(b) any swap contract, contract for difference, futures contract, or options contract, that settles to the Fonterra Farmgate Milk Price (Restricted Price Risk Management Securities).

1.2 The requirements imposed by this Global 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. This means that you may not trade Restricted Securities if you are prohibited under the terms of this Global Standard (irrespective of whether you may legally trade those securities).

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 Global Standard applies is likely to affect the price of the Units.

1.4 Restrictions around trading of the Restricted Price Risk Management Securities apply because they use Fonterra’s final, announced Farmgate Milk Price as a settlement reference.

2. Scope

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

2.2 The general rules in the Fonterra Global Policy Principles and Framework apply in respect of directors, officers, employees (as well as any contractor, consultant, advisor or secondee) of the Fonterra Group, and to Fonterra Co-operative 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 Global 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, Fonterra Co-operative 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.

3. Requirements

Fundamental Rule

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

3.2 If you possess material information (as defined below), then, whether or not you are a Restricted Person (also as defined below), you must not:
Material Information
3.3 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.

3.4 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.

3.5 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 in a lift, or at a social function).

3.6 Information is generally available to the market if it has been released as an NZX (and ASX, in respect of the Fonterra Shareholders Fund) 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.

3.7 For the avoidance of doubt, information may, for example, be material in respect of Restricted Securities A but not Restricted Price Risk Management Securities. If you are unsure whether information you possess may be material in respect of Restricted Securities, you should not trade those Restricted Securities and contact Fonterra's Director Governance, Risk and Audit.

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

Insider Trading Laws
3.9 If you have any Material Information in relation to one or more of the securities that form Restricted Securities A (as defined above) then, unless an exception applies to you, it is illegal for you to:
• trade those Restricted Securities A;
• advise or encourage another person to trade or hold those Restricted Securities A;
• advise or encourage a person to advise or encourage another person to trade or hold those Restricted Securities A; 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, those Restricted Securities A.

3.10 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 Global Standard is designed to reduce the risk of insider trading, you are responsible for complying with the insider trading laws themselves.

Exceptions
3.11 Subject to clauses 4.3 and 4.4, the 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 Fonterra Co-operative 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 Fonterra Co-operative Council; and
  o is given in connection with enabling any 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 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 2019.

Confidential Information
3.12 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:
  o that third party has signed a confidentiality agreement with Fonterra; and
  o you have been authorised to disclose the confidential information in accordance with the
    Fonterra Global 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.

Short Term Trading Discouraged
3.13 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
Director Governance, Risk and Audit.

3.14 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.

3.15 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.

Application of Policy
3.16 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 Global
Standard). In this respect, 'control' is not to be construed in a technical way but by looking at how decisions
are made in practice.

4.2 The additional trading restrictions set out below apply to the following Restricted Persons:
• all Directors of Fonterra;
• the Chief Executive and all senior officers (all Managers directly reporting to the Chief Executive and
  all Managers directly reporting to them);
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- Fonterra Co-operative Councillors, who have been notified by Fonterra's Director Governance, Risk and Audit, or Director Legal;
- Members of the Milk Price Panel; and
- anyone else notified by Fonterra's Director Governance, Risk and Audit, or Director Legal, from time to time.

**Black-out periods**

4.3 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).

4.4 A 'black-out' period may also be invoked by the Director Governance, Risk and Audit at any time for a specified period of time to prohibit certain Restricted Persons from trading in:

- all Restricted Securities; or
- specified Restricted Securities A; or
- specified Restricted Price Risk Management Securities.

The Director Governance, Risk and Audit may apply certain parameters to such a “black-out” period. For example, in the case of Restricted Price Risk Management Securities, it may be determined that the “black-out” period only applies to Milk Price futures relating to a particular financial year.

4.5 The restrictions in clause 4.3 and 4.4 are absolute restrictions and apply regardless of whether a Restricted Party holds material information about Fonterra or the Fonterra Shareholders' Fund, unless Fonterra's Board provides a specific exemption.

4.6 Please note that, subject to the exceptions described above, if you hold material information in relation to one or more Restricted Securities, you must not trade those Restricted Securities at any time, not just during black-out periods.

**Requirements before and after trading**

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

- for Directors: 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 - Directors form); or
- for officers, employees, Fonterra Co-operative Councillors, members of the Milk Price Panel and any other persons to which this Global Standard applies: notify Fonterra’s Director Legal 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); and
- confirm they do not hold material information or are relying on the Financial Markets Conduct (Insider Trading Fonterra Co-operative Group Limited) Exemption Notice 2019; and
- confirm that there is no known reason to prohibit trading in any Restricted Securities.

4.8 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 2019, is influenced by that material information).

4.9 Following completion of any trade:

- a Restricted Person (Director) must promptly advise Fonterra's Director Governance, Risk and Audit; or
- a Restricted Person (officer, employee, Fonterra Co-operative Councillor, member of the Milk Price Panel and any other person to which this Global Standard applies) must promptly advise Fonterra's Director Legal; and
- 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 directors, officers, employees (as well as any contractor, consultant, advisor or secondee) of the Fonterra Group, and Fonterra Co-operative Councillors and members of the Milk Price Panel are responsible for ensuring they adhere to this Global Standard. Additional requirements exist in terms of processes for ‘Restricted Persons’ as defined in this Global Standard.

5.2 The Managing Director, Co-operative Affairs is accountable for reviewing and updating this Global Standard.

6. Compliance

6.1 The Fonterra Global Policy Principles and Framework details the expectations to comply with this Global Standard.

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

7. Monitoring

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

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

8. Definitions

N/A

9. 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 Global Disclosure Policy

10. 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.