

Fonterra Governance & Statutory Disclosures 2023
Pūrongo Mana Whakahaere me te Puakanga ā-ture Te Mātāpuna





James & Yiging,
Palmerston North

About this report

This report covers the activities of Fonterra Co-operative Group Limited for the year ended 31 July 2023 (FY23).

It introduces our Board of Directors and includes our Corporate Governance Statement and Remuneration Report.

It also details the Directors' disclosures, information regarding security holders, and other statutory disclosures.

COVER
Yiging,
Palmerston North

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OUR 2023 SUITE OF REPORTS

[Annual Review 2023](#)
(Referenced as AR)

[Financial Statements 2023](#)
(Referenced as FS)

[Business Performance Report 2023](#)
(Referenced as BP)

[Sustainability Report 2023](#)
(Referenced as SR)

[Governance & Statutory Disclosures 2023](#)
(Referenced as G&S)

[Modern Slavery Statement 2023](#)
(Referenced as MS)

[Farmgate Milk Price Statement 2023](#)
(Referenced as MP)

OUR REPORTS ARE AVAILABLE FROM [FONTERRA.COM/NZ/EN/INVESTORS.HTML](https://fonterra.com/nz/en/investors.html)



Board of Directors



Peter McBride

Elected 2018, last re-elected 2021

Board responsibilities: Elected Director, Chairman, Member of the People, Culture and Safety Committee, the Disclosure Committee, the Governance Development Programme Committee, and the LTA Review Committee (a non-permanent Committee). Fonterra appointed Director of Fonterra Farmer Custodian Limited.

Peter became Chairman in November 2020. He is the Chief Executive Officer of Trinity Lands Limited, a dairy and kiwifruit operation largely based in the Waikato, and is the Managing Director of Ellett Beach Farms Joint Venture. Peter is a Director of Sequal Holdings Limited and its subsidiaries, and is a member of the New Zealand China Council and the Zespri Global Supply Advisory Board.

Peter was previously the Chairman and a Director of Zespri Group Limited and other related companies. He was also previously a Director of the New Zealand International Business Forum and the Zespri China Advisory Board.

B. Horticulture, PG Dip Com Agribusiness



Clinton Dines

Appointed 2015

Board responsibilities: Appointed Director, Member of the Audit, Finance and Risk Committee, the Co-operative Relations Committee and the People, Culture and Safety Committee.

Clinton lived and worked in China for 36 years, 21 of which as President of BHP Billiton's China business. He has extensive experience as a senior executive in China and Asia businesses, including global manufacturing and commodity businesses. He has had an active career as a Non-Executive Director, currently serving on the Boards of the Port of Newcastle, Sky Renewables Pty Limited and Zanaga Iron Ore Company Limited.

Clinton was Executive Chairman of Caledonia Asia from 2010 to 2013, an investment group in Asia, and is a Partner in Moreton Bay Partners, a strategic advisory firm based in Brisbane. He is an Adjunct Professor at Griffith University's Asia Institute and is a Member of the Griffith University Council.

*BA (Modern Asian Studies, Griffith),
CIM, INSEAD*



Brent Goldsack

Elected 2017, last re-elected 2020

Board responsibilities: Elected Director, Member of the Audit, Finance and Risk Committee, the Co-operative Relations Committee, the Sustainability and Innovation Committee and the LTA Review Committee (a non-permanent Committee).

Brent had a 25-year career in both New Zealand and abroad in various corporate advisory roles, including being a Partner at PwC for more than 12 years. He is a fellow of the Chartered Accountants of Australia and New Zealand. He currently Chairs the Board of Waitomo Group Limited and Better Eggs Limited and is a Director of Rabobank NZ Limited and Power Farming Holdings Limited.

Brent is actively involved as a shareholder of two dairy operations in the Waikato. In addition to his strong financial skills and knowledge, Brent has particular expertise in Fonterra's Farmgate Milk Price and the drivers of the Co-operative's earnings.

BCA, FCA



Leonie Guiney

Elected 2018, last re-elected 2021

Board responsibilities: Elected Director, Member of the Audit, Finance and Risk Committee, the Milk Price Panel and the People, Culture and Safety Committee.

Leonie was elected to the Fonterra Board in 2018, after previously serving on the Board from 2014 to 2017.

Leonie has worked in the agriculture sector for more than 25 years in a number of positions, including lecturer of Dairy Production at Lincoln University, consultant on the BNZ Growth Programme for farmers and has held roles with Golden Vale Dairy Co-operative in Ireland, Livestock Improvement Corporation and FarmRight South Island.

Leonie lives and farms at Fairlie in South Canterbury and is a director and shareholder of seven South Canterbury farms and Bobby Square Limited.

BAgrSci



Bruce Hassall

Appointed 2017

Board responsibilities: Appointed Director, Chair of the Audit, Finance and Risk Committee, Member of the Disclosure Committee, and an observer on the Milk Price Panel.

Bruce is a Chartered Accountant and has had a 35-year career at PwC, including holding the position of Chief Executive Officer of the New Zealand practice from 2009 to 2016. Bruce is Chairman of The Farmers Trading Company Limited, Prolife Foods Limited and Fletcher Building Limited.

Bruce was previously a Director of the Bank of New Zealand and a member of the University of Auckland Business School Advisory Board. He was a founding Board Member of the New Zealand China Council. Bruce has extensive experience in financial reporting, information system processes, risk management, business acquisitions, capital raising and IPOs across both listed and private companies.

BCom, FCA (CAANZ)



Holly Kramer

Appointed 2020

Board responsibilities: Appointed Director, Chair of the People, Culture and Safety Committee, and Member of the Sustainability and Innovation Committee.

Holly has more than 30 years of extensive governance, management and product/marketing experience. She was Chief Executive Officer of major Australian retailer Best & Less. She has also held senior executive roles at Telstra Corporation, Ford Motor Company (in the US and Australia) and Pacific Brands.

Holly is currently a Director on the Boards of Woolworths, ANZ Banking Group, the GO (Goodes-O'Loughlin) Foundation and agritech start-up NBryo Limited. She is also the Pro-Chancellor of Western Sydney University and a Member of the Bain Advisory Group. Holly's previous governance roles include the Boards of Abacus Property Group, Australia Post, Endeavour Group, Nine Entertainment Corporation, AMP Limited, Lendi and Telstra Clear (NZ) and The Ethics Centre.

Holly and her husband live on a small rural property in the Southern Highlands, NSW, where they raise beef cattle.

BA, MBA



Andy Macfarlane

Elected 2017, last re-elected 2022

Board responsibilities: Elected Director, Chair of the Co-operative Relations Committee, Member of the Sustainability and Innovation Committee and the Governance Development Programme Committee, and Fonterra appointed Director of FSF Management Company Limited.

Andy was a farm management consultant for 38 years and is a past President of the New Zealand Institute of Primary Industry Management (NZIPIM). He is a Director of ANZCO, chairs the SFFF Plantain Project and Edgewater Hotel Lake Wanaka and is a member of the International Farm Management Association (IFMA). Andy is a previous Director of Ngai Tahu Farming Limited and AgResearch, past chair of Deer Industry New Zealand, and served on the council of Lincoln University for 12 years.

Andy and his wife Tricia commenced farming in 1989 and live near Ashburton. His shareholding interests are in Canterbury. He has a strong interest in the governance of food processing and manufacturing, research and development, and strategic use of technology in the farming sector.

BA, Agr.Sc



John Nicholls

Elected 2018, last re-elected 2021

Board responsibilities: Elected Director, Member of the Co-operative Relations Committee and the Disclosure Committee, and Fonterra appointed Director of FSF Management Company Limited.

An experienced company director, John is the current chair of MHV Water, New Zealand's largest intergenerational irrigation co-operative.

As the owner of several mid-Canterbury dairy farms forming part of the Rylib Group, John is highly focused on investing in and mentoring the next generation of farmers in New Zealand and on safeguarding the sustainability of farming for the long term. He brings professionalism, cost consciousness and a strategic mindset to governance, ensuring that business operations align with core strategy and are consistently adding value.

John served on the Fonterra Co-operative Council from 2009 to 2011.

B.Agr, PG AgrSci



Cathy Quinn

Elected 2020

Board responsibilities: Elected Director, Chair of the Disclosure Committee and the LTA Review Committee (a non-permanent Committee), Member of the Audit, Finance and Risk Committee, and the People, Culture and Safety Committee.

Cathy has a number of governance roles having previously enjoyed a 30+ year career as a commercial and corporate lawyer with MinterEllisonRuddWatts. She has significant expertise in governance, equity capital markets, mergers and acquisitions and private equity services. Amongst the numerous awards she has won, Cathy was made an Officer of the New Zealand Order of Merit for services to law and women in 2016.

Cathy is a director and indirect shareholder of Thistlehurst Dairy Limited, based in the Waikato. Key commercial Boards that Cathy serves on are Fletcher Building and Rangatira. Cathy chairs the Boards of Tourism Holdings and Fertility Associates and is the Pro-Chancellor of the Council of Auckland University. She was previously on the advisory Board at New Zealand Treasury, the New Zealand Securities Commission and New Zealand China Council.

ONZM, LLB



Scott St John

Appointed 2016

Board responsibilities: Appointed Director, Member of the Audit, Finance and Risk Committee, the Disclosure Committee and the Sustainability and Innovation Committee.

Scott was the Chief Executive Officer of First NZ Capital (FNZC) for 15 years, stepping down from that role in early 2017. Scott is the Chair of Fisher and Paykel Healthcare and serves on the Board of ANZ Bank New Zealand, Mercury NZ Limited and NEXT Foundation.

Scott served on the Council of the University of Auckland from 2009 to 2021, including as Chancellor from 2017 to 2021. His other previous roles have included Chairman of the Securities Industries Association, and membership of both the Capital Markets Development Taskforce and the Financial Markets Authority Establishment Board.

BCom, Diploma of Business



Alison Watters

Elected 2022

Board responsibilities: Elected Director, Chair of the Sustainability and Innovation Committee and Member of the Co-operative Relations Committee.

Alison has more than 20 years experience governing a range of entities including non-profit organisations, small and medium enterprises, and large global commercial companies. Alison has in-depth experience in, and understanding of, research and development and applied innovation in relation to ingredient development and human nutrition.

Alison is currently a Director of Livestock Improvement Corporation, Meteorological Service of New Zealand Limited (MetService) and Totally Vets Limited, and is a Board member of the National Science Challenge "High Value Nutrition". Alison and her family own a 510 cow, fifth generation dairy farm in the Wairarapa.

BAgrSc (hons), PhD

Information about the Fonterra Management Team can be found in the [Annual Review 2023](#).

Corporate Governance Statement

We recognise the critical role governance plays in the success of our Co-operative. Fonterra's Board of Directors, the Co-operative Council and the Fonterra Management Team (FMT) are committed to achieving the highest standard of corporate governance, and have developed a governance framework to reflect Fonterra's unique characteristics as a globally competitive New Zealand based dairy co-operative.



Compliance with best practice governance standards

Our governance framework takes into consideration contemporary standards in New Zealand and Australia, including the principles in the NZX Corporate Governance Code, and is regularly reviewed and updated to align with best practice.

We focus on governance in a way that promotes:

- the interests of key stakeholders, including farmer shareholders, unit holders, debt investors, employees, customers, governments and the communities we operate in;
- our purpose, values and strategy;
- transparency and meaningful engagement to provide key stakeholders with the information they need to assess Fonterra’s performance;
- effective risk management and compliance to meet Fonterra’s business objectives and legal requirements; and
- an appropriate balance between the roles and responsibilities of the Board and FMT.

This corporate governance statement is current as at 31 July 2023 and has been approved by the Board. It has been prepared in accordance with the NZX Corporate Governance Code dated 1 April 2023.

Principle 1: Ethical Standards

Code of ethics

We believe that creating an environment that inspires our people to act responsibly and with integrity and transparency is integral to our Co-operative’s purpose and delivery of our strategy.

Fonterra’s Code of Business Conduct, The Way We Work, provides detail on our values, expected behaviour and conduct, and our position across a wide range of internal and external operating practices. It is fundamental to our business and reflects the expectation that our Board of Directors and employees globally should consistently maintain high ethical standards of behaviour. We have adopted a Global Ethical Behaviour Policy and Standard to underpin the Code and reinforce our commitments and expectations.

The Board is also guided by the Board Code of Conduct, undertaking the responsibility of leading by example and nurturing an environment where integrity and accountability are key.

The Board Code of Conduct and The Way We Work are available on fonterra.com, together with our other core global policies. These documents, along with Fonterra’s employment agreements, set out clear expectations for our people regarding ethical behaviour, including:

- the requirement for the highest standards of integrity, honesty and transparency;
- how to deal with conflicts of interest;
- the use of corporate information, assets and property;
- competition and antitrust;
- procedures for giving and receiving gifts;
- procedures for whistle blowing; and
- how to manage breaches of The Way We Work.

All of our global policies and The Way We Work are also available on MilkyWay, the Fonterra intranet for employees. All Fonterra managers are required to introduce new employees to these core expectations during their induction programme. In addition, the annual e-learning and certification process reiterates and supports our people’s ongoing awareness and understanding of the Fonterra Global Policy Framework, including our commitments and expectations regarding ethical behaviour. In the financial year ended 31 July 2023 (FY23), this certification was completed by nearly 5,000 employees, being over 98% of its target audience of Fonterra’s people leaders, managers and other key roles.

All employees are required to record actual or potential conflicts using the Fonterra Conflict of Interest Register and mitigating actions must be approved by their managers. Fonterra also maintains a Gift and Entertainment Register, where employees must record all gifts given or received, above a nominal level, including hospitality and entertainment with third parties. Employees are also required to declare external governance appointments prior to accepting the position (and new employees are required to declare existing appointments). In certain situations, such appointments will require approval from FMT.

We fund an independently administered whistleblowing hotline (The Way We Work Hotline), facilitated by Deloitte, that provides all of our stakeholders globally with a confidential and anonymous channel (by phone, email, mail, or online) to report concerns about serious wrongdoing or behaviour that does not meet the standards described in The Way We Work. Disclosures are investigated by a Fonterra team not involved in the substance of the concern (the Internal Audit team, other specialist teams or, where appropriate, an external investigator) before appropriate action is taken. Timely updates are made available to the whistle-blower through the hotline. The legislative requirements that must be followed in relation to whistleblowing (referred to as protected disclosures) are outlined in Fonterra's Global Ethical Behaviour Standard.

In FY23, 32 disclosures were made to The Way We Work Hotline. 21 disclosures were made by people based in New Zealand and 11 came from other countries.

