





Michael (& COVER), William, Chris,  
Bethanne, Peter & Margaret,  
Southland



# Our three strategic choices are guiding everything we do

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## Focus on New Zealand milk

We believe New Zealand milk is the most valuable milk in the world. With demand for sustainable dairy nutrition growing at a pace that will outstrip supply, we are creating more value for our farmer owners and unit holders by further differentiating our milk in the global market.

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## Be a leader in sustainability

Globally, people want to know where their food comes from and the impact it leaves. New Zealand milk is amongst the most carbon-efficient in the world, produced by a proven pasture-based model and underpinned with strong animal wellbeing standards. By leading in sustainability, we can respond to changing demands from customers, capital providers and regulators.

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## Be a leader in dairy innovation & science

Our Co-op has a long and proud heritage of dairy innovation. We are building on this expertise by continuously developing new dairy nutrition solutions and partnerships which help people live healthier and longer lives.



# Contents



## About this report

Welcome to our Annual Review, which forms part of our end-of-year reporting suite.

We know there are a wide range of stakeholders who are interested in our Co-op. This report gives an integrated view of our performance across financial and non-financial measures, and our targets for the future. It is supported by a series of supplementary reports where stakeholders can find more detailed information most relevant to them.

This Annual Review provides a summary of our environmental, social and economic activities and performance. It covers key achievements and performance data, as well as the challenges and opportunities we have faced across our Co-op over the last 12 months. It is a chance to reflect on our work, quantify our impacts and look to the future.

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Fonterra uses several non-GAAP measures when discussing financial performance. Non-GAAP measures are not defined or specified by NZ IFRS.

Management believes that these measures provide useful information as they provide valuable insight on the underlying performance of the business. They may be used internally to evaluate the underlying performance of business units and to analyse trends.

These measures are not uniformly defined or utilised by all companies. Accordingly, these measures may not be comparable with similarly titled measures used by other companies. Non-GAAP financial measures should not be viewed in isolation nor considered as a substitute for measures reported in accordance with NZ IFRS. Non-GAAP measures are not subject to audit unless they are included in Fonterra's audited Financial Statements.

Please refer to the Non-GAAP measures section for further information about non-GAAP measures used by Fonterra, including reconciliations back to NZ IFRS measures. Definitions of non-GAAP measures used by Fonterra can be found in the Glossary.

## 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)



# About us

We're a dairy co-operative, owned and supplied by farming families across Aotearoa, New Zealand. Through the spirit of co-operation and a can-do attitude, Fonterra's farmers, along with almost 18,000 employees around the world, share the goodness of our milk through innovative consumer, foodservice and ingredient brands.

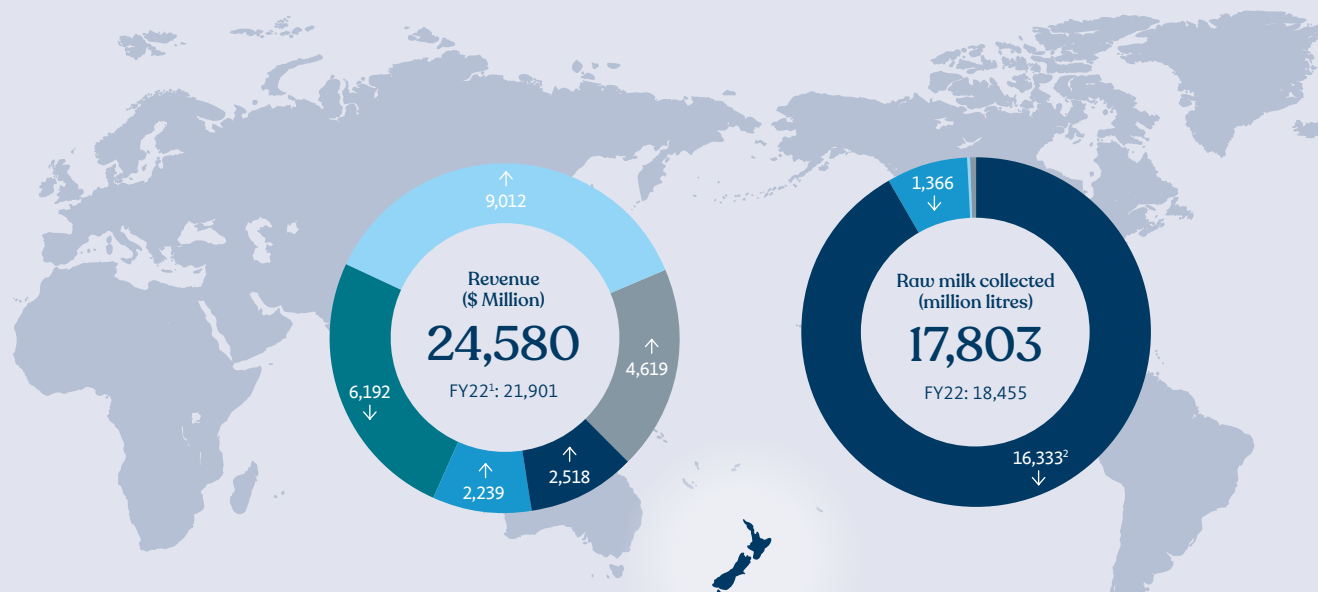
We believe that food and nutrition are essential to sustain us today and for future generations to thrive.

This is why we take great care with every drop of milk, from the beginning, through every step of the way. It's our dedication and care that enables us to produce safe and high-quality food, and our dairy know-how and innovation capability mean we can do amazing things with our milk to enhance people's lives.

Our farmers farm naturally and because of this, we are proud to have one of the lowest on-farm carbon footprints in the world.

We want to be the most emissions efficient and environmentally sustainable dairy co-op. To do this we are reducing our footprint, restoring nature, and adopting a regenerative mindset.

Our portfolio of well-known brands includes Anchor, Annum, Anlene, Nutiani, NZMP and Farm Source.



- New Zealand
- Australia
- China
- Rest of Asia Pacific
- Rest of World



1 FY22 has been re-presented due to the Soprole business being moved to held for sale and classified as discontinued operations (and subsequently sold).  
 2 Amount collected during FY23 (which differs to the 16,317 million litres collected during the 2022/23 season ended 31 May 2023).



# Letter from Chair of Board



Peter McBride  
– Chair

Kia ora,  
Miles and the team have delivered a third consecutive year of strong performance overall, despite facing into difficult market conditions in a number of regions.

Final Farmgate Milk Price

\$8.22

per kgMS

The team can be proud of delivering a reported profit after tax of \$1.58 billion, equivalent to 95 cents per share and up 170% on last year.

We faced real challenges on-farm in New Zealand this year, as extreme weather events took a toll on our communities. In February, Cyclone Gabrielle hit the North Island with Northland, Coromandel, the Hawke's Bay and Gisborne among the hardest hit.

In the Hawke's Bay and Gisborne some communities were cut off and isolated. The Co-op accessed these areas via helicopter to assess the damage, understand farmers' needs and provide provisional supplies and veterinary support. Many suffered losses to their property, had to manage animal welfare issues and support the wellbeing of their families and neighbours.

As a Co-op, we look after each other when it comes to natural disasters like this. The Co-op helps farmers to manage these types of risk through what is known as a Force Majeure event. In accordance with the Terms of Supply, where farmers where we had to instruct a farmer to dispose of milk or dry off, appropriate compensation for these farmers was made.

## Volatile milk price environment

For share aligned farmers this strong earnings performance is helpful in the context of a declining Farmgate Milk Price.

Our final milk price for the 2022/23 season was \$8.22 per kgMS down from the high forecast midpoint of \$9.50 in June 2022. The reduction is due to lower than anticipated demand for imported products, particularly from China, which contributed to the Global Dairy Trade prices dropping, with the average whole milk powder price down 16% compared to last season.

The impact would have been greater, if not for the team's efforts to utilize the scale of the Co-op and shift milk into the products and places that were delivering the most value at the time.

## Strong performance underpinned by non-reference products

While on the one hand our milk price was negatively impacted by market forces, on the other our earnings did benefit from favourable market conditions, including strong margins in our Ingredients channel, in particular the cheese and protein portfolios.

There are two other key performance metrics the Board is particularly pleased with this year:

- Return on Capital for the last 12 months is 12.4%, up from 6.8% in the comparable period.
- We have also exceeded our performance target for the Co-op's balance sheet strength, with the gearing ratio at 28.8% and debt to EBITDA at 1.3x, even after adjusting for the impact of the Capital Return.

## Full year dividend at the maximum end of our policy

In acknowledgement of the declining milk price environment and the impact that has on farmers, the Board has made the decision to pay a final dividend slightly above our dividend policy.

We are pleased to deliver a strong full year dividend of 50 cents per share and unit – comprising of an interim dividend of 10 cents per share and a final dividend of 40 cents per share.

This is in addition to the 50 cents per share capital return paid to shareholders and unit holders in August, following the divestment of Soprole.

This brings the total cash return for a fully share-backed farmer to \$9.22 per kgMS for the 2022/23 season.

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## The Board believes it is the right time to review its size & composition.

### Flexible shareholding

Our Flexible Shareholding capital structure has been in place since late March. It's generally working as expected and we are comfortable with the liquidity in the market.

Following the transition to the Flexible Shareholding structure Fonterra implemented market maker arrangements to support liquidity in the Farmer Shareholders' Market. We also have the ability to buy back shares as part of our ongoing capital management programme, where we see it as value accretive to the Co-op.

Our share price has come down. This was anticipated and well-signalled before shareholders voted to support the changes to our capital structure. There has also been a share price impact as a result of the recent capital return. Over time we expect that the price will reflect the Co-op's financial performance, and the value farmers see in that. Ultimately farmers will determine the value of the shares.

Flexible Shareholding is the right capital structure for our Co-op. By making it easier for farmers to join or stay with the Co-op, it will help us to maintain a sustainable milk supply.

### Reviewing our Board size and composition:

Since the Co-op's formation it has been envisaged that the Board size would be rationalised over time. With the Capital Structure review, asset divestment programme and long-term strategy development largely behind us, the Board believes it is the right time to review its size and composition.

We have shared our initial thinking from that review, which we are discussing with farmers and shareholders in advance of this year's Annual Meeting – at which we plan to seek endorsement for the changes via a vote.

Having now been part of the Co-op's Board for five years, the last three as Chair, I'm confident that reducing the size of our Board will improve the dynamics within the group, encouraging greater participation from directors, and maintaining access to the necessary skills and experience to govern the Co-op into the future.

Our current thinking is to reduce the number of directors on the Board from 11 down to nine. The balance between Farmer Elected and Appointed Directors would be maintained, with a composition of six Farmer Elected Directors and three Appointed Directors. As is the case today, the Chairman would be one of the Farmer Elected Directors.



## Delivering our strategy

We remain confident in delivering our long-term strategic targets and plan to provide shareholders and unit holders with a strategic update in early 2024.

Prior to that we will be confirming our Scope 3 target, which Miles and I signalled at last year's Annual Meeting.

Being a leader in sustainability is a fundamental part of our strategy. Introducing a Scope 3 target is a critical step for us when we consider our global competitive landscape, international market access, funding sources, and continued partnerships with customers.

We need to set a target that is meaningful and brings us into line with our international competitors – many of which have already set targets.

We know that the rate of change farmers are being asked to live with is already challenging. Good progress towards the target can already be made using the tools and information available to us today. The Co-op will support farmers to meet this target through the sharing of best practice and innovation. Our methodology will continue to evolve alongside the science that supports these changes. We will work with you, not against you.

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**We need to set a target that is meaningful and brings us into line with our international competitors – many of which have already set a target.**

## Outlook for the year ahead and beyond

Looking out to the end of the current season and new financial year it is clear that we will face a challenging operating environment – for our individual farming businesses and for our Co-op.

We know that the 2023/24 forecast Farmgate Milk Price range is below breakeven for many of our farmers. The Co-op is entirely focused on performance and, as you will be on farm, reducing its costs to offset the impact of inflation over the coming years.

Dairy is a long-term game and as an exporter, we need to accept that we are impacted by demand and supply dynamics, commodity prices and geopolitical events. The Co-op does its best to try and smooth the edges and optimise value, but there will always be volatility.

Right now, the Co-op is well-positioned to recover from this part of the cycle. Our strong balance sheet gives us options to consider how we create more value. It also benefits all farmers, as we know that the banks assess our individual farming business risks together with Fonterra's balance sheet and performance when considering their overall exposure to the sector.

Ultimately, strong performance is the best way we can support our farmers through this difficult period. That remains our focus for the year ahead.



Peter McBride  
Chair of Board

Full year dividend

50c  
per share and unit

Total cash return

\$9.22  
per share backed kgMS

# Letter from CEO



Miles Hurrell  
– Chief Executive Officer

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Kia ora,  
I'm proud to have led  
a dedicated team who have  
delivered a strong result for  
your Co-op.

Our reported profit after tax is \$1.6 billion, up 170% on last year, and our return on capital is 12.4%, up from 6.8%.

This has put us in the position to pay a full year dividend of 50 cents per share, including the interim dividend of 10 cents per share.

Throughout FY23 we also made progress on several key strategic initiatives. We implemented our new Flexible Shareholding capital structure, completed divestment of our China Farms business and Chilean business, Soprole, and launched our new corporate ventures arm, provisionally named Nutrition Science Solutions.

As a result of the successful divestment of Soprole, we were able to return tax-free 50 cents per share to shareholders and unit holders.

These milestones were several years in the making and I'm proud the team has delivered upon the commitments we made to our shareholders.

I also acknowledge that these achievements have been against a backdrop of a falling Farmgate Milk Price across the season.

We work hard every day to maximise total shareholder returns. We ended the 2022/23 season with a final Farmgate Milk Price of \$8.22 per kgMS. When combined with our strong dividend and capital return, our total cash return to farmer shareholders was \$9.22 per share backed kgMS.

## Strong earnings performance

FY23 was a volatile year for global economies and commodity markets as the world continued to recover from COVID-19.

There was strong demand for protein products, in particular cheese and caseinates, at the same time as demand for milk powders softened. This resulted in historic high price relativities across the year.

We captured the high protein prices in our Ingredients channel, and these have been a strong driver of our earnings performance for the year.

To optimise our Farmgate Milk Price, we moved milk into higher performing reference product categories, such as skim milk powder and cream, where possible.

However, we were required to reduce the forecast Farmgate Milk Price across the season as demand for whole milk powder from key importing regions, in particular China, continued to soften.

We recognised the impact the reduced forecast Farmgate Milk Price has on farm profitability, particularly at a time when farmers are facing higher input costs, and utilised our strong balance sheet to favourably adjust the Advance Rate Schedule, which meant that we were able to get cash to farmers sooner.

## Progress on strategy

Despite economic headwinds, we've made good progress on strategic initiatives this year that will help to set us up for the future.

A sustainable supply of New Zealand milk is fundamental to the future prosperity of the Co-op, so that we can maintain efficient operations and continue to meet customer demand for New Zealand milk at scale.

Our new Flexible Shareholding capital structure, which was implemented in March, supports a sustainable milk supply and stable balance sheet by making it easier for farmers to join and remain with the Co-op.



One of the benefits of being part of the Co-op is having access to the advice and services provided through Farm Source.

The team is working alongside farmers to provide tools that support more efficient farming businesses and help to meet the changing needs of both regulators and our customers.

An important focus for the team right now is introducing a Scope 3, or on-farm emissions intensity target, which we will announce before the end of calendar year 2023.

Achieving the target will be a collective effort, with incremental efficiency gains enabled by the tools made available by the Co-op and wider industry partners.

We've made a strategic choice to be a leader in dairy innovation and science, with innovation expected to play an important role in achieving the target by reducing methane production on-farm. We are working with partners to invest in potential solutions.

Looking to the future, our innovation portfolio of activity is also exploring potential new revenue streams for the Co-op that utilise either our milk or our expertise.

This year, we've established Vivici, our joint venture with Royal DSM, which is exploring commercial opportunities in fermentation derived ingredients.

These ingredients could be used to extend our farmers' milk into products, categories, and markets which we do not currently sell into, as well as earn the Co-op a return on the commercialisation of our IP.

We've also launched our corporate ventures arm, Nutrition Science Solution (NSS), which made its first strategic investment in the form of a minority stake in Pendulum Inc, a biotech company specialising in metabolic health.

NSS is a long-term play for the Co-op, that will seek to partner with and invest in global start-ups in the nutrition science category.

## Driving efficiencies across the Co-op

When pursuing these opportunities, we're assessing them against other investment opportunities for our farmers' capital.

Our new resource allocation framework demonstrates how we think about delivering value. It shows how we aim to allocate farmers' milk to the products and channels where we believe it will earn the highest risk-adjusted returns.

The priority use of the Co-op's capital is maintaining safe, productive operations. With any capital remaining, we assess the opportunities available to us and use it either to pay down debt, for dividends, capital returns, share buybacks, or for growth opportunities including innovation.

It is as part of this approach to capital management that we have allocated up to \$50 million to an on-market share buyback programme, which commenced in August 2023.

We're also taking a close look at our operating expenses to assist us to stay on track for our short and long-term financial targets.

We have announced a goal of reducing costs across the Co-op by about \$1 billion over the 7 years to 2030. This goal will help offset higher inflation expectations and we intend to achieve it through a range of projects that will streamline how we operate.

To track our progress, we have introduced two new efficiency metrics which we'll report against every six months.

These are:

1. Opex per kgMS – targeting a 4% cash operating cost improvement per year to support long-term discipline in our global overheads.
2. Gross profit per kgMS – targeting a 2% New Zealand cash manufacturing cost improvement every year to support efficient New Zealand operations while remaining laser focused on delivering value.

## Outlook for FY24 and beyond

Looking at FY24, ongoing reduced demand for whole milk powder from key importing regions continues to impact the outlook for our Farmgate Milk Price, with our 2023/24 forecast range currently \$6.00 - \$7.50 per kgMS, with a midpoint of \$6.75.

