



NEW ZEALAND'S EXCHANGE
TE PAEHOKO O AOTEAROA

FSM Listing Rules

10 December 2020



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Glossary

Part A — Definitions

In these Rules the following terms have the following meaning:

Aggregate Net Value	means the net value of the relevant assets calculated as the greater of: <ul style="list-style-type: none">(a) the net tangible asset value or, for leased assets, the value of the right of use (in each case, from the most recently published financial statements of Fonterra, if applicable), or(b) market value.
Appraisal Report	means a report prepared by an appraiser and complying with Rule 6.8.
Associated Person	a person (A) is associated with, or an Associated Person of, another person (B) if: <ul style="list-style-type: none">(a) A is able, directly or indirectly, to exert a substantial degree of influence over the activities of B (or vice versa),(b) B is a body corporate and A has the power, directly or indirectly, to exercise, or control the exercise of, more than 50% of the Votes attaching to the Financial Products of B (or vice versa),(c) A and B are Relatives or Related Bodies Corporate,(d) A and B are partners to whom the Partnership Act 1908 applies,(e) A is a director or Senior Manager of B (or vice versa), or(f) A and B are acting jointly or in concert, except that: <ul style="list-style-type: none">(g) A is not an Associated Person of B merely because:<ul style="list-style-type: none">i. A acts as a professional or business adviser to B, without a personal

- financial interest in the outcome of that advice,
- ii. A's ordinary business includes dealing in Financial Products on behalf of others and A is acting in accordance with the specific instructions of B,
 - iii. A acts as a proxy or representative of B for the purposes of a meeting of holders of Financial Products, or
 - iv. there is another person with which A and B are both associated,
- (h) persons will not be Associated Persons if NZX makes a Ruling that they are not Associated Persons,
- (i) neither Fonterra nor a Director of Fonterra is an Associated Person of:
- i. the FSF, nor of the Manager, trustee or Custodian in respect of the FSF acting in their capacity as such Manager, trustee or Custodian,
 - ii. an RVP acting in its capacity as an RVP, or
 - iii. the trustees of the trust, the trustees of which are the holders of all the shares of the Custodian, where, in the case of the Director of Fonterra, that Director has been selected by Fonterra to be such a trustee,

and no such person referred to in subclause (i) i. to iii. inclusive, when acting in that capacity, is an Associated Person of Fonterra or a Director of Fonterra.

Audit Committee

means a committee of the Board formed in accordance with Rule 1.7.

Authorisation Code

means an alphanumeric identifier authorising access to a Financial Product holder's account at Fonterra's registry.

Authorised Fund

means any person or persons authorised by the Board to perform the role and functions of an "Authorised Fund" as set out in the Constitution.

Average Market Capitalisation	means, in relation to Fonterra, the Average Market Price multiplied by the number of Quoted Equity Securities on Day A.
Average Market Price	means, on Day A , the lesser of the volume weighted average price of Fonterra's Quoted Shares (or, when calculating a Minimum Holding, the relevant Financial Product) calculated from trades through the FSM over the following two periods: <ul style="list-style-type: none"> (a) 20 Business Days before Day A, or (b) 5 Business Days before Day A.
Aware	Fonterra becomes aware of information if, and as soon as, a Director or a Senior Manager of Fonterra has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties.
Bank	means: <ul style="list-style-type: none"> (a) a Registered Bank, (b) a bank having recognition comparable to that of a Registered Bank under the laws of Australia, the United States of America, Japan, Singapore, Hong Kong, the United Kingdom, Germany, France or other member of the European Economic Area or Organisation for Economic Co-operation and Development (OECD), or (c) any other financial institution approved by NZX.
Board	means the board of Directors of Fonterra.
Business Day	means a time between 8.30 am and 5.30 pm on a day on which NZX is open for trading.
Class	means a class of Financial Products having identical rights, privileges, limitations and conditions, and includes or excludes Financial Products which NZX in its discretion deems to be, or not to be, of that class.
Code Company	means an Issuer which is a code company as defined in the Takeovers Code.
Constitution	means Fonterra's constitution.
Convert	means, in respect of a Financial Product, to:

- (a) convert that Financial Product into, or exchange it for, a Financial Product of a different sort (whether at the option of the holder, the Issuer, or otherwise), or
- (b) subscribe for, or obtain, a Financial Product of a different sort,

pursuant to a right conferred by the first mentioned Financial Product.

Conversion and **Convertible** have corresponding meanings.

Councillor

has the meaning given in the Constitution.

CSN

has the meaning given in the NZX Participant Rules.

Custodian

means a person designated as a "custodian" by Fonterra for the purposes of these Rules being a person whom the Board is satisfied may act as a "custodian" in accordance with the Constitution.

Day A

means, unless a Rule specifies otherwise, the day before a relevant action is taken (e.g. an issue is made or transaction entered into) or the day before it is announced to market, whichever is the earlier.

Debt Market

means the debt security financial product market operated by NZX.

Depository Rules

means New Zealand Depository Limited's Depository Operating Rules.

Depository System

has the meaning given in the Depository Rules.

Debt Security

has the meaning given in sections 8(1) and 8(5) of the FMC Act, subject to NZX's sole discretion to declare, by way of a Ruling, a Financial Product to be, or not to be, a Debt Security.

Director

means:

- (a) in relation to a company incorporated in New Zealand, a director within the meaning of section 126(1)(a) of the Companies Act 1993,
- (b) in relation to a Managed Investment Scheme, a director (within the meaning of section 126(1)(a) of the Companies Act 1993) of the manager (as the term

"Manager" is defined in section 6(1) of the FMC Act), or

- (c) in relation to any other entity where paragraph (a) or (b) does not apply, any person occupying a position in that entity, or in the manager of such entity (as defined in (b) above), that is comparable with that of a director of a company.

Disqualifying Relationship

means any direct or indirect interest, position, association or relationship that could reasonably influence, or could reasonably be perceived to influence, in a material way, the Director's capacity to:

- (a) bring an independent view to decisions in relation to Fonterra,
- (b) act in the best interests of Fonterra, and
- (c) represent the interests of Fonterra's Financial Product holders generally,

having regard to the factors described in the NZX Corporate Governance Code that may impact director independence, if applicable.

Without limiting the definition, a Director shall be deemed to have a Disqualifying Relationship if:

- (a) the Director or any Nominee of the Director is a Substantial Product Holder of Fonterra or the Authorised Fund, other than solely as a consequence of:
 - (i) being a Director of Fonterra; or
 - (ii) Fonterra or a Related Body Corporate of Fonterra having a Relevant Interest in those FSF Units; or
 - (iii) the Director or any Nominee of the Director having a Relevant Interest in FSF Units in their capacity as a trustee of a trust in respect of which they are not a beneficiary; or
- (b) the Director or a Nominee of the Director would be qualified to be elected as a Director of Fonterra in accordance with clause 12.2 of Fonterra's constitution;

For the purposes of this definition:

- (c) notwithstanding the above, a Director of Fonterra will not have a Disqualifying Relationship:
 - (i) because they are a trustee of a trust and in that capacity hold shares in the Custodian; or
 - (ii) because they are a beneficiary of the trust referred to in (c)(i) in their capacity as a Supplying Shareholder; or
 - (iii) because they are appointed by Fonterra to be a director of the Custodian or the Manager.

Employee

means, in relation to Fonterra:

- (a) an employee or officer of Fonterra or any of its Subsidiaries,
- (b) a labour-only contractor, consultant or consultant company who or which contracts with Fonterra or any of its Subsidiaries,
- (c) any trustee or trustees on behalf of any of the above, and
- (d) any trustee or trustees of, or in respect of, any pension, superannuation or like fund established for the benefit of any of the above.

Equity Security

has the meaning given in sections 8(2) and 8(5) of the FMC Act and also includes a Right, subject to NZX's sole discretion to declare, by way of a Ruling, a Financial Product to be, or not to be, an Equity Security.

Executive Director

means a Director who is also an Employee of Fonterra.

Ex Date

in relation to a benefit, means the first Business Day before the Record Date for that benefit, unless NZX determines otherwise.

Financial Product

has the meaning given in section 7 of the FMC Act (as expanded by section 8 of that Act) and also includes a Right.

FMA

means the Financial Markets Authority established under the Financial Markets Authority Act 2011.

FMC Act	means the Financial Markets Conduct Act 2013.
FMC Regulations	means the Financial Markets Conduct Regulations 2014.
Fonterra	means Fonterra Co-operative Group Limited and, where applicable, has the extended meaning given in paragraphs (b) and (c) of the definition of "Issuer" except that it does not include the Custodian (and, in relation to the disclosure of information, does not include the Manager).
FSF	means the Fonterra Shareholders' Fund, established by trust deed dated 23 October 2012.
FSF Units	means units in the FSF which entitle holders to an interest or right to participate in any capital, assets, earnings, royalties, or other property of the FSF, and which are Listed on the Main Board.
FSM	means the Fonterra Shareholders' Market, a private Financial Products market licensed under Schedule 4 to the FMC Act.
Governing Document	<p>means:</p> <ul style="list-style-type: none"> (a) in the case of an Issuer of Equity Securities, its constitution, articles of association or other constituent documents and, in the case of Fonterra, means the Constitution, (b) in the case of an Issuer of Debt Securities, a trust deed or the one or more deeds, agreements, or instruments that constitute those Debt Securities, (c) in the case of a Managed Investment Scheme constituted as a trust, the one or more trust deeds that constitutes the scheme, or (d) in the case of any other Managed Investment Scheme where (c) does not apply, the one or more deeds, agreements, or instruments that constitute or govern the scheme, <p>and including (in each case) any amendments to a document referred to in paragraph (a) to (d).</p>
Gross Value	means the gross value of the relevant assets calculated as the greater of:

- (a) the gross asset value (or, for leased assets, the value of the right of use) from the most recently published financial statements of Fonterra, if applicable, or
- (b) market value.

Head Security

means the Financial Product which, immediately before the Ex Date, confers on the holder entitlement to a benefit.

Home Exchange

means NZX, or any other Recognised Stock Exchange which NZX is satisfied has primary jurisdiction in relation to listing requirements for the Issuer and quotation of its Financial Products.

Independent Director

means a Director who is not an Employee of Fonterra and who has no Disqualifying Relationship.

Independent Member

means a Member who is independent, where, for the purposes of this definition, "independent" has the meaning given in section 5(1) of the Dairy Industry Restructuring Act 2001.

ISIN

means International Security Identification Number.

Issuer

means:

- (a) any person which is Listed (and includes, for the purposes of a Listed Managed Investment Scheme, the manager of the scheme), and
- (b) includes, as the context permits, all members (other than another Listed entity or that Listed entity's Subsidiary) of any group of companies or other entities of which such Issuer is the holding company or has a controlling interest, to the extent this is necessary to prevent the object of the Rules being frustrated or avoided by the use of a separate legal personality, and
- (c) for the purpose of the disclosure of information, the group (as defined in (b)) includes any Associated Persons of the Issuer over which the Issuer has control in law or in fact (other than another Listed entity or that Listed entity's Subsidiary).

Key Audit Partner	has the meaning given in the definition section of the External Reporting Board's Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners (PES 1).
Listing	<p>means in respect of:</p> <p>(a) Fonterra, the entry by Fonterra and NZX into the Market Operator Agreement whereby, inter alia, Fonterra agrees to comply with these Rules and NZX agrees to administer Fonterra's listing on the FSM, and</p> <p>(b) other Issuers, shall have the meaning given in the NZX Listing Rules,</p> <p>and List and Listed have corresponding meanings.</p>
Main Board	means the main board financial product market operated by NZX.
Managed Investment Scheme	has the meaning given in section 9 of the FMC Act (including a scheme declared to be such a scheme under Part 9 of that Act) subject to NZX's sole discretion to declare, by way of a Ruling, a scheme or arrangement to be, or not to be, a Managed Investment Scheme.
Manager	means the manager of the FSF from time to time.
MAP	means the market announcement platform nominated by NZX from time to time to electronically process, release and store announcements about Issuers and Quoted Financial Products.
Market Operator Agreement	means the agreement entered into by NZX and Fonterra, as amended from time to time, whereby Fonterra agrees to comply with these Rules and NZX agrees to carry out operational and administrative functions in relation to the FSM, in accordance with the terms and conditions stated in that agreement.
Material Information	has the meaning given in section 231(1) of the FMC Act (read together with additional terms defined in section 232 of that Act).
Material Transaction	<p>means a transaction, or a related series of transactions, whereby Fonterra:</p> <p>(a) buys, acquires, gains, leases (as lessor or lessee), sells or otherwise disposes of,</p>

assets having an Aggregate Net Value above 10% of Fonterra's Average Market Capitalisation,

- (b) issues its own Financial Products, or acquires its own Equity Securities, having a market value above 10% of Fonterra's Average Market Capitalisation (except where Rule 3.5 applies, in which case only the market value of Financial Products being issued to any Related Party or to any Employees of Fonterra are to be taken into account),
- (c) borrows, lends, pays or receives money, or incurs an obligation of an amount above 10% of the Average Market Capitalisation of Fonterra,
- (d) enters into any guarantee, indemnity, underwriting, or similar obligation, or gives any security, which could expose Fonterra to liability above 10% of the Average Market Capitalisation of Fonterra,
- (e) provides or obtains any services (including the underwriting of Financial Products or services as an Employee) where the gross cost to Fonterra in any financial year is likely to exceed an amount equal to 1% of the Average Market Capitalisation of Fonterra, or
- (f) undertakes an amalgamation, except for amalgamations of a wholly owned Subsidiary with another wholly owned Subsidiary or with Fonterra.

Member

means a member of the Milk Price Panel, and "Members" means the current members of the Milk Price Panel, as appointed from time to time.

Milk

means whole milk, cream and any other component or classification of a mammary secretion of a cow, as may be specified by the Board.

Milk Price

means a price for Milk supplied to Fonterra by Shareholders in a Season.