Employee Assistance Programme

We provide a free and confidential Employee Assistance Programme where employees can seek guidance and counselling in any area of concern in their personal or working life. It provides independent professional support to address issues such as anxiety, grief and work-related stress. Targeted support is also available to assist employees dealing with workplace change and restructuring.

Securities Trading Policy

We have adopted a Securities Trading Policy and Standard that together detail the rules for trading in:

- shares, capital notes, retail bonds, units, derivatives, and any other listed securities of Fonterra or the Fonterra Shareholders' Fund; and
- any swap contract, contract for difference, futures contract or options contract that settles to the Fonterra Farmgate Milk Price.

The policy applies to all Directors, employees and contractors of Fonterra globally, as well as members of the Co-operative Council and the Milk Price Panel, and is in addition to legislative prohibitions on insider trading in New Zealand and Australia. All Fonterra Directors comply with the legislative requirements for disclosing interests in listed voting securities of Fonterra and its related companies.

Our Securities Trading Policy and Standard are available on [fonterra.com](https://www.fonterra.com).



Rajiv,
Auckland

Principle 2: Board Composition & Performance

Board Charter

The Board Charter includes details about the Board's role, responsibilities, obligations, composition and procedures including the Chair's election and role, the Board's relationship with management, incident management engagement, training provided to Directors, and the process for assessing the Board's performance. The Board Charter is reviewed regularly and is available on fonterra.com.

Board appointments

Fonterra's Constitution provides for a maximum of 11 Directors, with up to seven Directors elected by farmer shareholders (Elected Directors) and up to four Directors appointed by the Board (Appointed Directors). The Board is currently reviewing its size and composition and is consulting with shareholders on potential changes to be voted on at this year's Annual Meeting.

All Directors enter into written agreements establishing the terms of their appointment.

The Board is committed to building its capabilities, ensuring a good balance of experience on the Board, and maintaining the highest standards of governance in accordance with best practice. To achieve this, the Board has developed a list of attributes that all Directors must be able to demonstrate and a list of skills that the Board believes are required to effectively govern a complex, globally competitive New Zealand dairy co-operative with diverse stakeholders. The attributes and skills lists are reviewed annually and updated as required.

Using the skills list, the Board develops a skills matrix by assessing the required weighting of each skill given the Board's current priorities and the external operating environment, against the aggregate skills of the current Board. The skills matrix is used to identify the skills to be targeted each year as part of the Elected Director election process and when selecting Appointed Directors. The attributes, skills list, skills matrix and the year's targeted skills are published annually as part of the Elected Director election process, to assist potential candidates in assessing their suitability and to assist our farmer shareholders when assessing the candidates put forward for election.

Elected Director selection process

The Elected Director selection process involves a three-member Independent Assessment Panel (IAP) that assesses and recommends appropriate candidates to be put to our farmer shareholders for election. The members of the IAP are independent of Fonterra and are jointly appointed by the Board and the Co-operative Council. In addition to the candidates assessed and recommended by the IAP, there is a non-assessed candidate process where candidates can put themselves forward for election as Elected Directors with the support of 35 shareholders.

Elected Directors are elected by postal ballot and online voting by our farmer shareholders. The voting packs circulated to all farmer shareholders with voting entitlements include biographical information on each candidate including relevant skills and experience. The Elected Director elections are overseen by the Co-operative Council.

Appointed Director selection process

Appointed Directors are selected to enable the Board to access the skills and competencies needed to lead an enterprise of our size, global reach and complexity. They are independent and bring perspectives, experience and skills to complement and enhance the attributes and skills provided by the Elected Directors.

The People, Culture and Safety Committee oversees the process for identifying and recommending potential Appointed Directors. Prior to appointment by the Board, the Fonterra Shareholders' Fund Board is consulted. The Appointed Directors are ratified by farmer shareholders at the next Annual Meeting held following their appointment.

Changes to Fonterra Board members

The following changes were made during FY23, all in November 2022:

- Elected Director Andy Macfarlane was re-elected to the Board;
- Elected Director Alison Watters was elected to the Board; and
- Elected Director Donna Smit retired from the Board.

Director rotation

At each Annual Meeting, one-third of the Elected Directors retire from their position on the Board. The Elected Directors who retire are those who have served the longest since their last election.¹

Disclosures

Information about the experience, length of service, independence and attendance at Board and Committee meetings of each Director is disclosed on [pages 4 to 6](#) and [15](#) of this report.

The ownership interests of each Director are disclosed at [page 39](#) of this report.

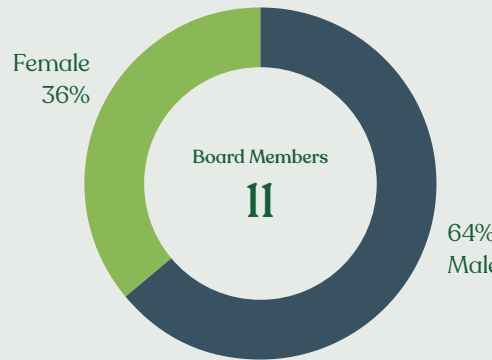
¹ Where the application of these rules would cause an Elected Director to serve a term exceeding three years, then that Director must also retire from office.

Diversity & inclusion

Information about our Diversity and Inclusion Policy, and performance against our targets and objectives across senior leadership can be found in the Investing in People section of the [Sustainability Report 2023](#), and the policy is published on fonterra.com.

As the majority of Directors are elected by our farmer shareholders through an independent process, the Board has not adopted formal Board gender targets in 2023. The Board is, however, committed to addressing the gender composition of the Board through the appointment of Appointed Directors, building a pipeline of diverse Directors through the Fonterra Governance Development programme and through the Elected Director election process.

The gender composition of the Board did not change between 2022 and 2023, as shown below:

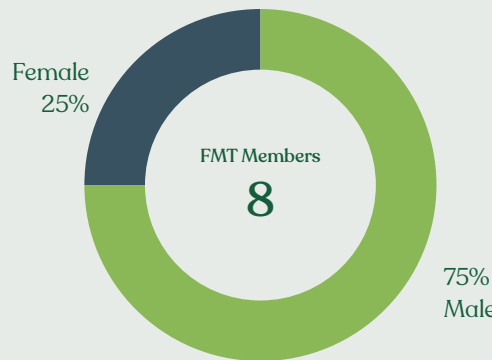


as at 31 July 2022



as at 31 July 2023

The gender composition of the FMT¹ is shown below:



as at 31 July 2022



as at 31 July 2023

¹ Fonterra's 'Officers' for the purposes of the NZX Corporate Governance Code.

² This includes Mr Fraser Whineray, who held the position of Chief Operating Officer until 31 July 2023.

Ongoing training

Following appointment to the Board, Directors undertake an induction programme to familiarise themselves with Fonterra and our global business. Areas covered include:

- business strategy and planning;
- an overview of key financial metrics to monitor business performance;
- an overview of material areas of the Fonterra business, including through meetings with key executives and visits to key offshore markets, where possible; and
- our Constitution and governance framework.

Directors are expected to keep themselves informed of changes and trends in the business, Fonterra's environment and markets, and the economic, political, social and legal climate generally. Directors are encouraged to attend external development and training courses and the Board holds training and workshops on relevant subjects each year. The Board is also provided with regular strategic readings and Directors are expected to keep up to date with governance trends. Board visits to our manufacturing sites and global businesses occur regularly.

Performance assessment

Directors formally assess the performance of the Board, and the Board reviews each Committee's performance against its Charter. A regular programme of peer review of individual Directors occurs as part of an ongoing Director development programme.

There is a requirement under our Constitution for the Board to provide the Co-operative Council with quarterly reporting on Fonterra's consolidated and key business unit operations for review and discussion. For FY23 and future years Fonterra reports its performance via an Integrated Scorecard, which is published annually with key performance targets. The Board also responds to an annual Letter of Expectations from the Co-operative Council, which is published in the Co-operative Council's annual report.

The Board is responsible for reviewing the Chief Executive Officer's performance.

Director independence

The Fonterra Shareholders' Market Listing Rules (FSM Rules) require us to have at least two Independent Directors, defined in the FSM rules as a Director who is not an 'employee' of Fonterra or who has no 'disqualifying relationship'.

A Director has a disqualifying relationship where they have a direct or indirect interest, position, association or relationship that could reasonably influence, or reasonably be perceived to influence, in a material way, the Director's capacity to bring an independent view to decisions relating to the Co-operative, to act in Fonterra's best interests and to represent the interests of our shareholders generally. The FSM Rules contain specific examples of what may give rise to a disqualifying relationship.

Elected Directors must be qualified as farmer shareholders under section 12.3 of our Constitution and are therefore not considered independent.

Appointed Directors cannot be shareholders and are expected to maintain independence for the length of their term.

Fonterra currently has four Appointed Directors. As at 31 July 2023, Clinton Dines, Bruce Hassall, Holly Kramer and Scott St John each did not have (and continue not to have) any disqualifying relationship in relation to Fonterra and are therefore Independent Directors.

Our Constitution allows for up to four independent Appointed Directors, out of a maximum of 11 Board members. Accordingly, the Board does not consist of a majority of independent directors.

Conflict management arrangements

There are conflict management arrangements in place to record any actual or potential conflicts of interest of Directors, and Directors are expected to proactively advise the Co-operative of any potential conflicts.

Division of roles

Under our Constitution, the Chair must be an Elected Director and is therefore not independent. This reflects our structure as a co-operative company. Peter McBride, who is an Elected Director, is the Board-elected Chair.

The Chair and Chief Executive Officer roles at Fonterra are not exercised by the same individual.

Principle 3: Board Committees

We have a number of permanent Board Committees, and the membership and purpose of each permanent Committee is detailed [here](#). Additional Committees are formed when it is efficient or necessary to facilitate decision-making by providing for a sub-group of Directors to focus on particular areas and to develop recommendations to the Board.

Committees have standard 'Terms of Reference', and each permanent Committee has a charter, which defines the scope and responsibilities of that Committee and is reviewed by the Board regularly. The charters of the permanent Committees are available on fonterra.com. The papers considered by the Committees, and the minutes for each of the Committees' meetings, are provided to the Board for review.

The following changes were made to permanent Committees during FY23:

- the Sustainability and Innovation Committee was established; and
- the Divestment Review Committee was disbanded, following completion of Fonterra's material divestment programme.

Committee or Group	Membership as at 31 July 2023	Purpose
Audit, Finance and Risk Committee	Bruce Hassall¹ (Chair) Clinton Dines¹ Brent Goldsack Leonie Guiney Cathy Quinn Scott St John¹	To assist the Board in fulfilling its corporate governance responsibilities relating to: <ul style="list-style-type: none"> – our financial management and internal control frameworks, financial reporting, climate risk reporting, audit activities, capital markets matters, and funding activities; and – our management and monitoring of allocated Group risks including Food Safety and Quality, Innovation, Market Access and Geopolitical, Liquidity and Funding, Milk Supply, Regulatory, Commodity Price, Foreign Exchange and Interest Rate, Supply Chain and Manufacturing, Information Technology, Cybersecurity, Legal and Compliance, Climate Change and Licence to Operate.
Co-operative Relations Committee	Andrew Macfarlane (Chair) Clinton Dines¹ Brent Goldsack John Nicholls Alison Watters	<ul style="list-style-type: none"> – To support strong and effective engagement between the Co-operative and farmer shareholders and assist the Board in the management of our relationships with key external stakeholders and community initiatives. – To review our Co-operative Principles periodically, assist the Board in fulfilling its corporate governance responsibilities relating to the supply of milk from Fonterra suppliers and aspects of milk pricing, seek to resolve supplier complaints before reference to the Milk Commissioner and undertake activities relating to the annual Fonterra Co-operative Council elections. – To assess the rules relating to shareholding, and the risk management policy as referred to in the Constitution.
Disclosure Committee	Cathy Quinn (Chair) Bruce Hassall¹ Peter McBride John Nicholls Scott St John¹	<ul style="list-style-type: none"> – To oversee our continuous disclosure obligations, including by considering the materiality of information and making judgements on other information where it may not be material but its disclosure would benefit the market. – To review and approve the materials for release relating to the Interim and Annual Results and Quarterly Business Updates, including the Annual Review Report, the Business Performance Report and the Sustainability Report.

¹ Independent Director.



Penelope, Hawkes Bay

Committee or Group	Membership as at 31 July 2023	Purpose
Milk Price Panel	David Pilkington ^{2,3} (Chair) Leonie Guiney Bill Donaldson ⁴ Prof. Hamish Gow ^{2,5} Ming Lim-Pollard ^{2,5} Fred Ohlsson ^{2,4} Bruce Hassall ¹ (observer)	<ul style="list-style-type: none"> – To provide assurances to the Board as to the governance of the Milk Price and the Milk Price Manual, and the proper application of the Milk Price Principles. – The Milk Price Panel does not determine the Farmgate Milk Price, as this is a decision reserved for the Board.
People, Culture and Safety Committee	Holly Kramer ¹ (Chair) Clinton Dines ¹ Leonie Guiney Peter McBride Cathy Quinn	To assist the Board in fulfilling its corporate governance responsibilities relating to: <ul style="list-style-type: none"> – our management of health, safety and wellbeing (including promoting a safe and healthy working environment for all Fonterra employees, contractors and members of the public as required); – the recruitment, retention, remuneration and development of Directors, executives and other employees; and – optimising our culture to deliver high performance.
Sustainability and Innovation Committee	Alison Watters (Chair) Holly Kramer ¹ Andrew Macfarlane Brent Goldsack Scott St John ¹	To assist the Board in fulfilling its corporate governance responsibilities relating to: <ul style="list-style-type: none"> – reviewing and overseeing the sustainability aspects of our strategy, including reviewing our key sustainability metrics, commitments and targets and monitoring our performance against them; and – reviewing our innovation strategy and approach to our intellectual property portfolio, and monitoring performance against agreed metrics.