We are watching market dynamics closely and there are indications demand for New Zealand milk powders will start to return from early 2024. Demand for other products, including Foodservice and our value-added Ingredients, continues to be robust.

The favourable price relativities that we've experienced across FY23 have reduced from their peaks. But we are forecasting improvement in our Consumer and Foodservice channels as our markets capture improved margins.


As such, our FY24 forecast earnings range for continuing operations is 45-60 cents per share.

We acknowledge that across the year, farmers will continue to feel the pressure from high input costs and a reduced Farmgate Milk Price. We'll continue to do all that we can to assist farmers through this challenging period.

Over the medium to long-term, the outlook for New Zealand dairy remains positive. Demand for sustainable nutrition is continuing to grow and by implementing our strategic plans we are well positioned to meet this demand.

We're also accelerating plans to extract more value from our farmers milk by refining our innovation portfolio and investing in new areas for growth.

I intend to provide an update on our long-term strategy early in calendar year 2024, which will further detail our market context and plans to 2030 and beyond.



Miles Hurrell  
Chief Executive Officer

# Our purpose, values & goals

## 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 Principles

Our principles are  
aligned with the Māori  
world view.

**Manaakitanga**  
is the care we show for  
others – it strengthens our  
relationships and communities.

**Kaitiakitanga**  
is how we care for our  
environment today, tomorrow,  
and for future generations.

**Whanaungatanga**  
is our Co-operative spirit –  
it sits at the heart of our values.

## We've made key strategic choices



Focus on Aotearoa  
New Zealand Milk



Be a leader in  
dairy Innovation  
& Science



Be a leader in  
Sustainability

## Key aspirations for 2030

Group ROC

~9-10%

Operating Profit

40-50%

increase from FY21

50%

absolute reduction in  
Scope 1&2 emissions by 2030,  
from 2018 baseline



## The resources we rely on

### People & Culture



- Approximately 18,000 skilled and motivated employees led by a board and management team with diverse skills and experience
- 20,000+ dedicated farmers and farm workers
- Thousands more people in our supply chain

### Nature



- 4 million milking cows grazing on 1.5 million hectares of pastoral land
- Some fertiliser, irrigated water and supplementary animal nutrition
- Energy (27.5PJ) and freshwater (48.7 million cubic metres) for our manufacturing sites

### Relationships



- With farmers, governments and regulators, unions, employees, customers, iwi and communities

### Intellectual Capital



- Our know-how, systems and intellectual property
- Our strong global brands
- 232 granted patents across 25 families of patents

### Assets & Infrastructure

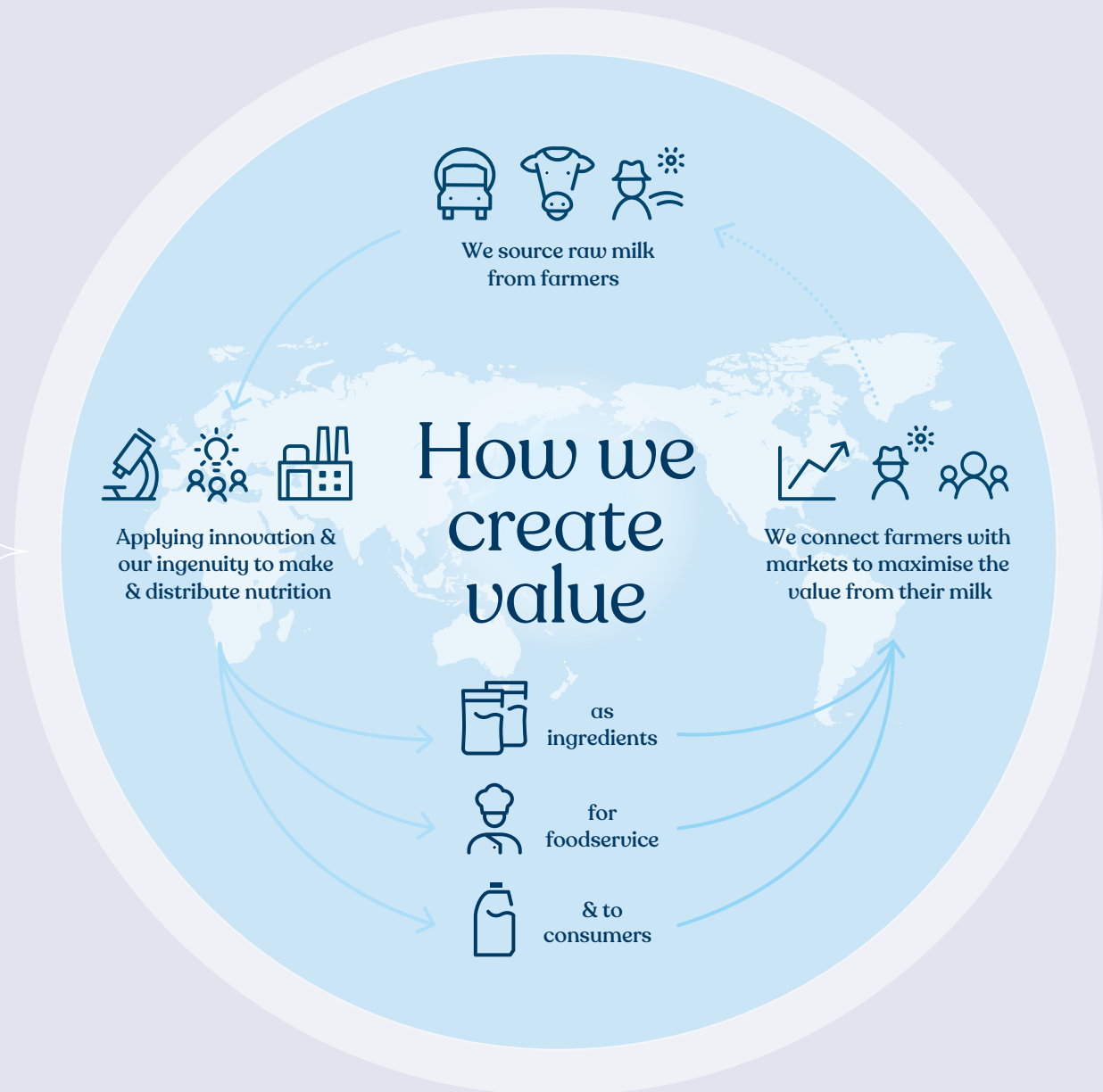


- Our portfolio of property, plant and equipment including right-of-use assets (\$6,343 million total net book value)
- 500+ milk collection tankers
- 45 manufacturing sites

### Financial



- A strong financial base, capital from our farmer shareholders, unit holders and debt (\$12,774 million average capital employed)



# Creating value for stakeholders

## Farmers

### We create value by

- Delivering a strong total payout ([AR-22](#))
- Reliably collecting their perishable product and providing efficient access to valuable international markets ([AR-04](#))
- Adding value to their milk through innovation and a flexible product portfolio ([AR-46](#))
- Providing resilience to operating volatilities such as price, energy, foreign exchange rates and ocean freight ([BP-34 & 29](#))
- Providing access to technology and services that help meet regulatory requirements and continue to improve farming practices ([AR-32](#))

### How we engage

- On an ongoing basis led by our locally based Farm Source support teams across New Zealand
- At meetings and roadshows, and through our formal governance processes

Kathryn,  
Taranaki



## Customers & consumers

### We create value by

- Delivering nutrition products that are high-quality, low carbon and responsibly produced ([SR-20](#))
- Providing access to nutrition products that include healthier options and linked to sustainable credentials ([SR-22](#))
- Using responsible procurement to influence our supply chain ([SR-68](#))
- Responding quickly to changing needs and customer demand for innovative new products and ingredients ([AR-48](#))

### How we engage

- On an ongoing basis through our account management teams
- By sharing information through programmes such as EcoVadis, SEDEX and the CDP
- With our own direct consumers through our service teams, email and social media, and consumer research

Kiri & Te Kaihou,  
Bay of Plenty



## Employees

### We create value by

- Providing a safe workplace ([SR-17](#))
- Supporting health and wellbeing ([SR-16](#))
- Providing good learning and development opportunities ([SR-12](#))
- Building an inclusive culture where everyone contributes and feels supported ([SR-11](#))

### How we engage

- On an ongoing basis through our everyday interactions, regular engagement surveys and engagement with unions.

Lisa,  
Canterbury



## Society

### We create value by

- Complying with regulatory requirements, including food safety, marketing and environmental (SR-26)
- Reducing our environmental footprint including GHG emissions, water consumption and waste (SR-27)
- Contributing to the development of policy and responding to crises (AR-18)
- Collaborating with industry partners to achieve international commitments Ref. (SR-59)
- Taking a responsible approach to tax (SR-66)
- Supporting international relations through our presence in global markets (AR-47 & 48)

### How we engage

- On an ongoing basis through our Government and Stakeholders Affairs team
- Through formal consultation on important issues such as climate change
- Through partnerships on initiatives such as Living Water with the New Zealand Department of Conservation

## Investors

### We create value by

- Providing sustainable returns via dividends and interest paid (AR-22)
- Reducing investment risk through transparency and independent assessment (SR-67)
- Providing opportunities to invest in New Zealand dairy nutrition through the [Fonterra Shareholders' Fund](#)

### How we engage

- On a regular basis through updates, formal reporting and meetings coordinated by our Capital Markets team

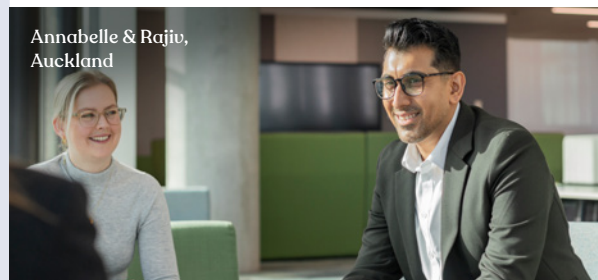
## Local communities

### We create value by

- Providing direct rural and urban employment (SR-83)
- Reducing our environmental footprint (SR-27)
- Supporting communities through natural disasters and crises such as floods (AR-18)
- Providing access to nutrition through in-school nutrition and food bank donations (AR-17)
- Strengthening and enhancing our relationships with tangata whenua (SR-15)

### How we engage

- With interested groups, such as NGOs, through collaboration and consultation on specific topics
- On an ongoing basis with iwi around Aotearoa New Zealand
- Through public events, the media and our own social media channels
- Through our Community programmes, such as Hapori, Kickstart Breakfast, Feeding NZ Communities and supporting the Rural Support Trust





# Our year in review

## August

Fonterra and Royal DSM establish new start-up company, Vivici, to accelerate development and commercialisation of fermentation-derived proteins with dairy-like properties.

We take another step on our low carbon transition with our Waitoa site in the Waikato planning to install a 30 megawatt wood biomass boiler to replace a coal boiler. We also announce the closure of our small and ageing Brightwater site near Nelson.



## October

The Co-operative releases its Sustainable Finance Framework. This Framework aligns Fonterra's funding strategy with its sustainability ambitions and reflects the evolving preferences of lenders and debt investors in this area.



## December

Fonterra and Nestlé agree to sell their Dairy Partners Americas (DPA) Brazil joint venture to French dairy company Lactalis.

## February

Fonterra and MAN Energy Solutions (MAN ES) enter a strategic partnership to reduce CO<sub>2</sub> emissions in dairy production using climate-friendly heat pump technology for steam generation.



## April

We revise our 2022/23 season forecast Farmgate Milk Price range from \$8.20-\$8.80 per kgMS to \$8.00-\$8.60 per kgMS.

Announce the conversion of coal boilers at our Hautapu site to wood pellets and installation of a heat pump at Palmerston North.



## June

Acting Chief Operational Officer Anna Palairret announced.



Launch of new nutrition science venture arm to incubate, scale and invest in ventures in the area of nutrition science. First investment announced with Pendulum.



2022

2023

## September

Announced 2021/22 season final Farmgate Milk Price of \$9.30 per kgMS.

Launch new wellbeing solution brand, Nutiani, targeting medical and everyday wellbeing nutrition markets.

We announce a partnership with Rural Support Trust (RST) to support rural New Zealanders by improving access to wellbeing and resilience services for farming families who are doing it tough.

## November

Fonterra announces sale of its Chilean Soprole business to Gloria Foods JORB S.A.

Neil Beaumont appointed as new Chief Financial Officer.



Fonterra & Nestlé announce a new partnership designed to help reduce New Zealand's on-farm emissions, including a New Zealand first – a drive to develop a commercially viable net zero carbon emissions dairy farm.

## January

Many co-operative farmers and their whānau, our employees and customers across the North Island of NZ are impacted by flooding during the wettest month on record. Fonterra supports those impacted throughout the coming months.



## March

We complete the sale of Chilean Soprole business to Gloria Foods - JORB S.A. (Gloria Foods).

Announce a Profit After Tax of \$546 million, up 50% on same period last year, in our FY23 Interim Results.



## May

Announced an opening 2023/24 season forecast Farmgate Milk Price of \$7.25 to \$8.75 per kgMS, with a midpoint of \$8.00.

Taranaki dairy farmer Donna Cram is announced as the 2023 Fonterra Dairy Woman of the Year and we welcome three new First Foundation Scholars to the Co-operative.



## July

Announced an increase in our Scope 1&2 emissions target, along with a \$790 million investment, which includes up to \$90 million funding from Government.



# Doing Good Together



As a co-op we know just how much good can come from working together, which is why we're working with partners right across the country to make a meaningful impact. Our Doing Good Together programme delivers across three impact pillars to care for people, the environment and our Co-op for generations.

## Our impact pillars

- 1 Putting good quality nutrition in the hands of those who need it most
- 2 Keeping our communities strong
- 3 Protecting & regenerating the environment



Fred and Ken,  
NZ Food Network



# 5.6 million

KickStart breakfasts served in 1,400 schools



# 13 million

Dairy serves donated to communities in New Zealand



# 22,000 trees

Partnered with Trees for Survival to support 22 schools to nurture 22,000 trees

# \$980K

Donated to community projects in regional New Zealand



# \$650K

Over \$650K donated to community projects globally

# \$100K

Farm Source Charitable Giving raised over \$100K



# 2,900 people

More than 2,900 people attended 16 events with Rural Support Trust on mental health & wellbeing



## Helping communities respond to natural disasters

In response to the devastating floods and Cyclone Gabrielle that hit the North Island earlier this year, Fonterra along with our strategic partners supported community groups on the front-line giving assistance to affected Kiwis.

CEO of The New Zealand Food Network (NZFN), Gavin Findlay, said that with the many people displaced by the flooding, the donation of quality dairy products went a long way.

Along with the support we provided communities post the cyclone, the team also volunteered in the Wairoa region and got stuck in helping to clean up Tākitimu Marae. This was followed by cleaning silt beneath houses for whānau that had no insurance and could not occupy their houses until the silt had been removed.

The combined Fonterra support was significant and the Fonterra staff were incredibly proud to show up and offer support during this time.

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“Once again, our great partners at Fonterra are helping us get food to where it’s needed most. Fonterra’s quick response to this emergency shows their commitment to doing good together for the sake of our communities and reinforces the value of having them on the NZFN team.”

Gavin Findlay,  
CEO New Zealand Food Network



Fonterra Emergency Response Team supporting the clean up at Tākitimu Marae alongside Waikato Tainui in Wairoa following Cyclone Gabrielle.



Some of the ways we supported the community through the recent natural disasters:



1.3 million

Dairy serves to Auckland, Tairāwhiti, Hawke's Bay and Northland as part of flooding and cyclone response

\$60,000

Donated to Community Foundation flood relief funds in Hawke's Bay and Auckland

\$15,000

Donated to NZ Landcare Trust and Trees That Count to support remediation of restoration projects after the floods

\$40,000

Over \$40k donated through Farm Source Charitable Giving to the Hawke's Bay disaster relief trust



Penelope, Blair, Joe & Billie, Hawke's Bay



## The Big Feed and our continued commitment to getting food where it's needed the most

The Big Feed called to action thousands of farmers across the country to donate some of what they produce. In one day, the event aimed to raise 1 million 'meals'.



In FY23 Feed Out successfully raised 1 million meals with Fonterra and their farmers providing just under 430,000 milk meals towards the cause. The Big Feed event will now occur annually with a goal of raising 3 million meals on December 14th 2023.

With our partners New Zealand Food Network (NZFN) and Feed Out, our Feeding New Zealand Communities programme donated 13 million serves of dairy nutrition in FY23. We will continue to increase our contribution of more nutritious dairy goodness more frequently. In FY23 we've also had a strong focus on identifying surplus product across the Fonterra network to donate to the NZFN. This is complimented by our voluntary agreement to the Kai Commitment, under which we're working on a number of food waste reduction strategies.

Our Hapori programme continues to be present in 10 New Zealand regions, with each regional committee offering funding and donations of dairy products to local community groups, schools and marae.

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“I’ve seen the faces of our rangatahi light up with excitement when they see they have milk in their kai boxes. Milk is a product that our rangatahi know how to confidently prepare. This is so helpful as some don’t have cooked meals to come home to and must source meals themselves. We are super appreciative for the milk that Fonterra has donated”.

Reconnect – Family Services, Manukau

## Community connection – Farming

### Fonterra formed a strategic partnership with Rural Support Trust in August 2022.

The shared vision for the partnership is to support rural New Zealanders by improving access to wellbeing and resilience services for farming families who are doing it tough.

Phase one of the partnership was to gain insight into the value Rural Support Trust brings and what future opportunities exist for the Co-op to strengthen and collaborate on. Early insights indicate we have formed the right community partnership to support farmers.