Milk Price Manual

means the manual referred to in section 150F of the Dairy Industry Restructuring Act 2001, which sets out the policies and methodology for the Milk Price Panel to use in its determination of the

Milk Price to be recommended to the Directors of Fonterra.

Milk Price Panel

means the Panel referred to in section 150D of the Dairy Industry Restructuring Act 2001 and established under Rule 1.8.1.

Milk Price Principles

has the meaning given to that term in the Constitution.

Minimum Holding

means a holding of a Class of Financial Products having a value of at least \$1,000 calculated:

- (a) prior to Quotation, at the issue or sale price of such Financial Products specified in any Offer Document (and, if expressed as an indicative price range, the mid-point of that range), or
- (b) at any other time, at the Average Market Price.

Nominee of the Director

means:

- (a) a spouse, domestic companion, child or parent of the Director, or
- (b) a nominee or trustee for the Director or any person referred to in paragraph (a) provided that, in respect of a nominee or trustee who acts for more than one person when considering a matter in respect of that nominee or trustee, only the interest held for the Director or any person referred to in paragraph (a) will be considered, or
- (c) an entity controlled by the Director or any person referred to in paragraph (a).

Non-Affiliated Holder

means any person other than:

- (a) a person who holds, or is one of a group of Associated Persons who together hold, 10% or more of a Class of Financial Products, or
- (b) a person who has, or is one of a group of Associated Persons who together have, the power (whether contingent or not) to appoint one or more Directors of Fonterra excluding the Board, or
- (c) any other person or group of persons whom NZX in its discretion declares not to

be a Non-Affiliated Holder for the purposes of the Rules.

NZX

means NZX Limited or its predecessors, successors and assigns and, as the context permits, includes any authorised delegate of NZX.

NZX Corporate Governance Code

means the code set out in appendix 1 to the NZX Listing Rules.

NZX Foreign Exempt Issuer

means:

- (a) an Issuer Listed on the Main Board or Debt Market as a secondary listing, and
- (b) where the context permits, an Issuer to the extent it has a Class of Financial Product Quoted and the Home Exchange of such Financial Product is a Recognised Stock Exchange.

NZX Listing Rules

means the NZX Listing Rules for the Main Board, as amended from time to time.

NZX Participant Rules

means the NZX Participant Rules made by NZX from time to time.

Offer Document

means in relation to an offer of Financial Products to be Quoted on the FSM, Main Board or Debt Market:

- (a) a PDS, if Part 3 of the FMC Act applies,
- (b) a Schedule 1 Offer Document,
- (c) any document of similar effect to a PDS required by the conditions of any applicable exemption granted by the FMA from Part 3 of the FMC Act,
- (d) any offering document prepared in compliance with the mutual recognition scheme under the FMC Regulations, and
- (e) any document which NZX in its sole discretion declares by a Ruling to be an Offer Document.

Option

means an option to acquire, by way of issue, a Financial Product.

Ordinary Resolution	means a resolution passed by a simple majority of Votes of Financial Product holders entitled to Vote and voting.
Participant	means a person who is a Legal Title Transfer Depository Participant as defined by the Depository Rules.
PDS	has the meaning given in section 6 of the FMC Act.
Permitted Person	means: <ul style="list-style-type: none"> (a) a person whose name is entered into the Share register of Fonterra as the holder of Shares, (b) a person whose application to become a person referred to in (a) has been accepted in writing by Fonterra in accordance with the Constitution, or (c) a Custodian.
Profile	means a document with the content required by Rule 6.4.1, which may be required from time to time by NZX under Rule 6.3.1(b).
provide to NZX	means to provide such information, material or notice to NZX under Rule 2.24 not for market release.
QFP notice	means a notice given under clause 20(1)(a) of Schedule 8 of the FMC Regulations.
Quoted	means a Financial Product of Fonterra that is approved for trading on FSM (for the avoidance of doubt, a Financial Product does not cease to be Quoted merely because trading of that product is suspended or halted). <p>Quote and Quotation have corresponding meanings.</p>
Reciprocal Arrangement	means any agreement or arrangement which provides for the disclosure of information between NZX and any government or non-governmental agency, authority or association in New Zealand or elsewhere whose functions include monitoring, surveillance or regulation of: <ul style="list-style-type: none"> (a) Issuers' compliance with their obligations under listing rules, applicable laws and regulations, or

- (b) trading in, or clearance and settlement of, transactions in Financial Products, derivatives or commodities (whether in New Zealand or elsewhere).

Recognised Stock Exchange

means a stock exchange approved by NZX from time to time as enforcing rules, procedures and requirements sufficiently similar to those of these Rules to justify issuers on such stock exchange Listing on the NZX as an NZX Foreign Exempt Issuer.

Record Date

means the time fixed by Fonterra for the determination of the Financial Product holders to whom an entitlement, right or obligation relating to the Financial Products of Fonterra applies.

RegCo

means NZX Regulation Limited or its predecessors, successors or assigns, and as the context permits includes any duly authorised delegate of RegCo.

RegCo CEO

means the person occupying the position of Chief Executive Officer of RegCo.

Registered Bank

has the meaning given in section 2 of the Reserve Bank of New Zealand Act 1989.

Related Body Corporate

has the meaning given in section 12(2) of the FMC Act.

Related Party

means a person who, at the time of a Material Transaction, or at any time within the previous six months, was:

- (a) a Director of Fonterra, or Senior Manager of Fonterra or any of its Subsidiaries,
- (b) the holder of a Relevant Interest in 10% or more of a Class of Equity Securities of Fonterra carrying Votes,
- (c) an Associated Person of Fonterra or any of the persons referred to in (a) or (b), except where the person becomes an Associated Person as a consequence of the Material Transaction, or
- (d) a person in respect of whom there are arrangements which are intended to result in that person becoming, or expected to become, a person described in (a), (b), or (c) other than as a consequence of the Material Transaction,

but a person is not a Related Party of Fonterra if:

- (e) the only reason why that person would otherwise be a Related Party of Fonterra is that a Director of Fonterra, or Senior Manager of Fonterra or any of its Subsidiaries, is also a Director of that person, so long as:
 - (i) the proportion of Directors of Fonterra who are also Directors of that person is one third or less, and
 - (ii) no Director of Fonterra, or Senior Manager of Fonterra or any of its Subsidiaries, has a material direct or indirect economic interest in that person, other than receiving reasonable Director's fees or executive remuneration, or
- (f) that person is a Subsidiary or incorporated joint venture of, or unincorporated joint venture participant with, Fonterra and:
 - (i) no Related Party of Fonterra has or intends to obtain, other than through Fonterra itself, a material direct or indirect economic interest in that Subsidiary or joint venture other than receiving reasonable Director's fees or executive remuneration, and
 - (ii) Fonterra has at least 50% of the Votes in, or is entitled to at least 50% of the dividends declared or paid by, the Subsidiary or incorporated joint venture, or is entitled to at least one half of the income or profits and the assets of the unincorporated joint venture (if and when distributed), or
- (g) that person is acting in their role as the Custodian, or Manager or trustee of the FSF, or as a Registered Volume Provider.

Relative

in relation to a person (**A**), means any of the following:

- (a) A's spouse, civil union partner, de facto partner,
- (b) a parent or child of A,

- (c) a trustee of a trust under which A, or a relative of A (under paragraphs (a) or (b)), is a beneficiary who is:
 - (i) presently entitled to a share of the trust estate or income, or
 - (ii) individually or together with other beneficiaries, in a position to control the trustee,
- (d) a trustee of a trust if:
 - (i) the trust is a family trust within the meaning of section 173M(5) of the Tax Administration Act 1994, and
 - (ii) a majority of the individuals who are beneficiaries under the trust are relatives of A (under paragraphs (a) or (b)).

Relevant Interest	has the meaning given in sections 235 to 238 of the FMC Act.
Renounceable	in relation to a Right or offer of Equity Securities means a Right or offer of Equity Securities that is transferable (whether on or off-market) by the holder to another person (whether or not an existing holder of any Equity Securities to which the Right or offer relates).
Results Announcement	means an announcement with the applicable information specified in Appendix 1 and such additional content as may be prescribed by NZX from time to time.
Right	means any right (whether conditional or not, whether Renounceable or not and whether Quoted or not) to acquire an Equity Security.
Rules	means these FSM Rules.
Ruling	means any decision or determination by NZX as to the meaning, interpretation or application of the Rules and includes any ruling, waiver, or revocation of a waiver given under Rule 8.5, Rule 8.6, or Rule 8.7.
RVP or Registered Volume Provider	has the meaning set out in the NZX Participant Rules.
Schedule 1 Offer Document	means a document or documents containing the

terms and conditions of:

- (a) an offer of Quoted Equity Securities made in reliance on the exclusion contained in clause 10 of Schedule 1 of the FMC Act,
- (b) an offer of Quoted Equity Securities or Options under a Rights offer made in reliance on clause 19 of Schedule 1 of the FMC Act (whether Renounceable or non-Renounceable),
- (c) an offer of Debt Securities made in reliance on clause 19 of Schedule 1 of the FMC Act,
- (d) any document or documents of similar effect to those referred to in paragraphs (a) to (c) required by the conditions of any applicable exemption granted by FMA from Part 3 of the FMC Act, or
- (e) an offer of Financial Products made under a limited disclosure document, if an exclusion under Schedule 1 of the FMC Act applies to that offer.

Season	has the meaning given in the Dairy Industry Restructuring Act 2001.
Senior Manager	has the meaning given in section 6 of the FMC Act.
Settlement System	has the meaning given in the Depository Rules.
Share	means a co-operative share issued by Fonterra in accordance with the Constitution.
Shareholder	means a person whose name is entered into Fonterra's Share register as the holder for the time being of one or more Shares.
Shareholders' Council	means the Councillors who number not less than the required quorum, acting together as the Shareholders' Council, having been elected or appointed in accordance with the Constitution.
Statement	means a statement of holding of Quoted Financial Products complying with Rule 7.2.
Subsidiary	means: <ul style="list-style-type: none">(a) a subsidiary within the meaning of section 5 of the Companies Act 1993 (read together with sections 7 and 8 of that Act), and

- (b) an entity treated as a subsidiary within the meaning of any financial reporting standard approved in terms of section 19 of the Financial Reporting Act 2013.

Substantial Product Holder

has the meaning given in section 274(1) of the FMC Act.

Supplying Shareholder

means any person who supplies Milk to Fonterra and is entered into Fonterra's Share register as a holder of its Shares in accordance with the Constitution.

Takeovers Code

means the Takeovers Regulations 2000.

through MAP

means to submit the relevant announcement for market release through MAP in accordance with Rule 2.21.

Treasury Stock

means Shares held by Fonterra under provisions in the Companies Act 1993 which enable treasury stock to be held by a company. This includes shares held by a Subsidiary of Fonterra other than in accordance with section 82(6) of the Companies Act 1993.

Tribunal

means the NZ Markets Disciplinary Tribunal, a body constituted by NZX under the Tribunal Rules and, where the context permits, includes the chairperson, deputy chairperson and any division or authorised delegate of the NZ Markets Disciplinary Tribunal.

Tribunal Rules

means the NZ Markets Disciplinary Tribunal Rules.

Vote

means a right to vote at a meeting of Financial Product holders of Fonterra, other than:

- (a) a right to vote solely upon matters immaterial or inconsequential to the control of the Issuer or any material part of Fonterra's business,
- (b) a right to vote only when payments in respect of the Financial Product in question is in arrears or some other default exists, or on a proposal to change the rights attaching to that Financial Product, or in other circumstances of a special or remote nature, or
- (c) a right to vote attaching to Financial Products, other than Equity Securities,

which is exercisable only at meetings of holders of those Financial Products.

Part B — Interpretation

1. Fonterra must comply with the Rules as interpreted:
 - (a) in accordance with their spirit, intention and purpose,
 - (b) by looking beyond form to substance, and
 - (c) in a way that best promotes the principles on which the Rules are based.
2. In these Rules (unless the context requires otherwise):
 - (a) headings to clauses are for reference only and are not an aid in interpretation,
 - (b) references to a statutory provision, regulation or exemption notice will be construed as a reference to that statutory provision, regulation or exemption notice as it may be amended, re-enacted or modified by other provisions (including by regulation, order-in-council or other instrument), and includes reference to any other statutory provision necessary for the interpretation of the statutory provision, regulation or exemption notice,
 - (c) any reference to a person includes that person's successors and permitted assigns,
 - (d) any reference to a period of time is to be calculated in accordance with section 35 of the Interpretation Act 1999,
 - (e) any reference to a day which is not a Business Day, upon or by which something must be done, is a reference to the next Business Day,
 - (f) words importing the plural include the singular and vice versa and words importing gender import all genders,
 - (g) a reference to conduct or engaging in conduct includes doing, omitting to do or refusing to do any act and, unless otherwise stated, extends to causing, permitting, suffering or authorising the act or the omission to occur,
 - (h) all warranties, representations, indemnities, covenants, agreements and obligations given or entered into by more than one person will be deemed to have been given or entered into jointly and severally,
 - (i) if a word or expression is given a particular meaning, another part of speech or grammatical form of that word or expression has a corresponding meaning,
 - (j) a reference to a Rule (e.g. Rule 1.3) includes a reference to all sub-Rules included under that Rule (e.g. Rule 1.3.3) and a reference to a Section (e.g. Section 2) includes a reference to all Rules and sub-Rules within that Section,
 - (k) a reference to time is a reference to New Zealand time and references to monetary amounts are to New Zealand currency,

- (l) if the name of a body (whether incorporated or not) or the name of an office is changed by law, then a reference in these Rules is taken as a reference to the body or office under the new name, and
 - (m) the appendices to the Rules have the same force and effect as if set out in the body of the Rules.
3. In these Rules the following Rules of interpretation apply:
- (a) an **agreement** includes a contract, deed, licence, franchise, undertaking or other document (in each case, whether oral or written) and includes that agreement as modified, supplemented, novated or substituted from time to time,
 - (b) a **holding company** means a company of which another company is a Subsidiary,
 - (c) a reference to **including** or similar words means including without limiting the generality of the preceding words,
 - (d) a **law** includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute, treaty or other legislative measure, in each case of any relevant jurisdiction (and "lawful" and "unlawful" will be construed accordingly),
 - (e) the word **person** includes any association of persons whether corporate or unincorporated, and any state or government or department or agency thereof, whether or not having separate legal personality,
 - (f) **rights** includes authorities, discretions, remedies, powers and causes of action, and
 - (g) the words **written** and **writing** include all means of communication resulting in permanent visible reproduction.
4. These Rules are governed by, and construed in accordance with, the law of New Zealand. Fonterra is deemed, by entering into the Market Operator Agreement with NZX, to have irrevocably submitted to the non-exclusive jurisdiction of the Courts of New Zealand.
5. These Rules apply only to Financial Products Quoted or to be Quoted on the FSM and not, for the avoidance of doubt, in respect of any Financial Products quoted on the Main Board or Debt Market or any other Recognised Stock Exchange.
6. The only Class of Financial Products to be Quoted on the FSM shall be Shares and, subject to Fonterra's application for Quotation made in accordance with Rule 3.15.6, Rights to Shares that are already Quoted.
7. In assessing the materiality of any information in relation to Fonterra, Fonterra shall have the extended meaning given in paragraphs (b) and (c) of the definition of "Issuer" and as if this group constituted one business.