1 Independent Director.

2 Independent Member (as defined in the Fonterra Shareholders' Market Rules).

3 Approved by the Minister of Agriculture under subsection 150E(1)(b) of the Dairy Industry Restructuring Act 2001.

4 Nominated by the Co-operative Council.

5 Nominated by the Minister of Agriculture under subsection 150E(1)(a) of the Dairy Industry Restructuring Act 2001.

Board and Committee attendance

	BOARD		AUDIT, FINANCE AND RISK COMMITTEE		CO-OPERATIVE RELATIONS COMMITTEE		DISCLOSURE COMMITTEE		DIVESTMENT REVIEW COMMITTEE ¹		MILK PRICE PANEL		PEOPLE, CULTURE AND SAFETY COMMITTEE		SUSTAINABILITY AND INNOVATION COMMITTEE ²	
	ELIGIBLE TO ATTEND	ATTENDANCE	ELIGIBLE TO ATTEND	ATTENDANCE	ELIGIBLE TO ATTEND	ATTENDANCE	ELIGIBLE TO ATTEND	ATTENDANCE	ELIGIBLE TO ATTEND	ATTENDANCE	ELIGIBLE TO ATTEND	ATTENDANCE	ELIGIBLE TO ATTEND	ATTENDANCE	ELIGIBLE TO ATTEND	ATTENDANCE
Clinton Dines	15	11	3	2	6	6	–	–	3	3	–	–	5	5	–	–
Brent Goldsack	15	13	6	6	6	5	–	–	3	3	3	3	–	–	2	2
Leonie Guiney	15	15	3	3	3	3	–	–	–	–	4	4	5	5	–	–
Bruce Hassall	15	15	6	6	–	–	5	4	3	2	7 ⁵	7	4 ⁶	2	–	–
Holly Kramer	15	14	3	3	–	–	–	–	–	–	–	–	5	5	2	2
Andrew Macfarlane	15	13	–	–	6	6	–	–	–	–	–	–	4	3	2	2
Peter McBride	15	15	–	4 ⁷	–	–	5	5	–	–	–	–	5	5	–	–
John Nicholls	15	14	–	–	6	6	5	5	–	–	–	–	–	–	–	1 ⁸
Cathy Quinn	15	15	6	6	–	1 ⁸	5	4	3	3	3 ⁶	2	–	–	–	–
Donna Smit ³	4	4	1	1	–	–	–	–	–	–	–	–	–	–	–	–
Scott St John	15	15	6	6	–	–	5	5	3	3	5	5	–	–	2	2
Alison Watters ⁴	11	10	–	–	3	2	–	–	–	–	–	–	–	1 ⁸	2	2

1 Disestablished in March 2023.

2 Established as a new Board Committee in February 2023.

3 Retired in November 2022.

4 Elected as a Director in November 2022.

5 Eligible to attend as a member until July 2023, then as an observer thereafter.

6 Eligible to attend as an observer until February 2023.

7 Attended as Chair of the Board.

8 Attended as an observer.

Audit, Finance and Risk Committee

The Audit, Finance and Risk Committee comprises three Appointed Directors and three Elected Directors. The Committee is chaired by Bruce Hassall, who is an independent Appointed Director and a Fellow of the New Zealand Institute of Chartered Accountants.

Independent Directors – Audit, Finance and Risk Committee and People, Culture and Safety Committee

The membership of the Audit, Finance and Risk Committee and People, Culture and Safety Committee is not comprised of a majority of independent Appointed Directors.

Under the FSM Rules, the Audit, Finance and Risk Committee is not required to comprise of a majority of Appointed Directors. There is currently no headroom for the Co-operative, based on having 11 Directors, to have more than four independent Appointed Directors, as the Elected Directors fill each of the seven positions open to them (and as noted on page 12 of this report, the Elected Directors are not considered independent). Given this, it is difficult for us to appoint a majority of Appointed Directors to these Committees without excluding Elected Directors or significantly increasing the workload of the Appointed Directors.

We do not consider that this is a significant issue, as the Audit, Finance and Risk Committee and the People, Culture and Safety Committee are chaired by independent Appointed Directors.

Employees only attend Audit, Finance and Risk Committee and People, Culture and Safety Committee meetings at the invitation of the respective Committee.

Milk Price Panel

The Dairy Industry Restructuring Act 2001 (DIRA) requires that the Chair and a majority of the members of the Milk Price Panel are independent. In addition, the Dairy Industry Restructuring (Fonterra Capital Restructuring) Amendment Act 2022 (DIRA Amendment Act) amended DIRA to, amongst other things:

- require that the independent Chair of the Milk Price Panel have no “meaningful association” with Fonterra or a shareholder, and be approved by the responsible Minister under DIRA; and
- increase the number of members on the Milk Price Panel nominated by the responsible Minister under DIRA from one to two.

Currently, the Panel has six members:

- David Pilkington, independent Chair with no “meaningful association” with Fonterra and approved by the Minister;
- Prof. Hamish Gow, independent Ministerial nominee;
- Ming Lim-Pollard, independent Ministerial nominee;
- Fred Ohlsson, independent Co-operative Council nominee;
- Bill Donaldson, Co-operative Council nominee; and
- Leonie Guiney, an Elected Director.

Bruce Hassall, an independent Appointed Director, stood down from the Milk Price Panel on 10 July 2023 when Ming Lim-Pollard’s appointment took effect and has since been attending Panel meetings as an observer.

We intend to seek shareholder approval at our Annual Meeting in November 2023 to amend our Constitution to increase the size of the Milk Price Panel from six to seven members, to accommodate the additional appointments under the DIRA Amendment Act and to enable an independent Appointed Director to re-join the Panel.

Nominations committee

The People, Culture and Safety Committee fulfils the role of a nominations committee in respect of Appointed Directors. The election and selection process for Elected Directors and Appointed Directors is explained under Board Appointments on page 10 of this report.

Takeover offer

The Board does not believe that it is necessary to establish protocols for a takeover offer, given our co-operative structure and the thresholds on share ownership in our Constitution.

Governance of sustainability

Board of Directors

As part of their governance duties, our Board of Directors have visibility and oversight of sustainability and climate-related risks and opportunities. The Board approves, and is ultimately responsible for, our overall sustainability strategy, initiatives, frameworks, targets, metrics and policies.

The Board monitors progress against and oversees achievement of, sustainability and climate-related metrics and targets.

In 2018, Fonterra appointed an external Sustainability Advisory Panel, to provide our Board and management with independent sustainability insights. This includes perspectives on Fonterra's climate strategy, targets and initiatives. The Panel meets twice a year to review and provide feedback on our strategy and sustainability performance.

Various Board sub-committees take on governance responsibility for elements of sustainability that align to their particular areas of oversight, as set out below.

1. Sustainability and Innovation Committee

Formed in 2023 and oversees the innovation, sustainability and climate aspects of Fonterra's strategy. This includes:

- reviewing our sustainability and climate-related initiatives and investment, frameworks, targets, metrics, and policies and recommending them to the Board for approval; and
- once approved, monitoring their strategic integration into the business and our performance against them.

2. Co-operative Relations Committee

Assists the Board and management in developing and building relationships with key external stakeholders regionally, nationally and globally, recommending actions as appropriate, including environmental and other policy positions. It provides oversight and monitoring of climate risk and sustainability initiatives in relation to on-farm practices, associated change management and regional community initiatives.

3. Audit, Finance and Risk Committee

Assists the Board in fulfilling its corporate governance responsibilities relating to management and monitoring of enterprise-wide risks. It has responsibility for oversight and monitoring of climate risk and of other sustainability related group risks (in conjunction with other Board Committees where appropriate), including climate-related financial disclosures.

4. People, Culture and Safety Committee

Responsible for reviewing and approving Fonterra's global remuneration strategy, including the measures and weightings of any incentive plan components in respect of climate risk and sustainability.

Fonterra Management Team (FMT) and climate leaders

Our **Chief Executive Officer** (CEO) has responsibility to manage and deliver the Co-operative's strategy and performance. This includes management of our strategic choice to be a leader in sustainability and responsibilities associated with climate-related risk and opportunities. The CEO provides a monthly report to the Board, which includes reporting against 'Climate Change' as a Group Risk.

Accountability for individual elements of sustainability performance cascades through the organisation and is integrated into the Group Short-Term Incentive scheme for permanent employees. The related Key Performance Indicators cover our environmental, economic and social performance.

Whilst the wider FMT monitors and discusses sustainability initiatives and endorses content to go to the Board at monthly meetings, the following FMT members have significant responsibilities related to sustainability and climate:

- the **Chief Operating Officer** and the **Managing Director Strategy & Optimisation**, who help integrate sustainability and climate into strategy and business planning;
- the **Managing Director Co-operative Affairs**, who is responsible for our farmer-facing services, corporate sustainability and management of climate-related governance and risk; and
- the **Chief Financial Officer**, who aligns our reporting on climate-related risks and opportunities with standards and considers financial implications of climate-related risks and opportunities in financial planning, capital allocation, and financial reporting.

The FMT reviews an integrated scorecard on a monthly basis, which shows performance against targets including greenhouse gas emissions, Farm Environment Plans and water use, as well as a summary of key workstreams relating to the delivery of Fonterra's strategic aim to be a leader in sustainability.

Various members of management with climate-related responsibilities from around Fonterra report to members of the FMT and form part of a Sustainability Activation Steering Committee and Climate Risk Steering Committee.

Principle 4: Reporting & Disclosure

Continuous disclosure

We are committed to promoting well-informed and efficient markets in our shares, units issued by the Fonterra Shareholders' Fund and debt securities. The Board has approved a Global Disclosure Policy to facilitate its compliance with the NZX Listing Rules and FSM Rules regarding continuous disclosure and to govern our communications with investors and market participants. The Global Disclosure Policy and the associated Global Disclosure Standard are available on [fonterra.com](https://www.fonterra.com).

Fonterra and the Manager of the Fonterra Shareholders' Fund have entered into an arrangement to co-operate with each other and take all steps reasonably required to ensure that information to be disclosed by either of them under the FSM Rules and the listing rules of the NZX or the ASX (as the case may be) is disclosed simultaneously to the FSM, the NZX Main Board and the ASX. We simultaneously disclose relevant information on the ASX on behalf of the Fonterra Shareholders' Fund.

Website disclosure

Our key governance documents are available on our website [fonterra.com](https://www.fonterra.com) for investors and other interested stakeholders to view, including our Code of Business Conduct (The Way We Work), key corporate policies and the Board and Committee Charters.

We do not have a Director Remuneration Policy for the reasons noted on [page 35](#) under 'Director Remuneration'.

Financial and non-financial reporting

We are guided by international best practice and, reflecting the core role of sustainability within our strategy, are on a journey towards more integrated reporting.

In the 2023 Annual Review and suite of supporting reports, we provide coverage of both financial and non-financial matters. Non-financial reporting includes coverage of social, environmental and governance matters and we cover these in a concise and integrated way within our Annual Review. Supporting our Annual Review is an integrated suite of reports that provide further detailed information according to the stakeholder's interest. For example, governance details are provided in this Governance and Remuneration Report, financial performance details are provided

in the Financial Statements and Business Performance Report, and further details on our sustainability activities and performance are covered in the Sustainability Report.

Our Sustainability Report was prepared with reference to the Global Reporting Initiative (GRI) Standards and is independently assured. We have adopted this internationally recognised reporting framework to help users of our sustainability performance information more easily compare our disclosed information and performance with others. To remain aligned with leading practices, we will continue to monitor the emergence of global standards and local regulatory requirements (for example, from the International Sustainability Standards Board and the New Zealand External Reporting Board) and will comply with new reporting obligations. We have been preparing voluntary climate-related disclosures, with the aim of releasing these later this calendar year.

We have released our fourth Modern Slavery Statement to meet the regulatory disclosure requirements in the Australian Modern Slavery Act 2018. The Statement sets out the actions taken by Fonterra to address modern slavery risks in its business and supply chain during FY23. We will monitor the introduction of new legislation in New Zealand to address modern slavery, which was signalled by the New Zealand Government in July 2023.

Principle 5: Remuneration

The 'Remuneration Report' on page 26 of this report details Fonterra's remuneration framework, strategy, and governance processes for its employees and Directors.

Principle 6: Risk Management

Risk management framework

The Board, supported by the Audit, Finance and Risk Committee, has responsibility for overseeing the implementation of our purpose-built risk management framework.

Our Risk Appetite Statement specifies the amount of risk we are willing to take or accept in pursuit of our strategy. It indicates the parameters within which we will conduct our operations. Our approach is to respect and minimise risk to people and the capital associated with our business; whilst accepting and managing an increased degree of risk in areas where it is appropriate, and in pursuit of our strategy.

Fonterra's Global Risk Management Policy and Standard are aligned to the Australian/New Zealand Risk Management Standard "AS/NZS ISO31000:2018 Risk management – Principles and Guideline". They outline our risk management principles and accountabilities, and set out the requirements for managing and reporting risk across our business. They are designed to embed a positive risk culture and co-operative-wide risk management capability, including establishing a consistent approach to identifying, controlling, monitoring, and reporting on our key risks and risk position.

Our Risk Management Framework supports the implementation of risk management practices across the Co-operative and is aligned with the three lines model. Our first line is our people. Managers and individual business units hold clear risk management responsibilities, including requirements to comply with external obligations as well as our Global Policy standards. Our second line consists of the risk management practices and assurance processes delivered by our Group and Specialist Functions, supporting a consistent best-practice approach to risk management across the business. Third line independent assurance and oversight is provided by a dedicated internal audit function, taking a risk-based approach to the control

environment and review of key business activities, and providing reporting to the FMT and to the Board via the Audit, Finance and Risk Committee.

Continuous monitoring of the risk environment occurs as part of our integrated business planning process, specific technical risk councils and audit outcomes, with a focus on the key risks faced globally in implementing our business strategy. As part of its risk management responsibility, the Board and the Audit, Finance and Risk Committee receive regular reports of our Group Risk Appetite position and the measures in place to identify and manage the impact of emerging risks. The Board and the People, Culture and Safety Committee also receive regular reports on the health, safety and wellbeing of our people as part of our risk management framework.

Our Group Risk Appetite settings were reviewed in FY23 to clarify the acceptable levels of risk in pursuit of our long-term strategy. The table on the next page sets out the key risks and provides an overview of our mitigation activities in FY23.

COVID-19

Our response to the global COVID-19 outbreak was first initiated in January 2020. As with many businesses, the pandemic had varying levels of impact across the Co-operative, including our supply chain and within the global markets in which we operate.

To maintain the continuity of our operations during FY23, several control measures, including promoting and facilitating better understanding and access to the COVID-19 vaccine, were put in place to mitigate risks to our operations. Due to the reduction in acute disruption, we have de-escalated formal management of the response. While there is risk related to the ongoing impact of, and global recovery from the COVID-19 pandemic, this is being effectively managed by business-as-usual teams and processes.