As we move into FY24, phase two of the partnership involves Fonterra supporting Rural Support Trust to thrive and embed the three opportunities identified to improve overall experience:

1. Grow their operational capability
2. Promote the value they bring to communities
3. Grow their reach in the primary sector

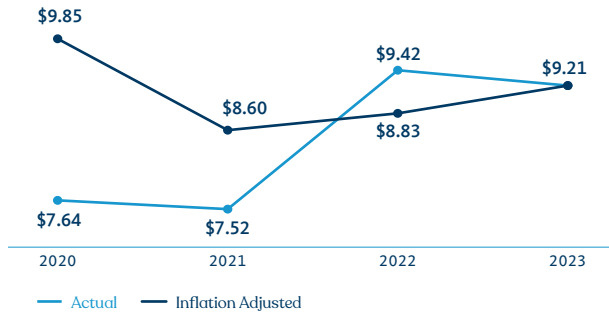
### Together with the Rural Support Trust we have:

- Completed our insights work and identified three opportunities for FY24.
- Provided funding for the Time Out Tour which supports rural communities to start the conversation about mental health – 4,000 people have attended 27 events since 2022 with ambassador Matt Chisholm.
- Donated over \$50K to the trusts through our Farm Source Charitable Giving programme.
- Featured Rural Support Trust in the Fonterra tent at Field Days to provide rural communities further access.
- Employee Assistance Programme (EAP) available to all Fonterra farmers, indefinitely.

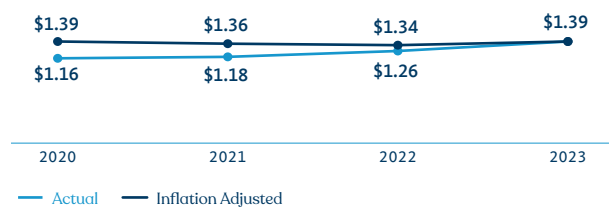


# Business performance

Gross profit from Core Operations per kgMS



Cash operating expenses per kgMS



Return on Capital

**12.4%**  
↑ from 6.8%

Profit after tax

**\$1,577m**  
↑ from \$583m

Earnings per share

**95c**  
↑ from 36c

**\$9.22**

Total Cash Return<sup>1</sup>

**\$0.50**

Capital Return

**\$0.50**

Dividend  
↑ from 20c

**\$8.22**

Farmgate Milk Price

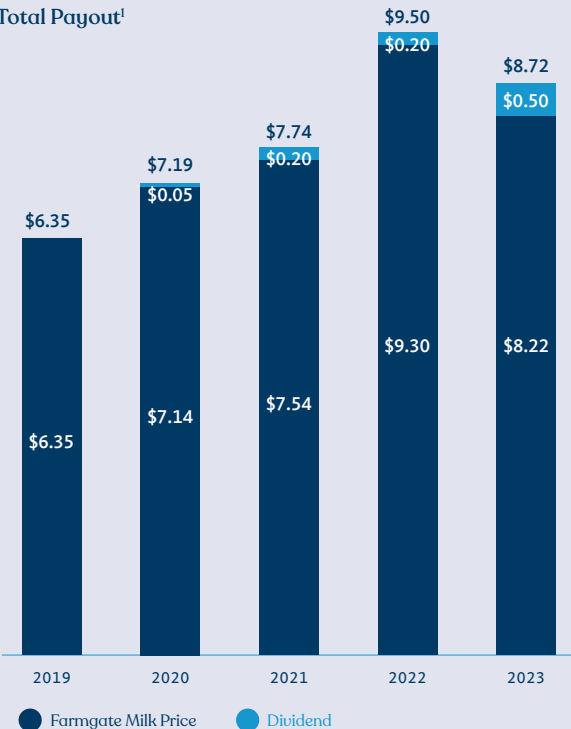
↓ from \$9.30

1. Per share backed kgMS



For the year ended 31 July 2023, our Co-op performed well. We returned \$8.22 on average for every kilogram of milk solids our farmer owners supplied us. Combined with a dividend of 50 cents per share, this means a total payout of \$8.72 per kgMS.

Total Payout<sup>1</sup>



1. Refer to the Glossary for definition.

In addition, the Co-operative returned 50 cents per share to shareholders and unit holders in August following the divestment of Soprole. This resulted in a total cash return of \$9.22 per share backed kgMS for our farmer owners.

Commodity product prices that inform the Farmgate Milk Price (Reference Commodity Products) were down on average 14.2% compared to the prior season and the main reason for the \$1.08 per kgMS decline in the Farmgate Milk Price from \$9.30 per kgMS last season.

Our profit after tax increased \$994 million to \$1,577 million. Excluding non-controlling interests this is equivalent to 95 cents per share, up from 36 cents per share in the prior period.

Excluding the net gain on divestments, our normalised profit after tax is up \$738 million to \$1,329 million, excluding non-controlling interests this is equivalent to 80 cents per share.

The Co-operative’s operating environment continues to improve following the pandemic, and with the global supply chain network stabilising and slowly returning to normal, our inventory levels at year end have improved.

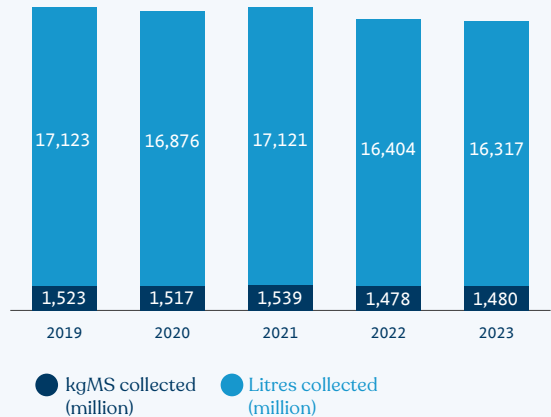
Our net debt is \$3.2 billion, \$2.1 billion lower due to the improved inventory levels, increased earnings and the sale of Soprole for aggregate proceeds of \$1.3 billion

– of which \$804 million was returned to shareholders and unit holders on 18 August 2023.

Our increased earnings combined with the strength of our balance sheet has put us in a position to pay a full year dividend of 50 cents per share, comprising of 10 cents per share paid at interim and a final dividend of 40 cents per share.

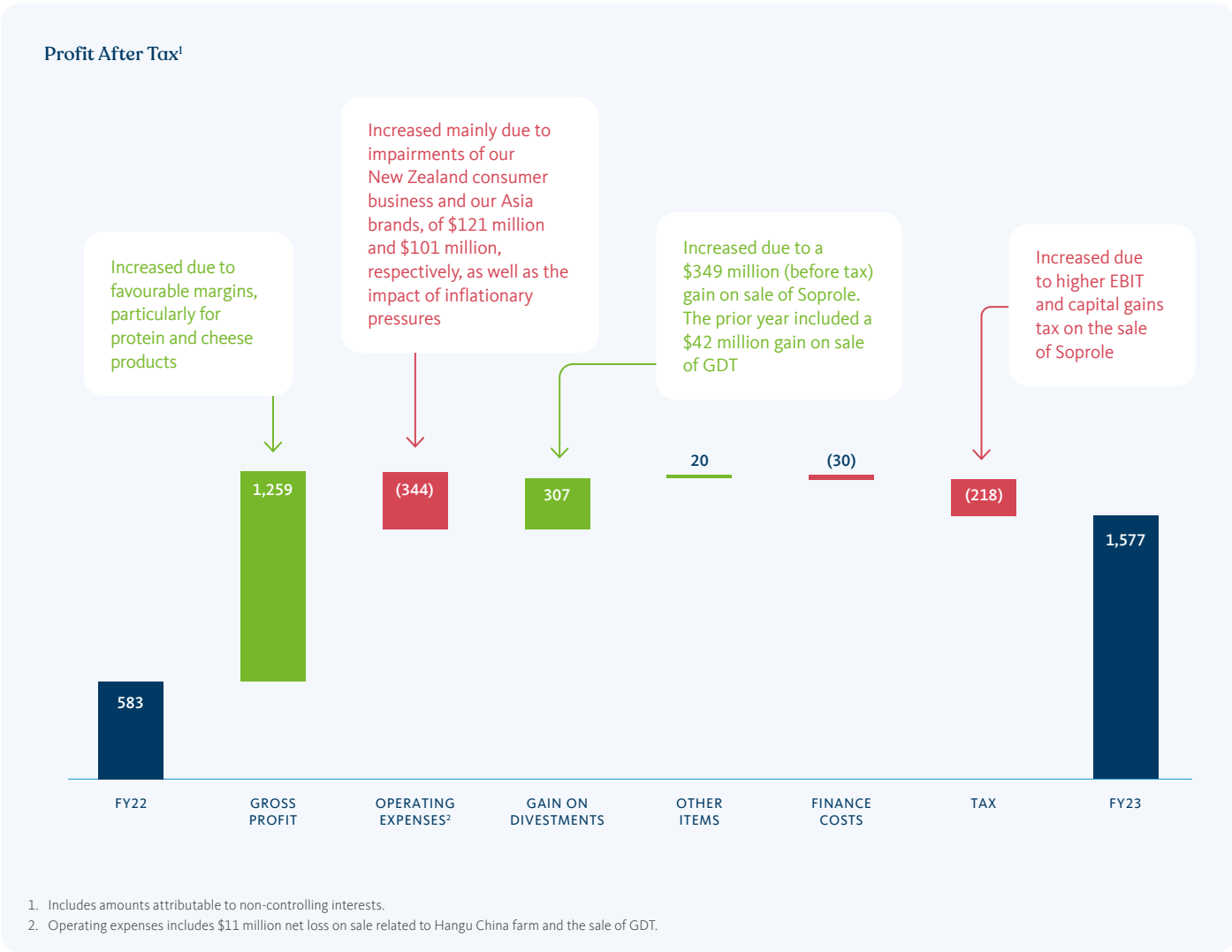
Our New Zealand milk collections increased 2 million kgMS compared with the 2021/22 season due to higher collections in the latter half of the season as a result of more favourable weather which was conducive to stronger pasture growth.

Litres and milk solids collected



# Business performance

Our profit after tax increased \$994 million to \$1,577 million.



Our normalised profit after tax increased 125%, or \$738 million, to \$1,329 million.

We have normalised \$260 million related to the gain on sale from Soprole, and a \$12 million loss relating to the disposal of Hangu farm in China.

Consistent with our strategy to focus on our New Zealand milk, we've made progress divesting our operations in Chile, Brazil and China.

In November 2022, we announced the agreement to sell Soprole to Gloria Foods – JORB S.A – a consumer dairy market leader in Peru. The divestment was completed on 31 March 2023. The aggregate proceeds (including pre- settlement dividends) before tax, hedging and transaction costs were \$1.3 billion, of which \$804 million was returned to shareholders and unit holders on 18 August 2023.

In December 2022, Fonterra and Nestlé agreed the sale of DPA Brazil to French dairy company Lactalis for BRL 700 million. The proceeds at completion will be subject to closing transaction adjustments. Fonterra's 51% share of the DPA Brazil sale proceeds will be used to repay our share of debt held directly by DPA Brazil.

### Breakdown of Total Group Performance

FOR THE YEAR ENDED NZD MILLION	31 JULY 2022			31 JULY 2023		
	CONTINUING OPERATIONS <sup>1</sup>	DISCONTINUED OPERATIONS <sup>1</sup>	TOTAL GROUP	CONTINUING OPERATIONS <sup>1</sup>	DISCONTINUED OPERATIONS <sup>1</sup>	TOTAL GROUP
Sales volume ('000 MT)	3,318	606	<b>3,924</b>	3,497	476	<b>3,973</b>
Revenue	21,901	1,524	<b>23,425</b>	24,580	1,466	<b>26,046</b>
Cost of goods sold	(18,992)	(1,093)	<b>(20,085)</b>	(20,399)	(1,048)	<b>(21,447)</b>
Gross profit	2,909	431	<b>3,340</b>	4,181	418	<b>4,599</b>
Gross margin (%)	13.3%	28.3%	<b>14.3%</b>	17.0%	28.5%	<b>17.7%</b>
Operating expenses	(2,065)	(390)	<b>(2,455)</b>	(2,496)	(303)	<b>(2,799)</b>
Other <sup>2</sup>	102	(11)	<b>91</b>	70	348	<b>418</b>
EBIT	946	30	<b>976</b>	1,755	463	<b>2,218</b>
Net finance costs	(194)	(37)	<b>(231)</b>	(211)	(50)	<b>(261)</b>
Tax expense	(131)	(31)	<b>(162)</b>	(303)	(77)	<b>(380)</b>
Profit after tax	621	(38)	<b>583</b>	1,241	336	<b>1,577</b>

1. Refer to Note 1a and 2c of the FY23 Financial Statements. Comparative information has been re-presented for consistency with the current period.

2. Consists of other operating income, net foreign exchange gains/(losses) and share of profit or loss on equity accounted investees.

The sale is subject to several conditions including receipt of regulatory approvals from competition authorities. The Brazilian competition regulator released its first report on the proposed sale in late July 2023. The parties are engaging with authorities to understand and address the matters raised in relation to limited

parts of the business and expect the sale to be completed within one year of balance date.

We also finalised our exit of China Farms, following the sale of our Hangu China farm.



## Reportable Segments

Fonterra's reportable segments are presented on a continuing operations basis and are Core Operations and the two customer-facing regional business units, Global Markets and Greater China as presented to the right.

	Core Operations	Global Markets	Greater China	Total
External sales volume ('000 MT)		2,517 10% ↑	980 5% ↓	3,497 5% ↑
Profit after tax contribution from continuing operations				
Ingredients	\$602m \$459m ↑	\$429m \$114m ↑	\$133m \$13m ↑	\$1,164m \$586m ↑
Foodservice	\$(12)m \$72m ↑	\$50m \$53m ↑	\$203m \$46m ↑	\$241m \$171m ↑
Consumer	\$(18)m \$1m ↑	\$(94)m \$90m ↓	\$(52)m \$48m ↓	\$(164)m \$137m ↓
Total	\$572m \$532m ↑	\$385m \$77m ↑	\$284m \$11m ↑	\$1,241m \$620m ↑

Note: Figures are for the year ended 31 July 2023

Prepared on a continuing operations basis. Comparative information has been restated and re-presented for consistency with the current period.

Financing Costs are allocated based on the average capital employed by each segment and channel. The effective tax rates applied are based on which country the entity, within a segment or channel, generates the income in.

## Financial Discipline

- Core Operations' profit after tax was \$572 million, an increase of \$532 million on the prior comparable period. A key driver of Core Operations profit after tax is the relative price difference between product prices that inform the Farmgate Milk Price, referred to as Reference Products, and the product prices of Non-Reference Products.
- Global Markets' profit after tax increased \$77 million to \$[385] million, mainly due to the Ingredients channel in-market profit after tax increasing by \$114 million as a result of improved pricing and higher sales volumes. Performance also improved in the Foodservice channel as our in-market sales teams were able to adjust sales prices to compensate for higher input costs. This was partially offset by impairments in Global Markets' Consumer channel of our New Zealand Consumer business and our Asia brands (Annum™, Anlene™ and Chesdale™).
- Greater China profit after tax increased \$11 million to \$284 million due to the Foodservice channel earnings increasing by \$46 million, reflecting our in-market prices adjusting to higher input costs. However, this was partially offset by an impairment in Greater China's Consumer channel of our Asia brands.

### Looking at our business by product channel:

- Our Ingredients channel profit after tax increased \$586 million, or 101%, to \$1,164 million, due to continued favourable margins in our protein and cheese portfolio, as well as higher sales volumes due to the sell down of additional inventory held at 2022 financial year-end.
- Our Foodservice channel profit after tax increased \$171 million, or 244%, to \$241 million, due to improved gross margins combined with higher sales volumes.
- Our Consumer channel profit after tax decreased \$137 million to a loss of \$164 million, mainly due to impairments of our domestic New Zealand Consumer business and our Asia brands.

To assist our long-term discipline and focus on reducing operating expenses from continuing operations to around \$2 billion, we have introduced a new efficiency metric of cash operating expenses per kgMS.

This metric monitors the actual cash cost base having regard to changing milk volumes, and adjusts for inflation so underlying efficiency gains/losses are transparent.

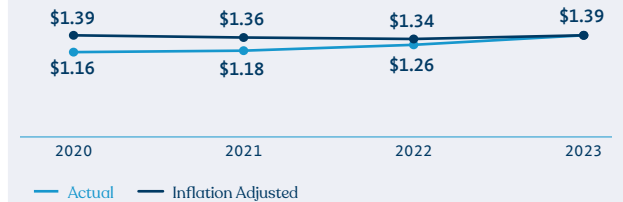
After removing the impact of inflation and non-cash costs, our operating expenses on a per kgMS basis increased from \$1.34 to \$1.39 per kgMS. The increase mainly reflects increased staff costs and storage and distribution costs.

To assist our long-term discipline on efficient New Zealand operations we have introduced a new efficiency metric of gross profit from Core Operations per kgMS.

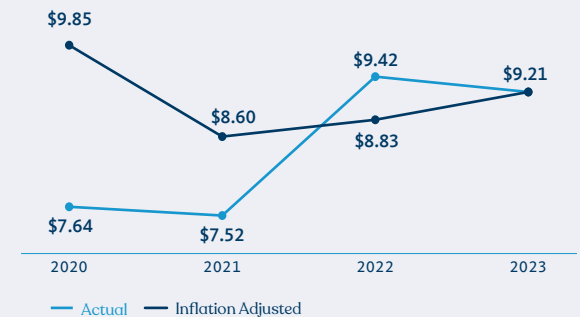
This metric monitors the cash cost base having regard to changing milk volumes, and adjusts for inflation so underlying efficiency gains/losses are transparent. The metric is calculated at a gross profit level to take into account the net result of maximising value generated from every milk solid, which can increase the cost base.

After removing the impact of inflation and non-cash costs, our gross profit from Core Operations on a kgMS basis improved from \$8.83 to \$9.21 per kgMS. The increase reflects favourable price relativities.