Section 1

Governance Requirements

Governance Requirements

Governing Document

Content of Constitution

Governance requirements

1.1 **Composition of Board of Directors**

1.1.1 The composition of the Board must satisfy the following requirements at all times:

- (a) there must be at least three Directors,
- (b) at least two Directors must be ordinarily resident in New Zealand, and
- (c) at least two Directors must be Independent Directors.

1.2 **Alternate Directors**

1.2.1 No Director of Fonterra may appoint an alternate Director.

1.3 **Independence of Directors**

1.3.1 The Board must identify which Directors of Fonterra it has determined to be Independent Directors, having had regard to the non-exhaustive factors described in the NZX Corporate Governance Code that may impact director independence.

1.3.2 The determination under Rule 1.3.1 as to whether a Director is an Independent Director must be made and released through MAP no later than 10 Business Days after any Director's initial appointment.

1.3.3 If, at any time, the Board makes a determination regarding a Director's independence that differs from the position most recently released through MAP (for example, that an Independent Director is no longer independent), such determination must be promptly and without delay released through MAP.

1.3.4 Fonterra is responsible for ensuring that Directors provide sufficient information to the Board for the Board to make a determination under Rule 1.3.1.

1.4 **Removal of Directors**

1.4.1 All Directors of Fonterra must be subject to removal from office by Ordinary Resolution.

1.5 Proceedings and Powers of Directors

1.5.1 Directors of Fonterra may continue to act where there is a vacancy in their body, but where the number of Directors of Fonterra has fallen below the minimum set by the Constitution (if any), the continuing Directors of Fonterra may act to remedy the shortfall in Directors of Fonterra or to summon a meeting of Fonterra's Equity Security holders, but for no other purpose.

1.6 Interested Directors

1.6.1 A Director of Fonterra must not vote on a Board resolution for, or be counted in a quorum for the consideration of, any transaction in which that Director is interested. For this purpose, the term "interested" bears the meaning assigned in section 139 of the Companies Act 1993.

1.6.2 Notwithstanding Rule 1.6.1, a Director of Fonterra may vote on a Board resolution for, and be counted in a quorum for the consideration of, a transaction in which that Director has an interest, if:

- (a) the transaction is one in respect of which Directors are expressly required under the Companies Act 1993 to sign a certificate,
- (b) the transaction relates to the grant of indemnity under section 162 of the Companies Act 1993,
- (c) the transaction that gives rise to the interest is a transaction in the ordinary course of business of Fonterra and is between:
 - (i) Fonterra and that Director in his or her capacity as a Supplying Shareholder, or
 - (ii) Fonterra and any person referred to in section 139 of the Companies Act 1993 which gives rise to the interest of the Director, in that person's capacity as a Supplying Shareholder,

and is a transaction with all or a number of Supplying Shareholders and (where the transaction is not with all Supplying Shareholders) the terms of the transaction (and the level of participation, if applicable) are determined according to criteria that apply to that number of Supplying Shareholders generally, or

- (d) the interest arises solely because the Director of Fonterra has been selected by the Board to be, and is therefore also:
 - (i) a Director of the Manager, or
 - (ii) a Director of the Custodian, or
 - (iii) a trustee of a trust, the trustees of which are the holders of all the shares of the Custodian.

1.6.3 The following decisions of the Board must be approved by a majority of not less than 75% of the Directors of Fonterra participating at the Board meeting to consider the matter (and being entitled to vote and be counted in the quorum for that purpose) and such majority must include at least a majority of the Independent Directors who are entitled to vote and be counted in the quorum for that purpose:

- (a) a decision to pay an aggregate amount for Milk in excess of the aggregate amount for Milk calculated pursuant to the Milk Price Manual,
- (b) a decision to amend or replace the Milk Price Manual,
- (c) a decision to promote, or support, an amendment to, or replacement of, the Constitution that would have a material adverse effect on the rights attached to the Shares which are from time to time held by the Custodian in respect of which economic rights have been granted to the trustee of the FSF, or
- (d) a decision to appoint as an Independent Director a person who has not been supported by a majority of the Directors of the Manager of the FSF who are not also Directors of Fonterra (with such support evidenced by advice as to such support from the Manager).

1.7 **Audit Committee**

1.7.1 Fonterra must establish an Audit Committee.

1.7.2 The Audit Committee must:

- (a) be comprised solely of Directors of Fonterra,
- (b) have at least three members,
- (c) have at least one member with an accounting or financial background.

1.7.3 The responsibilities of Fonterra's Audit Committee include as a minimum:

- (a) ensuring processes are in place and monitoring those processes so that the Board is properly and regularly informed and updated on corporate financial matters,
- (b) recommending the appointment and removal of the independent auditor,
- (c) meeting regularly to monitor and review the independent and internal auditing practices,
- (d) having direct communication with and unrestricted access to the independent and any internal auditors or accountants,
- (e) reviewing the financial reports and advising all Directors of Fonterra whether they comply with the appropriate laws and regulations, and
- (f) ensuring that the Key Audit Partner is changed at least every five years.

1.8 **Milk Price Panel**

1.8.1 Fonterra shall establish and at all times maintain a Milk Price Panel.

1.8.2 The Milk Price Panel must at all times comply with the following requirements:

- (a) it must comprise five Members, and
- (b) not less than 50% of the Members shall be Independent Members, and

- (c) the Shareholders' Council shall be entitled to appoint up to two Members and the remaining Members shall be appointed by the Board, and
 - (d) the chairman of the Milk Price Panel must be an Independent Member and shall have no casting vote.
- 1.8.3 The Board must identify which Members it has determined, in its view, to be Independent Members.
- 1.8.4 The Board must make a determination under Rule 1.8.3:
 - (a) no later than 10 Business Days following appointment by the Board or the Shareholders' Council in respect of any Member appointed by the Board or the Shareholders' Council and promptly and without delay after making such determination, Fonterra must release through MAP whether the Board has determined that such Member is an Independent Member, and
 - (b) prior to publication of its annual report through MAP.
- 1.8.5 It is the responsibility of Fonterra to make the necessary arrangements to require Members to provide sufficient information to the Board in order for the Board to make a determination under Rule 1.8.3.
- 1.9 **Equity Security holder notices and meetings**
- 1.9.1 Quoted Equity Security holders of all Classes (whether or not they have a right to Vote) are entitled to attend annual and special meetings and to receive copies, or have access to electronic copies, of all notices, reports and financial statements issued generally to holders of Shares.
- 1.9.2 Where a Quoted Equity Security holder has only supplied an overseas address or an electronic address, notices must be sent to that physical address or sent electronically to such electronic address.
- 1.9.3 Fonterra:
 - (a) may hold meetings as a physical meeting, by audio, audio and visual, and/or electronic means, and
 - (b) must hold all physical meetings of holders of Quoted Financial Products in New Zealand.

Governing Document

1.10 Requirement to have a Constitution

- 1.10.1 Fonterra must:
 - (a) have a constitution that complies with the applicable provisions of this Section 1, and
 - (b) comply with the terms of its Constitution.

1.11 Solicitor's opinion regarding Constitution

1.11.1 Prior to changing its Constitution, Fonterra must provide to NZX a solicitor's opinion. That opinion must:

- (a) be provided by a solicitor or firm of solicitors approved by NZX,
- (b) be addressed to NZX and acknowledge that the solicitor or firm of solicitors accepts responsibility to NZX in respect of the opinion,
- (c) disclose any conflicting duties or interests the solicitor or firm of solicitors has and confirm that this disclosure is complete in all respects, and
- (d) state whether, in the opinion of that solicitor, the Constitution will comply with the Rules after the proposed change is made.

Content of Constitution

1.11.2 The Constitution must:

- (a) contain a provision to the effect that, for so long as Fonterra is Listed, Fonterra shall comply with the Rules, subject to any applicable legislative or regulatory requirements,
- (b) include a provision that provides that if any provision in the Constitution is inconsistent with the Rules, that provision shall be deemed to be amended, or deleted, to the extent necessary to make that provision consistent with the Rules, and
- (c) include a provision that provides that if NZX has given a Ruling authorising any act or omission which, in the absence of that Ruling would have been in contravention of the Rules or the Constitution, that act or omission is deemed to be authorised by the Rules and by the Constitution notwithstanding such contravention or inconsistency.

1.11.3 The Constitution may provide that failure to comply with:

- (a) the Rules, or
- (b) a provision of the Constitution corresponding with a provision of the Rules,

does not affect the validity or enforceability of any transaction, contract, action, decision or vote taken at a meeting of Equity Security holders, or other matter entered into by, or affecting, Fonterra. Such provision does not limit the rights of Equity Security holders against Fonterra or the Directors of Fonterra.

Section 2 Disclosure

Continuous disclosure

Periodic Disclosure

Event Disclosure

Announcements of capital changes and distributions

Further information to be released through MAP

Form of disclosure and communication

Continuous disclosure

2.1 Disclosure of Material Information

2.1.1 Once Fonterra becomes Aware of any Material Information relating to it, Fonterra must:

- (a) promptly and without delay release that Material Information through MAP, and
- (b) not disclose any Material Information to the public, any other stock exchange or any other party without first releasing that Material Information through MAP.

2.1.2 Rule 2.1.1 does not apply when:

- (a) one or more of the following applies:
 - (i) release of the information would be a breach of law,
 - (ii) the information concerns an incomplete proposal or negotiation,
 - (iii) the information contains matters of supposition or is insufficiently definite to warrant disclosure,
 - (iv) the information is generated for internal management purposes, or
 - (v) the information is a trade secret,
- (b) the information is confidential and its confidentiality is maintained, and
- (c) a reasonable person would not expect the information to be disclosed.

2.2 **False Market**

2.2.1 Fonterra must promptly and without delay release Material Information through MAP to the extent necessary to prevent development or subsistence of a market for its Quoted Financial Products which is materially influenced by false or misleading information emanating from:

- (a) Fonterra or any Associated Person of Fonterra, or
- (b) other persons in circumstances in each case which would give such information substantial credibility,

and which is of a reasonably specific nature whether or not Rule 2.1.2 applies.

2.3 **No Contracting out**

2.3.1 Fonterra must avoid entering into any obligation which may prejudice its ability to comply freely with the provisions of Rule 2.1 or Rule 2.2 to the extent that is reasonably possible without causing a material adverse effect on Fonterra's business.

2.4 **Related Party Transactions**

2.4.1 Fonterra must promptly and without delay release through MAP sufficient details to inform the market upon entering into a transaction or related series of transactions with a Related Party under which Fonterra:

- (a) purchases, acquires, gains, leases (as lessor or lessee), sells or otherwise disposes of, assets having an Aggregate Net Value above 5% of Fonterra's Average Market Capitalisation,
- (b) issues its own Financial Products or acquires its own Equity Securities, having a market value above 5% of Fonterra's Average Market Capitalisation (except where Rule 3.5 applies, in which case only the market value of Financial Products being issued to any Related Party or to any Employees of Fonterra are to be taken into account),
- (c) borrows, lends, pays or receives money, or incurs an obligation, of an amount above 5% of Fonterra's Average Market Capitalisation, or
- (d) enters into any guarantee, indemnity, underwriting or similar obligation, or gives any security, which could expose Fonterra to liability above 5% of Fonterra's Average Market Capitalisation.

2.4.2 Rule 2.4.1 does not apply to a transaction to which Rule 4.2.1 applies, or where the exceptions in Rule 4.1.2(d), Rule 4.1.2(e), Rule 4.2.2(i) or Rule 4.2.2(j) apply (or would apply if the reference to 10% in the definition of "Material Transaction" was a reference to 5%).

2.4.3 If the Board sets a Milk Price for any Season that is not the same as the Milk Price recommended by the Milk Price Panel in respect of that Season, and the Milk Price determined by the Board exceeds the Milk Price that was determined in accordance with the Milk Price Manual for that Season, Fonterra shall disclose that fact through MAP, and provide details of its decision (including reasons for such decision being made).

Periodic disclosure

2.5 Results Announcement

- 2.5.1 Subject to Rule 2.5.3, Fonterra must release a Results Announcement through MAP no later than 60 days after the end of each financial year or half year.
- 2.5.2 A Results Announcement for a full financial year may be made before, or together with, the release of an annual report.
- 2.5.3 If Fonterra is required to consolidate the financial results of another Listed Issuer, it may make its Results Announcement up to 5 Business Days after the earlier of the release of the other Listed Issuer's Results Announcement and the timeframe required by Rule 2.5.1.

