1.0 **Intent**

1.1 This policy provides clear parameters for employees in matters relating to ethical behaviour. These parameters include actual or potential conflict of interest situations, which may include personal and family relationships, gifts and corporate hospitality/entertainment, corruption, and the disclosure of fraudulent and unlawful activity.

1.2 The intent of this policy is to create and support a culture of honesty and integrity in all of Fonterra's management and business practices.

2.0 **Scope**

2.1 This policy applies to all Fonterra’s global operations, including non-wholly owned subsidiaries (where Fonterra has a majority shareholding) or any entities where Fonterra has management control. Where Fonterra has a minority shareholding in any operation and it is unable to ensure compliance with this policy, the extent of that non-compliance must be approved by the Group General Counsel.

2.2 Where Fonterra is involved in a joint venture (involving 50/50 shareholding with a third party), Fonterra must ensure the joint venture adopts policies at least as rigorous as those set out in this Fonterra Group policy, or to a higher standard if required by local law.

2.3 This policy applies to all employees of Fonterra, including contractors who are under the supervision of Fonterra. Where contractors are not under Fonterra supervision, it is incumbent on their employing organisation to ensure actions undertaken by the contractor are consistent with the Fonterra Group Ethical Behaviour Policy.

3.0 **Policy Requirements**

3.1 **General**

3.1.1 The Fonterra values are at the core of ethical behaviour. The values can be referenced in ‘The Way We Work – Code of Business Conduct’. The Fonterra Group People Management Policy also provides principles applicable to ethical behaviour and therefore should be read in conjunction with this policy.

3.1.2 Fonterra is subject to the laws of multiple jurisdictions and adheres to all legislative and regulatory requirements. Other countries may also apply their laws outside of their borders to Fonterra operations and employees. Fonterra employees are required to comply with the terms and conditions of their employment contract/agreement, and the legislative and regulatory requirements they are subject to. These may be market specific or ‘local’, and cross-jurisdictional or ‘international’.

3.1.3 Employees can gain further clarification relating to the applicability of the Fonterra Group Ethical Behaviour Policy through consultation with their immediate manager or local HR contact, and/or the Group Policy team.

3.1.4 Employees who may be uncomfortable discussing ethical concerns with their immediate manager or local HR contact are able to make contact with The Way We Work Hotline.
3.2 Conflict of Interest
3.2.1 A conflict of interest may impact on Fonterra's ability to conduct business with integrity. A conflict of interest occurs when due to ancillary relationships and/or activities, an individual acts, or appears to act, against the best interests of the organisation and/or in a manner that is or could be perceived to be in their own best interests.

3.2.2 An actual or potential conflict of interest must be entered into the Conflict of Interest (COI) Register by the employee concerned, and must be updated annually irrespective of the actual or potential conflict remaining the same. The employee's manager is responsible for investigating the actual or potential conflict of interest and reporting as required to the Fonterra Management Team member.

3.2.3 Refer to the Fonterra Group Ethical Behaviour Standard for the specific requirements and reporting processes for Conflict of Interest.

3.3 Gifts and Corporate Hospitality/Entertainment
3.3.1 Fonterra recognises that in some instances, the giving and receiving of corporate gifts and hospitality/entertainment is part of common business practice. However, employees should not offer or accept any gift or corporate hospitality/entertainment where acceptance could:

- Place the recipient under any actual or perceived obligation
- Create an expectation that the business relationship will be altered or influenced
- Cause the individual or Fonterra reputational damage if the action or event was publically disclosed.

3.3.2 The offer or acceptance of cash is unacceptable under any circumstances.

3.3.3 Employees must not offer or accept any form of gift or corporate hospitality/entertainment if Fonterra is currently in negotiation, or is scheduled to be in negotiation, with the other party.

3.3.4 When attending corporate hospitality/entertainment hosted by a third party (as a Fonterra employee), employees should exclude themselves from prize draws or similar to avoid any potential or actual conflict of interest.

3.3.5 Employees must have the required delegated authority to offer a gift or corporate hospitality/entertainment.

3.3.6 Refer to the Fonterra Group Ethical Behaviour Standard for the specific requirements and reporting processes for Gifts and Corporate Hospitality/Entertainment.

3.4 Attendance at Events
3.4.1 With the exception at 3.4.2 below, employees must not accept any offer made by a third party to pay for, or waive the cost of, any expenditure associated with attendance at an event. This includes but is not limited to flights and/or accommodation, conference fees and other attendance-related costs, and/or training opportunities and associated costs.

3.4.2 If attendance at an event is assessed by Fonterra as being of value to the employee’s career development and/or part of their job role/responsibilities, part or all expenditure may be accepted if written approval by the relevant FMT member is given. Alternatively, Fonterra may opt to pay associated costs.

3.5 Registers
3.5.1 Only the approved Fonterra Group Registers (Conflict of Interest and Gift, Hospitality and Entertainment) may be used. Knowingly using an alternative or local mechanism for recording actual or potential conflicts, or registering the offer or acceptance of gifts or corporate hospitality, will be considered a breach of this policy.