Cash operating expenses per kgMS

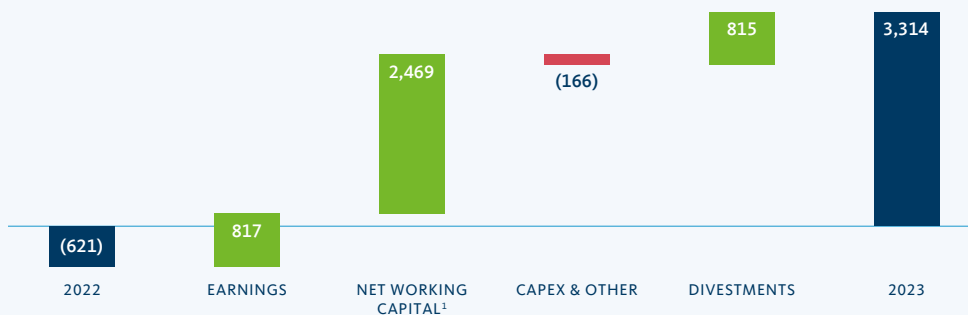


Gross profit from Core Operations per kgMS



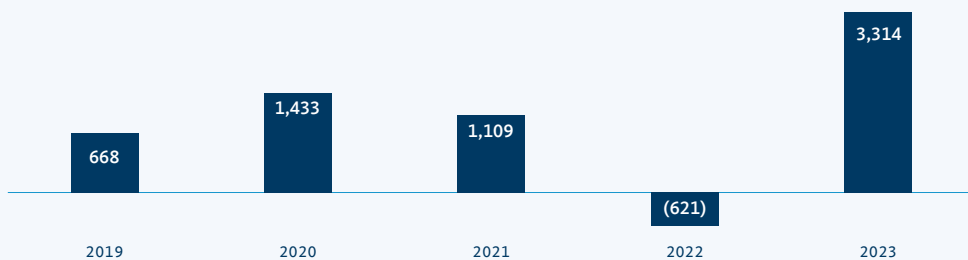
# Cash Flows

## Movements in Free Cash Flow (\$ million)



1. Includes amounts owing to suppliers.

## Free Cash Flow<sup>1</sup> (\$ million)



1. Refer to the Glossary for definition.

Note: Comparative information has been re-presented for consistency with the current period.

Our Total Group free cash flow was \$3.9 billion higher than last year at \$3.3 billion, and is before the \$804 million capital return payment to shareholders and unit holders. The increase reflects:

- strong earnings performance resulting in underlying cash flow from earnings increasing by \$0.8 billion,
- an improvement in working capital cash flows of \$2.5 billion over the year, and
- an increase in net cash received from divestments of \$0.8 billion, due to the sale of Soprole during the year, partially offset by an increase in capital expenditure and other investing cash flows of \$0.2 billion.

The strong free cash performance supports the payment of the capital return of 50 cents per share and a 2023 full year dividend of 50 cents per share.



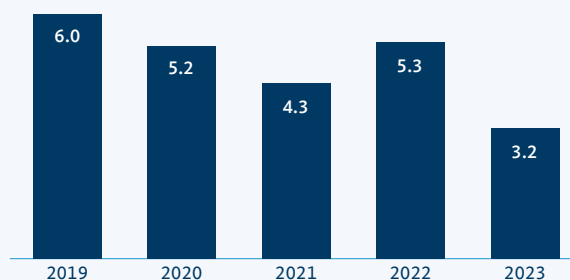
## Balance Sheet

Net debt has decreased by \$2.1 billion reflecting higher earnings, a reduction in working capital and the divestment of Soprole. This enabled an increase in cash dividends paid during the year and the capital return paid in August 2023.

The improvement in the Gearing Ratio from 42.4% to 28.8% reflects the lower level of debt coupled with the higher equity from our increased earnings.

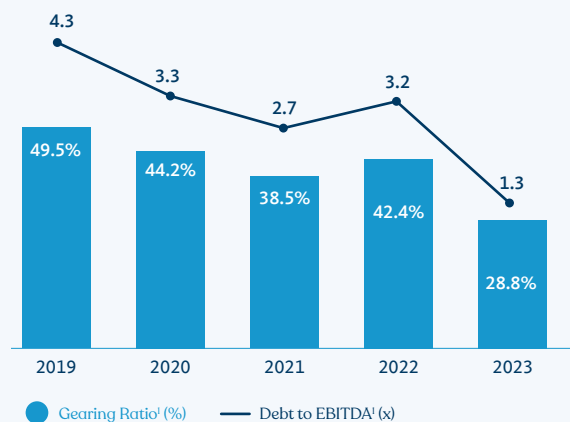
Debt to EBITDA has improved from 3.2x to 1.3x due to lower net debt combined with higher earnings for the year. Non-GAAP measures are not subject to audit unless they are included in Fonterra's audited annual financial statements.

Net Debt<sup>1</sup> (\$ billion)



<sup>1</sup> Refer to the Glossary for definition.

Leverage Metrics



<sup>1</sup> Refer to the Glossary for definition.

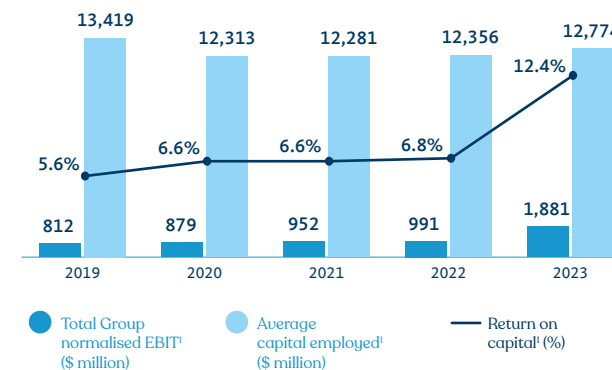
## Return on Capital

### Total Group Return on Capital improved from 6.8% to 12.4%

Our improved return on capital was due to the increase in our normalised EBIT. We have normalised \$349 million related to the gain on sale from Soprole, as well as normalising a \$12 million loss related to the divestment of Hangu China farm. The impairments of \$248 million, mainly recognised in our Consumer channel, have not been normalised.

The impact of the improved EBIT was partially offset by higher average levels of capital employed compared to the prior year. This was mainly driven by higher average working capital levels due to additional inventory carried forward from the prior year.

Return on Capital



<sup>1</sup> Refer to the Glossary for definition.

# On-farm

We seek to work with farmers to build the collective strength of our Co-operative. The aim is to deliver them maximum sustainable returns while bringing value to our customers, consumers and communities.

We believe Aotearoa New Zealand has the world's best milk. Currently, our natural advantages, grass-fed approach and efficient farming methods combine to make our dairy farm emissions one third the global average.

The work we're doing with farmers to reduce emissions on an intensity basis is an important part of keeping our Co-op resilient for the future, as we look to ensure there is continued demand for our farmers' milk.

This includes supporting them with insights, tools and the most up-to-date advice, while also working to save them costs across our network of Farm Source stores.

We want farming in Aotearoa New Zealand to continue for generations to come, which is why we are committed to farming in a way that regenerates the environment.

The value we create by processing our farmers' premium, sustainable milk into a range of products helps to sustain regional New Zealand, with almost 50 cents of every dollar earned by a farmer spent in their local community.





Te Tihi -  
The summit of the mountain

718 up from  
638

Te Puku -  
The mid point

5,038 up from  
4,522

Te Pūtaka -  
The start of the journey

1,383 up from  
1,155

The Co-operative Difference is our framework for enabling our on-farm practices to support the delivery of our strategy to protect and grow the value of our sustainable, nutritious, New Zealand milk.

This is done by identifying and considering what we need to do today, what we need to be thinking about for tomorrow and what we need to consider in the longer term.

The Co-operative Difference is about getting ready for emerging issues that are either opportunities to create new value and/or risks to existing value. It provides farmers with the confidence to invest on farm at a pace that works for them and their business.

The framework is broken down into five performance areas – Environment, Animals, People & Community, Co-op & Prosperity and Milk.

Up to 10 cents of a farmer's milk payment is influenced through fulfilling the key practices within each of these areas.

The Co-operative Difference has three levels of achievement:

- Te Pūtaka – achieving this first step is all about looking after people, animals, the environment and our Co-op. Farmers who meet the Te Pūtaka requirements receive 7 cents per kgMS for all milk supplied during the season.
- Te Puku – once Te Pūtaka is achieved, the next step is Te Puku, which is all about milk quality. To achieve Te Puku, a farm must achieve milk quality excellence for at least 30 days during the season. Once this has been achieved, farmers receive 3 cents per kgMS for all milk supplied during the season that meets the milk quality excellence standard.
- Te Tihi – once Te Puku is achieved, the next step is Te Tihi, which continues to focus on milk quality. To achieve Te Tihi, a farm must achieve milk quality excellence for at least 90% of days supplied in the season. Te Tihi is all about recognition of our leaders in the Co-operative and does not bring any additional financial recognition.

Farms that sustainably produce higher quality milk help to increase the value of all our milk. Getting the best returns for our farmers' milk is determined by our ability to access opportunities, markets, and premium prices.

It is also important that the wider community values our role and our approach to farming, animal wellbeing and guardianship of the land, so that dairy farming is seen as an attractive and respected career choice for future generations. This means staying at the forefront of issues such as quality, safety and sustainability. That's what The Co-operative Difference is all about.





Karlson,  
Bay of Plenty

## Supporting farmers through Farm Source

As the farmer-facing part of the Co-op, Farm Source plays an important role in getting alongside farmers to help them continue to lead the way in sustainable, efficient dairy farming.

The team is guided by what farmers have said they're looking for from their Co-op, grouped into four key areas:

- Co-operative leadership: including advocating on behalf of farmers and helping to foster a sense of connection and pride in the Co-op among farmers, our rural communities and the wider public.
- My Co-operative and business: engaging with farmers in a way that suits their individual business needs so that they get the support they need, in a way that works for them.
- Support to get better: working alongside farmers to further improve the efficiency and productivity of their farming businesses, including to meet on-farm standards and regulations of today and prepare for any that may be coming in the future so that we're continuing to build resilience in the Co-op.
- Products and solutions: providing products and solutions to help drive improvements, with a consistent and welcoming experience when farmers interact with the Farm Source team – whether in store or on farm – and offering competitive prices.

One of the top priorities for our Farm Source retail business is to reduce costs for farmers, including mitigating inflationary impacts as much as we can.

The team looks to leverage the Co-op's purchasing power and partnerships to deliver products and services at competitive prices. A practical example is the partnership we announced with 2degrees in November 2022, which offers farmers market leading rates on plans built to suit their telecommunication needs.

Farm Source offers a number of other market-leading offers – from up to 21 cents off a litre at Mobil for Fonterra suppliers, exclusive Power deals through Genesis, through to trade prices at Bunnings – and enables all Farm Source account holders to earn and redeem Farm Source Reward Dollars, contributing to further savings. We also play a critical role in helping to ensure farmers have a reliable supply of key farm inputs, as recently demonstrated when the country experienced supply shortages during COVID-19.

On top of the network of more than 60 stores across the country, Farm Source also brings market leading innovation like Allflex animal collars or Efflux to farmers. This is supported by industry-leading tools and services that are delivered in a personalised way to farmers.

In July 2023 we confirmed changes to our Farm Source team aimed at improving how the Co-op supports farmers today and into the future. It followed a genuine consultation process, with the original proposal changing based on feedback from our people. We also took onboard views shared by farmers during this time.

The focus is on three key areas – improving our local support, improving our phone and digital tools to make things easier, and endeavouring to see that we are all doing everything we can to maintain, and grow, sustainable milk supply for the Co-op.

The new structure came into effect in August and we've been working to ensure farmers know how Farm Source has evolved and why.

## Making it easier for farmers to join & stay with the Co-op

In March, we implemented our new Flexible Shareholding capital structure, which makes it easier for new farmers to join our Co-op and for existing farmers to remain, by allowing greater flexibility in the level of investment required.

We believe the changes help us make further progress on our strategy by supporting a sustainable milk supply and stable balance sheet, while also protecting farmer ownership and control.

Under the new structure, farmers can now hold up to 4x their milk supply in shares or a minimum of 33% of their supply.

In addition, exit provisions were extended and more types of farmers can be part of our Co-op. Sharemilkers, contract milkers and farm lessors can apply to become what we've termed Associated Shareholders and Secondary Shareholders. Meanwhile, ceased farmers are able to transfer shares to their relatives and related parties, who are known as Permitted Transferees.

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**Under the new structure, farmers can now hold up to 4x their milk supply in shares or a minimum of 33% of their supply.**

## Adjusting our Advance Rate

In May we announced that we would start the 2023/24 season with a new Advance Rate guideline. The key driver for this decision was to respond to the pressure farmers had been under, particularly in terms of cashflow.

The opening Advance Rate is now set at 75%, up from 65%, and steps up to 80% in March paid April, rather than May paid June. This helps gets cash to farmers sooner, and it is a change we were able to make due to our strong balance sheet.

Our intent is to use this new guideline for future seasons, starting with 2023/24.

When setting the Advance Rate, we balance getting farmers as much of their milk payment as early as possible, while also maintaining a strong balance sheet and having the necessary cashflow to operate day-to-day.

As a result of this approach, we will need to review our Farmgate Milk Price more frequently. As another way to get cash to farmers sooner, we announced in May 2023 that we were bringing forward the payment to shareholders of the capital return of 50 cents per share related to the sale of Soprole from October to August 2023.

## Reducing on-farm emissions

Throughout the year, we've had conversations with our farmers about the need for Fonterra to introduce a Scope 3, or on-farm, emissions reduction target.

We held in person and online meetings across the country to hear farmers' views. We also released a comprehensive on-farm emissions booklet in April which was designed to help with those conversations as well as being a practical how-to guide.

We initially indicated that we would announce the target in the middle of 2023. However, timing is important, and we acknowledge that farmers have been under a lot of pressure right now.

With this in mind, we decided to delay introducing a Scope 3 target by a few months. We now expect to announce our target before the end of the calendar year.

There is no one solution to reducing on-farm emissions. It will require a combination of best farming practices as well as new technology and innovation to reduce methane, which is one of the biggest challenges the dairy industry faces, while also representing a significant opportunity for us. We're investing in our own research and development as well as partnering with others to try and find breakthroughs that will further support farmers. Two examples are included on the next page.



## Exploring solutions to reduce methane

### Kowbucha™

One potential solution is our own development, Kowbucha™. Kowbucha™ is probiotics derived from Fonterra's large bacterial culture collection that are designed to reduce the methane produced by cows.

Kowbucha™ has produced promising results with some trials showing up to a 20% reduction in methane without compromising productivity, but further work is needed to validate these effects.

As well as the potential to produce a methane reduction solution for use on farm, the Kowbucha™ venture could generate commercial returns for the Co-op. This is why we are creating a more formal structure around its potential commercialisation – starting with the appointment of a CEO in early July 2023.

Fonterra appointed Dr Ben Russell to lead the development of our Kowbucha™ business venture. He will focus on establishing the Kowbucha™ business through further development, validation, and commercialisation of Fonterra's world-leading probiotic technology both within New Zealand and internationally.

### AgriZero<sup>NZ</sup>

We are also investing in partnership with other agricultural companies and Government.

AgriZero<sup>NZ</sup> is an investment fund established between Government and major agribusiness companies to make sure New Zealand pasture-based farmers have equitable access to affordable and effective tools and technology to reduce their agricultural emissions, while maintaining efficiency, production and profitability. Fonterra will contribute up to \$50 million over four years.

Since launching in February, AgriZero<sup>NZ</sup> has announced investments of:

- \$4 million in a methane measurement facility that will be constructed at the Massey University dairy research farm in Palmerston North and will house 12 new cattle respiration chambers and associated infrastructure.
- \$1.8 million for a stake in Ruminant Biotech, a New Zealand-based start-up that is developing a slow-release, biodegradable methane-inhibiting bolus for livestock.
- \$2.5 million to support the continuation of research underway in New Zealand toward developing a methane vaccine and methane inhibitor for use in livestock.

 AgriZero<sup>NZ</sup>



## Our industry leading farmers

### Dairy Industry Awards

Co-op farmers continued their strong history in the New Zealand Dairy Industry Awards, winning all three 2023 national titles at a gala dinner in Auckland in May.

Hayden and Bridget Goble from Taranaki won the 2023 New Zealand Share Farmer of the Year title, Canterbury/North Otago's Jack Symes became the 2023 New Zealand Dairy Manager of the Year and Bill Hamilton from Northland was announced the 2023 New Zealand Dairy Trainee of the Year.

Hayden and Bridget are 20% VO equity partners together with Bridget Mooney, Kevin Goble and Diane Goble on their 200ha, 565-cow New Plymouth property.

Jack is farm manager on Judy and Brian Symes' 160ha, 630-cow property at Southbridge and Bill is farm assistant on Richard and Sharon Booth's 395-cow, 174ha property at Titoki, employed by Andrew and Vicky Booth.



## Fonterra Dairy Woman of The Year Donna Cram

Taranaki farmer Donna Cram won the 2023 Fonterra Dairy Woman of the Year award.

Facilitated by Dairy Women's Network, the award recognises an outstanding woman who has contributed to the dairy sector with passion, drive, innovation and leadership and no other award in New Zealand specifically celebrates the capability and success of women in the dairy industry.

Donna is a fourth-generation dairy farmer and influences locally and nationally through a large range of positions. She is well known within our Co-op and is an outstanding ambassador for the industry. Her leadership qualities, community engagement and commitment to sustainability represent some of the best attributes of Kiwi dairy farmers.

Along with the award Donna received a scholarship from Fonterra of up to \$20,000 for an approved and personally chosen development programme, or professional/business coaching and/or learning experience.



## Young Farmer of The Year Emma Poole

Waikato/Bay of Plenty Young Farmer and Co-op supplier Emma Poole was "absolutely buzzing" after being named the 2023 FMG Young Farmer of the Year in early July.

Emma is the contest's first-ever female champion and secured the win following three days of gruelling challenges against six other Grand Finalists. Contestants' farming skills and general knowledge were put to the test with tasks that included repairing farm machinery, creating a hydroponic system and an intense race-style challenge with multiple tasks that saw points awarded for both skill and speed.

As Emma accepted the award, Tim Dangen, her brother, mentor and last year's FMG Young Farmer of the Year was there to congratulate her as she said "we've finally knocked the grass ceiling off the roof".