2.6 Preparation and delivery of Annual Reports

- 2.6.1 Fonterra must within three months after the end of each financial year:
 - (a) prepare an annual report, which must contain all information required by all applicable laws and these Rules, and
 - (b) deliver the annual report to:
 - (i) NZX by release through MAP (including by URL link to the annual report on Fonterra's website) before or at the same time as it is made available to Quoted Financial Product holders, and
 - (ii) each Quoted Financial Product holder in accordance with Rule 2.6.2.
- 2.6.2 Annual reports must be made available to Quoted Financial Product holders by:
 - (a) sending to Quoted Financial Product holders:
 - (i) a hard copy of the annual report, or
 - (ii) a notice under 209(3) of the Companies Act 1993, or
 - (b) complying with regulations 61B to 61F of the FMC Regulations.

For the purposes of this Rule 2.6.2, sections 209 to 209C of the Companies Act 1993 and regulations 61B to 61F of the FMC Regulations will be deemed to be modified so that:

- (c) "shareholders" are members of the relevant Class of Quoted Financial Product holders of Fonterra, and
- (d) "annual report" means an annual report as required by Rule 2.6.1.

2.7 Contents of Annual Report

- 2.7.1 The annual report of Fonterra must contain:

- (a) the information required to be published by subpart 5 of Part 5 of the FMC Act and the information required by section 211 of the Companies Act 1993,
- (b) audited financial statements and the associated audit report in accordance with the requirements of Part 7 of the FMC Act (unless Fonterra is exempt from Part 7 of that Act) or other applicable law,
- (c) the names and holdings of the registered holders having the 20 largest holdings of Quoted Financial Products at a date not earlier than two months before publication of the annual report, provided that, where known to Fonterra, Quoted Financial Products held through New Zealand Central Securities Depository Limited must be treated as being held by the persons on whose behalf New Zealand Central Securities Depository Limited is holding those Quoted Financial Products (and, for the avoidance of doubt, New Zealand Central Securities Depository Limited will not be treated as a registered holder) for the purposes of determining the 20 largest holdings,
- (d) details of the Quoted Financial Products, and Financial Products that may Convert to Quoted Financial Products, in which each Director has a Relevant Interest at the balance date of the financial year in respect of which the annual report is prepared,
- (e) details of the spread of Quoted Financial Product holders as at a date not earlier than two months before the publication of the annual report,
- (f) Fonterra's current credit rating status (if any),
- (g) a summary of all waivers:
 - (i) granted and published by NZX following an application by Fonterra, or
 - (ii) relied upon by Fonterra (regardless of when such waiver was granted or published),

in the 12 month period preceding Fonterra's balance date (or a reference to where this information can be found on Fonterra's website, where it must remain available until publication of the next annual report),
- (h) details of any public exercise of NZX's powers set out in Rule 8.11.3, and
- (i) the additional information set out in Rule 2.8.1.

2.7.2 If Fonterra extends its annual balance date it must:

- (a) prepare a report containing such information, to be released through MAP at such time as NZX requires, and
- (b) comply with Rule 2.17.2.

2.8 Further Annual Report content

2.8.1 Further to the requirements of Rule 2.7.1, the annual report of Fonterra must also contain:

- (a) a statement on, or URL link to, the extent to which Fonterra has followed the recommendations in the NZX Corporate Governance Code during the relevant financial year, and the date at which the corporate governance statement is current (which must be Fonterra's balance date or a later date specified by Fonterra),
- (b) if Fonterra has not followed a recommendation in the NZX Corporate Governance Code for any part of the relevant financial year, Fonterra must separately state:
 - (i) which recommendation, or recommendations, were not followed,
 - (ii) the period over which this occurred,
 - (iii) Fonterra's reasons for not following the recommendation,
 - (iv) what, if any, alternative governance practice was adopted in lieu of the recommendation during that period, and
 - (v) that the alternative governance practice has been approved by the Board,
- (c) a quantitative breakdown as to the gender composition of Fonterra's Directors and Officers as at Fonterra's balance date, including comparative figures for the prior year which, at a minimum, must include:
 - (i) the number of male and female Directors, and
 - (ii) the number of male and female Officers,

at the relevant balance date and with comparative figures for the prior balance date (if any).

For the purposes of this Rule 2.8.1(c), "Officer" means a person, however designated, who is concerned or takes part in the management of Fonterra's business and reports directly to:

 - (iii) the Board, or
 - (iv) a person who reports to the Board,
- (d) an evaluation from the Board on Fonterra's performance with respect to its diversity policy (if applicable), and
- (e) a statement confirming which of Fonterra's Directors are Independent Directors as at the balance date of the financial year in respect of which the annual report is prepared, and the factors relevant to that determination.

Announcements of capital changes and distributions

2.9 Issues, acquisitions and redemption of capital

2.9.1 If Fonterra issues, acquires or redeems:

- (a) Quoted Financial Products, or

- (b) Financial Products Convertible into Quoted Equity Securities or Options to acquire Quoted Equity Securities,

Fonterra must provide for release through MAP in prescribed form (as applicable) details of:

- (c) the Class of Financial Product and ISIN,
- (d) the number of Financial Products issued, acquired or redeemed,
- (e) the nominal value (if any) and the issue, acquisition, or redemption price,
- (f) whether payment was in cash,
- (g) any amount paid up (if not in full),
- (h) for an issue of Convertible Financial Products or Options, the principal terms of Conversion (for example, the conversion price and conversion date and the ranking of the Financial Product in relation to other Classes of Financial Product) or the Option (for example, the exercise price and exercise date),
- (i) the percentage of the total Class of Financial Product issued, acquired or redeemed (calculated on the number of Financial Products of the Class, excluding any Treasury Stock, in existence immediately prior to the issue, acquisition or redemption),
- (j) the reason for the issue, acquisition or redemption,
- (k) the specific authority for the issue, acquisition or redemption (if any),
- (l) any terms or details of the issue, acquisition or redemption (such as an escrow provision),
- (m) the total number of Financial Products of the Class in existence after the issue, acquisition or redemption (excluding Treasury Stock) and the total number of Financial Products of the Class held as Treasury Stock after the issue, acquisition or redemption,
- (n) in the case of an acquisition of Equity Securities, whether those Equity Securities are to be held as Treasury Stock, and
- (o) the dates of issue, acquisition or redemption.

Notices required by this Rule must be released through MAP within one Business Day after the issue, acquisition or redemption. For the purposes of this Rule, the sale or transfer of Treasury Stock by Fonterra is deemed to be an issue of Financial Products.

2.10 **Distributions, conversion and calls**

2.10.1 Fonterra must release through MAP, at least 5 Business Days before the Record Date, the details of a proposal to:

- (a) pay or distribute a benefit on Quoted Financial Products,

- (b) proceed with a Conversion of Quoted Financial Products, or a Conversion of any Financial Products into Quoted Financial Products, or
- (c) make a call on a Quoted Financial Product,

in the form prescribed by NZX from time to time.

2.10.2 Where the timing of a call on Quoted Financial Products is not stated in the Offer Document or Profile, Fonterra must promptly and without delay notify NZX through MAP after determining that date.

2.10.3 If the Board recommends or pays dividends other than in accordance with Fonterra's most recently published dividend policy, the Board must fully explain the reasons for the divergence by releasing that information through MAP in, or at the same time as, the notice given under Rule 2.10.1.

2.10.4 A supplementary dividend paid in terms of the Income Tax Act 2007 is not treated as a dividend for the purposes of Rule 2.10.1. Where Fonterra is paying a supplementary dividend in respect of Quoted Financial Products it must release through MAP, not less than 5 Business Days before the payment of the supplementary dividend, details of:

- (a) the amount (in cents) of the proposed supplementary dividend per Quoted Equity Security, and
- (b) the date upon which it will be paid,

in the form prescribed by NZX from time to time.

2.11 Further notice for Convertible Financial Products

2.11.1 Where Financial Products are Convertible at the option of the holder before final maturity into Quoted Financial Products, Fonterra must give notice of this option by release through MAP and to all holders of those Financial Products. That notice:

- (a) must be given:
 - (i) if the Financial Products are Convertible on a fixed date or dates, at least six weeks before each such date, or
 - (ii) if the Financial Products are Convertible on the trigger of an event, as soon as practicable after that event has occurred or promptly and without delay after it becomes apparent that the event will occur,
- (b) need not be given if the Financial Products are Convertible at the option of the holder at any time,
- (c) must disclose any option for Conversion which may be exercised at a later date, and
- (d) must contain a statement to the effect that any Financial Products holders in doubt as to whether Conversion is desirable should seek advice from a financial adviser.

- 2.11.2 Following each Conversion of Financial Products into Quoted Financial Products, Fonterra must promptly and without delay release through MAP notice of:
- (a) the number of Financial Products Converted and the number and Class of Quoted Financial Products into which they have been Converted,
 - (b) details of any dividend conditions attaching to the Financial Products into which they have been Converted, and
 - (c) how many Financial Products of the same Class remain to be Converted.

Announcements relating to offers

2.12 Early and Late Offer Closure

- 2.12.1 Where an offer of Financial Products that are intended to be Quoted is closed before the stated closing date, Fonterra must notify NZX by release through MAP within one Business Day after the closure.
- 2.12.2 Where Fonterra wishes to extend the closing date for an offer of Financial Products that are intended to be Quoted it must notify NZX by release through MAP of the new date at least 5 Business Days before the original closing date. Fonterra must not, without the prior consent of NZX, extend a closing date more than once.
- 2.12.3 Nothing in this Rule 2.12 applies to an offer in accordance with Rule 3.7.

2.13 Notification of Level of Subscription

- 2.13.1 If an offer of Financial Products that are intended to be Quoted has been underwritten, Fonterra must promptly and without delay release through MAP appropriate notice of any shortfall (if applicable) once any final shortfall has been calculated (for example, following any shortfall bookbuild in accordance with Rule 3.4.1(a)), and in any event no later than 5 Business Days after the closing date, including the extent to which any of the Financial Products have been or will be taken by any underwriter or any sub-underwriter in any capacity.
- 2.13.2 If an offer of Financial Products that are intended to be Quoted has not been underwritten, Fonterra must promptly and without delay release through MAP appropriate notice of any shortfall (if applicable) once any final shortfall has been calculated (for example, following any shortfall bookbuild in accordance with Rule 3.4.1(a)), and in any event no later than 5 Business Days after the closing date of the offer.
- 2.13.3 If an offer of Financial Products that are intended to be Quoted is oversubscribed, and Fonterra elects to make an announcement regarding such oversubscription, Fonterra must promptly and without delay release through MAP appropriate notice of such oversubscription after the final extent of oversubscription is calculated, and in any event no later than 10 Business Days after the closing date. The announcement must specify the percentage or the total nominal amount by which the offer has been oversubscribed, rather than the mere fact of oversubscription.
- 2.13.4 In Rule 2.13.3, a reference to "oversubscription" does not include the bids in a bookbuild exceeding the price or number of Financial Products intended to be Quoted that are offered through that bookbuild.

Further information to be released through MAP

2.14 Proposals of Capital Change and Conditions

2.14.1 Fonterra must promptly and without delay release through MAP information on any decision to:

- (a) sub-divide or consolidate Financial Products, whether they are to be Quoted or not,
- (b) issue Equity Securities, or Financial Products that may Convert to Equity Securities, whether they are to be Quoted or not, or
- (c) amend conditions of Quoted Financial Products.

2.15 Meetings

2.15.1 Fonterra must promptly and without delay release through MAP the following information:

- (a) the outcome of each resolution put to a meeting of Quoted Financial Product holders, including the results of polls conducted, and
- (b) notice of any adjournment of a meeting of Quoted Financial Product holders to another time or place, and the outcome in respect of each resolution dealt with before the adjournment.

2.15.2 Fonterra must, during or prior to the start of a meeting of Quoted Financial Product holders, release through MAP the contents of any prepared announcement or presentation (including a prepared address by the chairperson) that will be delivered at such meeting, provided that the information released through MAP need not include any information that is of a procedural nature or which relates to the administration of the meeting.

2.16 Directors, Senior Manager and Auditor and other information

2.16.1 Fonterra must promptly and without delay release through MAP information regarding any decision made to change (regardless of whether such change is effective at a later date):

- (a) a Director, or Senior Manager of Fonterra, or a Member,
- (b) the chairperson of the Directors of Fonterra, or
- (c) the auditor of Fonterra.

2.17 Change in Fonterra's details and balance date

2.17.1 Fonterra must promptly and without delay release through MAP (unless otherwise specified by NZX) the following information:

- (a) any decision to change the name of Fonterra (such notification must be released not less than 5 Business Days before such name change takes effect),

- (b) any change of Fonterra's contact details (including the address of its registered office, its mailing address or its contact telephone number),
- (c) any change of ISIN for Fonterra's Quoted Financial Products,
- (d) any change in the identity of Fonterra's registrar of Quoted Financial Products, or
- (e) the opening or closing of a branch register for Quoted Financial Products.

2.17.2 Fonterra must release through MAP any decision to extend its annual balance date to a later date and, in any event, must notify such change not less than one month before the end of the existing half-year reporting period or not less than one month before the existing annual balance date.

2.17.3 Fonterra must provide to NZX from time to time such other information as NZX may prescribe from time to time, including by release through MAP.

2.18 **Credit Rating**

2.18.1 Fonterra must promptly and without delay release through MAP any new credit rating, or change to a current credit rating (such as, an upgrade, downgrade or change in outlook), in relation to:

- (a) Fonterra,
- (b) the Debt Securities of Fonterra (if any), or
- (c) Fonterra's guaranteeing entity (if any),

provided, for the avoidance of doubt, that this Rule 2.18.1 does not apply to an indicative credit rating.