Key risk	Risk description	Risk mitigations
Climate Change	The risk that the efficiency and continuity of Fonterra's milk supply and operations is disrupted due to an increased prevalence and severity of both physical and transitional climate impacts.	Our emissions reduction targets express the key climate activities across the Co-operative's value chain to help retain our leading low carbon dairy position. Development of our climate risk programme and disclosure requirements actively identifies climate-related risks and potential mitigations to build a resilient Co-op. Ongoing engagement with stakeholders on climate activities remains a priority.
Commodity Price, Foreign Exchange and Interest Rate	The risk that market price volatility, including foreign exchange, interest rates and commodities, is not appropriately responded to, adversely impacting revenue and/or earnings.	Established governance framework including oversight from the Financial Risk Committee and the Audit, Finance and Risk Committee. Regular review of relevant policies, standards, and procedures to maintain a robust control framework. Review and approval of annual Exposure Management Plans and financial trading limits. Regular review of foreign exchange and interest rate exposures and approval of the hedging plan. Regular review of dairy and non-dairy portfolios, and ongoing market exposure assessments.
Cybersecurity	The risk that the Co-operative's ability to maintain the confidentiality, integrity or availability of critical business assets and information is compromised due to unauthorised access to systems and/or a data breach.	Implementation of ongoing cyber programme to build defence by improving capability to detect, protect, respond, restore and recover from cyber incidents. Ongoing activity to improve cyber awareness and ensure that our staff are a key part of cyber defence. Active engagement with key strategic partners, industry groups and government agencies to share information and work together to help keep Fonterra cyber safe.
Environmental Sustainability	Failure to enact measures to mitigate the impact (or perceived impact) of Fonterra's activities on the environment.	Resourcing plans to make progress against our environmental targets. Refer to the Sustainability Report for Fonterra's sustainability goals and performance. Proactive engagement with industry, Iwi, government, and regulators.
Food Safety and Quality	The risk that Fonterra supplies unsafe food (or food that is perceived to be unsafe), or product that is of sub-standard quality.	Our Global Quality Management framework provides that the purchase, supply, production and release of food is aligned with global regulatory standards as a minimum. Our global third-party sourcing network undergoes specific food safety and quality audits by specialists from Fonterra. External global regulatory bodies undertake independent audits of our global management system, and manufacturing and distribution footprint.
Health, Safety and Wellbeing	Failure to manage the health, safety and wellbeing of the Co-operative's people in the workplace.	A rigorous Process Safety Assessment (PSA) methodology to enable us to understand our significant hazards, their credible risks, and how best to control them. Engaging employees in the development of good work practices, the systematic review of hazards, and to develop risk management plans to improve their safety. Robust investigations of events and implementation of preventative actions. Reporting of events, near misses and hazards in the enterprise wide Digital Ecosystem incident management tool. Protect health from workplace exposures, prevent health harm through proactive health education, and promote a healthy work and life balance.

Key risk	Risk description	Risk mitigations
Information Technology	Failure to establish, maintain and safeguard an appropriate information technology (IT) and data management framework, that maintains the confidentiality, integrity and availability of Fonterra's data, systems and supply chain.	Ongoing implementation of risk reduction programmes to improve stability, reliability and resilience of our IT landscape. Investment in software and hardware including the Future Business Systems programme and Data and Insights roadmap. Implementation of the Information Management programme to improve management and protection of data.
Innovation	Inability to innovate effectively to respond to market trends and disruptions.	Insights and outputs from strategic development and implementation processes feed directly through to integrated innovation forums. Proactive engagement and partnership with industry, research institutions and government on new technology and innovations.
Legal and Compliance	Failure to manage or respond to changes in Fonterra's Legal and Compliance obligations, within the markets in which Fonterra operates.	Annual Employee Policy Commitment (including certification of compliance with Fonterra Legal and Compliance policies and standards). Annual maturity assessment of compliance management processes aligned to key policies and standards. Regular legal and compliance training (both broad based and market/function specific), accessible legal and compliance guidance, and reporting systems and processes. Support and advice from internal Legal, Regulatory and Trade Strategy teams, supplemented by specialist external support as required.
Licence to Operate	The risk that Fonterra's engagement with, and treatment of, the communities and environment where Fonterra operates is ineffective and/or fails to consider societal impacts, stakeholder interests, and/or legal and regulatory obligations.	Our guiding philosophy - Good Together - bringing together our purpose, values, and strategy. Community engagement and social impact programmes aligned to the Co-operative's purpose. Active stakeholder engagement programme in New Zealand and key international markets. Achievement of key environmental and other relevant targets. Continuous oversight and escalation processes relating to resource consents.
Liquidity and Funding	Unable to access sufficient funds to meet financial obligations, and/or insufficient financial flexibility to take advantage of opportunities.	Established financial assurance framework including oversight from the Financial Risk Committee. Active management of debt, working capital, and cashflow forecasting. Regular review of relevant policies, standards, and procedures to maintain a robust control framework.
Market Access / Geopolitical	The risk that changes within global markets, including economic volatility, geopolitical instability, market access and market concentration adversely impacts business operations, reputation and sales.	Trade strategy, insights and intelligence, advocacy, and government/industry engagement. Active centralised portfolio management with product portfolio plans that capture a diverse global demand pool. Multimarket, diverse product and channel offerings with specific strategies in place to support.

Key risk	Risk description	Risk mitigations
Milk Supply	Inability to retain optimal milk supply driven by disruption (e.g. biosecurity/weather event), competitor activity, unfavourable returns and/or adverse regulatory settings.	<p>Delivery against strategic milestones and commitments, and strong financial performance which provides sustainable value for our farmer shareholders.</p> <p>Comprehensive activity focused on winning and retaining milk, and supporting our farmer shareholders to maximise high-quality sustainable New Zealand milk.</p> <p>Flexible capital structure and farmer-focused risk/cashflow management tools which attract the next generation of farmers to supply Fonterra.</p>
People	The risk that leadership, organisational culture, behaviour and people management practices are inadequate or insufficiently agile.	<p>Continued delivery of programmes to strengthen organisational culture, talent, leadership development, future capabilities, strategic workforce planning, and people and culture (P&C) foundations and technology systems.</p> <p>Implementation of the new P&C operating model to improve strategic business partnering, support high priority P&C initiative deployment, and provide direction to, and guidance for, effective self-service and people leader support.</p> <p>Embedding diversity, equity and inclusion across all relevant facets of our high priority initiatives.</p>
Regulatory	Failure to manage or respond to changes in the regulatory environment in which Fonterra and its farmers operate.	<p>Proactive engagement with government officials and regulators, and monitoring of policy and regulatory changes.</p> <p>Support and advice from Legal, Government Affairs, Regulatory and Trade Strategy teams across Fonterra, and supplemented by specialist external support as required.</p>
Strategic Decision	Sub optimal strategy that does not empower Fonterra's innovation and sustainability ambitions, enable opportunity, leverage its competitive advantage and/or provide improved business performance.	Organisational strategy system generates continuous insights and provides regular reviews of the beliefs and assumptions which underpin the strategy for consideration by the FMT and the Board.
Strategic Execution	Sub optimal execution of strategic initiatives, and/or failure to adapt to changes in the Co-operative's operating environment.	<p>Strategy and Optimisation represented on the FMT, with oversight of integrated, continuous strategic development and implementation.</p> <p>Strategic implementation business partnership approach to support the development of strategically aligned plans, delivered in line with expectations.</p> <p>Strategic deployment milestones and decision points are integrated into management systems and business planning.</p> <p>Annual review and reconciliation of business activity and results against strategic expectations and targets.</p>
Supply Chain and Manufacturing	The risk that Fonterra's ability to maintain or operate the assets within its end to end supply chain is disrupted, delayed or reduced.	<p>Reliable and efficient collection, treatment and distribution of milk.</p> <p>Strong focus on global supply chain management: implementing resilience strategies to mitigate impacts of global shipping and local supply chain disruption.</p> <p>Established, robust business continuity plans to address identified manufacturing and supply chain risks.</p>

Principle 7: Auditors

Auditor framework

The Audit, Finance and Risk Committee is responsible for making recommendations to the Board regarding the appointment of the external auditor. It reviews the independence of the auditor, external audit fees, terms of engagement and the annual audit plan.

The external auditor is appointed by our farmer shareholders at the Annual Meeting. KPMG has been appointed as Fonterra's external auditor for four consecutive years, and the fees paid to KPMG for the year ended 31 July 2023 are detailed in [Note 4 \(page 29\) of the Financial Statements](#). The lead external audit partner must be rotated at least every five years.

Fonterra's Group Audit Independence Policy and Standard enable the auditor to carry out its statutory audit role in a manner where its independence is not impaired or could be perceived to be impaired. This Policy and Standard set out the types of services that the auditor may undertake, those the auditor may only undertake with the approval of the Audit, Finance and Risk Committee, and those that are not permitted.

All non-audit services to be undertaken by the auditor require approval by the Chief Financial Officer or the Director Group Finance (or a delegate). Regardless of the nature of the services proposed, any engagements exceeding a total of NZD200,000 must be approved by the Audit, Finance and Risk Committee.

The Chair of the Audit, Finance and Risk Committee communicates regularly with the external auditor and the Audit, Finance and Risk Committee meets with the external auditor without Fonterra's management at least twice a year.

Annual Meeting

The external auditor attends Fonterra's Annual Meeting and is available to answer questions from farmer shareholders in relation to the audit.

Internal audit

We have an internal audit function that provides independent and objective assurance to both the Audit, Finance and Risk Committee and management on the adequacy of risk management, control and governance processes.

Our internal audit approach is based on the principle of line management responsibility for risk and controls. Fonterra's management are responsible for implementing, operating and monitoring the system of internal controls to provide reasonable assurance of achieving business objectives.

Fonterra's Internal Audit team is responsible for:

- delivering a reasonable degree of assurance, as determined by the Audit, Finance and Risk Committee, over business risk;
- assisting the business with special reviews or investigations; and
- complying with the internal audit methodology.

The appointment and removal of the Chief Internal Auditor (CIA) is subject to the approval of the Audit, Finance and Risk Committee.

The CIA develops the annual internal audit plan, which is endorsed by the Audit, Finance and Risk Committee, and is accountable for its implementation. The Audit, Finance and Risk Committee regularly monitors progress of the implementation of the internal audit plan.

Principle 8: Shareholder Rights & Relations

Website and disclosure

Our website (fonterra.com) provides investors and interested stakeholders access to financial and operational information and key corporate governance information about Fonterra as an issuer.

Information regarding our performance, annual and half-year financial results, Director changes, and other significant matters, is disclosed to the market through the NZX and ASX in accordance with relevant laws and listing rules. All media and market releases are also available on fonterra.com.

Co-operative Council

One of the Board's most important relationships is with the Co-operative Council. The Council, Fonterra's representative body established under the Constitution, is independent of the Board. As at 31 July 2023, the Council comprised 25 farmer shareholders elected as Councillors, representing the interests of all members of the Co-op in 25 wards across New Zealand. There was also one appointed Councillor. The functions of the Council are set out in the Constitution. The Council publishes an annual report, commenting on its activities and the Board's response to the Council's Letter of Expectations. The Council's annual report is emailed to all members of the Co-operative and made available on the [Farm Source™ website](https://fonterra.com).

The Council, Board and Fonterra's management have a working interface document which sets out the principles to facilitate the working partnership between the Board, the Council and Fonterra's management and the way operational issues will be dealt with by the Board and the Council.

The working interface document is available on the Farm Source™ website.

The Council and the Board meet regularly, as do the Chairs of the Board and the Council.

Engaging with our farmer shareholders

We are looking to continuously improve the way we engage with our farmer shareholders with the aim of keeping them well informed about key topics that are relevant to them – including where we're at and where we're headed as a Co-operative. There's a sense of belonging and connection that comes with being part of a Co-op, and fostering that is an important part of what we do.

We have a team responsible for evolving and implementing our farmer engagement plan. They oversee a diverse range of communications channels such as the [Farm Source™ website](https://fonterra.com), which enables farmer shareholders, their employees and business partners to connect with Fonterra and access information and tools on milk production and quality, online statements, relevant news and weather. Farmer shareholders are given the option to receive communications from us electronically.

The My Co-op app provides up-to-date news and information from across the Co-operative and the industry, including Milk Price announcements, upcoming events, their Farm Source Rewards balance and updates from the Chair and Chief Executive Officer. Meanwhile, the On Farm app provides daily milk production and quality information, comparisons against last season volumes, tanker movements, and summary reports of key milk performance information for the last 30 days. Local Farm Source teams are in regular contact with farmers in their area, and there's also the Farmer Support Team available 24/7 on 0800 65 65 68.

We arrange face-to-face and online meetings throughout the year with farmer shareholders as well as other key groups such as sharemilkers, contract milkers, farm lessors, farm workers and rural professionals to have two-way communication on relevant topics.

Regular emails from the Chair, Chief Executive Officer, Group Director Farm Source and Regional Heads are also used to keep our farmers informed, and we issue a monthly Global Dairy Update to provide an overview of the global dairy market and our performance.





Margaret & Michael,
Southland

Annual and Special Meetings

The Board views the Annual Meeting of farmer shareholders, which is held at a different venue around New Zealand each year, as an opportunity to communicate directly with our farmer shareholders. The meetings are designed to encourage participation from our farmers, with appropriate time provided for farmer shareholders to raise issues or ask questions from the floor. The Chief Executive Officer attends the Annual Meeting.

Our Constitution describes the process whereby a farmer shareholder can raise a proposal for discussion or resolution at the next meeting of farmer shareholders at which the farmer shareholder is entitled to vote.

Fonterra endeavours to send notices of annual or special meetings to farmer shareholders at least 20 working days prior to the relevant meeting. Due to the need to consider and include the details of shareholder proposals received by Fonterra this is not always possible, however at a minimum, notices are sent to farmer shareholders and published on fonterra.com at least 10 working days before the meeting in line with Fonterra's Constitution and the Companies Act 1993 (Companies Act).

Our 2023 Annual Meeting will be hybrid, allowing farmer shareholders to join either online or in person.

We held a Special Meeting on 26 July 2023 for shareholders to approve the capital return, which was fully virtual to help simplify and expedite the capital return process. The materials released for the meeting included an online meeting guide, providing details on how to access the meeting, vote, ask questions and seek technical help.

Voting

Shareholders have the right to vote on major transactions (as defined in the Companies Act 1993) as well as other major decisions that may change the nature of Fonterra as prescribed by the FSM Rules. In particular, FSM Rule 4.1.1 restricts Fonterra from entering into any transaction (or series of related transactions) which would significantly change, indirectly or directly, the nature of Fonterra's business or involve a gross value above 50% of the average market capitalisation of Fonterra, unless the transaction(s) is approved by (or is conditional on the approval of) Fonterra's shareholders.

In accordance with the co-operative nature of Fonterra, voting is based on the quantity of milk solids supplied to Fonterra, backed by shares and is not on the principle of one vote per share.