# Honour roll for on-farm excellence

Thank you to all our farmers who have worked hard in the 2022/23 season to provide safe, high-quality milk. In addition to the honour roll, we acknowledge the efforts of all our farmers for their commitment to on-farm excellence and producing the best possible milk.

## Legend

Farming entities that achieved Grade Free for at least the last 10 seasons

Abacus Dairy Limited	Milkwell Limited
Alton Pastures Limited	MR & TJ Frost Ltd
Ashgrove Dairy Farms Limited	Owhango Farms Limited
Black & White	P H & W F Iorns
Cow Company Limited	Pharlee Trust
C E & D L Rogers	R & S Singh
C J & C J McKenzie Limited	R S & R D Gordon
Caskey Farms	Rainbowcreek Farms Limited
Farmer Fred Ltd	S & S Iorns
Fowler Family Prosperity Trust	Schorn Trust
Glen Eden Otago Ltd	T D & J A Rhind
Golden Mile Farms Limited	The D & A Roberts Family Trust
Hillcrest at Fairfax Ltd	W J & J G Pile Family Trust
J & LM Van Burgsteden	Waiotu Farms Ltd
Kainui Peatlands Ltd	Whenuakura Farm Limited
Kemra Farm Ltd	Willcox Farms Ltd

# Te Tihi

Farming entities that achieved  
The Co-operative Difference Te Tihi (Level 3)  
A–C

46 South Limited	A T & J L Hughes Trust	Alley Farms Limited	B J & J R Goodwin	Birds Meadow Limited	Bullot Family Trust
4RJ Aguilar Dairy Limited	AAEJHM Family Trust	Allison Family Farms Limited	B J & S R Morell	Biz-E Farming Limited	Burnell Farms Limited
4Smiths Limited	AAR Farming	Altura Dairy	B L & D J Haylock	BJ & TJ Bennett Limited	Burness Partnership
99 South Limited	Aaron and Marcia Flay Partnership	Amtink Limited	B M & J M Durcan	BJ & TM Verryt Limited	Burtlea Limited
A & A Renes Limited	Aaron Brown	Andrew Marshall Family Trust	B M & R M Sarten	BJ Caird Limited	Burton Farm Trust
A & H Ahlers Limited	Aaron Gopperth Trust	Andrew Phipps	B N & E L Simmons	Blandyco Trusts Partnership	Bushmills Trust
A & J Mitchell Partnership	AB Dairies Limited	Aotearoa Kaitiaki Limited T/A Te Mania Farm	B R & S P Churstain	Blimar Dairies Limited	BW Dairy Limited
A & M Lopes Limited	Abbott Trusts Partnership	AP & TM Davis T/A Bushvalley Farm	B W & S J Phillips	BLL Farm Trust	Byrne Tribe Limited
A & R Gibson Trusts Partnership	ABR Family Trust	AQA Agriculture	B W E Binnie	Bluegum Farms Ltd	C & A Dairies Limited
A B Lime Limited	ABR Farms Limited	Aramaunga Farms Limited	BAA Family Trust	BM & GI Watson Limited	C & R Ashcroft Partnership
A B Lime Limited	ACG Enterprises Limited	Ardendale Farm Trust	Bailetresna Limited	Bobcat Trust	C & R M Moir
A H Baxter Limited	ADDR Limited	Ardmore Farm Trust	Bailey Partnership	Bolton Walker Limited	C A & E A Brown
A J & Est L R Arnet	Aerodrome Farm Limited	Armer Farms (N I) Limited	Baldwin & Bourke Limited	Bonezco Farms Limited	C A Rowe
A J & P T Bryant	Aghern Holdings Limited	Arrow Dairy Limited	Barcia Dairies Limited	Bosbry Trust	C and J Piggott Limited
A J & V A D McLellan	Agromilk Limited	Ashton Farming Limited	Barnscroft Dairy Limited	Braebid Limited	C D Farms
A J Porteous No. 2 Trust	AGVenture Farms Limited	Ashvale Jerseys Limited	Barnsdale Farms 2014 Limited	Brasen Trust	C G & J A Venn
A L & S E Hunter Family Trust	Ahipaipa Farms Limited	Aston Green Limited	Barridge Farms	Brats Farms Limited	C H Land Limited
A L & W A Mullan	Ahipene Farming Limited	AT Mills Partnership	Baucke Family Trust	Braylor Farms Limited	C J & M D Blackwell Family Trust
A Mackinnon & A L Aitchison	Ahol Trust	Avery Partnership (Te Hawera)	Beckett Family Trust	Brenick Limited	C J & S J Coll Family Trust
A P Jones & J G Craw	Alderbrook Farms Limited	Avon Downs Limited	Beckett Farm Limited	Brentworth Dairying Limited	C J & V K Taylor
A S & G L Noble	Alkington Limited	B C & H J McLellan	Beechbank Dairies Limited	Brittany Trust Partnership	C J Neustroski & P T Bucknell
		B C McIntyre	Beith Farm Limited	Brohen Farms Limited	C J Smyth & O R H Malone
		B D & K M Sterritt	Belbrook Farming Limited	Brok Farming Limited	C M Tanner
		B D & M R Gray Trust Partnership	Belfield Dairies Limited	Brookdale Dairy Farm Limited	C P Baldwin & M A Bourke
		B D Hiestand Trust & V J Hiestand Trust	Bell Family Farms Limited	Brooklyn Dairy Farm Limited	C Porter & O Mitchell-Bettles
		B F & R E Sanford Limited	Belmac Enterprises Limited	Broughshane Limited	C.J. & N.A. Williams Limited
		B F & S J Gordon	Ben Callum Investments Limited	Bruski Farms 2001 Limited	Caiseal Partnership
		B H & L J Bourne	Benmore Downs Limited	Bryant Silviculture Limited	Calcium Dairies Limited
		B J & D A Verryt Family Trust	Berry Dairy Farming Limited	Brymac Farms Limited	Calsi Farms Limited
			Beyond The Gate Limited	BS Farming Limited	Camaro Trust
			BH Growth Limited	Bula Dairy Farming Limited	Cambourn Farm Limited



# Te Tihi

## C-G

Cameron McLellan  
 Cameron Richards Family Trust  
 Cantley Developments Limited No 1  
 Cantley Developments Ltd T/A Sunrise Properties  
 Caskey Farms  
 Cavafarm Trust  
 Ceamour Farms Limited  
 Ceylandia Dairies Limited  
 Chelu Limited  
 Childs Creek Limited  
 Chisnall Farms Limited  
 Churi Farms Partnership  
 Claremont Trusts Partnership  
 Clark & Everitt Partnership  
 Clarke Farms (2016) Ltd  
 Clarknic Farms  
 Clemcorp Ltd  
 Clover Bell Limited  
 Clutha Lea Ltd  
 CMP Dairies Limited  
 Colhaven Limited  
 Collingwood Dairy Limited

Collingwood Farm Trust  
 Collins & Murphy Farming Limited  
 Contra Trusts  
 Copeland Farming 2012 Ltd  
 Cordyline Farms Limited  
 Cornik Farms Limited  
 Corona Farms Ltd  
 Cotlands Ltd  
 Countrywise Limited  
 Cowley Ltd  
 CPX Limited  
 CQ Farming Limited  
 Craigower Farms Ltd  
 CRB Farming Limited  
 Creekside Pastures Ltd  
 Cressey Dairies Ltd  
 Crossipol Ltd  
 Croydon Agri Ltd  
 Croydon Dairy Limited  
 Cummings Family Trust  
 Cupsville Limited  
 Cutting Edge Dairies Limited  
 D & A Cooper Limited  
 D & D Alexander Trust  
 D & D M Coupe Trust  
 D & E Beckett Limited  
 D & M Earl Limited  
 D & T Farming Limited  
 D B & N L Hinz Partnership  
 D B & T A Wyber  
 D D & D M Galletly

D J & J A Veen  
 D J & L J McDrury  
 D J & N J Williams  
 D J Brook  
 D J Conlan  
 D J Wohlers Family Trust  
 D L & P Wilson  
 D M & C E L Turnbull  
 D M & D L Bourke  
 D M & J C Brogden  
 D M J & A J U Smith  
 D M J S Trust  
 D P & T M Stephens  
 D R & E M Henman  
 D R & J E Gilchrist  
 D R & L M Locke Ltd  
 D S & R R Carey  
 D W & M E Kidd  
 D.C Clark Limited  
 DA & ER Reid  
 Daisy Dairying Ltd  
 Dalmm Dairy Limited  
 Daniel & Tracey Limited  
 Danz Farm Limited Partnership  
 David & Corina Youle Trust  
 David & Lynley Ecclestone  
 David Leng  
 DB & MJ Kalma Ltd  
 DDB Dairy Enterprises Limited  
 Debnar Farms Limited  
 Deebury Pastoral Partnership

Delarbe Farm Limited  
 Denis J Crookenden & Bronwyn F Bax  
 Dennley Farms Ltd  
 Des Conlan Trust  
 DG Farming Limited  
 Diamond Family Trust  
 Dillon & Co 2020 Limited  
 DJ & AJ Williams Ltd  
 DJAS Partnership  
 DNR Farms  
 Dobbie Farms Ltd  
 Dogterom Farming Limited  
 Donald Pearson Farm Ltd  
 Doneve Agriculture Limited  
 Donnelly Trust  
 Double A Oaks Limited  
 DPN Farming  
 DR & PJ Hannah Ltd  
 Draw Farming Limited  
 Drought & Kalin Family Trusts Partnership  
 Drumderg Farm Ltd  
 Drumoak Trust  
 Dryden Farming Limited  
 Drylands Trust  
 Drysdale Holdings Ltd  
 E A White Ltd  
 E C Briden & Sons Ltd  
 E J & A M Kiser  
 E L Mitchell  
 E O'Brien  
 E T De La Rue

Ealing Dairies Limited  
 East Chatton Farms Limited  
 Ebbett Agri Partnership  
 Edale Farms Ltd  
 Edge Holdings Limited  
 Elamar Trust  
 Est of M F Blake & M Blake  
 Estate E A Bonner  
 Estate John Harold & Muriel Mary Watt  
 Estate M J Abbott  
 Estate of T D & N M Miller  
 Estee Holdings Limited  
 Evans Partners Ltd  
 Excel Farming Limited  
 Eyretonlea Partnership  
 F A & R C M Smits Ltd  
 Fairfax Stonehouse Farm Ltd  
 Falcon Farms Trust  
 Farm Partners Limited  
 Farmer Fred Ltd  
 Farnley Tyas (2018) Limited  
 Faull Contracting Limited  
 Faybo Limited  
 Feenstra & Bouwmeester Trust  
 Fern Flat Limited  
 Fernley Farm Limited  
 Firdale Farms Limited  
 Flaxwood Farm  
 Flaxwood South  
 Fleming Family Trust  
 Flo New Zealand Limited

Fonterra -Te Rapa Farm  
 Friendly Cow Farms Limited  
 Full Moon Farming  
 G & L Farming Limited  
 G & M Moore Partnership  
 G & P Russenberger  
 G & R Ward Family Trust  
 G & T Sloper Limited  
 G A & J M Hall Limited  
 G A & K T Lynch  
 G A & W A Knight  
 G A W & M C Van Rossum  
 G B & D G Hodges Trust  
 G Bearman & W Reid Partnership  
 G D & C J Alexander  
 G G Green Acres Limited  
 G G Ring  
 G I Norgate  
 G J & E L Pinny  
 G J Borst  
 G K S Cows Limited  
 G L & G F Bell  
 G L & R L Burr  
 G M & J M Zydenbos  
 G P & D J Wolvers Family Trust  
 G P S 2007 Ltd  
 G R & K L Lovelock  
 G R & L M Heywood  
 G S & L J Rowe  
 Galloway Enterprises Ltd  
 Gambles Farm Ltd

# Te Tahi

## G-L

Gavin Lozell Farming Limited  
 GB Dairies Partnership  
 GD & CJ Alexander Ltd  
 Gema J Limited  
 Geordie Farms Limited  
 Gibbs G Trust  
 Gillett Farms Ltd  
 GKW Farms Ltd  
 Gladvale Farms Limited  
 Glanton Holdings Limited  
 Glenarne Limited  
 Glenkerry Farm Limited  
 Glennevis Dairies Ltd  
 GM & AM Woolley  
 Golden Mile Farms Limited  
 Gordon Dale Farms (2006) Ltd  
 GPN Holdings Ltd  
 Graejo Trust Partnership  
 Granite Farms Ltd  
 Grantley Trust  
 Green Pastures Dairy Ltd  
 Green Sky Dairies Limited  
 Greenan Farms Limited

Greenhart Limited  
 Greg Dawson  
 Greg Low Limited  
 Gregory Farms Ltd  
 GST Investments Limited  
 Guthrie Farms Limited  
 Guyon Farm Limited  
 Gwen-May Trust  
 H E Argyle and Estate of L A Argyle  
 H J & A M Van Hout  
 H L & J E Wallace  
 H Q Partnership  
 H S Phillips  
 Hahn Trading Limited  
 Haket Trust  
 Hamilton & Keene Sharemilking Ltd  
 Hammens Limited  
 Hann Bros  
 Harakeke Dairy Ltd Partnership  
 Haswell Farm Limited  
 Haumako Farm Limited  
 Haurere Farms Ltd  
 Heartland Holdings (2008) Ltd  
 Heavenly Moos Limited  
 Henderson Partnership Farm  
 Henmar Trust  
 Heywood Trust  
 Highland Downs Limited  
 Hill Biddles Limited  
 Hillcrest at Fairfax Ltd

Hitchcox Farming Ltd  
 Hoe-o-Tainui Farms Ltd  
 Hogsback Limited  
 Hollands Farm Limited  
 Holmleigh Trust Partnership  
 Hororata Dairy Farm Limited  
 Huntly Road Dairies Ltd  
 Hwitan Tune Holdings Ltd  
 I G Haigh  
 I H & D J Bryant  
 I J & H E Mitchell  
 I J Sutherland Partnership  
 Ingram Farming (2003) Limited  
 Intensive Agriculture Ltd  
 Inveraray Dairy Limited  
 Ivy Plains Ltd  
 J & C Gray Family Trust  
 J & E Hansen  
 J & L Delgado  
 J & O Sergiychuk  
 J & P S Malcolm  
 J & R Ferguson Ltd  
 J & S Belton  
 J & S Nicholas Limited  
 J A & E Fraser  
 J A Rhind  
 J C Rossiter  
 J E & A E Watson  
 J E & D L Morell  
 J G & J M Wright  
 J G & L M Mills

J G Cochrane  
 J H & H R Smyth  
 J J & T A Hickman Family Trust Partnership  
 J J Bailey  
 J L & K S Gwerder Family Trust  
 J M Mellow  
 J McKay & A Brown  
 J P & A M McEwan Ltd  
 J S Dairy Limited  
 J Turner Limited  
 J W & A M Steeghs  
 J W & T L McElligott  
 Jackson Partnership Ltd  
 Jacob Abbott  
 Jacob Olsson  
 Jaeger Dairies Limited  
 James Lyttle  
 Janssen & Sons Limited  
 Jareem Trust  
 Jareem Trust Partnership  
 Jascas Trust  
 Jaska Farm Trust  
 Jaydee Farm Limited  
 JBHILLS Limited  
 JBT Farming Limited  
 JC Beattie Trust  
 JCB Farms Limited  
 JCDAF Dairy Farms Limited  
 Jersey Girl Ltd  
 Jerzey Rock Farm Ltd  
 JF & LM Le Fleming Family Trust

Jomar Farm Ltd  
 Joshua Lyon  
 JP & DJ Hurley Partnership  
 JS & KJ Lorimer trading as Laurel Hill Farm  
 Juffermans Dairy Company Ltd  
 Jurassic Farms Ltd  
 K A & N J Riddington Ltd  
 K G Reeve  
 K J & H A Dravitzki  
 K J & H Chalmers Ltd  
 K J & L M Goodwin  
 K J & S R Crowley  
 K J Thompson & M Sataka  
 K R Vollebregt  
 K W & D J Hall  
 K W & S H Smart Trust  
 K W Laing  
 K&M C Farms Limited  
 Kahikatea Dairy Ltd  
 Kainui Farms Limited  
 Kaitiaki Whenua Farming Limited  
 Kaiwhio Dairies Limited Partnership  
 Kaja Limited  
 Kanuka Terrace Limited  
 Kapuka Investments Limited  
 Karl Robert Peace  
 Kavanagh Trust Partnership  
 Keelinn Farms Limited  
 Keitra Farms Limited  
 Kelbretar Trusts Partnership

Kelly Farming Limited  
 Kelvin Vickers Family Trust  
 Kemra Farm Ltd  
 Kerr Road Dairies Limited  
 Kes Farming Limited  
 Kevin Fleming Ltd  
 Keystone Dairies Limited  
 Kiekie Farms Ltd  
 Kilfinan Farm Ltd  
 Kilkenny Farm Ltd  
 Kilkerran Farm Ltd  
 Killinchy Dairies Limited  
 Kinkora Farm Ltd  
 Kirson Farms Ltd  
 KJ&HL Uhlenberg(Waitui) Fam Tr. P'Ship  
 KM & BM Muller  
 Knapdale Farms Ltd  
 Kohi Partnership  
 Kohi Rose Ltd  
 Kohinoor Farms Ltd  
 Koning Dairies Limited  
 Koroa Group Limited  
 Korotawa Limited  
 Kuklinski Family Trusts Partnership  
 Kuriger Farms  
 Kyle Farm (2005) Limited  
 Kywaybre Farms Ltd  
 L & M Wild River Limited  
 L B & S A Udy  
 L D & R M Barry  
 L E Hill

# Te Tihi

## L-O

L G & H R Miller  
 L H & K M Bonnar  
 L J Hodges  
 L M Farms  
 L P & C L McClintock Limited  
 L P & I Bylsma  
 L Ross & A Parry  
 L S & K A Phipps  
 L.J. Fleming & Co. Limited  
 LA Farms Limited  
 Lakeside Farm (2010) Ltd  
 Lamb Dairy Limited  
 Landcorp Farming Limited  
 Lavender Dairies limited  
 Lawson Farms  
 LB Dairies Limited  
 Le Emari Trust T/A  
 Willowbridge Dairies  
 Le Prou Family Trust  
 Legendairy Contracting Ltd  
 Legrayle Farm Limited  
 Lenek Farms Limited  
 Leningrad Farm Ltd  
 Lenssen Farming Partnership

