

Respecting Legitimate Land Tenure Rights

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Fonterra recognises the rights of legitimate land tenure holders and stands against illegal activities in our supply chain and land displacements which are contrary to the International Finance Corporation (IFC) Performance Standards. In this instance, land tenure holders refers to a person, family, community, or business with rights to the land or associated natural resources, whether based on indigenous rights, custom, informality, or occupation, and regardless of whether the right is currently protected by law or formally recorded. We believe it is our responsibility to prevent these instances from happening and address them if they were to occur.

Agriculture is the foundation of Fonterra's supply chain. Our products depend on safe, high quality and affordable supply of agricultural raw materials to meet the demands of our business as well as the expectations of our consumers, customers, and other stakeholders. Agriculturally based raw materials are supplied to Fonterra both directly and indirectly, from farms and processors globally. The countries where these raw materials are sourced and manufacturing takes place, represent a wide range of land tenure systems, both formal and informal. It is important to us to recognise the tāngata whenua, indigenous people of the land, in any country that we operate, many of whose customary rights fail to be acknowledged and/or recognised by law. Fonterra recognises that we have a duty to uphold human rights in relation to land tenure.

The following outlines our overarching commitments:

- Zero tolerance for large-scale acquisition of land without the consent of local communities.
- Legal compliance with local legislation and human rights in relation to land tenure.
- Free, Prior and Informed Consent (FPIC) (see below).
- Align with internationally recognised relevant guidelines such as the United Nations 'Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security' as they apply to business organisations.

When acquiring, including leasing or using land, buildings, or property, we will:

- Engage in legal negotiations on land transfers and acquisitions, including identifying legitimate rights holders by involving relevant stakeholders.
- Utilise the IFC Performance Standards to implement the FPIC principles for agricultural development in developing countries.
- Acknowledge and uphold our responsibility to act and use our influence to help protect the land rights of local and indigenous communities by not displacing legitimate land tenure holders.
- Employ appropriate grievance mechanisms for dispute resolution.
- If, as a result of a grievance investigation, we find that a transaction has not respected land tenure rights then we will seek to remediate this in a timely manner on a case-by-case basis.

In addition to this, we will utilise our sphere of influence in our supply chain to:

- Engage with appropriate industry and other groups to positively impact and respect all legitimate land tenure rights and the people who hold them.

Fonterra has adopted the definition of FPIC from the Food and Agriculture Organization of the United Nations (FAO)¹ which can be summarised as:

- **Free** – Consent to the sale of the land is given voluntarily and absent of coercion, intimidation or manipulation.
- **Prior** – Consent is sought sufficiently in advance of any authorisation or commencement of activities from an existing land owner.
- **Informed** – Information is provided prior to seeking consent to acquire and continuously as the acquisition process proceeds.
- **Consent** – Decisions are made collectively by the land rights-holders and reached through the customary decision-making processes of the affected peoples or communities.

¹ Food and Agriculture Organization of the United Nations (FAO). (2016). Free Prior and Informed Consent. An Indigenous People's Right and a Good Practice for Local Communities.