We do not have provisions in our Constitution requiring us to offer any further share issues to existing farmer shareholders on a pro rata basis, given the nature of our co-operative structure and shareholding requirements.

Remuneration Report

Message from the People, Culture & Safety Committee Chair – Holly Kramer

Dear Shareholders

On behalf of the Board, I am pleased to present Fonterra's remuneration report for the financial year ended 31 July 2023.

The role of the People, Culture and Safety Committee

The remuneration of Fonterra's Chief Executive Officer (CEO) and Fonterra Management Team (FMT) is governed by the People, Culture and Safety Committee (PCSC). The PCSC assists the Board in fulfilling its corporate governance responsibilities relating to remuneration, recruitment and retention of Directors, the CEO and the FMT. The PCSC also oversees and provides counsel on Fonterra's People Strategy, including key priorities and milestones, as well as Fonterra's progress on health and safety, culture, wellbeing, talent and leadership activities and diversity/inclusion initiatives.

Some of the key decisions and reviews through FY23 included approval of the remuneration of the CEO and FMT, approval of the Short-Term Incentive (STI) payments for FY22 and measures and targets for FY23, review of the People and Culture annual plan, and CEO and FMT succession.

People, Culture and Safety throughout FY23

To accelerate progress toward our long-term targets, we announced changes to the FMT throughout the year. This saw the appointment of Komal Mistry-Mehta to the role of Chief Innovation and Brand Officer, Emma Parsons to Managing Director Strategy and Optimisation, and Judith Swales to CEO Global Markets, following the consolidation of the APAC and AMENA business units. In FY23 Neil Beaumont was appointed to the role of Chief Financial Officer, bringing with him significant global experience.

As signalled in our FY22 Corporate Governance Statement, a new Long-Term Incentive plan (LTI) was introduced in FY23. The plan aims to reward the delivery of sustainable outcomes for all shareholders through the introduction of Alignment Rights. Our aim is to ensure the reward experience of our leaders is also aligned with that of our farmers. Those eligible for Alignment Rights are our Enterprise Leaders which includes the CEO, FMT and their senior direct reports who are deemed to have the greatest ability to have a long-term impact on the Co-operative's performance. More information on this plan can be found on [page 29](#) of this report.

Through FY23 we have also made positive progress towards lifting female representation in our leadership teams, with participation now the highest it has ever been. We also increased our investment in leadership capability, supported with the formal assessment of our leaders and the creation of development plans to build succession depth. We also completed a review to better understand and improve the experiences and representation of our Māori staff across Aotearoa and are now in the implementation phase, with a focus on leadership development. More information on these programmes can be found in the Sustainability Report 2023.

We were pleased to see a continued downward trajectory in the number of serious harm injuries, from eight in FY22 to five in FY23. That said, our ambition remains for all our people to return home safely every day, and this remains a focus for all our people across the Co-operative in FY24.

FY23 performance and remuneration outcomes

Our senior leaders' STI is aimed at delivering exceptional results against our annual goals, which are aligned with our three strategic choices. A portion of this incentive is also based on Farmgate Milk Price (FGMP) to support alignment with our farmer shareholders. The remuneration outcomes for FY23 reflect both a strong business performance and a softening of the Farmgate Milk Price. The FGMP in FY23 did not meet the target and has therefore resulted in a zero payout on this measure in the STI plan. All other measures have performed favourably resulting in achievement at 88.4% for the FY23 STI plan.

Looking ahead

Each year we review our STI plan with the objective of it driving the right outcomes for the Co-operative and confirming that it continues to align with our long-term strategy. For FY24, we will be incorporating a customer measure into our STI plan and will continue to evolve how we measure innovation across our Innovation Blueprint.

In FY24, we will maintain our new LTI plan and make the second grant of Alignment Rights to our senior leaders, further supporting attraction and retention and alignment to farmer outcomes.

Holly Kramer

People, Culture & Safety
Committee Chair

Employee Remuneration

Remuneration Strategy

Fonterra's remuneration strategy has been designed to align to and support our purpose, values, and the delivery of our three strategic choices. These are the foundation of the Co-operative and the lens through which all behaviours, decisions and choices are made.

Our Purpose

Our Co-operative,
Empowering people
To create goodness
for generations.

You, me,
us together
Tātou, tātou

Our Values

Co-operative spirit

Do what's right

Make it happen

Challenge
boundaries

Our Strategic Choices

Focus on Aotearoa
New Zealand Milk



Be a leader in
sustainability



Be a leader in
dairy innovation
& science



Our Remuneration Principles

Attract and retain key experience,
expertise and knowledge

Reflect individual contribution



Align employees with sustainable
prosperity for farmers via Co-op
returns and farm gate milk price;
and strength and value of the Co-op

Reward collaboration to deliver the
most value from each litre of milk
for dollar of capital invested

Support Fonterra values



Be simple and transparent

Have robust governance



Remuneration framework FY23

The details included in this section relate to the remuneration framework in place for FY23.

Employee remuneration

The Co-operative's remuneration framework is designed to attract and retain talent, and motivate and recognise the role our people play in the success of Fonterra. It is aimed at supporting our strategy, purpose, and values.

Fonterra's remuneration framework for salaried staff includes base salary, benefits (KiwiSaver, superannuation and insurance where applicable), and variable remuneration (incentives).

Fonterra's remuneration packages are benchmarked against comparable companies in relevant markets, using information obtained from independent remuneration consultants. Adjustments to remuneration packages may occur on a cyclical basis, such as an annual salary review, or on an as-needed basis, for example to recognise promotions, or address internal relativity (including gender pay).

The framework is designed to take into account budget targets and restraints, market conditions, internal equity (including gender pay), and governance factors such as local legislation, as well as individual performance.

Enterprise Leader remuneration

Senior employees, who are deemed to have the greatest ability to have a long-term impact on the Co-operative's performance, are defined as Enterprise Leaders. This group generally includes the CEO, FMT, and their senior direct reports.

The components of the remuneration package of Enterprise Leaders are set out in the table to the right and includes the LTI plan called Alignment Rights introduced in FY23.

The remuneration package and any incentive payments made following the completion of the financial year, to the CEO and eligible FMT, are approved by the People, Culture and Safety Committee (PCSC) (and in the case of the CEO, the Board) at its discretion. The PCSC retains absolute discretion in respect of payments for all incentive schemes.

Total Remuneration

	Fixed Remuneration	Short-Term Incentive	Alignment Rights
How it works	<p>Consists of base salary and benefits (KiwiSaver, superannuation and insurance where applicable).</p> <p>Reviewed annually based on performance and behaviours.</p> <p>Set based on capability, experience, performance, internal relativity (including gender pay), and external relativity with the applicable country or region.</p>	<p>Calculated based on achievement against a Fonterra Group Scorecard which aligns to our three strategic choices and key people measures. It is comprised of financial and non-financial ESG measures. In FY23, an individual multiplier was introduced (in the range of 0.8x to 1.2x) for the CEO and FMT to be applied to the STI outcome of each individual to recognise and reward individual performance and contribution.</p> <p>Achievement is determined over a one-year performance period (1 August – 31 July, aligned to Fonterra's financial year).</p> <p>The Group Scorecard is capped at 125% of on-target opportunity. For the CEO and FMT with the individual multiplier, total incentive opportunity is capped at 150%.</p> <p>CEO on-target opportunity is 72% of Base Remuneration.</p> <p>Eligible FMT and other Enterprise Leaders on-target opportunity is between 25% and 60% of Base Remuneration.</p>	<p>The value of the Alignment Rights will increase or decrease in value relative to sustainable farmer prosperity and Co-operative value over a six-year period.</p> <p>50% of the Alignment Rights is based on the performance of a Co-operative share on the Fonterra Shareholders' Market (FSM) over the six-year period. The remaining 50% is based on the change in on-farm profitability per hectare over the six-year period as measured through the DairyNZ Economic Survey.</p> <p>CEO grant value is 48% of Base Remuneration.</p> <p>Eligible FMT and other Enterprise Leaders grant value is between 20% and 40% of Base Remuneration.</p>
What it does	<p>Attracts and retains key talent in the markets in which Fonterra operates.</p>	<p>Aligns Enterprise Leaders on delivering exceptional results over both the short and long term for farmer shareholders.</p>	<p>Aligns Enterprise Leaders with the financial interests of Fonterra's farmer shareholders.</p>
Benchmarking & market positioning	<p>The remuneration packages of Enterprise Leaders are benchmarked against the external market using comparable companies in the applicable country or region.</p> <p>Benchmarking of the CEO and FMT's remuneration packages is conducted using an independent remuneration consultant appointed by the PCSC and is based on a comparator group of companies similar in size, complexity and operational scope. Fonterra aims to pay Fixed Remuneration and Total Remuneration of the CEO and FMT in the range of the 50th to 65th percentile of the comparator benchmark peer group.</p>		

Short-term incentive FY23

The STI is a critical component of our remuneration framework. It is aimed at motivating, aligning and rewarding performance over a 12-month business performance cycle and comprises financial and non-financial ESG measures.

The measures included in the scheme align with Fonterra's three strategic choices – focus on Aotearoa New Zealand milk, be a leader in sustainability, and be a leader in dairy innovation and science, as well as key people-related measures. Each year these measures are reviewed to align with our longer-term strategic targets.

The FY23 measures include:

- Group Return on Capital, Farmgate Milk Price, Global cost of quality failure
- Greenhouse gas emissions, and Water Improvement Plans
- Value from innovation
- Health and safety, and leadership gender diversity

Long-term incentive FY23

The LTI called Alignment Rights was introduced in FY23 and is aimed at aligning the financial interests of Fonterra's Enterprise Leaders with that of the Co-operative's farmer shareholders.

Alignment Rights are comprised of two separate measures, each equally weighted at 50%. The first measure is called the Co-operative Unit and the second is the Farm Unit. Further detail on these respective measures and the rationale for inclusion in the scheme is provided in the table below.

The performance period of the plan is typically six years. After completion of the performance period, a cash payment will be made based on the performance of the Co-operative Unit and the Farm Unit. The first grant of Alignment Rights, including the value of the Co-operative Unit and Farm Unit at grant, was approved by the PCSC and awarded in FY23.

Prior to the introduction of Alignment Rights, the CEO and certain members of the FMT participated in the Executive Incentive Plan (EIP). This plan included a deferred component payable three years after grant subject to a performance hurdle. The last grant made under the EIP was for FY22 performance. Recognising the longer performance period of six years under the Alignment Rights plan, those transitioning from the EIP plan (including the CEO) have shorter performance periods for the first two grants. These shorter performance periods are no less than four years.

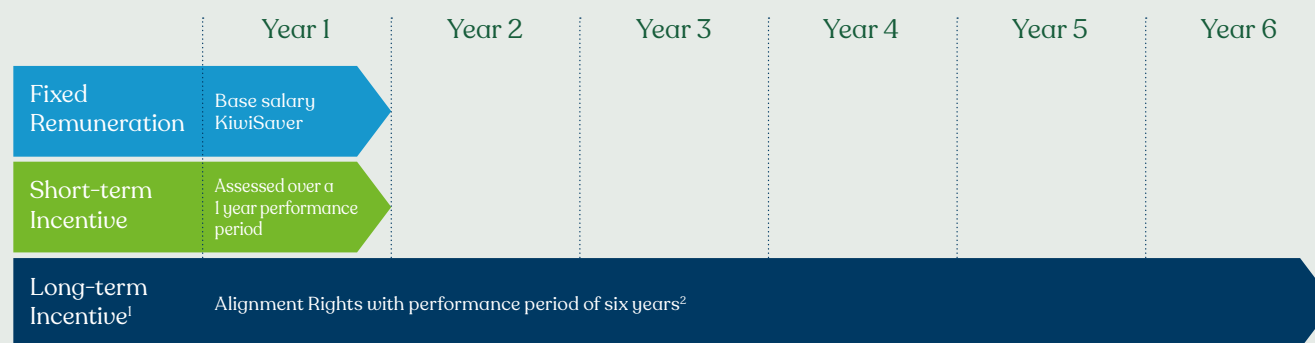
Measure	Weighting	Further detail & rationale for measure
Co-operative Unit	50%	<p>The value of the Co-operative Unit will go up or down based on the performance of a Co-operative share.</p> <p>Dividend equivalent payments and other cash distributions will be made during the performance period to replicate the returns received for a Co-operative share.</p> <p>The Co-operative Unit is designed to replicate the returns a farmer shareholder receives and incentivises Enterprise Leaders to focus on the long-term performance of a Co-operative share.</p>
Farm Unit	50%	<p>The Farm Unit is based on the three year average of on-farm profitability per hectare as measured through the DairyNZ Economic Survey. The value of the Farm Unit will go up or down based on on-farm profitability.</p> <p>No dividend equivalent payments or other cash distributions are made on the Farm Unit.</p> <p>The Farm Unit is designed to replicate the change in on-farm profitability over the performance period and incentivises Enterprise Leaders to focus on those factors that influence on-farm profitability for our farmer shareholders.</p>

Chief Executive Officer Remuneration

The following section of the remuneration report sets out the remuneration structure, pay mix, and remuneration earned and received by the CEO for FY23.

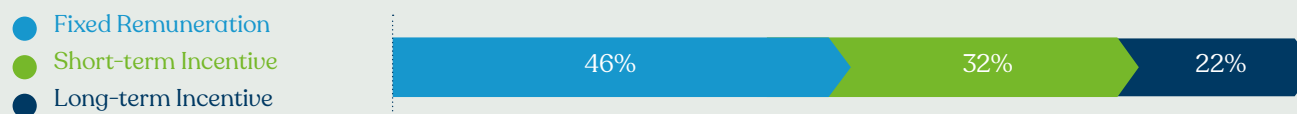
CEO remuneration components and performance period

The diagram below sets out the remuneration structure and delivery timing for the CEO. The same performance periods apply for all Enterprise Leaders.



CEO pay-mix

The remuneration pay-mix graph below shows the percentage of each remuneration element that makes up the CEO's on-target remuneration opportunity for FY23.



- 1 Eligible for dividend equivalent payments and other cash distributions during the performance period. These would be paid annually to support alignment though the performance period.
- 2 Recognising the longer performance period of six years under the Alignment Rights plan, those transitioning from the EIP plan (including the CEO) have shorter performance periods for the first two grants. The first grant made to the CEO in FY23 comprises two equally weighted tranches. The first tranche has a performance period of four years, and the second tranche has a performance period of five years.

Total CEO remuneration paid

Total remuneration paid reflects the remuneration in the period it is received, rather than the performance period to which payment relates.