Leona Green  
 Leondale Trust  
 Lepperton Farms 2021 Limited  
 Lethol Farms Ltd No.1  
 Lillburn Valley Dairies Ltd  
 Lisdale Dairies Limited  
 Little Mate 88 Farming  
 Company Limited  
 Livcon Farms Ltd  
 Lizlyn Dairies Limited  
 Lobblinn Farms Limited  
 Lochbuie Limited  
 Lochhead Holdings Limited  
 Lochiel Sharemilking Limited  
 Lochlea Partnership  
 Lockinge Farms Ltd  
 LR and SJ Hammond Limited  
 Ludell Limited  
 Ludimac Dairying Ltd  
 Luscombe Partnership  
 Lynbrook Farm Limited  
 Lynwood Dairies Limited  
 M & A Bulanhagui Limited  
 M & A Schrader Family Trust  
 M & D Padrutt Family Trust  
 M & G Askin Family Trust  
 M & M Kidd Partnership  
 M A Watt Family Trust  
 M C & J P Fisher  
 M D Hammond  
 M E Hunt & Son Ltd

M F & D C Robinson Trust  
 Partnership  
 M J & D R McFetridge  
 M J & M J Manley  
 M J Adams Trust  
 M J Robertson  
 M L & K I Clark Family Trust  
 M P & V M J Joyce Trusts P/Ship  
 M R & K J Luke Ltd  
 M S & P M Davey  
 M S Dobson  
 M T & J Torrie  
 Maandonks Farm Limited  
 Maandonks Pastoral Limited  
 Macarm Farms Ltd  
 Macedonian Properties Limited  
 Macken Farm Ltd  
 MacWilliams Dairies Limited  
 Mahunga Farm Limited  
 Majestech Farms Limited  
 Majuba Farms Ltd  
 Maken Milk Ltd  
 Malandra Downs Limited  
 Manaki Dairy Farms Limited  
 Mangakiri Ltd  
 Mangaroo Farms  
 Mangatoki Partnership  
 Mangawhiri Farms Ltd  
 Mangin Dairying Ltd  
 Manuka Downs Farm Limited  
 Mardell Graham Limited  
 Mark & Nerida Dodge Ltd

Marshlie Partnership  
 Martindale Trust  
 Marua Partnership  
 Mary Rose Trust  
 Mattajude Family Trust  
 Maude Peak Farm Trust  
 Mavora Farms Ltd  
 Maxlands Farms Limited  
 McBeth Dairy Ltd  
 McCheesey Farming Limited  
 McClan Ltd  
 McConnell Ag Ltd  
 McCoote Farms Limited  
 McCullough Family 2008 Ltd  
 McCullough Orakau Farm  
 Trusts Partnership  
 McDonnell Farming Company  
 (Ohau) Ltd  
 McDonnell Farming Limited  
 McKay Creek Farms Limited  
 McKinnon Dairy Limited  
 McSwag Limited  
 Mehroop Trading Limited  
 Melgan Ltd  
 Melrose Dairy Ltd  
 Merivale Partnership  
 Merrybent Limited  
 MG Farms Limited  
 Michael Clark Ltd  
 Michael Kiser  
 Mid Island Farms Limited  
 Miedema Farms Limited  
 Milestone Trust

Milk Drops Ltd  
 Milk Power Ltd  
 Milk Tap Limited  
 Milka Dairies Limited  
 Milkin It 2020 Limited  
 Milky Whey Enterprises  
 Limited  
 Milldale Farm No 2 Limited  
 Mills Road Estate Limited  
 Minus 1 Trust  
 Mish (2012) Ltd  
 MJ & CD Beattie  
 MJ Henderson Farming Limited  
 MJG Limited  
 MKJ Farms Limited  
 Mokka Limited  
 Molehill Farm Ltd  
 Monte Vista Farms  
 Moo Juice Limited  
 Moo2U Ltd  
 Mooi Dairies Ltd  
 Mooi Farms Ltd  
 Moojuice Dairies Limited  
 Moonlight Farms Trust Ltd  
 Moore Farming 2020 Limited  
 Morag Farm Limited  
 Morana Farms Limited  
 Morelands Pastoral Ltd  
 Moss Lane Limited  
 Mount View Trust  
 Mt Winchmore Farm Limited  
 Mullerwhero Farming Ltd

Murdoch Southern Farms Ltd  
 Murphy Farms Limited  
 N & J A Lodge  
 N & S Ganderton  
 N A & K M McColl  
 N G & B D Simmons  
 N K Burgoyne  
 Nadash Partners  
 Nellnate Partnership  
 Netherland Holdings Limited  
 Newera Dairies Limited  
 Newman & Clarke Limited  
 Newman & Clarke Limited No 2  
 Ngahape Valley Farm Ltd  
 Ngai Tahu Farming  
 Ngariki Trust  
 Ngatahi Trust  
 Ngatitu Whanau Trust  
 Nikorima Trust  
 Nilock & Camole Trusts  
 Nimbalkar Farms Limited  
 Nippyfarm Limited  
 NNL Dairying Limited - NO 2  
 Northland Agricultural  
 Research Farm Incorporated  
 Nottingham Farms Limited  
 NZSF Canterbury Farms  
 Limited - Lowry  
 NZSF Rural Holdings Ltd  
 O J & A J Williams  
 O'Connell Dairy Ltd  
 Old Kookaburra Farms Limited  
 One Arrow Ltd



# Te Tihi

## O-S

Opadadus Farming Ltd  
 Openside Farms Ltd  
 Oporo Farms Ltd  
 Oraka Farms Limited  
 O'Reilly Family Trust  
 Orini Downs Station Limited  
 Orongo Meadows Ltd  
 Orwell Dairies Limited  
 Oscar Farming Co Ltd  
 OSK Limited  
 Otira Farm Ltd  
 Owen & Robyn Ruddell Partnership  
 Owhango Farms Limited  
 P & D M Miedema  
 P & G Mulholland  
 P & S De Lange  
 P B & E J Chick  
 P D & S F Smith  
 P G & M A Cashmere  
 P G O'Rorke Family Trust  
 P H & W F Iorns  
 P J & H M Butler  
 P J & K J Henderson

P J & M E Gamble Family Trust  
 P Jones Family Trust  
 P L & R E Berryman  
 P M & K F Westenra  
 P R & R F Mossman  
 P S & H J Wilson  
 P T & E A Kelly  
 Pahau Dairy Ltd  
 Pahau Flats Dairy Limited  
 Papakauri Farms Limited  
 Paton Farms Limited  
 Paton Trading Company Ltd  
 Paton Trading Company Ltd  
 Patterson Farming Limited  
 Patterson Rawson Trusts Partnership  
 Paul Kay Family Trust  
 PB & CF Purdie Family Trust  
 Pebble River Farms Ltd  
 Pedestal Farms Limited  
 Perks Farm Limited  
 Peron Farming Limited  
 Peter Reeve  
 Pharlee Trust  
 Philmara Ltd  
 Pidgeon Pastures Ltd  
 Pindar Farms Limited  
 Pine Bush Grazing Limited  
 Pineridge Partnership  
 PKW Farms LP  
 Platinum Dairies Ltd  
 Poharu 2020 Limited

Pollock Dairies Limited  
 Pomona Farming Limited  
 Ponga & Pukeko Farms Ltd  
 Port Molyneux Dairies Limited  
 Pourakino Valley Trust  
 Premier Dairies Limited  
 Prima Farms Limited  
 PT & CA Shearer Family Trust  
 Pukerua Farm Ltd  
 Puketaria Limited  
 Pynewood Farm Limited  
 Q F & H J Sherriff  
 Quirke Family Trust  
 QZL Farms Limited  
 R & M King  
 R & P McIntosh Ltd  
 R A & K J Feaver  
 R B & G E Potter  
 R B & S M Grant Farming Limited  
 R G & C K Chubb  
 R G King Ltd  
 R H & G H Smith  
 R J Beckett  
 R L & F M Hurley  
 R L & S F Thompson  
 R N & D A Schmidt  
 R N & R C E Duncan Family Trust  
 R N Van Der Fits Family Trust  
 R P & C J Ballantine Family Trust

R W & H A Trotter  
 R W & K M Powell Trust  
 RA & L Lash  
 RA Borst & MG Henderson  
 Radcliffe Rugby Road Limited  
 Raelene Williams  
 Rakaia Incorporation (Pahau) Limited  
 Rangatira 8A17A5 Trust  
 Rangeview 2021 Limited  
 Rangitata Island Dairy Limited  
 Rangitata Island Dairy Partnership Ltd  
 Rata Hill Farm  
 Red Fox Farms Limited  
 Redhawk Trust  
 Reesby Family Farms Limited  
 Regent Farms Limited  
 Retell Holdings Limited  
 Reuver Limited  
 Reynard Fields Limited  
 Rich Feet Limited  
 Richfield & Gee Ltd  
 Ridge View Dairies Limited  
 Ridgedale Limited  
 Ridgevale Dairy Limited  
 Riley Glen Collinge  
 Rimoo Farm Limited  
 Riverbend Farmlands Limited  
 Riverhill Farming Limited  
 Riverlands Ko-Torp Ltd  
 Riverlock Land and Property Limited

Riverside Dairying Limited  
 Riverside Sharemilking Limited  
 RJ & KB Smyth  
 Robertson Allen Limited  
 Robren Farms Ltd  
 Rockhaven Farm Partnership  
 Roger L Brook T/A Rosebrook  
 Rogers Family Trusts Partnership  
 Rolfe Farms Limited  
 Rollett Farms Ltd  
 Rollinson Farms Limited  
 Rombouts Farm Ltd  
 Rooney Farms Limited  
 Rooster Dairy Limited  
 Rose Fern Farms Ltd  
 Rosebrae Farm Limited  
 Rosevale Limited  
 Roslyn Plains Limited  
 Ross & Louise Fieten Family Trust  
 Rostov Dairies (NZ) Ltd  
 Rout Dairies Limited  
 Rowlands 2022 Limited Partnership  
 RP & KJ Willans Family Trust  
 Rua Fox Limited  
 Ruakiwi Dairies Limited  
 Rubu Partnership  
 Ruthe Farms Limited  
 Rydal Farm Trust  
 Ryelands Farm Company Limited

Rylock Farms Limited  
 S & A Novo Limited  
 S & A Wheeler Farms Limited  
 S & G Chick  
 S & R Pastoral Ltd  
 S & S Iorns  
 S B & Y M Thompson  
 S E & S A Nicholas Family Trusts  
 S G McKenzie  
 S J & D L Smith  
 S J & J L Fevre Trusts Partnership  
 S J Bruce Family Trust  
 S M & S A Field  
 S R & C J Baucke  
 S.V. & M.L. Helms  
 Sailing Away Family Trust  
 Sam Hunter & Amy Crofts Partnership  
 Sanddale Farm Ltd  
 Sandow Farming Limited  
 Sarnia Farms Limited  
 Sayer Severn Limited  
 Sayer Trust Partnership  
 SB & AM Gold Limited  
 Schorn Trust  
 Schouten Dairies Ltd  
 Schouten Dairies Ltd  
 Scott Evans Sharemilking Limited  
 Scott Mark & Rachel May Ireland  
 SD & CB Farming Limited

# Te Tahi

## S-Z

Settler's Inn Trust	Steward Dairy Ltd	Te Puna Wai Dairy Farm Limited	Tor View Ltd	W S & K M Fleck	Whitestone Dairies Limited
Sfarmer Partnership Limited	Stewartwood Limited	Te Whanake Enterprises Ltd	Torehape Sharemilking Co Limited	W.A & H.R Simpson Farming Ltd	Wilcock Farming Limited
Shady Farming Limited	Stichbury Farms Limited	Te Whanake Joint Venture	Torran Moor Ltd	Wade Industries Ltd	Willans Holdings Ltd
Shawlink Ltd	Stoked Enterprises Limited	Te Whenua O Matata Limited	Trenberth Family Trust	Waikatland	Willbound Farm Limited
Sheenfield Farms Ltd	Stolzenberg Farms Ltd	Telesis Trust	Trinity Lands Limited	Waimak Dairies Limited	Williamson Trust Partnership
Shenandoah Trust	Stonebrook Dairy Farm Limited	Ternstone Limited	TRK Farm Limited	Waimarama Farming Ltd	Willowbrook Farms Ltd
Siberia Farm Limited	Stonedale Farming Limited	Terrace Farms 2016 Limited	Tronnoco Farming Co Ltd	Waimate Fields Ltd	Willowcreek Trust
Sidewayz Farming Limited	Stoneleigh Park Limited	Terrace Top Dairy Ltd	True Blue Trusts	Wainui Dairies	Willowfields Limited
Simon Maxwell Limited	Stonylea Dairies Limited	The D & A Roberts Family Trust	TS Dairies Limited	Waiongona Flats Ltd	Willowhaugh Enterprises Limited
Sisley Farms Ltd	Stornaway Farm Ltd	The Grange Ltd	Tuki Tuki Awa Ltd	Waiotu Farms Ltd	Willowview Pastures Limited
SJ Bond & DJ Phillips	Streamline Limited Partnership	The Herewahine Trust	Turpin Dairies Limited	Wairakau Farm Trust	Wilmat Farms Limited
Small Trading Ltd	Sutherland Dairy Co Limited	The Isaac Conservation & Wildlife Trust (ICWT)	Tussocky Road Dairy Farm Limited	Waitago Farms Ltd	Wilson Produce Limited
Smit Dairies Limited	Swim Farms Ltd	The White Gold Farm 2022 Limited	Twin Creeks Partnership	Waitoru Farm Limited	Windsor Park Dairies Limited
Smith Enterprises Limited	T H Davies Farming Limited	Thornehayes Farm Ltd	Tyndale Family Trust	Waituna Investments Ltd	Windy Hills Farms Ltd
Snaplulu Ltd	T K & H K Guthrie	Three Bells Ltd	Tyndale Trust	Waiwira Holdings Ltd	Winter Farms (2004) Ltd
Snip Snap Farming	T M & H D Green	Three Daughters (2018) Limited	Tyrone Trust P/Ship	Walker Holdings Taupiri Ltd	Wiremu Trusts
Sole Farms Ltd	T M Mcdowall	Tiaki Farm Limited Partnership	Upper Balmoral Limited	Walsh Enterprises Limited	Withco Holdings Ltd
South Hilton Ltd	T R Bongers Trust	Tiger Hill Farm Ltd	Uruwhenua Farms Ltd	Watford Trust	Wolff Farms Limited
Southern View Limited	T S Curtis	Tiroroa Farms Limited	V & B Kalin Limited	Wattle Downs Limited	Woodlaw Farm Ltd
Springdale Farms Trust	Tablelands Dairy Limited	Titipua Limited Partnership	V & J Ralph Ltd	Webber Farm Limited	Woodside Dairying Ltd
St Helena Farms Limited	Taikatu Plains Limited	TJ Gray & BA Johnston	V E & D M Grant	Webster Farming Limited	Woody's Charters Limited
St Helena Trust	Tamac Farms Limited	TK & MG Wright	Vale Green Services Limited	Welsh Family Farms Limited	WP & KA Myers Family Trusts Partnership
Steele & Sons Limited	Tamatea Two Limited	TL & SL Taylor Ltd	Valley Views Southland Ltd	West Mains Farm Ltd	Wynyard Dairies Ltd
Stevenson S R & J A Trust	Tamlaght Farm Partnership	Tobruk Farms Ltd	Van De Pas Trust	Westbrook Farming Company Limited	Youngish Farming Partnership
	Taranga Town Supply	Toggenburg Trust	VDP Limited	Western Heights Partnership	Zagri Dairies Limited
	Tata Dairy Ltd	Tokoroa Pastoral Ltd	Ventsha Farms Limited	Westmere Co (2007) Ltd	Zeeland Dairies Limited
	Tayco Farm Limited	Tom Hargreaves Farms Ltd	Ventura Dairies Limited	Westridge Farm Limited	Zeldon View Limited
	Taylor Family Enterprises Ltd	Tomclan Holdings Ltd	W & C Gibberd	Whakahora Farm Ltd	Zoetermeer Agriculture Ltd
	Te Awa Pararahi Limited	Tomco Limited	W A & D P McKenzie	Whakatapu Farming Limited	
	Te Kiri Beers Limited		W R & D J Little	Wharepapa Trust	
	Te Ngutu Land Holding Co Ltd				



# Off-farm





## Off-farm

High inflation and global recessionary pressures have made this a volatile year. While our Co-op hasn't been immune to these impacts, our earnings have benefited from our ability to capture favourable margins in our protein portfolio, while our Farmgate Milk Price has been impacted by reduced demand for powders.

We've made good progress on key strategic initiatives, including refining our asset portfolio, reducing our emissions, and growing our innovation portfolio.

### Fonterra returns capital to shareholders

When we released our long term strategy in 2021, we committed to return capital to shareholders pending the outcome of the sale of our Chilean Soprole business.

We are pleased to have completed divestment of the business in FY23, putting us in the position to return \$804m, or 50 cents per share, to shareholders and unit holders.

On July 26, farmers voted in favour of the capital return with payment subsequently made on 18 August 2023.

As well as completing the divestment of Soprole, we completed the sale of our last remaining China Farm and agreed the sale of DPA Brazil, our joint venture with Nestlé, to Lactalis.

### Fonterra increases emissions reduction ambitions

Fonterra's Scope 1&2 emissions largely come from our manufacturing operations and supply chain. Strengthening our emissions reduction target supports our ambition to be net zero by 2050.

Achieving our new emissions reduction target will require Fonterra to continue to undertake energy efficiency improvements and fuel switching to renewable energy source activities across our milk collection fleet and manufacturing sites, with a focus on the seven that use coal.