2.19 **All notices and communications to be released through MAP**

2.19.1 Fonterra must release through MAP:

- (a) no later than the time at which it is given to other recipients, an electronic copy in the same format of every notice or communication relating to Quoted Financial Products given generally to holders of Fonterra's Quoted Financial Products, except for:
 - (i) investor relations material (that do not contain Material Information),
 - (ii) personalised letters only sent to some Financial Product holders,
 - (iii) notices under section 209(3) of the Companies Act 1993 or regulations 61B to 61F of the FMC Regulations, and
 - (iv) dividend or transfer statements.
- (b) promptly and without delay, any third party notice or communication given to, and released by, any stock exchange other than NZX in respect of Fonterra, or otherwise released by that stock exchange against the ticker code of Fonterra.

2.20 Disclosure of Relevant Interest in Financial Products

- 2.20.1 Fonterra must, upon request by NZX, exercise its powers under subpart 5 of Part 5 of the FMC Act in respect of such holders of Financial Products or other persons, as NZX may specify (either individually or by reference to a Class).
- 2.20.2 Any information obtained by Fonterra through the use of its powers under subpart 5 of Part 5 of the FMC Act (whether at NZX's request or proactively) must be released through MAP if requested by NZX.

Form of disclosure and communication

2.21 Form of Disclosure and Communication for Market

2.21.1 All information for release to the market by Fonterra must be:

- (a) delivered through, and be compliant with the requirements of, MAP, and
- (b) in a format which is convenient for NZX to process and relay by the same means to subscribers to any information service offered by NZX.

NZX may require Fonterra to use specific forms or templates (with such alterations and completions as are satisfactory to NZX).

2.21.2 All announcements using MAP must be:

- (a) on Fonterra's letterhead, dated, and:
 - (i) attributed to an authorised representative of Fonterra stating that person's name and position, and
 - (ii) provide the contact details of an authorised representative of Fonterra who may answer investor queries on such information,
- (b) prefaced, in the case of long or complex announcements, by a summary of salient points, suitable for immediate transcription and dissemination by NZX without substantial editing, and
- (c) marked as containing Material Information, using the appropriate flag in MAP, if the announcement contains Material Information and is not otherwise subject to an automated flag in MAP.

2.21.3 If a Rule requires Fonterra to release an announcement through MAP, that obligation is satisfied once:

- (a) the announcement is submitted into MAP (not when the announcement is subsequently released from MAP by NZX), or
- (b) if MAP is unavailable, due to a technology fault, that announcement is provided to NZX (or such contact at NZX which NZX may specify from time to time).

2.22 Disclosure under Embargo

2.22.1 Where announcements are made under embargo, Fonterra must:

- (a) release the embargoed announcement through MAP at least 30 minutes before release to any other party, including the media, and
- (b) display the times and conditions of the embargo prominently on each page of the announcement.

NZX may choose to ignore the embargo where it considers the market should be immediately informed.

2.22.2 Material Information may not be embargoed under Rule 2.22.1.

2.23 Disclosure of additional information

2.23.1 NZX may require any amendment, addition or alteration to an announcement or require Fonterra to disclose further information following release of an announcement.

2.24 Disclosure to NZX

2.24.1 Material not to be released publicly (including draft documents lodged with NZX for review) and private correspondence with NZX must be addressed accordingly and marked in a prominent position with the words "Not for Public Release". Any material destined for NZX may be:

- (a) sent by electronic mail to: issuer@nzregco.com
- (b) delivered to: NZX Limited's Registered Office
- (c) posted to: PO Box 2959 (or DX SP3501)
Wellington
New Zealand 6140

2.24.2 Information marked "Not for Public Release" may be released by NZX to the market if NZX forms the opinion that the release of that information is or was required by the Rules. Unless the information is Material Information, NZX will give Fonterra reasonable prior notice of this decision.

2.25 Ownership of information disclosed

2.25.1 All information, papers or documents provided to NZX by or on behalf of Fonterra becomes NZX's property and may be copied or (subject to Rule 2.22) disseminated as it thinks fit.

Section 3

Changes to Capital

Rules applying to Equity Securities

Allotment Processes

Rules applying to Equity Securities

3.1 Issue of New Equity Securities

3.1.1 Except as provided in Rule 3.1.2, Fonterra must only issue Equity Securities with approval by Ordinary Resolution in accordance with Rule 3.2.1.

3.1.2 Fonterra may issue Equity Securities, without approval by Ordinary Resolution, by way of:

- (a) a pro-rata Rights offer or bonus issue in accordance with Rule 3.3 and, if applicable, Rule 3.4,
- (b) an issue under Fonterra's 15% placement capacity in accordance with Rule 3.5.1,
- (c) other issues in accordance with Rules 3.6 and 3.7.

3.2 Shareholder approval for Issues by Ordinary Resolution

3.2.1 For the holders of Equity Securities to approve an issue of Equity Securities by Fonterra, the precise terms and conditions of the issue must have been approved by:

- (a) separate Ordinary Resolutions of each Class of Quoted Equity Securities whose rights or entitlements could be affected, or
- (b) if a Class of Quoted Equity Securities were issued on terms that the holders would vote together with the holders of another Class or Classes of Equity Securities on a resolution of the nature referred to in Rule 3.2.1(a), a single resolution of all such Classes of Equity Securities voting together.

3.2.2 An issue of Equity Securities authorised under Rule 3.2.1 must be completed within 12 months after the passing of those resolutions, otherwise the issue cannot occur until further approval is obtained under Rule 3.2.1.

3.2.3 A resolution under Rule 3.2.1 is not required in relation to the holders of a Class of Equity Securities if the terms of issue of those Equity Securities reserved the right to make a new issue (where the reservation included details of the maximum number, Class of Equity Securities and timeframe within which the further issue would be made).

3.2.4 The resolutions referred to in this Rule 3.2 are subject to the voting restrictions in Rule 5.3.

3.3 **Pro-rata issues**

3.3.1 Fonterra may issue Equity Securities if those Equity Securities are:

- (a) offered to existing holders on a basis which, if the offer were accepted in full by all such holders, would maintain the proportionate distribution rights of each holder (subject only to rounding), and that offer is Renounceable, or
- (b) issued to all existing holders as fully paid Equity Securities on a basis which maintains the existing proportionate distribution rights of each holder (subject only to rounding).

3.4 **Rules applicable to pro-rata issues**

3.4.1 Notwithstanding Rule 3.3.1, Fonterra is entitled to:

- (a) issue any Equity Securities which have been offered under Rule 3.3.1(a) and not taken up, or held back because of fractional entitlements, provided the price, terms and conditions are not materially more favourable to the person to whom they are issued than the original offer and the issue is completed within three months of the close of that offer,
- (b) issue Equity Securities to existing holders of Financial Products where the right to participate in future issues is specifically attached to those existing Financial Products (where the precise terms and conditions of the specific proposal to issue those existing Financial Products was approved in accordance with Rule 3.1.1 or Rule 3.11.1(a)), regardless of the effect on existing proportionate distribution rights,
- (c) authorise a disproportionate offer to the extent necessary to round entitlements to a whole number, round up holdings to a Minimum Holding, or to avoid the creation of holdings which are less than Minimum Holdings,
- (d) not offer Equity Securities to holders of existing Equity Securities where the terms of those existing Equity Securities expressly exclude the right to participate in the relevant issue, and
- (e) not offer Equity Securities to holders outside New Zealand if, in Fonterra's reasonable opinion, it would be unduly onerous for Fonterra to make that offer in that jurisdiction, provided that in a Renounceable Rights offer Fonterra must arrange the sale of any excluded holders' Rights, or the underlying Equity Securities to which any excluded holders would be entitled if they were eligible to participate, and account to excluded holders for the net proceeds.

3.5 **15% Placements**

3.5.1 Subject to the issue referred to in this Rule 3.5.1 being made in accordance with the Constitution, Fonterra may issue Equity Securities provided the number to be issued, together with all other Equity Securities of the same Class issued under this Rule 3.5.1 over the previous 12 months, will not exceed the aggregate of:

- (a) 15% of the Equity Securities of that Class on issue at the beginning of that period, and
- (b) 15% of the Equity Securities of that Class issued during that period under any of Rules 3.2.1, 3.3, 3.4.1(a), 3.6.1 and 3.7, and
- (c) any Equity Securities of that Class issued under this Rule 3.5.1 during that period, the issue of which has been ratified by an Ordinary Resolution (such resolution being subject to the voting restrictions in Rule 5.3), less
- (d) 15% of Equity Securities of that Class which have been acquired or redeemed by Fonterra during that period (other than Equity Securities held as Treasury Stock),

provided that:

- (e) Directors of Fonterra, and Associated Persons of a Director of Fonterra, may participate only if:
 - (i) all Directors of Fonterra voting in favour of the resolution to issue the Equity Securities sign a certificate that the participation of such persons is in the best interests of Fonterra and fair to other Equity Security holders,
 - (ii) the terms of issue are the same for all persons participating in the issue and such persons are not exclusively Directors of Fonterra and / or Associated Persons of a Director of Fonterra,
 - (iii) the level of participation of any Director of Fonterra or Associated Person of a Director of Fonterra, is determined according to criteria applying to all persons participating in the issue, and
- (f) Financial Products which may Convert to Quoted Equity Securities are deemed to be of the same Class as the Quoted Equity Securities into which they may Convert, and
- (g) the Financial Products referred to in paragraph (f) are deemed to be of the same number as the Quoted Equity Securities to which they may Convert, except that for the purpose of this calculation:
 - (i) in relation to the conversion ratio or conversion price, any reference to the market price (however described) of the underlying Quoted Equity Securities will instead be to the Average Market Price, and
 - (ii) any provisions for early Conversion at the option of a holder exercisable in limited circumstances (such as due to an event of default or change of control or similar) using a different formula or method will be disregarded.

3.6 Dividend Reinvestment Plan

- 3.6.1 Fonterra may issue Equity Securities if the issue is made in lieu of dividends or as part of a dividend reinvestment plan that, if taken up in full by all holders, would not affect the proportionate distribution rights of each holder (except to the extent that the plan excludes holders in a jurisdiction outside New Zealand if, in Fonterra's

reasonable opinion, it would be unduly onerous to make the offer in that jurisdiction), subject only to rounding.

3.6.2 Where Fonterra makes an issue of Equity Securities to Equity Security holders in accordance with an offer under Rule 3.6.1 it must allot those Equity Securities on the same day that dividends are paid to Equity Security holders who do not participate in the issuance.

3.7 **Issues relating to takeovers, conversions, minimum holdings amalgamations, the Custodian and the FSF**

3.7.1 Fonterra may issue Equity Securities if:

- (a) the issue is in consideration of an offer made by Fonterra in accordance with:
 - (i) the Takeovers Code or a scheme of arrangement under Part 15 of the Companies Act 1993,
 - (ii) the takeover regime of a jurisdiction other than New Zealand which NZX considers provides a similar or greater level of protection to the recipients of the offer as the Takeovers Code or Appendix 3 of the NZX Listing Rules, andthe offer is made to all holders (other than Fonterra) of any Equity Securities in any other entities Listed on the Main Board or on another stock exchange, except if the other entity is an Associated Person of Fonterra or of any Director of Fonterra,
- (b) the issue of Equity Securities (**Security B**) is made on Conversion of any Financial Product (**Security A**), and
 - (i) the terms of issue of Security A provided for the Conversion to Security B and the issue of Security A was approved in the manner set out in Rule 3.2.1 or Security A was issued in accordance with any of Rules 3.3, 3.5.1, or 3.7.1 (whether or not any of the Rules quoted applied to the issue of Security A), or
 - (ii) the issue of Security B is approved in the manner set out in Rule 3.2.1, or Security B is issued in accordance with Rule 3.5.1,
- (c) the issue is made to bring an existing holder's holding up to a Minimum Holding,
- (d) the issue is made under an arrangement, amalgamation or compromise effected through Part 13 or Part 15 of the Companies Act 1993 or an equivalent statutory regime in a jurisdiction other than New Zealand which NZX considers is at least as useful to the recipients,
- (e) the issue is made to the Custodian on behalf of one or more Registered Volume Providers to facilitate the provision of the services of the Registered Volume Provider, or

- (f) the issue is made to the Custodian in respect of the FSF to facilitate the establishment and/or operation of the FSF.

3.8 Treasury Stock

- 3.8.1 A transfer by Fonterra of Treasury Stock is for the purposes of this Section 3 deemed to constitute an issue of Equity Securities.

3.9 Issue of discounted Equity Securities

If:

- (a) Fonterra proposes to issue Equity Securities carrying Votes, or Financial Products which are Convertible into Equity Securities carrying Votes, under Rule 3.5 (the "Affected Securities"), and
- (b) the issue price of an Affected Security is less than 85% of the Average Market Price, then
- (c) before issuing the Affected Securities, all Directors who voted in favour of the resolution must sign a certificate that the consideration for the Affected Securities is fair and reasonable to Fonterra and to other Equity Security holders,

provided that:

- (d) if Fonterra has more than one Class of Equity Securities Quoted, the Quoted Equity Securities in Rule 3.9(b) refers to the Class most like the Affected Securities or, in the case of Convertible Financial Products, the Equity Securities into which the Affected Securities Convert, and
- (e) in the case of Convertible Financial Products, where the consideration payable on Conversion is fixed by reference to the market price of the existing Equity Securities, the consideration payable on Conversion is at least 85% of the Average Market Price of the Equity Securities into which the Affected Securities Convert.

3.10 Entitlements to Third Party Securities

- 3.10.1 Entitlements conferred by the holding of Fonterra's Equity Securities to Financial Products of a third party (whether or not that third party is an Issuer), may not be created or conferred other than in compliance with Rules 3.1 to 3.7, as if such Financial Products comprised an issue of Equity Securities of Fonterra.

3.11 Shareholder authorisation

- 3.11.1 Notwithstanding the provisions of Rules 3.1 to 3.8:

- (a) no issue of Equity Securities may be made by Fonterra unless:
 - (i) the precise terms and conditions of the specific proposal to issue those Equity Securities have been approved by an Ordinary Resolution of holders of Shares, or
 - (ii) the issue is made in accordance with the Constitution, and

- (b) Shares may not be issued by Fonterra if the issue is to be made to a person who is not a Permitted Person, unless the precise terms and conditions of the specific proposal to issue those Shares have been approved by an Ordinary Resolution of holders of Shares.

