



Market Announcement

9 December 2021

Fonterra's Flexible Shareholding structure gets green light from farmers

Fonterra shareholders have today given the Co-operative's new capital structure proposal the green light with 85.16% of the total farmer votes in support of the proposal.

The final votes on the capital structure proposal were cast at a Special Meeting in Invercargill early this afternoon.

Chairman Peter McBride says the Board and Management are united in the belief that the Flexible Shareholding structure is the best course of action for the Co-operative.

"Today our farmers have agreed. We have received a strong mandate for change with 85.16% of votes cast in favour of the proposal and 82.65% of eligible votes being cast.

"Changing our capital structure is the most important decision we as farmers have made in almost a decade. The results of this year's resolutions were all above 80%, which shows farmers are united in their support for the direction of the Co-op. Our full focus is now on delivering the strategic commitments we have made.

"I would like to thank everyone who voted and the thousands of farmers who gave us their time and ideas during the consultation period, which helped us to shape the proposal into the model that was successfully passed today."

With a clear farmer mandate for change, Fonterra will continue working with the Government on how this can be given effect under the Dairy Industry Restructuring Act, the legislation that enabled the formation of Fonterra back in 2001.

"I believe we are philosophically aligned with the Government and remain confident that we can find a regulatory framework that supports the Flexible Shareholding structure.

"The strong mandate we received today will support our conversations with the Government as we continue to work together to find a mutually acceptable outcome.

"We will continue to keep farmers and unit holders updated as these conversations progress."

The Flexible Shareholding structure will come into effect once the Board is satisfied that any steps necessary for implementation have been (or will be) completed. The Co-operative is aiming to implement the changes as soon as possible from the beginning of next season.

Share compliance obligations will remain on hold until at least six months after the new structure is effective. The current cap on the Fonterra Shareholders' Fund remains in place as a cap is a feature of the Flexible Shareholding structure.

In addition to the vote on capital structure, Fonterra shareholders have also voted to pass all nine resolutions at the Co-op's Annual Meeting.

The results (showing the percentage in favour) are as follows:

Resolution 1: Approval of remuneration of Shareholder Elected Directors 86.04%

Resolution 2: Approval of remuneration of Co-operative Councillors 83.41%

Resolution 3: Approval of remuneration of Members of Directors' Remuneration Committee 88.27%

Resolution 4: Appointment of KPMG as auditor and authorisation of the Directors to fix the auditor's remuneration 96.92%

Resolution 5: Ratification of appointment of Independent Director, Clinton Dines 96.04%

Resolution 6: Approval of Milk Price Panel related amendments to the Constitution 96.06%

Resolution 7: Approval of Governance and Representation Review related amendments to the Constitution and the Co-operative Council By-laws 93.03%

Resolution 8: Approval of 2020 Review of Council related amendments to the Constitution and the Co-operative Council By-laws 93.76%

Resolution 9: Approval of Co-operative Council programme and budget 90.97%

ENDS

For further information contact:

Fonterra Communications
24-hour media line
Phone: +64 21 507 072