To do this, Fonterra is forecasting an investment of approximately \$790 million, including a government contribution of up to \$90 million through the Government Investment in Decarbonising Industry (GIDI) fund.

The decarbonisation plan will see Fonterra build on current and completed work at five of its manufacturing sites and explore multiple technologies to assist us selecting the most efficient transition to renewable energy across our manufacturing sites, while building resilience into our operations.

Accelerating these plans will help Fonterra continue to present customers with the world's lowest carbon dairy at scale<sup>1</sup>. It will also contribute to New Zealand meeting its climate targets while delivering benefits across regional New Zealand, such as job opportunities in local communities, from our decarbonisation projects.

### NZ's largest cool distribution centre

November marked the completion of over two years of construction, installation and commissioning to create our first and only retro fitted automated distribution centre in New Zealand.

It is the largest automated Cool Distribution Centre (DC) in New Zealand, located in Hamilton.

The upgraded DC will improve site efficiency, reduce energy consumption, and reduce product and infrastructure damage through the automation of 40,000 pallet spaces, resulting in an expected savings of \$4 million per year for the Co-op.

<sup>1</sup> [DairyNZ, February 2021: Mapping the carbon footprint of milk for dairy cows](#)

## Decarbonising our operations

### Stirling site running on renewable thermal energy

The Stirling wood biomass boiler fired up for the first time in April, marking the next step on the site's transition to be totally reliant on renewable energy for its process heat. Changing to this boiler will reduce the annual carbon emissions forecast by 18,500 tonnes – the equivalent of taking approximately 7,700 cars off New Zealand's roads.

### Hautapu converting to wood biomass

The Co-operative will convert coal boilers at its Hautapu site to wood pellets. Once complete in early 2024 the Hautapu site will reduce our carbon emissions by a forecast 15,785 tonnes per annum - the equivalent of taking about 6,500 cars off New Zealand's roads.

### Waitoa installs new biomass boiler

The new Waitoa wood biomass boiler, due to be operational in November 2023, will reduce the site's annual carbon emissions by approximately 48,000 tonnes, the equivalent of taking approximately 20,000 cars off New Zealand's roads.

## Nutrition Science Solutions

### Fonterra launches nutrition science venture arm

Fonterra has taken another step in implementing its strategy to be a leader in dairy innovation and science with the launch of a new nutrition sciences venture arm.

The business – provisionally named Nutrition Science Solutions (NSS) – will operate as a standalone business within Fonterra with its own board and CEO.

The NSS Board consists of two Independent Directors, William Fu-wei Liao (Chair) and Rodolphe Barrangou, and two Directors from the Fonterra Management Team, Mike Cronin and Komal Mistry-Mehta.

NSS will incubate and scale a portfolio of disruptive ventures by developing solutions that combine science, nutrition and technology to seek to make a real impact on human health.

The first investment made through NSS was US\$10 million for a minority shareholding in San Francisco based Pendulum, a biotech company pioneering the next frontier of metabolic health through its microbiome-targeted products.

Fonterra  
Te Awamutu





# Products & customers

We believe our New Zealand pasture-based farming produces the best milk in the world, a testament to the care and attention our farmers give to their animals and the land.

This high level of focus means that our on-farm carbon footprint is amongst the lowest in the world. As our customers and consumers become more interested in the provenance of their food, our sustainability credentials are more important than ever.





## We play an important part in the development of new dairy innovations, helping customers as they look to nutrition solutions to help them live longer and healthier lives.

As the world changes, we change with it, adapting to the evolving needs and desires of our customers and consumers. Using our extensive dairy expertise, we are creating new value-add products to cater to the changing tastes of consumers around the world. Through these innovations, we seek to maximise value for both our customers and farmer owners, while looking to utilise every single drop of milk.



Fonterra Application Centre,  
Shenzhen

## Innovating close to customers

In April, we launched Fonterra's Shenzhen Application Center (FAC) focused on beverage innovation.

Strategically located in the heart of the "New Capital of Beverages," Shenzhen, it is our fifth FAC in China following Shanghai, Beijing, Chengdu, and Guangzhou.

China is a highly competitive beverage market, with consumers constantly seeking the next best drink. Last year, 1,434 new kinds of non-alcoholic beverages were launched in China by key tea and beverage brands.

Businesses must adapt quickly to market trends and continuously create novel products that typically combine traditional tea ingredients, dairy and fruit products.

The Shenzhen application centre provides a new platform to explore the diverse use of Fonterra products in beverages and provide innovative application solutions to meet the local needs of Chinese consumers.

A team of technical experts and experienced chefs are stationed at the centre and help to create an interactive, experiential space for customers, through product development seminars, demonstrations, and virtual live teachings.

In July, Prime Minister of New Zealand, Chris Hipkins, visited our application centre in Shanghai as part of his state visit to China. The Shanghai centre is the Co-op's first, established in 2014.

## Fonterra and DSM's new venture: Vivici

With continued population growth, the world needs new nutritional and functional food options.

Based on this vision, Vivici is a new startup company founded by DSM Venturing and Fonterra.

It builds on a multi-year joint research development agreement of DSM and Fonterra which led to promising outcomes.

Vivici obtained IP rights and exclusive commercial rights from Fonterra and DSM for developing and commercialisation of precision fermentation-derived proteins.

The startup combines DSM's world-leading expertise in precision fermentation science and technology with Fonterra's world-leading dairy science and technology.

Since it was launched in August 2022, Vivici has cemented its structure and defined its mission 'to meet the world's growing need for sustainable, nutritious and great tasting proteins.'

These new sources of protein will meet demand that is expected to double by 2050, driven by a growing and more affluent global population, demand which the planet is not expected to be able to meet through existing production. It provides potential opportunity for Fonterra to extend our farmers' milk into products, categories and markets we're not currently participating in.

Vivici will target broad food and beverage markets and plans to be open for customer collaboration later in 2023.



## Products & customers

### Collaborating with customers to align on sustainability challenges

Fonterra and Mars benefit from shared values around innovation and sustainability which underpins our deepening global strategic partnership. Together, we ran a candy drop, where over 1,000 of our tanker drivers delivered Mars chocolates to our farmers thanking them for the work they're doing to improve on-farm sustainability practices.

At the end of 2022 we signed a Global Supply Agreement with Mars, where we will supply skim milk powder, whole milk powder and anhydrous milk fat with Fonterra's share of wallet scaling significantly through 2025. This deep partnering with our customers around shared innovation and climate goals is a powerful way forward for both of our businesses.

### Australia responds to consumer trends

Our Australian business is responding to consumer preferences for sustainable products.

The team launched a Mainland re-closeable snacking product, which keeps biscuits and cheese fresh in the fridge.

This caters to the ever-growing in-home snacking market by providing 16 slices of cheese along with two options for crackers.

This innovation means less waste and gives consumers more choice for their snacking budget.

### Premium Nutrition

Our innovation teams have launched numerous novel applications as we seek to extract maximum value out of NZ milk this year. Two examples are the Power Up high protein coffee milk solution and high protein yoghurts.

In the first example, Fonterra offers an Intellectual Property formulation, process know-how and ingredients package. This accelerates and de-risks our customers' ability to launch a high protein coffee milk, in a UHT format, that is designed to remain stable during shelf life. This is challenging as the acidity from the coffee in a protein packed system can cause sedimentation over the long shelf life expected of a UHT product.

For high protein yoghurts, Fonterra has a range of ingredients that allow unrivalled protein enrichment and enable a wide range of textures, including drinking, spoonable and set; without compromising flavour and mouthfeel. This is a significant unlock and has proven difficult for competitors to replicate and further demonstrates the quality ingredients, application and processing knowledge held by the Co-op. So far, these yoghurt innovations have seen success in USA, Korea and Japan, to name a few.







Drysdale Farm,  
Hawkes Bay



# Fonterra Management Team



## Miles Hurrell

### Chief Executive Officer

Miles was appointed Chief Executive in 2018. He is responsible for leading the organisation, delivering strategy and financial performance, and engaging with our farmer owners, employees, customers and shareholders.

As Chief Executive, Miles has led the Co-operative through strategic reviews into a new growth phase focused on New Zealand's pasture-based milk, dairy innovation and science and sustainability.

Previously, Miles held the role of Chief Operating Officer, Farm Source, with responsibility for farmer services and engagement, milk sourcing and the operation of New Zealand's 70 Farm Source™ retail stores.

Miles has also held a number of leadership roles across the Co-op, including Group Co-operative Affairs Director and General Manager Middle East, Africa, Russia and Eastern Europe where he led a period of sustained growth across the region. Earlier in his career, Miles worked as the General Manager of Global Sourcing, building relationships with many of our global partners of today.

Miles has completed management programmes at INSEAD (International Executive Development), London Business School (Finance), Kellogg's NorthWestern University (Global Sales) and IMD Switzerland (Global Marketing).



## Neil Beaumont

### Chief Financial Officer

Neil Beaumont joined Fonterra in 2023 and is responsible for the Co-operative's finances, its financial portfolios, as well as mergers and acquisitions. He is a highly accomplished Chief Financial Officer with 25+ years of diverse and global finance leadership experience, having lived and worked in Canada, Australia, and Chile.

Most recently, Neil was Group CFRO of Canada's largest investment fund – the Canadian Pension Plan Investment Board (CPPIB) – responsible for finance, risk, and strategic planning of this C\$500B+ organisation.

Prior to that, he had a six-year career with Australian multinational resources company BHP, where he spent time in both Group Finance and as CFO for the Minerals Americas region.

Neil also spent over ten years as a Senior Partner with KPMG operating as Business Unit Leader for Canada's Western region, with broad-reaching leadership across 13 offices and industry client responsibility across agriculture, resources, technology, and oil and gas.

He is a Chartered Professional Accountant and holds a Bachelor of Commerce degree from the University of Saskatchewan.



## Judith Swales

### Chief Executive Officer, Global Markets

Judith Swales leads Fonterra's Global Markets region. Responsible for our Consumer, Foodservice and Ingredients channels across the region, Judith and her team lead the global strategy to help bring the goodness of dairy to generations of customers and consumers.

Prior to this Judith was Fonterra's CEO for Asia Pacific, and earlier led the Global Consumer and Foodservice business, and the Innovation and Transformation business unit. Judith joined the Co-operative originally in 2013 as Managing Director Australia and Fonterra Oceania.

The daughter of a milkman, Judith grew up helping her father on his daily milk run. She has extensive experience in senior management and business turnarounds. Before joining Fonterra, she was Managing Director of Heinz Australia, CEO and Managing Director of Goodyear Dunlop, Australia and New Zealand, and Managing Director of Angus and Robertson.

She currently serves as a Non-Executive Director for Super Retail Group and has served on the boards of Virgin Australia, DuluxGroup and Fosters.

Judith has a Bachelor of Science (Honours) in Microbiology and Virology and is a graduate member of the Australian Institute of Company Directors.



## Teh-han Chow

### Chief Executive Officer, Greater China

Teh-han oversees the Co-op's business in the Greater China region, including Ingredients, Foodservice and Consumer Brands. The region is one of the largest markets for Fonterra, accounting for roughly a third of the Co-op's total business.

Prior to his appointment as Chief Executive Officer of the Greater China region in 2020, Teh-han was President of Fonterra's ingredients business, NZMP, in Greater China, and South and East Asia.

Teh-han has over 20 years of experience in China across a variety of industries and functions, including marketing, public relations, advertising, sales, and management roles in food, agriculture, commodities, FMCG, luxury goods, and hospitality sectors.

Prior to joining Fonterra in 2015, Teh-han was Chief Executive Officer of Louis Dreyfus Commodities China, where he doubled the business, expanded the company's business lines, built and acquired production facilities, and was involved in establishing multiple joint-ventures including COFCO Agricultural Industry Investment Fund. Prior to Louis Dreyfus, Teh-han was Managing Director for Greater China for J.R. Simplot, a United States-based diversified agribusiness with farming and food processing operations in China.

Teh-han has a Bachelor's degree in Marketing from California State University Northridge, and a Master's degree, with honours, in International Management from Thunderbird Graduate School of International Management.



## Kate Daly

### Managing Director, People and Culture

Kate was appointed as Managing Director People and Culture in August 2021.

She has oversight of the teams responsible for facilitating Fonterra's people strategy including Culture, Employment Relations, Leadership Development, Talent and Future Capabilities, Rewards and Global Mobility.

Kate first joined Fonterra in December 2020, making significant contribution to the Co-operative as Director of HR for COO, where she held responsibility for leading the HR function for Fonterra across NZ Manufacturing, Technical Excellence, Global Supply Chain, Global Sustainability, Global Quality & Safety, Category Strategy & Innovation and Information Technology.

Prior to joining Fonterra, Kate had extensive experience in Human Resources and Communications leadership, having held senior roles across these portfolios since 2001. Kate previously led a transformation of the People and Culture function at the BNZ. She also was appointed as the Chief People and Communications Officer with Fletcher Building Ltd. Kate was awarded the HRINZ HR person of the year in 2018 in recognition for her contribution to Fletcher Building.

Kate has a Bachelor of Commerce in Economics and International Finance and a Bachelor of Science in Pharmacology, both from the University of Auckland.



## Mike Cronin

### Managing Director, Co-operative Affairs

Mike Cronin oversees Co-operative Affairs which includes Governance, Risk and Audit, Farm Source, Global Sustainability, Stakeholder Affairs and Trade, Legal, Inclusion and Māori Strategy.

Mike joined Fonterra in 2002 and has been a member of teams that have contributed to some of Fonterra's key initiatives, including Trading Among Farmers, the Governance and Representation Review, the Fonterra Purpose, The Co-operative Difference and Flexible Shareholding.

Prior to 2014 when he joined the Fonterra Management Team, Mike was the General Manager of Strategy Deployment and then Group Director Governance and Legal.

Mike has a Bachelor of Laws and Bachelor of Arts from the University of Auckland.

Information about the Board of Directors can be found in the [Governance & Statutory Disclosures](#).



## Komal Mistry-Mehta

### Chief Innovation and Brand Officer

Komal leads Fonterra's innovation, research and development functions along with the Co-operative's brand and communications activities. This includes shaping the future of Fonterra by developing and commercialising innovation, technologies and new business models.

In addition, Komal oversees the Active Living Business Unit, and has responsibility for setting the global strategy for Core Dairy, Foodservice and the Nutrition Science portfolio.

Prior to joining the Fonterra Management Team in August 2022, Komal led Fonterra's high-value global ingredients business Active Living, unlocking growth through developing and commercialising science-backed health and wellness solutions. In her prior role, Komal's work establishing and developing Fonterra Ventures earned her the title of New Zealand's Young Executive of the Year in the 2017 Deloitte Top 200 Awards. Prior to joining Fonterra in 2011, Komal worked for Deloitte in Europe.

She is known for her leadership in developing people and her strong advocacy for diversity and inclusion.

Komal has completed the Executive Program at Stanford University School of Business and holds Bachelor of Laws and Bachelor of Management degrees from the University of Waikato. She is a Barrister and Solicitor of the High Court of New Zealand as well as a member of the New Zealand Institute of Chartered Accountants.



## Emma Parsons

### Managing Director, Strategy and Optimisation

Emma leads Fonterra's work on strategy and optimisation, overseeing the product portfolio management function, and the development and implementation of strategy.

Prior to August 2022 when Emma joined the Fonterra Management Team, she was the General Manager of Capital Strategy and Chief Executive Officer of Agrigate, a joint venture between Fonterra and Livestock Improvement Corporation (LIC), GM Responsible Dairying, and had roles in Brazil and Argentina where she developed the Co-operative's export relationships and supply chain integration across Latin America.

Before joining Fonterra in 2001, Emma worked for the New Zealand Dairy Board and Kiwi Dairies.

She has a Master of Business Administration, with First Class Honours, from Massey University, and Bachelor of Science and Bachelor of Commerce degrees from Victoria University of Wellington.



## Anna Palairt

### Chief Operating Officer (Acting)

Anna is currently the Chief Operating Officer (Acting) for Fonterra, responsible for our New Zealand manufacturing sites and global supply chain operations, technical excellence, and global safety, quality and regulatory teams.

She re-joined the dairy industry in October 2022 as the Director, Global Supply Chain before moving into the Chief Operating Officer (Acting) role in June 2023. She is also Chair of Kotahi Logistics.

Anna is an experienced business leader with a career spanning some of Australasia's largest multinational companies across multiple industries including Fonterra, Carter Holt Harvey, Amcor, and Air New Zealand.

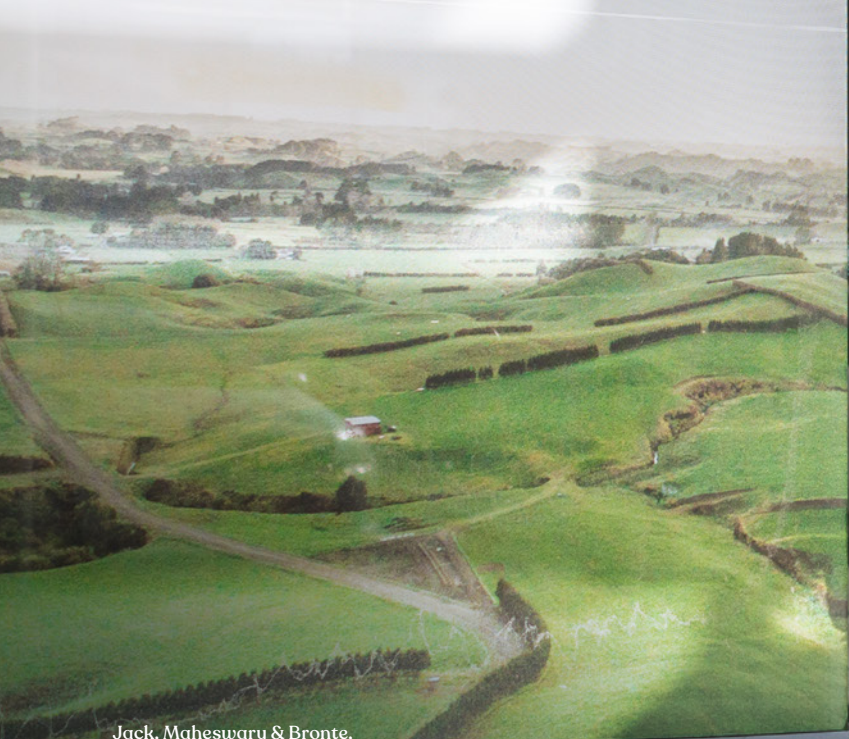
During her 16 years with Air New Zealand, Anna led commercial portfolios in the company's Engineering, Group Supply Chain, Operations, Customer and Sales divisions. Positions included GM Air New Zealand Cargo, GM Property and Infrastructure, Head of Sustainability and Head of Procurement.