Miles Hurrell has held the role of CEO for the full financial year. His annual salary as at 31 July 2023 is \$2,380,500. The pay for performance component paid in FY23 was for the FY22 plan year and relates to the 70% portion of the EIP that is paid in cash directly following the end of the financial year. The FY22 EIP achievement was 109% resulting in a payment of \$2,105,880 with a further 30% or \$902,520 deferred until 2025, subject to the performance hurdle being met. If the performance hurdle is not met, no payment will be made for the 30% deferred.

From FY23, the EIP was replaced with a LTI plan called Alignment Rights focused on sustainable prosperity for farmers, and Co-operative value. Further information on Alignment Rights can be found on page 29 of this report. The remuneration earned by Mr Hurrell in FY23 for this Alignment Rights plan is set out in the section to the right.

The total remuneration received by Mr Hurrell in FY23 was \$4,607,582 as shown in the table below.

FIXED REMUNERATION		PAY FOR PERFORMANCE	TOTAL REMUNERATION PAID IN FY23
Salary	Benefits ¹	EIP paid	
\$2,367,501	\$134,201	\$2,105,880 ²	\$4,607,582

- 1 Employee Superannuation contribution on salary and EIP.
- 2 The value of EIP represents the non-deferred component of the FY22 EIP Plan.

Total CEO remuneration earned

Total remuneration earned aligns remuneration outcomes with the performance period in which the remuneration is earned, providing what Fonterra believes is a more transparent indication of pay for performance.

The FY23 STI achievement for Mr Hurrell was \$1,666,655, based on a Group Scorecard outcome of 88.4% and an individual multiplier of 1.1.

Alignment Rights awarded to Mr Hurrell during FY23 were comprised of two tranches equally weighted at a total value at allocation of \$1,142,640 (48% of Base Remuneration), which will be recognised over the service period to 30 September 2025 (adjusted for movements in fair value). The first tranche has a payment date of 30 September 2026, and the second tranche has a payment date of 30 September 2027. The amounts in the table below represent the fair value of the pro-rata amounts earned by Mr Hurrell in FY23.

Fonterra believes its reporting approach to total CEO remuneration earned provides the right balance of transparency and disclosure while accurately reflecting the outcomes for FY23.

	FY23
FIXED REMUNERATION	
Salary	\$2,367,501
Benefits ¹	\$121,025
PAY FOR PERFORMANCE	
Short-Term Incentive	\$1,666,655
Long-Term Incentive	
Alignment Rights granted payable as cash after 4 years (Tranche 1) ²	\$121,880
Alignment Rights granted payable as cash after 5 years (Tranche 2) ²	\$116,411
Dividend Equivalent Payments and cash distributions ³	\$121,557
FY20 EIP Performance Multiplier adjustment ⁴	\$474,552
TOTAL REMUNERATION EARNED IN FY23	\$4,989,581

- 1 Employer Superannuation contribution on salary and Short-Term Incentive.
- 2 202,595 Co-operative Units granted at \$2.82. 211 Farm Units granted at \$2,700. At the payment dates (30 September 2026 for Tranche 1 and 30 September 2027 for Tranche 2) payment on Co-op Units will be made based on the 12-month Volume Weighted Average Price of a Co-operative share on the FSM, and payment on Farm Units will be made based on the 3-year average Owner Operator Dairy Operating Profit/ha as published by DairyNZ Economic Survey. Total amounts awarded relating to these two tranches was \$1,142,460 which will be recognised over the service period to 30 September 2025, adjusted for movements in fair value. Amounts above represent the fair value of the pro-rata amounts earned in FY23.
- 3 Dividend equivalent payments and cash distributions on Co-op Units will be made on an annual basis during the performance period, based on the returns received by FSM shareholders. No dividend payments or cash distributions are made on Farm Units. Amount above is exclusive of the final dividend for FY23 which will appear in FY24 earnings.
- 4 The deferred component of the FY20 EIP shown above was subject to a performance hurdle of Group ROC over Milk Price WACC. Based on achievement against the performance hurdle, maximum payment was achieved, resulting in a modifier of 150% on the value accrued in FY20 (\$949,104). The amount shown above represents the modifier amount recognised during FY23.

Employee remuneration over \$100,000

Fonterra operates in a number of countries where remuneration market levels differ widely. During the year ended 31 July 2023, the number of employees, not being Directors of Fonterra, who received remuneration incentives and other benefits (including superannuation and allowances etc) exceeding \$100,000 was as follows:

REMUNERATION RANGE (\$)	NEW ZEALAND HEAD OFFICE ¹	REGIONAL NEW ZEALAND ¹	OFFSHORE ²	CESSATIONS ³	TOTAL
\$100,000 - \$110,000	65	2203	150	97	2515
\$110,000 - \$120,000	74	1563	181	64	1882
\$120,000 - \$130,000	59	845	189	49	1142
\$130,000 - \$140,000	48	792	213	36	1089
\$140,000 - \$150,000	58	549	221	23	851
\$150,000 - \$160,000	46	260	191	15	512
\$160,000 - \$170,000	38	157	113	18	326
\$170,000 - \$180,000	50	131	105	16	302
\$180,000 - \$190,000	47	97	78	16	238
\$190,000 - \$200,000	43	76	62	9	190
\$200,000 - \$210,000	39	59	53	7	158
\$210,000 - \$220,000	31	51	38	7	127
\$220,000 - \$230,000	28	37	48	3	116
\$230,000 - \$240,000	27	24	39	6	96
\$240,000 - \$250,000	27	13	35	4	79
\$250,000 - \$260,000	18	22	21	5	66
\$260,000 - \$270,000	21	12	25	7	65
\$270,000 - \$280,000	15	16	18	6	55
\$280,000 - \$290,000	12	14	20	5	51
\$290,000 - \$300,000	5	6	12	4	27
\$300,000 - \$310,000	17	11	17	4	49
\$310,000 - \$320,000	6	5	18	4	33
\$320,000 - \$330,000	4	3	13	1	21
\$330,000 - \$340,000	8	6	12	2	28
\$340,000 - \$350,000	7	2	12	1	22
\$350,000 - \$360,000	8	2	5	5	20
\$360,000 - \$370,000	3	2	12	4	21
\$370,000 - \$380,000	8	3	11	3	25
\$380,000 - \$390,000	8	2	8	1	19
\$390,000 - \$400,000	3	3	5	1	12
\$400,000 - \$410,000	4	1	10	1	16
\$410,000 - \$420,000	3	3	5	1	12
\$420,000 - \$430,000	4	2	3	1	10
\$430,000 - \$440,000	4	1	5	3	13
\$440,000 - \$450,000	4	1	6	1	12
\$450,000 - \$460,000	2	1	3	0	6
\$460,000 - \$470,000	2	2	5	0	9

REMUNERATION RANGE (\$)		NEW ZEALAND HEAD OFFICE ¹	REGIONAL NEW ZEALAND ¹	OFFSHORE ²	CESSATIONS ³	TOTAL	REMUNERATION RANGE (\$)		NEW ZEALAND HEAD OFFICE ¹	REGIONAL NEW ZEALAND ¹	OFFSHORE ²	CESSATIONS ³	TOTAL
\$470,000	\$480,000	2	1	7	0	10	\$920,000	\$930,000	1	0	0	0	1
\$480,000	\$490,000	4	0	1	0	5	\$950,000	\$960,000	2	0	0	0	2
\$490,000	\$500,000	2	0	2	2	6	\$980,000	\$990,000	2	0	0	0	2
\$500,000	\$510,000	0	0	4	1	5	\$1,010,000	\$1,020,000	0	0	1	1	2
\$510,000	\$520,000	0	0	1	0	1	\$1,030,000	\$1,040,000	0	0	1	0	1
\$520,000	\$530,000	0	1	1	1	3	\$1,040,000	\$1,050,000	0	0	0	1	1
\$530,000	\$540,000	2	0	2	0	4	\$1,130,000	\$1,140,000	0	0	1	0	1
\$540,000	\$550,000	0	2	3	0	5	\$1,190,000	\$1,200,000	0	0	0	1	1
\$550,000	\$560,000	0	0	2	0	2	\$1,220,000	\$1,230,000	0	0	2	0	2
\$560,000	\$570,000	1	0	1	2	4	\$1,230,000	\$1,240,000	1	0	1	0	2
\$570,000	\$580,000	2	0	2	2	6	\$1,300,000	\$1,310,000	0	0	1	0	1
\$580,000	\$590,000	0	0	2	1	3	\$1,310,000	\$1,320,000	0	0	1	0	1
\$590,000	\$600,000	1	0	1	0	2	\$1,380,000	\$1,390,000	0	0	1	0	1
\$600,000	\$610,000	1	0	3	1	5	\$1,490,000	\$1,500,000	1	0	0	0	1
\$610,000	\$620,000	1	0	4	1	6	\$1,540,000	\$1,550,000	0	0	0	1	1
\$620,000	\$630,000	1	0	5	0	6	\$2,770,000	\$2,780,000	0	0	1	0	1
\$630,000	\$640,000	0	0	2	0	2	\$2,830,000	\$2,840,000	0	0	1	0	1
\$640,000	\$650,000	1	0	1	1	3	\$2,870,000	\$2,880,000	0	0	0	1	1
\$650,000	\$660,000	0	0	0	2	2	\$3,840,000	\$3,850,000	0	0	0	1	1
\$660,000	\$670,000	0	0	3	0	3	\$4,560,000	\$4,570,000	0	0	0	1	1
\$670,000	\$680,000	0	0	1	1	2	\$4,600,000	\$4,610,000	1	0	0	0	1
\$680,000	\$690,000	2	0	2	0	4	Totals		883	6,982	2,034	457	10,356
\$690,000	\$700,000	1	0	1	0	2	The number of employees who received remuneration, incentives, and other benefits exceeding \$100,000 varies from year to year. This number is impacted by a variety of factors including incentive payments, overtime paid, termination entitlements, and remuneration increases provided in each respective year.						
\$700,000	\$710,000	0	0	4	0	4	Exchange rates for those employees paid in currencies other than New Zealand dollar can also impact employees either meeting or missing the threshold of \$100,000.						
\$710,000	\$720,000	1	0	0	0	1	1 Includes employees employed in New Zealand during the reporting period.						
\$720,000	\$730,000	1	0	0	0	1	2 Includes employees employed in an offshore operation during the reporting period. Amounts paid in foreign currency have been converted at the average conversion rate for the period. As Fonterra has a significant offshore population, the number of offshore employees exceeding the fixed figure of \$100,000 increases if the New Zealand dollar currency weakens significantly. Should the New Zealand dollar strengthen against those markets' currencies, these same individuals may not be reported in future lists.						
\$730,000	\$740,000	0	0	2	0	2	3 Cessations include employees that have been terminated or retired during the reporting period, this includes employees in businesses divested part way through the financial year. The amounts paid to former employees include salary and bonuses for the current period, prior period bonuses that have been paid in the current period and termination entitlements including those arising from employment arrangements entered into by legacy companies prior to the formation of Fonterra.						
\$740,000	\$750,000	1	0	0	0	1							
\$750,000	\$760,000	1	0	1	1	3							
\$760,000	\$770,000	2	0	0	0	2							
\$770,000	\$780,000	0	0	1	0	1							
\$780,000	\$790,000	0	1	0	0	1							
\$810,000	\$820,000	0	0	2	1	3							
\$850,000	\$860,000	0	0	0	2	2							
\$870,000	\$880,000	1	0	0	0	1							
\$890,000	\$900,000	1	0	0	0	1							
\$910,000	\$920,000	0	0	0	1	1							

1 Includes employees employed in New Zealand during the reporting period.

2 Includes employees employed in an offshore operation during the reporting period. Amounts paid in foreign currency have been converted at the average conversion rate for the period. As Fonterra has a significant offshore population, the number of offshore employees exceeding the fixed figure of \$100,000 increases if the New Zealand dollar currency weakens significantly. Should the New Zealand dollar strengthen against those markets' currencies, these same individuals may not be reported in future lists.

3 Cessations include employees that have been terminated or retired during the reporting period, this includes employees in businesses divested part way through the financial year. The amounts paid to former employees include salary and bonuses for the current period, prior period bonuses that have been paid in the current period and termination entitlements including those arising from employment arrangements entered into by legacy companies prior to the formation of Fonterra.

Within New Zealand, employees who received remuneration, incentives, and other benefits (including superannuation and allowances etc) exceeding \$100,000 were based throughout the country as follows:

	TOTAL
Auckland	1,330
Bay of Plenty	278
Canterbury	1,098
Manawatu-Wanganui	510
Northland	364
Rest of New Zealand	162
Southland	491
Taranaki	1,019
Waikato	2,613
New Zealand Total	7,865

In addition to being a significant employer in New Zealand, Fonterra also has employees in markets around the world. Those who received remuneration, incentives, and other benefits (including superannuation and allowances etc) exceeding \$100,000 were based in markets around the world as follows:

	TOTAL
Australia	1,094
Europe	131
Greater China	301
Latin America	48
New Zealand	7,865
Rest of Asia	307
Rest of World	70
United States	83
Cessations	457
Global Total	10,356



Jess, Penelope & Holli,
Hawkes Bay

Director Remuneration

Our Constitution modifies the Board's discretion to set remuneration of Elected Directors. The Directors' Remuneration Committee, comprising six shareholders elected in accordance with our Constitution, makes recommendations for shareholder approval as to the level of Elected Directors' fees. Elected Directors are those Directors elected by shareholders in accordance with clauses 12.2 and 33.4 of our Constitution.

The members of the Directors' Remuneration Committee as at 31 July 2023 were Conall Buchanan (Chair), Ellen Bartlett, John Gregan, Glenn Holmes, Stephen Silcock and Richard Stalker.

Directors and employees only attend Directors' Remuneration Committee meetings at the invitation of the Committee.

Given the arrangements outlined above, we do not have a specific policy for remuneration of Directors.

At the Annual Meeting of shareholders held on 10 November 2022, shareholders approved, on the recommendation of the Directors' Remuneration Committee, the following amounts of remuneration to apply to Elected Directors from the date of that Annual Meeting of shareholders.

Chair	\$470,000 per annum
Directors	\$191,000 per annum
Discretionary additional payments to the Chair of permanent Board Committees (except when that person is the Chair of the Board or is the Chair of the Audit, Finance and Risk Committee)	\$36,000 per annum
Discretionary additional payment to the Chair of the Audit, Finance and Risk Committee	\$50,000 per annum

The Board has approved payment of the discretionary additional payments, at the rates outlined above.