3.12 Buy Backs and Redemption of Equity Securities

3.12.1 Fonterra may only acquire or redeem Equity Securities of Fonterra by:

- (a) an acquisition effected through NZX's order matching market,
- (b) an acquisition effected in compliance with:
 - (i) section 60(1)(a) (read together with section 60(2)) of the Companies Act 1993,
 - (ii) section 60(1)(b)(ii) (read together with section 61) of the Companies Act 1993, and:
 - (A) subject to Rule 3.12.1(j), not made from a Director, or an Associated Person of a Director, of Fonterra, and
 - (B) not of a size which would cause the number of Equity Securities of the same Class acquired under this Rule 3.12.1(b)(ii) in the 12 months preceding the date of the acquisition to exceed 15% of the total number of Equity Securities of the same Class on issue at the commencement of that period,
 - (iii) section 61(7) of the Companies Act 1993, or
 - (iv) sections 110 or 118 of the Companies Act 1993, or other applicable legislation, if required by a shareholder pursuant to such sections or legislation,
- (c) a redemption in compliance with section 69(1)(a) of the Companies Act 1993,
- (d) an acquisition or redemption:
 - (i) approved in accordance with Rule 3.14.1, or
 - (ii) from a holder who holds less than a Minimum Holding, or
- (e) a redemption of Equity Securities issued in compliance with Rule 3.2.1 or 3.3, where Fonterra is bound or entitled to redeem those Equity Securities pursuant to their terms of issue,
- (f) any acquisition, redemption or surrender of Shares permitted or required to be made by Fonterra under the Co-operative Companies Act 1996, or
- (g) an acquisition or redemption permitted or required to be made by Fonterra under the Dairy Industry Restructuring Act 2001, or from a Custodian in respect of the FSF, or from a Custodian on behalf of one or more Registered Volume Providers,

provided that:

- (h) for the purposes of Rule 3.12.1(b)(ii)(B), Financial Products which may convert to Quoted Equity Securities are deemed to be of the same Class as the Quoted Equity Securities into which they may convert, and
- (i) for the purposes of Rule 3.12.1(b)(ii)(B), the Financial Products referred to in paragraph (h) are deemed to be of the same number as the Quoted Equity Securities to which they may Convert, except that for the purpose of this calculation:
 - (i) in relation to the conversion ratio or conversion price, any reference to the market price (however described) of the underlying Quoted Equity Securities will instead be to the Average Market Price, and
 - (ii) any provisions for early Conversion at the option of a holder exercisable in limited circumstances (such as due to an event of default or change of control or similar) using a different formula or method will be disregarded, and
- (j) Rule 3.12.1(b)(ii)(A) will not apply if the acquisition is made from a Director of Fonterra or an Associated Person of such a Director where the Director or Associated Person is a Supplying Shareholder and the acquisition is from all or a number of Supplying Shareholders (and where the acquisition is not made from all Supplying Shareholders, the terms of the acquisition and the level of participation, if applicable, is determined according to criteria applying to that number of Supplying Shareholders generally).

3.12.2 Before Fonterra acquires its own Equity Securities, except from a holder with a less than a Minimum Holding, or an acquisition, surrender or redemption under Rule 3.12.1(f) or Rule 3.12.1(g), Fonterra must give at least 3 Business Days' notice through MAP. That notice must specify:

- (a) a period of time not exceeding 12 months from the date of the notice within which Fonterra will acquire Quoted Equity Securities, and
- (b) the Class and maximum number of Quoted Equity Securities to be acquired in that period.

Fonterra may vary or cancel a notice at any time, subject to providing 3 Business Days' notice through MAP.

3.12.3 Equity Securities that are not Shares may be acquired or redeemed under Rules 3.12.1(b) and 3.12.1(c) provided Fonterra is compliant with the sections of the Companies Act 1993 referred to in those Rules, modified so that:

- (a) "shares" refer to all Equity Securities of the Class which is on offer with references to "shareholders" adapted accordingly, and
- (b) "constitution" refers to the Governing Document which governs the rights of those Equity Securities.

3.13 Financial Assistance

3.13.1 Fonterra must not give financial assistance for the purpose of, or in connection with, the acquisition of its Equity Securities except if that assistance:

- (a) complies with Rule 3.13.2,
- (b) is approved in accordance with Rule 3.14.1, or
- (c) is permitted by the Dairy Industry Restructuring Act 2001.

3.13.2 Fonterra may give financial assistance of the nature referred to in Rule 3.13.1 provided:

- (a) such assistance is not given (either in whole or in part) to any Employee, Director of Fonterra, or Associated Person of a Director of Fonterra, except where participation is determined according to criteria applying to all persons eligible to receive the financial assistance and the persons so eligible are not solely persons who are Employees, Directors of Fonterra, or Associated Persons of Directors of Fonterra, and the amount, together with any other financial assistance given in this context over the preceding 12 months, does not exceed 10% of the Average Market Capitalisation of Fonterra, or
- (b) all holders of Equity Securities of Fonterra are treated, or given the opportunity to be treated, on the same basis, or
- (c) the financial assistance is given to a RVP, Custodian, Manager or trustee of the FSF, or any other person for the purposes of the establishment or operation of the FSM or FSF, or
- (d) the financial assistance is given to a person to facilitate the acquisition of the Equity Securities issued by Fonterra and held by the Custodian on behalf of the FSF upon the cessation of the FSF or the FSF ceasing to be an Authorised Fund for the purposes of the Constitution.

3.14 Shareholder approval of buy backs, redemption and financial assistance

3.14.1 Fonterra may acquire or redeem Equity Securities under Rule 3.12.1(d)(i) or give financial assistance under Rule 3.13.1(b) if the precise terms and conditions of the transaction have been approved by separate resolutions (passed by a simple majority of Votes) of the holders of each Class of Quoted Equity Securities whose rights or entitlements will be materially and similarly affected.

3.14.2 A transaction authorised by resolutions passed under Rule 3.14.1 must be completed within 12 months, otherwise the transaction cannot occur until further approval is obtained under Rule 3.14.1.

3.15 Rights Issues additional requirements

3.15.1 Letters of entitlement to Rights (whether or not Renounceable) are to be sent within 5 Business Days after the Record Date for the determination of the entitlement and by means that will give all holders of Rights, including those who are both participating and live overseas, reasonable time to respond.

- 3.15.2 Without limiting Rule 3.15.1, the closing date for applications under Rights issues (whether or not Renounceable) must be at least:
- (a) 12 Business Days after the last letter of entitlement is sent, or
 - (b) 7 Business Days after the last letter of entitlement is sent, provided that holders of Rights are able to accept the offer using electronic means.
- 3.15.3 Renunciations of a Renounceable Rights issue must be made on or before the closing date for receipt of applications.
- 3.15.4 Entitlements to Rights may be scaled up to a Minimum Holding and can be altered to disregard fractions. Any Offer Document must state the terms on this matter.
- 3.15.5 The terms of a Renounceable Rights issue must provide that, if Fonterra receives both a renunciation and an acceptance in respect of the same Right(s), the renunciation takes priority over the acceptance.
- 3.15.6 For an application to NZX for Quotation of Rights under a Rights issue of Equity Securities, notice in a manner and form required by NZX must be completed and supplied to NZX through MAP including any QFP notice (unless the QFP notice has already been released through MAP). If such Quotation is granted:
- (a) such notice must be released through MAP no later than 5 Business Days before the Ex Date for the Rights Issue,
 - (b) the Quotation of Rights will commence on the Ex Date for that Rights issue or such other date approved by NZX,
 - (c) the Head Security under the Rights issue will be quoted ex rights on the Ex Date for that Rights issue, and
 - (d) Quotation of Rights for a Renounceable Rights issue will cease at the close of trading on the day 4 Business Days before the closing date for receipt of acceptances and renunciations.
- 3.15.7 Where a Rights issue is to be made but Quotation of the Rights is not sought, Fonterra must provide, in the manner and form required by NZX, full details of the issue for release through MAP including any QFP notice (unless the QFP notice has already been released through MAP). This must be provided promptly and without delay after the issue decision has been made and at least 5 Business Days before the Ex Date to consider entitlements.

Allotment Processes

3.16 Allotment of Financial Products

- 3.16.1 Where Fonterra makes an offer of Financial Products intended to be Quoted (other than Equity Securities issued under Rule 3.6 or Rule 3.7) it must allot such Quoted Financial Products no later than 10 Business Days after the final closing date for the offer.
- 3.16.2 Where the issue price may be paid by instalments, Fonterra must acknowledge payments made in advance of the due date at allotment.

3.16.3 Where Fonterra makes an issue, it must ensure that on allotment a CSN is recorded for each person to whom the Financial Products intended to be Quoted are issued.

Section 4

Major and Related Party Transactions

Shareholder approval of major disposal or acquisitions of assets

Shareholder approval of related party transactions, and exceptions

Shareholder approval of major disposal or acquisitions of assets

4.1 Disposal or Acquisition of Assets

4.1.1 Fonterra must not enter into any transaction, or a related series of transactions, to acquire, sell, lease (whether as lessor or lessee), exchange, or otherwise (except by way of charge) dispose of assets where the transaction or related series of transactions:

- (a) would significantly change, either directly or indirectly, the nature of Fonterra's business, or
- (b) involves a Gross Value above 50% of the Average Market Capitalisation of Fonterra,

unless the transaction, or related series of transactions, is:

- (c) approved by an Ordinary Resolution, or a special resolution if approval by way of special resolution is required under section 129 of the Companies Act 1993, or
- (d) conditional upon such approval required by paragraph (c) above.

4.1.2 Rule 4.1.1 does not apply to:

- (a) a takeover offer made by Fonterra:
 - (i) to a Code Company in accordance with the Takeovers Act 1993 or by a scheme of arrangement under Part 15 of the Companies Act 1993,
 - (ii) to an Issuer which is covered by Appendix 3 of the NZX Listing Rules, in accordance with the relevant provisions in the Governing Document of that other Issuer which complies with Appendix 3 of the NZX Listing Rules, or
 - (iii) to any person, in accordance with the takeover law of a jurisdiction other than New Zealand applicable to that person where this provides, in the opinion of NZX, a similar or greater level of protection to the recipients of the offer as the Takeovers Code or Appendix 3 of the NZX Listing Rules,
- (b) any transaction entered into by Fonterra with a Bank as principal, on arm's length terms and in the ordinary course of the Bank's banking business,

- (c) an issue of Financial Products for cash which does not significantly change the nature of Fonterra's business,
- (d) any transaction or series of linked or related transactions entered into by Fonterra with its Supplying Shareholders for the purchase and payment by Fonterra for Milk supplied by Supplying Shareholders,
- (e) any transaction or series of linked or related transactions entered into by Fonterra in the ordinary course of business for the supply of dairy products.

Shareholder approval of related party transactions, and exceptions

4.2 Transactions with Related Parties

4.2.1 Fonterra must not enter into a Material Transaction if a Related Party is, or is likely to become:

- (a) a direct party to the Material Transaction, or
- (b) a beneficiary of a guarantee or other transaction which is a Material Transaction,

unless that Material Transaction is approved by an Ordinary Resolution (such resolution being subject to the voting restrictions in Rule 5.3) or conditional on such approval.

4.2.2 Rule 4.2.1 does not apply to:

- (a) any transaction entered into by Fonterra with a Bank as principal, on arm's length terms and in the normal course of the Bank's banking business,
- (b) the issue, acquisition or redemption of Financial Products, or the provision of financial assistance in connection with the purchase of Financial Products, or the payment of a distribution, where Fonterra gives each holder of Financial Products of the Class in question the opportunity to receive the same benefit in respect of each Financial Product held (except to the extent that an issue excludes holders outside New Zealand in accordance with Rule 3.4.1(e)),
- (c) the issue of Equity Securities by Fonterra under Rule 3.3.1(b) or Rule 3.6,
- (d) an employment contract or contract for personal services which is a Material Transaction, where:
 - (i) the terms of the contract are set on an arm's length, commercial basis and have been approved by the Independent Directors of Fonterra,
 - (ii) the Independent Directors of Fonterra approving the contract sign and provide to NZX (not for market release) a certificate stating Rule 4.2.2(d)(i) has been complied with, and
 - (iii) material particulars of the contract (including Fonterra's use of this exception) are disclosed in the next annual report of Fonterra,

- (e) indemnification of a Director of Fonterra or Employee of Fonterra, or a Director or Employee of a Related Body Corporate of Fonterra, which would be a Material Transaction, where, at the time the indemnity is to be granted, the relevant Director or Employee has not been involved in proceedings, threatened proceedings or circumstances in any capacity which are likely to result in a claim by them under the indemnity,
- (f) arrangements, amalgamations or compromises under Parts 13 or 15 of the Companies Act 1993,
- (g) a Material Transaction that is an employment agreement with a natural person who is not a Director of Fonterra,
- (h) a Material Transaction with:
 - (i) a total value of, or
 - (ii) in the case of paragraph (d) of the definition of Material Transaction, a gross cost to Fonterra in any financial year of, \$250,000 or less,
- (i) any transaction entered into in the ordinary course of business of Fonterra with all or a number of Supplying Shareholders (and where the transaction is not with all Supplying Shareholders, the terms of the transaction (and the level of participation, if applicable) are determined according to criteria that apply to that number of Supplying Shareholders generally), or
- (j) any transaction or series of linked or related transactions entered into by Fonterra with its Supplying Shareholders for the purchase and payment by Fonterra for Milk supplied by Supplying Shareholders.

Section 5

Voting Rights and Rights of Equity Securities

Voting rights and Voting restrictions

Rights of Equity Securities

Voting Rights and Voting Restrictions

5.1 Voting at meetings to be by poll

5.1.1 Voting at a meeting of Financial Product holders must be conducted by poll.

5.2 Votes attaching to Financial Products

5.2.1 Shares carry the number of Votes prescribed by:

- (a) the Constitution, or
- (b) their terms of Issue.