3.6 Corruption
3.6.1 Employees must not become involved in any illegal and/or disreputable business measure including bribes, kickbacks and/or corrupt payments to obtain business under any circumstances.
3.6.2 Employees must not directly, or through a third party, offer to pay or receive money, or anything of value as identified by the local norms of any given market in which Fonterra operates, to or from any person or entity for the purpose of obtaining business on behalf of Fonterra.

3.7 Fraudulent and Unlawful Activity Disclosure

3.7.1 Fraudulent and/or unlawful activity includes:
- An unlawful, corrupt or irregular use of company funds
- An act, omission or conduct that poses a serious risk to the health and safety of employees, the public and/or the environment
- An act, omission or conduct that goes against a legislative or regulatory requirement in the country of operation, or is in conflict to cross-jurisdictional legislation
- An act, omission or conduct that constitutes a criminal offence including but not limited to fraud, theft, blackmail, violence
- An act, omission or conduct that contravenes ‘The Way We Work – Code of Business Conduct’, or the Fonterra Group Policy framework.

3.7.2 Fonterra has clear processes designed to facilitate and manage disclosure (‘whistle-blowing’) of fraudulent or unlawful activity, and appropriate protections for employees who make disclosures in good faith through the appropriate channels.

3.7.3 Actual or suspected fraudulent or unlawful activity should be reported as soon as it is discovered, and appropriate action must be taken by the recipient of the disclosure as soon as it is received.

3.7.4 Refer to the Fonterra Group Ethical Behaviour Standard for the specific requirements and reporting processes for Fraudulent and Unlawful Activity Disclosure.

4.0 Accountabilities

The following table outlines roles and responsibilities involved with the application and monitoring of this policy:

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fonterra Board and Fonterra Management Team (FMT)</td>
<td>Lead by example through ‘setting the tone at the top’. Create an environment where people feel confident making a protected disclosure.</td>
</tr>
<tr>
<td>MD People, Culture / Chief Internal Auditor / Chief Executive Officer / Chair of the Audit and Finance Committee/ Chair of the Risk Committee</td>
<td>Receive, acknowledge and deal with disclosures in an appropriate manner.</td>
</tr>
<tr>
<td>All Fonterra employees</td>
<td>Act with honesty and integrity, and in a manner that is in accordance with this policy. Consult with their immediate manager where issues of actual or potential conflict arise. Register actual or potential conflict of interest situations, and update annually irrespective of the actual or potential conflict of interest remaining the same. Use only Fonterra Group registers for recording actual or potential conflicts, or the offer or acceptance of gifts or corporate hospitality/entertainment.</td>
</tr>
</tbody>
</table>
### Role

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>Provide education, advice and support to employees and contractors related to the appropriate application of this policy. Ensure employees only use Fonterra Group registers for recording actual or potential conflicts, or the offer or acceptance of gifts or corporate hospitality/entertainment.</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Support managers to provide education, advice and support to employees and contractors related to the appropriate application of this policy.</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>Assurance and reporting activities. Provide education, advice and information to managers through the assurance and reporting processes.</td>
</tr>
<tr>
<td>Group Finance</td>
<td>Administer and report on the annual Group Policy Compliance Certification (GPCC) process.</td>
</tr>
</tbody>
</table>

### 5.0 Definitions

5.1 **Fonterra Operations**: Fonterra owned and controlled businesses, as well as Joint Ventures (JVs) where Fonterra has management control.

5.2 **Corporate Hospitality/Entertainment** includes but is not limited to:

- Tickets or invitations to sporting, cultural or other entertainment events.
- Any offers or contributions toward travel, accommodation, entertainment or leisure activities, regardless of whether the individual making the offer will be in attendance or not.

5.3 **Events** include but are not limited to conferences, road shows, and/or product demonstrations.

5.4 **Corruption**: Giving or obtaining advantage through means that are illegitimate, immoral and/or inconsistent with one’s duty or the rights of others.

5.5 **Whistle-blowing**: Disclosure of confidential information that relates to some danger, fraud or illegal or unethical conduct connected with the workplace.

### 6.0 Approved by

6.1 Fonterra Board of Directors.

### 7.0 Content Owner

7.1 Director Global People Solutions.

### 8.0 Policy Governance and Maintenance

8.1 **Policy Location**: This policy is published on the Fonterra intranet under the Policy and Procedure Library.

8.2 **Review Timetable**: As a minimum, this policy is reviewed annually by the policy and content owner and every two years by the Board. The Group General Counsel shall also be involved in and approve each review process.

8.3 **Contact Information**: For all queries relating to this policy or related standards, contact Director Global People Solutions.

8.4 **Compliance**: Compliance with the policy is a condition of employment. Breaches or non-compliance may result in disciplinary action. The severity of the breach will determine the action taken. This may include the termination of employment or cessation of contractual agreements.