The Board has discretion to set the remuneration of Appointed Directors, with such remuneration not required to be approved at the Annual Meeting. The Board has historically remunerated Appointed Directors at the same level as Elected Directors, in line with Directors' Remuneration Committee recommendations, and this approach was taken by the Board for FY23.

The People, Culture and Safety Committee and the Chair of the Board have the discretion to allocate a discretionary pool of up to \$150,000 per annum to remunerate Directors for additional duties, workload and responsibilities. In FY23, the People, Culture and Safety Committee and the Chair of the Board of Directors have approved payments from the discretionary pool to recognise the additional workload undertaken by those Directors who were members of three or more Board Committees during that period (excluding Board Committees they collected a Chair fee for).

Fees paid by subsidiary or associate companies in respect of Fonterra Directors or employees appointed by Fonterra as Directors of those companies are payable directly to the Co-operative.

The total remuneration and value of other benefits (not including superannuation contributions, if applicable) received by each Director in the period from 1 August 2022 to 31 July 2023 are below:

	BOARD FEES	COMMITTEE CHAIR FEES	DISCRETIONARY POOL	TOTAL REMUNERATION (\$)
Clinton Dines	189,323	–	10,000	199,323
Brent Goldsack	189,323	–	10,000	199,323
Leonie Guiney	189,323	–	10,000	199,323
Bruce Hassall (Chair of the Audit, Finance and Risk Committee)	189,323	45,808	25,000	260,131
Holly Kramer (Chair of the People, Culture and Safety Committee)	180,660 ¹	35,637	–	224,460
Andrew Macfarlane (Chair of the Co-operative Relations Committee)	189,323	35,720	10,000	235,043
Peter McBride (Chair of the Board of Directors)	465,808	–	10,000	475,808
John Nicholls	189,323	–	10,000	199,323
Cathy Quinn (Chair of the Disclosure Committee)	189,323	35,720	10,000	235,043
Donna Smit	51,772 ²	–	–	51,772
Scott St John	189,323	32,720 ³	10,000	232,043
Alison Watters (Chair of the Sustainability and Innovation Committee) ⁴	138,108 ²	15,000	–	153,108

1 Ms Kramer's fees vary for this period due to her remuneration being received a month in arrears.

2 Indicates a part year.

3 Mr St John ceased to be Chair of the Milk Price Panel in June 2023.

4 The Sustainability and Innovation Committee was formed in February 2023.

Directors' Disclosures

Disclosures of Directors' interests

In accordance with section 140(2) of the Companies Act, the Directors have made the following general disclosures of interest during FY23.

Brent Goldsack	<i>Kiwi Transactions Limited (ceased March 2023)</i>	<i>Chair and Director</i>
	<i>The Hills Golf Club Limited (ceased July 2023)</i>	<i>Director</i>
Leonie Guiney	CJ Grazing Limited	Director and Indirect Shareholder
	Guiney Family Trust	Trustee and Beneficiary
Holly Kramer	<i>Abacus Property Group (ceased November 2022)</i>	<i>Independent Non-executive Director</i>
	ANZ Group Holdings Limited (with effect from 1 August 2023)	Independent Non-executive Director
	Australia and New Zealand Banking Group Limited (with effect from 1 August 2023)	Independent Non-executive Director
	NBryo	Director
	Pollination	Senior Advisor
	<i>The Ethics Centre (ceased February 2023)</i>	<i>Independent Non-executive Director</i>
Andrew Macfarlane	Pencarrow Farm Limited ¹	Director and Shareholder
Peter McBride	Elliot Trust	Advisor
	Karaka Gold	Director and Shareholder
	Fonterra Farmer Custodian Limited	Director and Shareholder
John Nicholls	<i>Fonterra Farmer Custodian Limited (ceased November 2022)</i>	<i>Director and Shareholder</i>
	<i>G & K Duckett Trust (ceased March 2023)</i>	<i>Trustee</i>
	FSF Management Company Limited	Director
Alison Watters	Agriculture Resources Limited	Joint Shareholder
	Aginvest Holdings Limited	Joint Shareholder
	Livestock Improvement Corporation Limited	Director
	LIC Agritechnology Company Limited	Director
	Meteorological Service of New Zealand Limited	Director
	National Science Challenge High Value Nutrition	Board Member
	Totally Vets Limited	Director
	Taumata Island Dairy Limited	Joint Shareholder as a Trustee and Beneficiary of Taumata Trust

¹ Additional to his previously disclosed interest in respect of 'Pencarrow Farm Limited' (which has changed its name to 'Pencarrow Investments Limited').

Use of information by Directors

During FY23, there were no notices from Directors requesting to disclose or use information received in their capacity as Directors which would not otherwise have been available to them.

Indemnity and insurance

Fonterra has given indemnities to, and has effected insurance for, Directors and executives of Fonterra and its related companies, in accordance with section 162 of the Companies Act, and clause 35 of Fonterra's Constitution which, except for specific matters that are expressly excluded, indemnify and insure Directors and executives against monetary losses as a result of actions undertaken by them in the course of their duties. Among the matters specifically excluded are penalties and fines that may be imposed for breaches of law.

New disclosures of Director's interests in securities

The following new disclosures of holdings of Fonterra securities were made by Directors during FY23.

DIRECTOR	TYPE OF SECURITY	TOTAL NUMBER OF SECURITIES	DATE DISCLOSED
Alison Watters	Co-operative shares	234,737	14 November 2022 (Initial Disclosure)
Alison Watters	Units	9,317	14 November 2022 (Initial Disclosure)

Disclosure of Directors' interests in securities transactions

Directors disclosed, pursuant to section 148(2) of the Companies Act and section 297 of the Financial Markets Conduct Act 2013, that they (or their associated persons) acquired or disposed of a relevant interest in financial products as follows:

DIRECTOR	TYPE OF TRANSACTION	NUMBER OF SECURITIES ACQUIRED	NUMBER OF SECURITIES DISPOSED	CONSIDERATION (NZD)	DATE OF TRANSACTION
Andrew Macfarlane	Co-operative shares	40,000	–	119,200	24 March 2023
Brent Goldsack	Co-operative shares	–	47,972 ¹	–	24 March 2023
John Nicholls	Units	–	930	3,144	26 April 2023
	Co-operative shares	–	137,164 ²	–	1 May 2023
	Co-operative shares	5,000	–	13,600	2 May 2023
Leonie Guiney	Co-operative shares	10,000	–	30,000	20 March 2023
	Co-operative shares	45,200	–	133,444	23 March 2023
	Co-operative shares	100,000	–	275,000	8 May 2023
	Co-operative shares	160,681 ³	160,681 ³	–	29 June 2023
Peter McBride	Co-operative shares	37,152	–	110,097	20 March 2023
	Units	83,767	–	285,950	20 March 2023
	Co-operative shares	223,289	–	681,026	21 March 2023
	Units	30,000	–	102,789	21 March 2023
	Co-operative shares	393	–	1,159	22 March 2023
	Units	9,677	–	30,579	22 March 2023
	Co-operative shares	17,972	–	53,017	23 March 2023
	Units	5,962	–	19,198	23 March 2023
	Units	307	–	1,004	24 March 2023

¹ Consideration as part of farm sale which took place on 1 June 2022.

² Effective disposal through ceasing to hold an interest in a shareholding entity.

³ Transfer between related entities.

Disclosure of Directors' interests in securities transactions

DIRECTOR	TYPE OF TRANSACTION	NUMBER OF SECURITIES ACQUIRED	NUMBER OF SECURITIES DISPOSED	CONSIDERATION (NZD)	DATE OF TRANSACTION
Peter McBride	Co-operative shares	32,000	–	95,360	27 March 2023
	Co-operative shares	159,122	–	462,854	5 April 2023
	Co-operative shares	330,878	–	971,531	6 April 2023
	Co-operative shares	18,449	–	53,871	11 April 2023
	Co-operative shares	69,453	–	203,263	12 April 2023
	Co-operative shares	233,982	–	686,067	13 April 2023
	Co-operative shares	154,018	–	446,223	14 April 2023
	Co-operative shares	70,000	–	200,200	17 April 2023
	Co-operative shares	13,000	–	36,100	18 April 2023
	Co-operative shares	15,000	–	41,250	19 April 2023
	Co-operative shares	420	–	1,172	20 April 2023
	Co-operative shares	75,000	–	202,500	26 April 2023
	Co-operative shares	249,000	–	687,530	28 April 2023
	Co-operative shares	41,000	–	111,680	2 May 2023
	Co-operative shares	137,551	–	366,946	3 May 2023
	Co-operative shares	25,743	–	70,543	8 May 2023
	Co-operative shares	20,000	–	55,400	9 May 2023
	Co-operative shares	37,620	–	103,455	11 May 2023
	Co-operative shares	46,862	–	130,720	12 May 2023
	Co-operative shares	95,010	–	266,028	15 May 2023
	Co-operative shares	76,700	–	222,628	17 May 2023
	Co-operative shares	40,000	–	116,100	18 May 2023

Other transactions

There were no transactions by Directors (or their associated persons) in Capital Notes, Retail Bonds or Wholesale Bonds reported during the period from 1 August 2022 to 31 July 2023.

Quoted Financial Products

In accordance with Rule 2.7.1(d) of the FSM Rules, the following table identifies the Quoted Financial Products in which each Director has a relevant interest (defined in the Financial Markets Conduct Act 2013) as at 31 July 2023:

	FSF UNITS ¹	CO-OPERATIVE SHARES
Brent Goldsack	3,493	409,843
Leonie Guiney	–	1,354,024
Andrew Macfarlane	147,041	1,965,990
Peter McBride	129,713	9,309,934
John Nicholls	–	2,083,000
Cathy Quinn	–	444,280
Alison Watters	9,317	234,737

¹ Units issued by the Fonterra Shareholders' Fund may be converted to Co-operative shares.

To qualify as an Elected Director under the Fonterra Constitution, a person must be a shareholder, a shareholder of a company that is a shareholder, a member of a partnership that is a shareholder, or have a legal or beneficial interest in, or a right or entitlement to participate directly in the distributions of, a body corporate that is a shareholder of Fonterra. All current Elected Directors have relevant interests in Co-operative shares.

Given the variety of ways that farmer shareholders can organise their interests, it is possible for Fonterra Elected Directors to have an interest in Co-operative shares without this being a relevant interest as defined in the Financial Markets Conduct Act 2013, and those interests are not disclosed above.

Other Disclosures

Sushmitha,
Auckland

Shareholder information

Twenty largest recorded share holdings as at 31 July 2023¹

NAME	NUMBER OF SHARES	% OF SHARES
Fonterra Farmer Custodian Limited	107,410,984	6.67
Trinity Lands Limited	2,190,614	0.13
Lowcliffe Dairies Limited	1,208,600	0.07
NZ Rural Property Trust Nominees Limited - Shenstone	1,110,761	0.06
Anne Maureen Janson & Carrol Garth Janson	1,110,000	0.06
Ellis-Lea Farms (2000) Ltd ²	1,035,000	0.06
Singletree Dairies 2013 Limited	1,012,776	0.06
E F Deadman Ltd	998,052	0.06
Cumberland Dairy Farm Limited	980,258	0.06
Silverdale Farm Ltd	972,679	0.06
Fortitude Farm Limited	962,764	0.05
Southern Pastures (Manako Farm) Limited Partnership	962,757	0.05
Coringa Park Dairies Limited	944,423	0.05
Twin Terraces Ltd	937,354	0.05
Stewart Partnership Ltd	922,500	0.05
Arlanda Limited	920,033	0.05
Moffitt Dairy Ltd	910,713	0.05
Rangitata Dairies Limited Partnership T/A Rangitata Dairies	902,623	0.05
Mcbain Farms Ltd	867,790	0.05
Gerrit Jan Hendrik Amtink & Gerritje Johanna Amtink	860,066	0.05

¹ The FSM Rules, which reflect the rules of the NZX Main Board, require that Fonterra's annual report contain the names and holdings of persons having the 20 largest holdings of Co-operative shares on the register of Fonterra as at a date not earlier than two months before the date of the publication of the annual report. There is a separate requirement in the FSM Rules to disclose in the annual report those persons who have a 'relevant interest' (as defined in the Financial Markets Conduct Act 2013) in Co-operative shares in excess of five per cent (a 'substantial holding'), where this information has been provided to Fonterra. Accordingly, the list of the 20 largest holdings of Co-operative shares is not required to show, and does not purport to show, the top 20 holdings of 'relevant interests' in Co-operative shares which may be owned or controlled by a person or entity and their associated entities. Other people or entities may have 'relevant interests' in a greater number of Co-operative shares than those listed above. However, it is not possible for Fonterra to accurately determine those interests, nor is it a requirement of the FSM Rules for those interests to be reported in the annual report, except where Fonterra has been advised that a person has a 'relevant interest' in excess of the five per cent threshold.

² Includes Co-operative shares held in respect of a farm which has ceased supplying milk to Fonterra via the listed entity.

Substantial product holders

According to notices given under the Financial Markets Conduct Act 2013, as at 31 July 2023, the substantial product holders in Fonterra and their 'relevant interests' are noted below. The total number of Co-operative shares on issue as at 31 July 2023 was 1,609,244,669.

SUBSTANTIAL PRODUCT HOLDERS	NUMBER OF VOTING SECURITIES	DATE OF MOST RECENT NOTICE
Fonterra Farmer Custodian Limited	111,816,183	30 July 2018
FSF Management Company Limited	111,735,183	30 July 2018

More than one 'relevant interest' can exist in the same voting financial products. Fonterra Farmer Custodian Limited holds Co-operative shares for the Fonterra Shareholders' Fund (Fund), of which FSF Management Company Limited is the Manager. These two notices therefore refer to substantially the same Co-operative shares. The Custodian also holds some Co-operative shares for the Registered Volume Provider in respect of the Fund.