5.3 Voting Restrictions

5.3.1 Notwithstanding anything to the contrary in the Rules, persons identified in Column 2 of the table below are unable to Vote in favour of the resolutions listed in Column 1.

Column 1 RESOLUTION	Column 2 DISQUALIFIED PERSON
Resolution under Rule 3.2.1	Subject to Rule 5.6.2: (a) any person to whom it is proposed to issue the new Equity Securities referred to in the resolution, and any Associated Person of that person, or (b) if no persons are specified in the resolution, any Director of Fonterra who is not excluded from participation in the terms of the resolution and any Associated Person of that Director.
Resolution under Rule 3.2.1 to approve a Rights issue of Equity Securities which is not Renounceable	Any Director of Fonterra and any Associated Person of that Director.
Resolution under Rule 3.5.1(c)	Any person who has been issued, or has acquired, the Equity Securities which are subject to ratification by that resolution, and any Associated Person of that person.

Column 1 RESOLUTION	Column 2 DISQUALIFIED PERSON
Resolution under Rule 4.2.1	The Related Party referred to in Rule 4.2.1 who is a party or beneficiary (in terms of Rule 4.2.1(a) or Rule 4.2.1(b) and any Associated Person of that person).
Resolution under Rule 5.7	Any person who is intended to benefit from the reduction, deferral, or cancellation and any Associated Person of that person, unless all holders of the Equity Securities are to be treated on the same basis.

- 5.3.2 A person is not disqualified from Voting on a resolution under Rule 3.2.1 if the new Equity Securities are to be offered on the same basis to all holders of Equity Securities of the same Class.
- 5.3.3 A person disqualified from Voting under Rule 5.3.1 may act as a proxy or Voting representative for another person who is qualified to Vote in respect of Financial Products held by that person and in accordance with that person's express instructions.
- 5.3.4 Fonterra must use reasonable endeavours to ascertain, no later than 5 Business Days before a meeting to consider a resolution referred to in Rule 5.3.1, the identity of those Financial Product holders who are disqualified from Voting on such resolution and, if requested by NZX, must supply a list of such holders to NZX.
- 5.3.5 No resolution of, or proceeding at, a meeting of Financial Product holders will be void on the basis of a breach of Rule 5.3.1.
- 5.4 Condition in Contract**
- 5.4.1 Fonterra must ensure that all agreements requiring approval by a resolution of Quoted Financial Product holders are conditional upon the passage of such a resolution and that the transaction must not be completed until that resolution is passed.
- 5.4.2 If that resolution fails, Fonterra must terminate its obligations under that agreement so that the transaction in question does not proceed.

Rights of Equity Securities

5.5 Option

- 5.5.1 An Option can confer the right to participate in a Rights issue only if it:
- (a) is exercised before the Record Date for the Rights issue,
 - (b) was issued through a pro rata offer made under Rule 3.3.1 to the holders of Quoted Equity Securities, or
 - (c) was issued, with the approval of holders of Quoted Equity Securities, on terms which allow the Option holder to participate in offers to the holders of Quoted Equity Securities.

5.5.2 An Option must not confer the right to a change in the exercise price or number of underlying Equity Securities if there is a Rights issue to the holders of those Equity Securities, unless:

- (a) it was issued with the approval of Quoted Equity Security holders, in which case changes can be made in accordance with the formula or provision contained in the terms of the Option, or
- (b) the effect of the change is to reduce the exercise price of the Option and the reduction is calculated according to the following formula:

$$O^1 = \frac{O - E[P - (S + D)]}{N + 1}$$

where,

O¹ = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of underlying Financial Products into which one Option is exercisable.

(Note: E is generally one unless the number has changed because of a bonus issue or capital change.)

P = the volume weighted average market price of underlying Financial Products during the 5 Business Days ending on the day before the Ex Date for the Rights.

S = the subscription price for a Financial Product under the Rights issue.

D = the dividend (in the case of a trust, distribution) due but not yet paid on the existing underlying Financial Products (except those to be issued under the Rights Issue).

N = the number of Financial Products with Rights or entitlements that must be held to receive a Right to one new Equity Security.

5.5.3 If there is a bonus issue to the holders of the underlying Financial Products, the number of Financial Products over which an Option is exercisable may be increased to include those Financial Products which the Option holder would have received had the Option been exercised before the Record Date for the issue.

5.5.4 If there is a consolidation or subdivision or similar proportionate reconstruction of the underlying Financial Products, the number of Financial Products over which an Option is exercisable may be consolidated or subdivided in the same ratio and the exercise price amended in inverse proportion to that ratio, including any necessary rounding to the number of Financial Products or the exercise price.

5.6 Lien and Forfeiture

5.6.1 Fonterra's lien on Equity Securities and on dividends or other distributions from time to time declared in respect of such Equity Securities will be restricted to one in respect of:

- (a) unpaid calls, instalments, premiums or other amounts, and any interest payable on such amounts, relating to the specific Equity Securities, and
- (b) any amount which Fonterra may be called upon to pay under any legislation in respect of the specific Equity Securities, whether or not the due date for payment has arrived.

5.6.2 If Equity Securities are forfeited and sold or are sold to enforce a lien, any balance remaining after payments owing and expenses must be paid to the previous owner, or to the executors, administrators or assigns of the previous owner.

5.6.3 Equity Securities may not be liable to forfeiture due to the failure of persons entitled to those Equity Securities (by transmission or otherwise) to submit evidence proving their title within a specified time.

5.6.4 To avoid doubt, for the purposes of this Rule 5.6, a lien does not include a right of set-off.

5.7 **Cancellation of Unpaid Amounts**

5.7.1 No obligation on a holder to pay any unpaid amount on any Equity Security may be cancelled, reduced or deferred without the authority of an Ordinary Resolution (such resolution being subject to the voting restrictions in Rule 5.3).

5.8 **Modification of Rights**

5.8.1 Fonterra shall comply with the provisions of sections 116 and 117 of the Companies Act 1993.

Section 6

Requirement for Documents

Review of certain documents by NZX

Offer Documents and Profiles

Notices of Meeting of Financial Product Holders, Appraisal Reports and Proxy appointment

Review of certain documents by NZX

6.1 NZX to review documents

6.1.1 The documents listed in Rule 6.1.2 must not be circulated to holders of Financial Products, executed or otherwise given effect to in any way, until NZX provides written confirmation that it does not object to the document.

6.1.2 The documents referred to in Rule 6.1.1 are:

- (a) any notice of a meeting of Quoted Equity Security holders to consider any matter other than:
 - (i) consideration of the annual report or financial statements,
 - (ii) electing Directors of Fonterra,
 - (iii) fixing Director remuneration,
 - (iv) changing the name of Fonterra,
 - (v) appointing or fixing the remuneration of auditors,
 - (vi) a resolution required or regulated under the Takeovers Code, or a resolution for a scheme of arrangement under Part 15 of the Companies Act 1993 where Fonterra is the target company,
 - (vii) a shareholder proposal under the Constitution,
 - (viii) amendments to the Constitution, or
 - (ix) approval of:
 - (A) the Shareholders' Council programme and budget;
 - (B) the remuneration of Councillors; and
 - (C) the remuneration of the members of the Directors' Remuneration Committee,
- (b) any Offer Document or Profile in respect of Financial Products Quoted or to be Quoted on the FSM except:

- (i) Schedule 1 Offer Documents (subject to Fonterra providing NZX with such information that NZX may prescribe from time to time), or
- (ii) if NZX has determined approval is not required.

6.2 Providing documents to NZX for review

- 6.2.1 Each document referred to in Rule 6.1.2(a) must be provided to NZX in draft for review at least 10 Business Days before that document is to be printed, circulated, executed, or otherwise given effect to or by such other timeframe that NZX may prescribe or otherwise advise from time to time in relation to any particular category of document.
- 6.2.2 An Offer Document or Profile requiring review under Rule 6.1.2(b) must generally be submitted at least 20 Business Days before Quotation is sought, with a draft timetable for any offer and Quotation and such other information NZX may require from time to time.
- 6.2.3 The review period will not commence until NZX has received all relevant documents in their proposed final form. If any alteration not sought by NZX is introduced to a document already submitted, NZX may restart the review timeframe at the time that alteration is received.
- 6.2.4 If more than one document is required to be reviewed, they must be provided to NZX together. If an Appraisal Report is required to accompany a notice of meeting, drafts of both documents must be provided together along with any information required by NZX for the purposes of Rule 6.8.

Offer Documents and Profiles

6.3 Preparing Offer Document or Profile

- 6.3.1 Fonterra must prepare and issue:
 - (a) an Offer Document, where required by law, in respect of Financial Products Quoted or to be Quoted on the FSM, and
 - (b) a Profile, if required to do so by NZX, when Rule 4.1.1(a) applies to a transaction undertaken by Fonterra.

6.4 Content of Offer Document and Profile

- 6.4.1 Every Profile must:
 - (a) contain the information required in a PDS as if the offer was regulated under the FMC Act, unless NZX determines otherwise,
 - (b) contain all information required by the Rules, unless NZX determines otherwise, and
 - (c) contain, or incorporate by reference, all other information NZX, in its sole discretion, might require.
- 6.4.2 Every Offer Document or Profile must contain:

- (a) a statement of the principal terms of:
 - (i) the Financial Products being offered by, or referred to in, that Offer Document or Profile, and
 - (ii) the offer of those Financial Products (if applicable),
- (b) if applicable, a timetable of all relevant dates for:
 - (i) opening and closing the offer,
 - (ii) allotment of the Financial Products and/or Rights to those Financial Products,
 - (iii) quotation and commencement of trading of the Financial Products,
 - (iv) the payment of initial dividends, interest or other benefits (as applicable),
- (c) in the subscription application (if applicable), a field for subscribers to insert their CSN (if any), and
- (d) a description of the arrangements that a Financial Product holder would need to have in place in order to trade the Financial Product on the FSM.

6.4.3 NZX may require an Offer Document to state:

- (a) the number and percentage of Financial Products of the Class being offered which are not available to Non-Affiliated Holders, together with the names or description of any class of persons to whom preference in allotment is to be given, whether the Financial Products in question are part of the issue or not,
- (b) the method of dealing with oversubscriptions and the amount of oversubscriptions which will be accepted,
- (c) the period within which subscription refunds will be paid, and
- (d) if interest will be paid on the amounts refunded under paragraph (c) and, if so, the basis upon which the interest will be calculated.

6.4.4 Every Offer Document for an offer of Equity Securities in Fonterra, or Profile, must specify the dividend policy or refer readers to Fonterra's website where such information may be obtained.

6.4.5 A Profile must be distributed to such persons, and in such manner, as NZX may determine and must be released through MAP.

6.5 Prominence of statements in Offer Documents

6.5.1 Any statement required by the Rules to be contained in an Offer Document or Profile must be sufficiently prominent and legible so as to come to the attention of a reasonable person viewing that document.

Notices of Meeting of Financial Product Holders, Appraisal Reports and Proxy appointment

6.6 Notices of Meeting

- 6.6.1 The text of any resolution to be put to a meeting of Fonterra required by the Rules must be set out in the notice of the relevant meeting.
- 6.6.2 Each notice of meeting must contain or be accompanied by sufficient explanation, reports, valuations, and other information, as to enable a reasonable person entitled to Vote to understand the effect of each resolution proposed, including:
- (a) the consequences if the resolution in question is not passed (unless such resolution concerns a matter listed in Rule 6.1.2(a)(i) to 6.1.2(a)(vii)), and
 - (b) a statement outlining who is subject to voting restrictions in relation to such resolution.
- 6.6.3 As a minimum, the notice of meeting for a resolution to approve an issue, acquisition or redemption of Financial Products, or provision of financial assistance, must state or contain so much of the following information as is applicable and known to Fonterra:
- (a) the number of any Financial Products to be issued, acquired, or redeemed or, if the number is not known, the formula to be applied to determine the number, and the maximum number which may be issued, acquired or redeemed,
 - (b) the purpose of the transaction,
 - (c) any issue, acquisition or redemption price or, if the price is not known, the formula to be applied to determine the price, and the time or times for payment with sufficient detail to enable Financial Product holders to ascertain the terms to or from any party,
 - (d) the party or parties to whom any Financial Products are to be issued, or from whom they are to be acquired or redeemed, where that is known, and identifying by name any such parties who are Directors of Fonterra or Associated Persons of Fonterra or any Director of Fonterra,
 - (e) in the case of an issue, the consideration for the issue and, where that is cash, the specific purpose for raising the cash,
 - (f) the period of time within which any issue, acquisition or redemption will be made,
 - (g) in the case of an issue, the ranking of the Financial Products to be issued for any future benefit, and
 - (h) in the case of a resolution under Rule 3.14.1, the amount and full terms of the financial assistance to be given and the party or parties who will receive it, identifying by name any such parties who are Directors of Fonterra or Associated Persons of Fonterra or any Director of Fonterra.
- 6.6.4 A notice of meeting to consider a resolution of the nature referred to in Rule 6.6.3 must be accompanied by an Appraisal Report if:

- (a) more than 50% of the Financial Products to be issued are intended or likely to be acquired by Directors of Fonterra or Associated Persons of Directors of Fonterra, or
- (b) more than 50% of the Financial Products to be acquired or redeemed or the financial assistance to be given is intended or likely to go to Directors of Fonterra or Associated Persons of Directors of Fonterra.

6.6.5 Without limiting Rule 6.6.2, notices in respect of proposed changes to the Constitution must explain the effect of such changes so that they can be understood without reference to the existing or proposed Constitution.

6.6.6 Where the effect of the resolution, if passed, is that shareholders will have the right to require Fonterra to buy their shares under section 110 or 118 of that Act, the resolution must contain a prominent statement referring to that right.

6.6.7 A notice of meeting for the purposes of Rule 4.2.1 must:

- (a) be reviewed by NZX in accordance with Rule 6.1,
- (b) be accompanied by an Appraisal Report, and
- (c) contain such other material as is necessary to enable the holders of Financial Products entitled to Vote to decide whether the transaction price and terms are fair.

