



June 2017

1. Purpose of Charter

- 1.1 This Nominations Committee Charter sets out the authority, responsibilities, membership and operation of the Nominations Committee ("**Committee**") of Fonterra Co-operative Group Limited ("**Company**").
- 1.2 This Charter supersedes any terms of reference previously in force.

2. Authority and functions

- 2.1 The Committee is appointed and authorised by the Board of Directors of the Company ("**Board**"), and is formed for the purpose of recommending to the Board candidates for election as directors of the Company under clause 12.2 of the Company's constitution ("**Farmer Directors**").
- 2.2 The authority of the Committee is sourced from this Charter and any separate Board delegations, resolutions and approvals granted to the Committee from time to time.
- 2.3 The Committee has appointed the Independent Selection Panel (pursuant to its Terms of Reference) to prepare a recommended set of appropriate candidates (up to the number of vacancies) and advise such recommendation to the Committee. The Committee will consult with the chair of the Independent Selection Panel in relation to the Panel's recommendations.
- 2.4 In considering potential candidates, the Committee and (in the case of candidates for election as Farmer Directors) the Independent Selection Panel will:
 - (a) have regard to the required attributes for all Directors, as outlined in the Board Charter; and
 - (b) have regard to the "skills matrix" adopted by the Board from time to time.
- 2.5 In the case of the Independent Selection Panel's recommended candidates for election as Farmer Directors, the Committee will consult with the chair of the Shareholders' Council with a view to determining whether the Shareholders' Council approves (in accordance with clause 4.7 of the By-laws of the Shareholders' Council) each candidate being nominated to be elected as a Farmer Director.
- 2.6 If the Committee intends to recommend to the Board a candidate for nomination to be elected as a Farmer Director, it may require the candidate to confirm his or her willingness to be nominated (and provide any documents required by law or the Company's constitution in connection with such nomination) before recommending the relevant candidate to the Board.

3. Composition

- 3.1 The Committee must consist of:
- (a) two Directors that are "Independent Directors" under the listing rules applicable to the Fonterra Shareholders' Market; and
 - (b) two Directors who meet the Farmer Director eligibility criteria ("**Farmer Directors**").
- 3.2 The Shareholders' Council will also select two Shareholders' Councillors from time to time to attend meetings of the Committee while the Committee is considering candidates for election as Farmer Directors, as non-voting observers ("**Observers**"). In that capacity, the Observers will be entitled:
- (a) to attend meetings of the Committee, observe proceedings and satisfy themselves that the Committee's functions are being carried out in accordance with this Charter;
 - (b) to ask questions and to speak at meetings of the Committee via the chair of the Committee and in accordance with agreed meeting protocols; and
 - (c) to receive copies of the minutes of the relevant proceedings of the Committee.
- 3.3 Periodic rotation of the members is to be encouraged, provided that no more than two members should leave the Committee pursuant to rotation in any one year.
- 3.4 The Board may appoint, remove or replace the members of the Committee, subject to clause 3.1 above.
- 3.5 The Chairman of the Committee ("**Chairman**") will be appointed by the Board and must be an Independent Director.

4. Meetings

- 4.1 Committee members may attend meetings in person or by electronic means.
- 4.2 Committee meetings shall be held whenever required or appropriate for the Committee to fulfil its functions.
- 4.3 In addition, the Chairman may call a meeting at any time and will call a meeting of the Committee, if so requested, by any member of the Committee.
- 4.4 Not less than 48 hours' prior written notice of all Committee meetings shall be given to all members of the Committee and (in respect of any meeting at which Farmer Directors will be considered) the Observers and the Chair of the Shareholders' Council, specifying the time and place for the meeting and (if the meeting is to be held by teleconference or electronic means) any necessary dial-in or connection details to enable members and (in respect of any meeting at which Farmer Directors will be considered) Observers to attend the meeting.
- 4.5 The quorum for a Committee meeting is at least one Farmer Director and at least two Independent Directors, who are (in accordance with clause 4.6 below) entitled to vote on any matter to be considered at the meeting.
- 4.6 Committee members must not be present at any meetings, and must not participate in any decision or vote on any resolution of the Committee, in relation to their own nomination for re-election as Directors.
- 4.7 Should the Chairman be absent for all or part of a meeting, a designated member of the Committee will deputise for the Chairman.

- 4.8 A resolution of the Committee will be passed if not less than 75% of the votes cast at the meeting are in favour, or it is otherwise assented to by all members of the Committee present at the meeting.
- 4.9 Written minutes shall be kept for all meetings of the Committee. Members of the Committee and Observers must keep all such minutes confidential. The minutes must not (without the prior written approval of the Chairman of the Committee) be disclosed to any person who is not a member of the Committee or an Observer. However, nothing in this clause prevents Observers on the Committee reporting back to the Shareholders' Council in relation to their view on the preferred candidates or in relation to matters of process, without disclosing the identity of any unsuccessful candidates.

5. Attendance at Meetings

- 5.1 Directors who are not members of the Committee may attend meetings of the Committee at the invitation of the Committee Chairman.
- 5.2 Other parties (including members of the Independent Selection Panel or any external advisers engaged by it) may be invited by the Committee Chairman to attend all or part of any meeting of the Committee. The Observers appointed by the Shareholders' Council may attend all meetings of the Committee while it is considering candidates for election as Farmer Directors.
- 5.3 The Group Company Secretary or a designate will be appointed Secretary of the Committee.

6. Fees

- 6.1 No fees will be payable to members of the Committee for involvement in the Committee.

7. Reporting and Assessment

- 7.1 Minutes must be kept of all Committee meetings.
- 7.2 The Committee, through its Chairman, will provide a report to the Board stating the candidates for election as Farmer Directors that it recommends for nomination by the Board, and providing its reasons for each recommendation. In addition, the Committee shall report (to the Board) the views expressed by the Shareholders' Council on the recommended candidates, and whether they were recommended by the Independent Selection Panel. If the Committee recommends a candidate that was not included in the Independent Selection Panel's recommendation, the Committee must advise the Board (and the Board must advise the Shareholders) of that fact and provide its reasons for maintaining its recommendation. If the Shareholders' Council has not approved (in accordance with clause 4.7 of the By-laws of the Shareholders' Council) any particular candidate being nominated but the Committee has, despite that, maintained its recommendation of the candidate, the fact of the non-approval and the Shareholders' Council's reasons for it will be disclosed to Shareholders.
- 7.3 A review of this Charter and its continuing adequacy will be performed on a regular basis, as required.
- 7.4 An evaluation of the Committee's performance as it relates to the requirements of this Charter will be performed annually.

8. Duties and Responsibilities

- 8.1 The Committee is responsible for:

- (a) receiving recommendations of the Independent Selection Panel on the nomination of candidates for election as Farmer Directors; and
- (b) making recommendations to the Board on the nomination of candidates for election as Farmer Directors;