In New Zealand, Fonterra is supplied by around 10,500 farms milking around 4 million cows. Only milk provided by these Fonterra farmers is manufactured into Fonterra products. Fonterra New Zealand dairy farms are predominantly pasture-based, utilising white clover and perennial ryegrass pastures. The temperate climate enables adequate pasture based feed for herds all year-round and this pasture feed is generally grazed directly from the paddock or field.

The main feed source for the lifetime of dairy cows in New Zealand is consumed directly from pasture. The exception to this is in the nutritional management of calves up to 12 months of age. On average 85% of the diet of dairy cows that make up the Fonterra New Zealand milk pool consists of grass, grass silage, hay and forage crops.

During times of the year when grass growth is low, pasture management practices and/or feeding of supplements may be used. Supplementary feeding ensures cows receive adequate nutrition and animal welfare requirements are met. Supplementary feeds used on New Zealand farms are generally those outlined below, and these typically form a small percentage of the total ration given to dairy cows:

1. Palm Kernel Expeller
2. Corn Silage
3. Dairy concentrates

Routine minerals and vitamins may also supplement the diet to ensure the health and wellbeing of dairy cows.

Based on these practices, the raw milk that is provided to Fonterra manufacturing sites is both Grass and Pasture Fed as per definitions below:

Definitions

1. Grass Fed is defined as grass, grass silage and forage crops (mainly legumes and brassicas) comprising on average 85% of diet of dairy cows. Note that grass and pasture may be used interchangeably*
2. Pasture Fed is defined as where a cow consumes its diet from managed pasture and forages. Fonterra New Zealand dairy cows spend at least 90% of their time on pasture (excluding milking time)**
3. All forage crops are predominantly grown on the properties they are consumed
4. The incidental feeding of grain concentrates may occur from time to time and is currently at a level of 1%.

*Our Fonterra Grass Fed Standard requires no less than an annual minimum limit level of 75% as calculated across the Fonterra New Zealand Milk Pool.

**Our Fonterra Grass-Fed Standard requires that a Pasture-Fed diet shall be derived from the grazing location that approved feed is consumed. The dairy cows must spend no less than 90% of their time (excluding milking time) on pasture (calculated as an annual, average across the Fonterra New Zealand Milk Pool). Approved feed includes grass, grass silage and forage crops.