Anna is a past Board Director for the New Zealand Green Building Council (NZGBC) and past Board Trustee of Gladstone Primary School. She has a Bachelor of Science, Genetics and Microbiology degree from Massey University.





Dairy for life



Jack, Maheswary & Bronte,  
Auckland



Dairy for life



# Non-GAAP measures

Fonterra uses several non-GAAP measures when discussing financial performance. Non-GAAP measures are not defined or specified by NZ IFRS. They are not subject to audit unless they are included in Fonterra's audited annual financial statements.

Management believes that these measures provide useful information as they provide valuable insight on the underlying performance of the business. They may be used internally to evaluate the underlying performance of business units and to analyse trends. These measures are not uniformly defined or utilised by all companies. Accordingly, these measures may not be comparable with similarly titled measures used by other companies. Non-GAAP financial measures should not be viewed in isolation nor considered as a substitute for measures reported in accordance with NZ IFRS.

Please refer to the following tables for reconciliations of NZ IFRS to non-GAAP measures, and the Glossary for definitions of non-GAAP measures referred to by Fonterra. Non-GAAP measures are not subject to audit unless they are included in Fonterra's audited annual financial statements.

## Reconciliation from profit after tax to total Group normalised EBITDA

	GROUP \$ MILLION	
	31 JULY 2023	31 JULY 2022 RE-PRESENTED <sup>1</sup>
<b>Profit after tax</b>	<b>1,577</b>	583
Net finance costs from continuing operations	211	194
Net finance costs from discontinued operations	50	37
Tax expense from continuing operations	303	131
Tax expense from discontinued operations	77	31
Depreciation and amortisation from continuing operations	654	602
Depreciation and amortisation from discontinued operations	8	33
<b>Total Group EBITDA</b>	<b>2,880</b>	1,611
Gain on sale of Chilean Soprole business	(349)	-
Loss on sale of Hangu China farm	12	-
Gain on sale of Global Dairy Trade	-	(42)
Brazil consumer and foodservice business impairment	-	57
<b>Total normalisation adjustments</b>	<b>(337)</b>	15
<b>Total Group normalised EBITDA</b>	<b>2,543</b>	1,626

<sup>1</sup> Comparative information has been re-presented for consistency with the current period. Refer to the Notes to the Financial Statements section – Note 20 *Re-presentations* for further details.

### Reconciliation from profit after tax to total Group normalised EBIT

	GROUP \$ MILLION	
	31 JULY 2023	31 JULY 2022 RE-PRESENTED <sup>1</sup>
<b>Profit after tax</b>	<b>1,577</b>	583
Net finance costs from continuing operations	211	194
Net finance costs from discontinued operations	50	37
Tax expense from continuing operations	303	131
Tax expense from discontinued operations	77	31
<b>Total Group EBIT</b>	<b>2,218</b>	976
Normalisation adjustments (as detailed on previous page)	(337)	15
<b>Total Group normalised EBIT</b>	<b>1,881</b>	991

### Reconciliation from profit after tax to normalised profit after tax and normalised earnings per share

	GROUP \$ MILLION	
	31 JULY 2023	31 JULY 2022
<b>Profit after tax</b>	<b>1,577</b>	583
Normalisation adjustments (as detailed on the previous page)	(337)	15
Tax on normalisation adjustments	89	(7)
<b>Normalised profit after tax</b>	<b>1,329</b>	591
(Profit)/loss attributable to non-controlling interests	(40)	1
Normalisation adjustments attributable to non-controlling interests	-	(24)
<b>Normalised profit after tax attributable to equity holders of the Co-operative</b>	<b>1,289</b>	568
Weighted average number of Co-operative shares (thousands of shares)	1,610,507	1,613,353
<b>Normalised earnings per share (\$)</b>	<b>0.80</b>	0.35

### Reconciliation from gross profit from continuing operations to total Group normalised gross profit

	GROUP \$ MILLION	
	31 JULY 2023	31 JULY 2022 RE-PRESENTED <sup>1</sup>
<b>Gross profit from continuing operations</b>	<b>4,181</b>	2,909
Gross profit from discontinued operations	418	431
<b>Total Group normalised gross profit</b>	<b>4,599</b>	3,340

<sup>1</sup> Comparative information has been re-presented for consistency with the current period. Refer to the Notes to the Financial Statements section – Note 20 *Re-presentations* for further details.



# Glossary

Terms	Definitions
<b>Active Living</b>	represents ingredients and solutions sold to businesses who cater to consumers' health and wellness needs. It addresses three dimensions of wellbeing (Physical, Mental, Inner), extending to meet the nutrition needs of medical patients through to everyday people pursuing active lifestyles. This portfolio includes proteins, specialty ingredients such as probiotics, lactoferrin and lipids, and patented formulations.
<b>Adjusted net debt</b>	is calculated as total borrowings, plus bank overdraft, less cash and cash equivalents, plus a cash adjustment for 25% of cash and cash equivalents held by the Group's subsidiaries, adjusted for derivatives used to manage changes in hedged risks on debt instruments. Amounts relating to disposal groups held for sale are included in the calculation.
<b>Associated Shareholder</b>	is a Shareholder that is a Farm Lessor, Sharemilker or Contract Milker.
<b>Attributable to equity holders of the Co-operative</b>	is used to indicate that a measure or sub-total excludes amounts attributable to non-controlling interests.
<b>Average capital employed</b>	is a 13-month rolling average of capital employed.
<b>Bulk liquids</b>	means bulk raw milk that has not been processed and bulk separated cream.
<b>Capital employed</b>	is adjusted net debt less the cash adjustment (used in calculating adjusted net debt), plus cash and cash equivalents held by subsidiaries for working capital purposes, plus equity excluding hedge reserves and net deferred tax assets.
<b>Capital expenditure</b>	is purchases of property (less specific disposals where there is an obligation to repurchase), plant and equipment and intangible assets (excluding purchases of emissions units), net purchases of livestock, and includes amounts relating to disposal groups held for sale.
<b>Capital invested</b>	is capital expenditure plus right of use asset (e.g. leases) additions and business acquisitions, including equity contributions, long-term advances, and investments.

Terms	Definitions
<b>Cash operating expenses per kgMS</b>	is continuing operations operating expenses, less non-cash costs (depreciation, amortisation, right of use asset costs, impairments). Shown by kilogram of New Zealand milk solids collected.
<b>Ceased Shareholder</b>	is a Shareholder that has given notice of ceasing supply, or is treated as having given such a notice, and whose cease notice has become effective.
<b>Consumer</b>	is the channel of branded consumer products, such as powders, yoghurts, milk, butter and cheese.
<b>Continuing operations</b>	means operations of the Group that are not discontinued operations.
<b>Core Operations</b>	represents core operating functions including New Zealand milk collection and processing operations and assets, supply chain, Group IT and Sustainability; Fonterra Farm Source™ retail stores; and the Strategy and Optimisation function.
<b>Custodian</b>	means the Fonterra Farmer Custodian, which is the legal holder of the shares in respect of which economic rights are held for the Fund and any Market Makers.
<b>Debt to EBITDA</b>	is adjusted net debt divided by Total Group normalised earnings before interest, tax, depreciation and amortisation (Total Group normalised EBITDA) excluding share of profit/loss of equity accounted investees, net foreign exchange gains/losses and any normalised EBITDA relating to entities divested during the year.
<b>DIRA</b>	means the Dairy Industry Restructuring Act 2001, which authorised Fonterra's formation and regulates its activities, subsequent amendments to the Act, and the Dairy Industry Restructuring (Raw Milk) Regulations 2012.
<b>Discontinued operations</b>	means a component of the Group that is classified as held for sale (or has been sold) and represents, or is part of a single co-ordinated plan to dispose of, a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.
<b>Dividend yield</b>	is dividends (per share) divided by volume weighted average share price for the period 1 August to 31 July.

Terms	Definitions
<b>Earnings before interest and tax (EBIT)</b>	is profit before net finance costs and tax.
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	is profit before net finance costs, tax, depreciation and amortisation.
<b>Earnings per share (EPS)</b>	is profit after tax attributable to equity holders of the Co-operative divided by the weighted average number of shares on issue for the period.
<b>EBIT margin</b>	is EBIT divided by revenue from sale of goods.
<b>EBITDA margin</b>	is EBITDA divided by revenue from sale of goods.
<b>Economic rights</b>	means the rights to receive dividends and other economic benefits derived from a share, as well as other rights derived from owning a share.
<b>Eliminations</b>	represents eliminations of inter-business unit sales.
<b>Farmgate Milk Price</b>	means the average price paid by Fonterra for each kilogram of milk solids (kgMS) supplied by Fonterra's farmer shareholders under Fonterra's standard terms of supply. The season refers to the 12-month milk season of 1 June to 31 May. The Farmgate Milk Price is set by the Board, based on the recommendation of the Milk Price Panel. In making that recommendation, the Panel provides assurance to the Board that the Farmgate Milk Price has been calculated in accordance with the Farmgate Milk Price Manual.
<b>Fonterra's average NZD/USD conversion rate</b>	is the rate that Fonterra has converted net United States Dollar receipts into New Zealand Dollars including hedge cover in place.
<b>Foodservice</b>	represents the channel selling to businesses that cater for out-of-home consumption; restaurants, hotels, cafés, airports, catering companies etc. The focus is on customers such as; bakeries, cafés, Italian restaurants, and global quick-service restaurant chains. High performance dairy ingredients including whipping creams, mozzarella, cream cheese and butter sheets, are sold in alongside our business solutions under the Anchor Food Professionals brand.

Terms	Definitions
<b>Free cash flow</b>	is the total of net cash flows from operating activities and net cash flows from investing activities.
<b>Fund</b>	is the Fonterra Shareholders' Fund.
<b>Gearing ratio (%) (adjusted net debt)</b>	is adjusted net debt divided by total capital. Total capital is equity excluding hedge reserves, plus adjusted net debt.
<b>Global accounts</b>	means large scale, multi-national/multi-region customers.
<b>Global Dairy Trade (GDT)</b>	means the electronic auction platform that is used to sell commodity dairy products.
<b>Global Markets</b>	represents the Ingredients, Foodservice and Consumer channels outside of Greater China.
<b>Greater China</b>	represents the Ingredients, Foodservice and Consumer channels in Greater China.
<b>Gross margin</b>	is gross profit divided by revenue from sale of goods.
<b>Gross profit from Core Operations per kgMS</b>	is Core Operations business unit (excluding Farmsource) gross profit, less the cost of New Zealand milk sold. Shown per kilogram of New Zealand milk solids sold by Core Operations (continuing business).
<b>Growth capital expenditure</b>	is investments to drive business expansion or improvement toward our strategy and generate incremental revenue. This includes organic growth (existing business projects) and inorganic growth (mergers and acquisitions).
<b>Held for sale</b>	is an asset or disposal group is classified as held for sale if it is available for immediate sale in its present condition and its sale is highly probable. A disposal group is a group of assets and liabilities to be disposed of (by sale or otherwise) in a single transaction.
<b>Ingredients</b>	represents the channel comprising bulk and specialty dairy products such as milk powders, dairy fats, cheese and proteins manufactured in New Zealand, Australia and Europe, or sourced through our global network, and sold to food producers and distributors.

Terms	Definitions
<b>kgMS</b>	means kilograms of milk solids, the measure of the amount of fat and protein in the milk supplied to Fonterra.
<b>Market Maker</b>	is a third party appointed by the Co-op who is active in making bids and offers on a minimum number of Fonterra Co-operative Group Shares.
<b>Maximum Holding</b>	is the maximum number of shares a Supplying Shareholder can hold, which is equal to 4 times the Share Standard.
<b>Minimum Holding</b>	is the minimum number of shares a Supplying Shareholder is required to hold, which is equal to 33% of the Share Standard. New entrants have up to six seasons to meet this.
<b>Net debt</b>	means adjusted net debt.
<b>Net working capital</b>	is total trade and other receivables plus inventories, less trade and other payables. It excludes amounts owing to suppliers and employee entitlements.
<b>Non-Reference Products</b>	means all New Zealand milk solids processed by Core Operations, except for Reference Commodity Products.
<b>Non-shareholding farm</b>	means a farm where the owning entity is not entitled to hold shares in the Co-operative. As an example, farms supplying MyMilk.
<b>Non-supplying Shareholder</b>	means all shareholdings that are not Supplying Shareholders.
<b>Normalisation adjustments</b>	means adjustments made for certain transactions that meet the requirements of the Group's Normalisation Policy. These transactions are typically unusual in size and nature. Normalisation adjustments are made to assist users in forming a view of the underlying performance of the business. Normalisation adjustments are set out in the Non-GAAP Measures section. Normalised is used to indicate that a measure or sub-total has been adjusted for the impacts of normalisation adjustments. E.g. 'Normalised EBIT'.
<b>Permitted Transferee</b>	is a person who has been approved by the Co-op and who is (and remains) related to or associated with a Ceased Shareholder.

Terms	Definitions
<b>Price Relativities</b>	refers to the difference in the weighted average price (in USD) between the Co-op's Reference Product portfolio and Non-reference Product portfolio. The difference between these two weighted average prices is a key driver of the Co-op's gross margin.
<b>Product channel</b>	Fonterra has three product channels, Ingredients, Foodservice and Consumer.
<b>Profit after tax margin</b>	is profit after tax attributable to equity holders of the Co-operative, divided by revenue from sale of goods.
<b>Reference Commodity Products (also referred to as Reference Products)</b>	is commodity specifications of the five Reference Commodity Products (RCPs) which are Whole Milk Powder (WMP) and Skim Milk Powder (SMP), and their by-products Butter, Anhydrous Milk Fat (AMF) and Buttermilk Powder (BMP). These commodity groups are included in the calculation of the Farmgate Milk Price.
<b>Reported</b>	is used to indicate a sub-total or total is reported in the Group's Financial Statements before normalisation adjustments. E.g. 'Reported profit after tax'.
<b>Retentions</b>	means earnings per share, less dividend per share. Retentions are reported as nil where Fonterra has reported a net loss after tax.
<b>Return on Capital (ROC)</b>	is calculated as Total Group normalised EBIT including finance income on long-term advances less a notional tax charge, divided by average capital employed.
<b>Rules for Shareholding</b>	is the Rules for Shareholding adopted by the Fonterra Board from time to time.
<b>Season</b>	New Zealand: A period of 12 months from 1 June to 31 May. Australia: A period of 12 months from 1 July to 30 June.
<b>Secondary Shareholder</b>	is a sharemilker as defined in section 34 of the Co-operative Companies Act that holds shares as if they were a Supplying Shareholder, pursuant to section 44 of the Co-operative Companies Act and clause 30.5 of the Constitution.
<b>Share Standard</b>	means one share per one kgMS supplied, used to calculate a Supplying Shareholder's Minimum Holding and Maximum Holding.



Terms	Definitions
Shareholding farm	means a farm where the owning entity of the farm has a minimum required shareholding of at least 1,000 shares in the Co-operative. This includes farms where the owning entity is in the process of sharing up on a Share Up Over Time contract.
Supplying Shareholder	is a shareholder supplying milk to the Co-op.
Sustaining capital expenditure	represents investments to maintain the capability of our existing assets from risk management, legislation/regulation commitments, business continuity and capital replacement, as well as projects that drive the Co-operative's sustainability targets.
Total Group	is used to indicate that a measure or sub-total comprises continuing operations, discontinued operations and non-controlling interests. E.g. 'Total Group EBIT'.
Total payout	means the total cash payment per milk solid that is backed by a share, being the sum of the Farmgate Milk Price per kgMS and the dividend per share.
Total Shareholder Return (TSR)	is the measure of share price movements and all economic distributions (e.g. dividends, capital returns) over a specified period of time, divided by the original investment amount. Expressed as an annualised percentage.
Tradeable shares	represents shares on issue that are in excess of aggregate minimum shareholding.
WACC	means weighted average cost of capital.
Weighted average share price	represents the average price Fonterra Co-operative Group Limited shares traded at, weighted against the trading volume at each price over the reporting period.
Working capital days	is calculated as 13-month rolling average working capital divided by revenue from the sale of goods (excluding impact of derivative financial instruments) multiplied by the number of days in the period. The working capital days calculation excludes other receivables, prepayments, other payables and includes working capital classified as held for sale.



# Directory

## Fonterra Board of Directors

Peter McBride  
Clinton Dines  
Brent Goldsack  
Leonie Guiney  
Bruce Hassall  
Holly Kramer  
Andrew Macfarlane  
John Nicholls  
Cathy Quinn  
Scott St John  
Alison Watters

## Fonterra Management Team

Miles Hurrell  
Neil Beaumont  
Judith Swales  
Teh-han Chow  
Kate Daly  
Mike Cronin  
Komal Mistry-Mehta  
Emma Parsons  
Anna Palairot

## Registered Office

Fonterra Co-operative  
Group Limited  
Private Bag 92032  
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109 Fanshawe Street  
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Phone +64 9 374 9000

## Auditor

KPMG  
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Auckland 1010  
New Zealand

## Farmer shareholder & supplier services

Freephone 0800 65 65 68

## Fonterra Shares & FSF Units Registry

Computershare Investor  
Services Limited  
Private Bag 92119  
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## Investor Relations Enquiries

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