Distribution of shareholders and holdings as at 31 July 2023

FROM - TO	HOLDER COUNT	%	HOLDING QUANTITY	%
1 - 50,000	1,296	13.79	31,939,164	1.98
50,001 - 100,000	2,363	25.14	181,831,408	11.30
100,001 - 200,000	3,179	33.82	451,543,409	28.06
200,001 - 400,000	2,034	21.64	556,971,770	34.61
400,001 and over	528	5.62	386,958,918	24.05
Total	9,400	100	1,609,244,669	100

Bondholder information

Distribution of FCG050 \$100 million Retail Bond holders as at 4 August 2023

FROM - TO	HOLDER COUNT	%	HOLDING QUANTITY	%
5,000 - 9,999	9	3.91	65,000	0.07
10,000 - 49,999	157	68.26	3,666,000	3.67
50,000 - 99,999	28	12.17	1,674,000	1.67
100,000 - 999,999	22	9.57	7,190,000	7.19
1,000,000 and over	14	6.09	87,405,000	87.40
Total	230	100	100,000,000	100

Co-operative status

In accordance with section 10 of the Co-operative Companies Act 1996 (the Co-operative Companies Act), the Directors of Fonterra unanimously resolved on 24 August 2023 that Fonterra was, for the year ended 31 July 2023, a co-operative company. The opinion was based upon the fact that:

- Throughout that period the principal activities of Fonterra have been the activities stated in clause 1.3 of Fonterra’s constitution:
 - the manufacture and sale of butter, cheese, dried milk, casein, or any other product derived from milk or milk solids supplied to Fonterra by its shareholders;
 - the sale to any person of milk or milk solids supplied to Fonterra by its shareholders;
 - the collection, treatment, and distribution for human consumption of milk or cream supplied to Fonterra by its shareholders.
- Each of Fonterra’s principal activities are co-operative activities (as defined in section 3 of the Co-operative Companies Act).
- Throughout that period, not less than 60 per cent of the voting rights attaching to shares in Fonterra have been held by transacting shareholders (as defined in section 4 of the Co-operative Companies Act).

Current credit rating status

S&P Global Ratings’ long-term rating for Fonterra is A- with a rating outlook of stable. Fitch Ratings’ long-term rating is A with a rating outlook of stable. Retail Bonds have been rated the same as Fonterra’s long-term rating by both S&P Global Ratings and Fitch Ratings.

Exchange rulings and waivers

NZX Regulation (NZXR) ruled that Fonterra’s Capital Notes (FCGHA) were debt securities as defined in the NZX Main Board/Debt Market Listing Rules (Listing Rules). This means that, where Capital Notes were quoted on NZX’s Debt Market, Fonterra was not required to comply with certain Listing Rules which apply to an issuer of quoted equity securities.

Fonterra’s Capital Notes were redeemed in full by Fonterra on 10 July 2023.

NZX trading halts

No trading halts were placed on Fonterra securities by NZX in FY23.

From market open on 15 August 2023 until market close on 17 August 2023, an administrative trading halt was applied to Fonterra’s securities on the FSM. The trading halt was required to implement the capital return to Fonterra shareholders.

Stock exchange listings

Fonterra’s Co-operative shares are listed and quoted on the FSM (operated by NZX Limited for Fonterra) under the code ‘FCG’. Fonterra has one retail bond listed and quoted on the NZDX under the code ‘FCG050’. Fonterra also has a Euro Medium Term Note Programme listed on the Singapore Stock Exchange.

As at 31 July 2023, there were 1,609,244,669 Co-operative shares on issue.

Donations

Donations of \$1,638,300 were made by Fonterra and its subsidiaries during FY23.

This does not include other amounts paid in relation to sponsorship or partnership arrangements.

Subsidiary company directors

The following companies were subsidiaries of Fonterra as at 31 July 2023. Directors as of this date are listed below. Those who resigned during the year are denoted with an R, and Alternate Directors are denoted with an A.

New Zealand

Assessment Labs Limited	B K Connolly, J Swales
Canpac International Limited	B M Ryan, P D Wynen
Dairy Industry Superannuation Scheme Trustee Limited	M A Apiata-Wade, B J Kerr, T P McGuinness, R Price (R), S E Pinny, D W C Scott, A K Williams, P D Wynen
Fonterra (Delegated Compliance Trading Services) Limited	G A Duncan, S D T Till
Fonterra (International) Limited	G A Duncan, C E Rowe
Fonterra (Kotahi) Limited	R G Carlyle (R), F S Whineray (R), M R Cronin, A L Palairt
Fonterra (Middle East) Limited	G A Duncan, C E Rowe
Fonterra (New Zealand) Limited	G A Duncan, C E Rowe
Fonterra (North Asia) Limited	G A Duncan, S D T Till
Fonterra Brands (New Zealand) Limited	B Henshaw, J Swales
Fonterra Commodities Limited	G A Duncan, B M Turner
Fonterra Dairy Solutions Limited	G A Duncan, R McNickle
Fonterra Equities Limited	G A Duncan, S D T Till
Fonterra Finance Corporation Limited	G A Duncan, S D T Till
Fonterra Ingredients Limited	G A Duncan, B M Ryan
Fonterra LATAM Brands Limited	A J Cordner, G A Duncan
Fonterra Nutrition Science GP Limited	R Barrangou, M R Cronin, W F Liao, K Mistry-Mehta
Fonterra Limited	M R Cronin, F S Whineray (R), A van der Nagel
Fonterra PGGRC Limited	G A Duncan, J P Hill
Fonterra TM Limited	G A Duncan, S D T Till
Glencoal Energy Limited	G A Duncan, P D Wynen
Kotahi GP Limited	D G Boulton, R G Carlyle (R), B M Ryan, F S Whineray (R), M R Cronin, A L Palairt
Kowbucha Limited	P J Hill, K Mistry-Mehta
Lactanol Limited	G A Duncan, B M Ryan
Milktest GP Limited	R J Allen (R), P J van Boheemen, P G Brown, G B McCullough, R G Townshend, T A Winter, C J Rutherford
MyMilk Limited	C W Fergusson (R), M R Cronin, K F Shaw
New Zealand Dairy Board	G A Duncan, C E Rowe
New Zealand Milk (International) Limited	G A Duncan, R M Kennerley (R), C E Rowe
New Zealand Milk Brands Limited	G A Duncan, S D T Till

New Zealand

NZAgbiz Limited	R J Allen (R), A Douglas, G A Duncan
RD1 Limited	R J Allen (R), A Douglas, G A Duncan
SAITL Limited	G B McCullough, T A Winter
Tangshan Dairy Farm (NZ) Limited	M R Cronin, G A Duncan
Whareroa Co-Generation Limited	G A Duncan, P D Wynen

Overseas

Anchor Insurance Pte. Limited [Singapore]	G A Duncan, S S Herbert (R), C E Rowe, H N Toh (A), N Weerasooriya
Annum (Malaysia) Sdn. Bhd. [Malaysia]	A B Murray, R M Kennerley (R), F Quak, S S Rapaka (R), V Tang (R), G Thiagarajan, S W Yeo
Australasian Food Holdings Pty. Limited [Australia]	R J Dedoncker, G A Duncan
Bonland Cheese Trading Pty. Limited. [Australia]	R J Dedoncker, G A Duncan
Dairy Partners Americas Brasil Limitada [Brazil]	S Aparecido Flavio, F Carvalho Goncalves, T B Ernesto Barretto, F Liani, R de Oliveira Carrelas, L L Rangel
Dairy Partners Americas Nordeste-Produtos Alimenticios Limitada [Brazil]	S Aparecido Flavio, F Carvalho Goncalves, T B Ernesto Barretto, M G Guerreiro Pinheiro (R), F Liani, R de Oliveira Carrelas, L L Rangel
Dairymas (Malaysia) Sdn Bhd [Malaysia]	A B Murray, R M Kennerley (R), F Quak, S S Rapaka (R), V Tang (R), G Thiagarajan, S W Yeo
Darnum Park Pty. Limited. [Australia]	R J Dedoncker, G A Duncan
Fonterra (Beijing) Farm Management Consulting Company Limited [China]	A Aggarwal, G A Duncan, G Yuan
Fonterra (Brasil) Limitada [Brazil]	R F Aracil Filho, B de Luca Zanatta
Fonterra (Canada), Inc. [Canada]	R J Allen, G A Duncan, B Kipping, A Geraghty, J H Lees (R)
Fonterra (China) Limited [Hong Kong]	M R Cronin, G A Duncan
Fonterra (CIS) Limited Liability Company [Russian Federation] (In Liquidation)	E Grishina (R)
Fonterra (Europe) Coöperatie U.A. [Netherlands]	M Bones, T Bosch (R), M Boyd (R), G A Duncan, D Krabbe
Fonterra (France) SAS [France]	M Bones, T Bosch (R)
Fonterra (Ing.) Limited [Mauritius]	A Aggarwal, T Chow, C Thomas
Fonterra (Japan) Limited [Japan]	K Kumagai, K Kumagai, A Okuyama, Y Saito, J Swales, R Whiteman, K A Wickham (R)
Fonterra (Korea) Limited Liability Company [Korea]	G A Duncan, Y Saito
Fonterra (Logistics) Limited [United Kingdom]	M Boyd, G A Duncan, T Mackett

Subsidiary company directors (continued)

Overseas	
Fonterra (Mexico) S.A. de C.V. [Mexico]	L Barona Mariscal (A), F R Camacho (A), G A Duncan, E P G R Gil (R), J A Del Rio
Fonterra (SEA) Pte. Ltd. [Singapore]	R Kumar (R), R Lawn, J Mueller-Leiendecker
Fonterra (Thailand) Limited [Thailand]	R Kumar (R), R Lawn, K Vunthanadit
Fonterra (USA) Inc. [United States]	R J Allen, N R Christiansen, G A Duncan, A Geraghty, J H Lees (R)
Fonterra Australia Pty. Ltd. [Australia]	R J Dedoncker, G A Duncan
Fonterra Brands (Asia Holdings) Pte. Ltd. [Singapore]	S Arfelt Rajamand (R), S Goh (R), D Luo, C Y Nee, J Swales
Fonterra Brands (Australia) Pty. Ltd. [Australia]	R J Dedoncker, G A Duncan
Fonterra Brands (Far East) Limited [Hong Kong]	A Aggarwal, G A Duncan
Fonterra Brands (Guangzhou) Ltd. [China] (in liquidation)	T T Lye, P A Turner, K A Wickham
Fonterra Brands (Hong Kong) Limited [Hong Kong]	A Aggarwal, W Y Chan (R), G A Duncan, S T Y Lam
Fonterra Brands (Malaysia) Sdn Bhd [Malaysia]	A B Murray, R M Kennerley (R), F Quak, S S Rapaka (R), V Tang (R), G Thiagarajan, S W Yeo
Fonterra Brands (New Young) Pte. Ltd. [Singapore]	A Aggarwal, L Dan, S Goh (R), Y Li, C Lin, Y Lin, J Ling
Fonterra Brands (Singapore) Pte. Ltd. [Singapore]	D Luo, S Goh (R), C Y Nee, C C Pheng, J Swales
Fonterra Brands (Thailand) Ltd. [Thailand]	P Chaychotcharoen (R), G A Duncan, G Julcampa, R M Kennerley (R), S Nitkitjatorn, S Totana (R), G Tucker
Fonterra Brands (Viet Nam) Company Limited [Vietnam]	A B Murray, S Arfelt Rajamand (R), R M Kennerley (R), V Sivaraja
Fonterra Brands Indonesia, PT [Indonesia]	D M Irfani, C A Salinas Robeson, G Thiagarajan (R), Y Wigneswaran
Fonterra Brands Lanka (Private) Limited [Sri Lanka]	M F Faizal, A B Murray, R M Kennerley (R), T Salpitikorala, V Sivaraja
Fonterra Brands Manufacturing Indonesia, PT [Indonesia]	A B Murray, M A Nasution, C A Salinas Robeson, T A B Siswanto, G Thiagarajan (R), Y Wigneswaran
Fonterra Brands Myanmar Co. Ltd. [Myanmar]	G A Duncan, S Nitkitjatorn, C D Wickramanayake
Fonterra Brands Phils. Inc. [Philippines]	R Cook, C Ferrer (R), R L Ibit, R M Kennerley (R), R A Mendoza, A B Murray, G Santiago, M J S Magsajo
Fonterra Chile SpA [Chile]	A J Cordner, G A Duncan, J P Egaña Bertoglia (A), R Lavados McKenzie (A), R Sepúlveda Seminario

Overseas	
Fonterra Commercial Trading (Shanghai) Company Limited [China]	A Aggarwal, G A Duncan, L Han
Fonterra Egypt Limited [Egypt]	A Anwar (R), G A Duncan
Fonterra Europe Manufacturing B.V. [Netherlands]	D Krabbe, B M Ryan
Fonterra Europe Manufacturing Holdings B.V. [Netherlands] (in liquidation)	M Boyd (R), G A Duncan (R)
Fonterra Foodservices (USA), Inc. [United States]	R J Allen, N R Christiansen, G A Duncan, J H Lees (R)
Fonterra Global Business Services Asia Sdn Bhd [Malaysia]	S S Rapaka (R), M B Suzari, V Tang (R), G Thiagarajan
Fonterra Hangu (HK) Limited [Hong Kong]	G A Duncan, G Yuan
Fonterra India Private Limited [India]	A Aggarwal, H D Gowans, S G Mathews
Fonterra Ingredients Australia Pty. Ltd. [Australia]	R J Dedoncker, G A Duncan
Fonterra Investments Pty Ltd [Australia]	R J Dedoncker, G A Duncan
Fonterra Milk Australia Pty. Ltd. [Australia]	R J Dedoncker, G A Duncan
Fonterra Nutrition Science (US) Limited	N R Christiansen, G A Duncan
Fonterra Tangshan Dairy Farm (HK) Limited [Hong Kong]	G A Duncan, G Yuan
Fonterra Venezuela, S.A. [Venezuela] (in Liquidation)	G A Duncan, F C Ortega Becea (R)
Key Ingredients, Inc. [United States]	R J Allen, N R Christiansen, G A Duncan, J H Lees (R), A Geraghty
Kotahi Logistics Australia Pty Limited [Australia]	D Ross, S Allan, R Howell
Milk Products Holdings (North America) Inc. [United States]	R J Allen, N R Christiansen, J H Lees (R), A Geraghty
New Tai Milk Products Co. Ltd. [Taiwan]	A Aggarwal, T Chow, C Lee, G Lee, K Lee, C Thomas
New Zealand Milk (Australasia) Pty. Ltd. [Australia]	R J Dedoncker, G A Duncan
New Zealand Milk (Barbados) Ltd. [Barbados]	N R Christiansen, G A Duncan
New Zealand Milk Products (Ethiopia) SC [Ethiopia]	A B Abubeker, M B Abubeker, M Boyd, C Ebbett (R), M Woodward
Newdale Dairies (Private) Limited [Sri Lanka]	M F Faizal, R M Kennerley (R), A B Murray, T Salpitikorala, V Sivaraja
NZMP Fonterra Nigeria Limited [Nigeria]	G A Duncan, G Amade
United Milk Tasmania Pty. Limited [Australia]	R J Dedoncker, G A Duncan



Bojan & Ian,
Te Awamutu

Fonterra Governance & Remuneration Report 2023
Pūrongo Mana Whakahaere me te Puakanga ā-ture Te Mātāpuna

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