6.7 Proxy approval

6.7.1 So far as is reasonably practicable, resolutions must be framed in a manner which facilitates binary voting instructions for proxy holders.

6.7.2 A proxy form must be sent with each notice of meeting of Quoted Financial Product holders and:

- (a) as a minimum, so far as the subject matter and form of the resolutions reasonably permits, provide for a binary voting choice (for or against) to enable a Quoted Financial Product holder to instruct the proxy as to the casting of the vote,
- (b) not be sent with any name or office (e.g. chairperson of directors) filled in as proxy holder, and
- (c) contain a statement outlining who is subject to voting restrictions in relation to each resolution.

6.7.3 Notwithstanding Rule 6.7.2, Fonterra may provide in the proxy form that:

- (a) if, in appointing a proxy, a Quoted Financial Product holder does not name a person as their proxy but otherwise completes the proxy form in full, or
- (b) a Quoted Financial Product holder's named proxy does not attend the meeting,

a named person or office will act as that Quoted Financial Product holder's proxy and vote in accordance with their express direction. If such statement is included in the proxy form, the proxy form and notice of meeting must:

- (c) clearly and prominently disclose the intention to appoint a named person or office in the circumstances set out in Rule 6.7.3(a) and 6.7.3(b), and
- (d) provide that the named person or office acting as proxy must:
 - (i) only vote in accordance with the express directions of the relevant Quoted Financial Product holder, and
 - (ii) not vote on a resolution if expressly granted a discretion on how to vote on a resolution and such resolution is subject to a voting restriction that applies to the proxy under Rule 5.3.1.

6.8 **Appraisal reports**

6.8.1 An Appraisal Report for the purposes of the Rules must be made by an independent appropriately qualified person previously approved by NZX. If the report relies on information provided, or an opinion expressed, by a party external to Fonterra, that other party must also be approved by NZX. NZX may refuse to approve, or revoke any prior approval, if not satisfied that the person is independent and appropriately qualified.

6.8.2 An Appraisal Report must:

- (a) be addressed to those Directors of Fonterra who are not, and are not associated with, a relevant Associated Person and, where there are no such Directors, to NZX, which at the expense of Fonterra will oversee the distribution of the report. "Relevant" in this context means persons whose association or connection with Fonterra or its Directors, or with parties to the transaction, or whose likelihood of acquiring Financial Products as a result of the transaction, is such that an Appraisal Report must be obtained,
- (b) be expressed to be for the benefit of those Equity Security holders who are not associated with any relevant Associated Persons (as defined in (a)),
- (c) state the appraiser's opinion, with supporting reasons, as to whether or not the terms and conditions of the proposed transaction are fair to the holders of Equity Securities, other than those associated with the relevant Associated Persons (as defined in (a)),
- (d) state the appraiser's opinion, with supporting reasons, as to whether the information to be provided by Fonterra is sufficient to enable Equity Security holders to make an informed decision, in respect of the question referred to in (c),
- (e) state whether the appraiser has obtained all the information needed to prepare the report,
- (f) state any material assumptions on which the appraiser's opinion is based,
- (g) state any term of reference which may have materially restricted the scope of the report, and
- (h) not contain a disclaimer of liability that purports to absolve the appraiser from liability for an opinion expressed recklessly or in bad faith.

If the appraiser considers that the transaction has been structured wholly or partly to confer a benefit on the relevant Associated Persons (as defined in (a)), the appraiser may mention alternative courses of action available to Fonterra. Any indications by the Directors of Fonterra that these alternative courses are not acceptable to them or that they would not propose to pursue them must be disregarded by the appraiser if there is any reason to suspect that these are motivated, in whole or in part, by concern for the interests of the relevant Associated Persons in distinction to the interests of the other Equity Security holders.

- 6.8.3 Fonterra may circulate to Financial Product holders a summary of an Appraisal Report rather than the report in full. The summary must be accompanied by a certificate from the appraiser attesting that the summary is accurate and not misleading.

Section 7

Transfers and Statements

Restrictions on transfer

Statements

Financial Product Registers

Restrictions on Transfers

7.1 Transfer of Quoted Financial Products

- 7.1.1 A transfer of Quoted Financial Products in writing that has not been properly completed must be promptly returned to the person submitting it, for completion, in accordance with the requirements of the Constitution.
- 7.1.2 Subject to the provisions of Rule 7.1.3 and of any applicable legislation, Fonterra may not:
- (a) impose any restriction on the acceptability of any common form of transfer, or
 - (b) require any documentation relating to transfers other than to establish an entitlement to transfer.
- 7.1.3 Fonterra may decline to accept or register a transfer of a Quoted Financial Product if:
- (a) Fonterra has a lien on such Quoted Financial Product,
 - (b) the registration, together with the completion of any further transfers then held by Fonterra and awaiting registration, would result in the proposed transferee or a transferor having a holding below a Minimum Holding, or
 - (c) the transfer is prohibited, or may otherwise be declined, in accordance with the Constitution.
- 7.1.4 Fonterra must not refuse to accept or register a transfer of Quoted Shares solely on the grounds that the transfer involved the passing of title to a person not otherwise entitled to hold title to Quoted Shares under the Constitution where the transfer of title is required for the person to whom title is transferred to facilitate the transfer of title to the ultimate purchaser as part of the Quoted Share transfer system which operates in relation to the trading of Shares on the FSM.
- 7.1.5 Except as expressly permitted by the Rules, no benefit or right attaching to a Quoted Financial Product may be cancelled or varied by reason only of a transfer of that Quoted Financial Product.
- 7.1.6 Fonterra must not impose any restriction on the transfer of legal title to Quoted Shares by Participants to the Custodian as required by the NZX Participant Rules.

Statements

7.2 Statements

- 7.2.1 Fonterra must issue to each holder of Quoted Financial Products on request a Statement that sets out:
- (a) the Class and number of Financial Products held by that holder and the total number of Financial Products of that Class issued by Fonterra,
 - (b) the register on which the holder's Financial Products are held, if other than the principal register, and
 - (c) the holder's number, CSN and address.
- 7.2.2 Fonterra is not obliged to provide a holder with the Statement required by Rule 7.2.1 if:
- (a) such a Statement has been provided within the previous six months, and
 - (b) the holder has not acquired or disposed of Financial Products of the relevant Class since a previous Statement required by Rule 7.2.1 or Rule 7.2.3 was provided.
- 7.2.3 Fonterra must issue a Statement to each holder who obtains or disposes of Quoted Financial Products upon an issue or a transfer within 5 Business Days after the date of allotment or the date of registration of that transfer.
- 7.2.4 Where the Statement required by Rule 7.2.3 is issued following a transfer, the Statement must include:
- (a) all the information specified in Rule 7.2.1, except that the total number of Financial Products of that Class issued by Fonterra need not be shown, and
 - (b) the number of Financial Products transferred (to or from the holder) in each transfer since the last Statement.

Financial Product Registers

7.3 Registration

- 7.3.1 Fonterra must ensure that any registrar it appoints to keep a register of its Quoted Financial Products complies with the requirements of this Section 7 and the FMC Act. References in this Section 7 to Fonterra will for this purpose include its registrar.
- 7.3.2 Fonterra must ensure that its registry functions are performed promptly and properly. This will include indemnifying Participants and persons having dealings with its registrar against any losses or costs incurred through a failure in the performance of these functions which is not fairly attributable to the fault of the person claiming indemnity (or his or her agent).
- 7.3.3 Subject to the right of Fonterra under Rule 7.1, all properly executed and documented written Quoted Financial Product transfers must be registered within 2 Business Days of their receipt by Fonterra.

7.4 Legal title transfer

7.4.1 For the purposes of this Rule 7.4:

"Client Inward Transfer" has the meaning given in the Depository Rules, and

"Client Outward Transfer" has the meaning given in the Depository Rules.

7.4.2 Fonterra, or Fonterra's registry, must:

- (a) connect its register and maintain its registry connection to the Depository System, as specified by NZX, and operate it on all Business Days between the hours of 8.00 am and 6.00 pm,
- (b) comply with any time limits for the processing of electronic messages or documentation which NZX may specify in relation to the operation of the Depository System,
- (c) not delay the registration of any transfers, except in accordance with the Appendix to the Depository Rules, and
- (d) issue holders of Quoted Financial Products who are not Participants directly connected to the Depository System with an Authorisation Code.

7.4.3 Where a Client Inward Transfer is entered without proper authority from the holder of the Financial Product being transferred, Fonterra must immediately reinstate or otherwise compensate the dispossessed Financial Product holder. This obligation on the part of Fonterra does not affect or prejudice any right Fonterra may have against any other person.

7.4.4 A Client Outward Transfer to a bona fide purchaser for value must not in any circumstance be cancelled or reversed by Fonterra.

7.4.5 Each Participant who completes a Client Inward Transfer will be deemed to have warranted to Fonterra that the transfer is valid and has been authorised by the registered holder of the Financial Products, and to indemnify Fonterra for any loss suffered due to a breach by the Participant of that warranty, without prejudice to any right of the Participant under Rule 7.3.2.

7.4.6 The warranty contained in Rule 7.4.5 will give rise to a cause of action by Fonterra against the Participant in question, provided that this obligation does not affect or prejudice any other right the Participant may have.

7.4.7 The requirement in this Rule 7.4 for Fonterra to connect and operate a registry which is connected to the Depository System will apply only as long as the Rules include the provisions of Rule 7.4.3, Rule 7.4.4, Rule 7.4.5, Rule 7.4.6, and this Rule 7.4.7.

7.4.8 NZX may not exercise its right of waiver under Rule 8.7 in respect of compliance with Rule 7.4.2(a), Rule 7.4.2(d), Rule 7.4.3, Rule 7.4.4, Rule 7.4.5, Rule 7.4.6, or this Rule 7.4.8.

Section 8

NZX Powers

Status of the Rules and changes to Rules

Trading Halts, Suspension and cancellation of listing

Compliance and enforcement functions

Status of the Rules and changes to the Rules

8.1 Status of Rules

- 8.1.1 These Rules were created by NZX to ensure that the FSM is a fair, orderly and transparent market.
- 8.1.2 These Rules form part of the FSM market rules, for the purposes of the FMC Act. These Rules do not have the status of regulations.
- 8.1.3 Fonterra covenants with NZX to observe the Rules and to perform the obligations which the Rules purport to impose on Fonterra, in the manner provided in the Rules.

8.2 Amendment of Rules

- 8.2.1 The Rules may be amended from time to time in accordance with the process stated in the Market Operator Agreement.

8.3 Procedures

- 8.3.1 Written procedures relating to the operation of the Rules may be approved or amended from time to time in accordance with the process stated in the Market Operator Agreement. Should an inconsistency emerge between any Rule and any procedure, the Rules will prevail.
- 8.3.2 Any procedures do not form part of the Rules, however, if a Rule requires compliance with any procedure, failure to comply with that procedure is a contravention of the Rule.

8.4 Effect of Amendment

- 8.4.1 Unless stated otherwise, the amending, deletion or lapsing of a Rule or procedure does not have any retrospective effect. In particular, it does not affect:
 - (a) the previous operation of that Rule or procedure or anything done under that Rule or procedure,
 - (b) any right, privilege, obligation or liability acquired, accrued or incurred under that Rule or procedure, or
 - (c) any penalty, forfeiture, suspension, expulsion or disciplinary action incurred in respect of any contravention of that Rule or procedure. These may proceed as if the change had not taken effect.

8.4.2 When a change to the Rules requires a change to the Constitution, Fonterra will ensure that change is made at the first reasonable opportunity.

8.4.3 Any transaction:

- (a) to which these Rules apply, and
- (b) commenced, or undertaken pursuant to an agreement entered into, before an amendment of these Rules came into force,

will be allowed to proceed pursuant to the previously applicable Rules.

8.5 **Disputed Interpretation**

8.5.1 Disputes between Fonterra and a Quoted Financial Product holder of Fonterra in relation to the Rules may be referred to NZX for a Ruling under Rule 8.6, should NZX elect to exercise this power.

8.5.2 Written notice must be provided to NZX with any application under Rule 8.5.1. This must contain a summary of the relevant facts known to the applicant and sufficient explanation to enable NZX to understand the issues in dispute and to identify whether any other parties should be notified or invited to make submissions.

8.5.3 Before commencing legal action which involves determination of a dispute as to the meaning or application of the Rules, a party to the Rules or a Quoted Financial Product holder having the benefit of them, must first apply to have a determination made by NZX under Rule 8.5.1 and await the outcome of NZX's determination.

8.6 **Rulings**

8.6.1 NZX may make Rulings in relation to the Rules for such period and on such terms and conditions as it sees fit. It may do this upon application by Fonterra or at its own instigation, and whether or not a dispute exists. A Ruling may apply to Fonterra, or be a class Ruling applying to the Rules generally.

8.6.2 Rulings in respect of an application by Fonterra will be made public, together with Fonterra's identity, the facts of any application and the grounds for NZX's decision, unless:

- (a) Fonterra establishes satisfactory grounds for maintaining confidentiality, or
- (b) NZX elects at its sole discretion not to publish its decision.

8.6.3 Any Ruling given under Rule 8.6.1:

- (a) will have effect as if it formed part of the Rules in relation to Fonterra,
- (b) may be recorded or publicised in such manner as NZX thinks fit, and
- (c) may be revoked by NZX at any time by giving notice to Fonterra.

8.7 **Waiver**

8.7.1 NZX may waive the application of any one or more of the provisions of the Rules for such period (including retrospectively) and on such terms and conditions as NZX sees fit. It may do this upon application by Fonterra or at its own instigation.

- 8.7.2 Waivers in respect of an application by Fonterra will be made public, together with Fonterra's identity, the facts of the application and the grounds for NZX's decision, unless:
- (a) Fonterra establishes satisfactory grounds for maintaining confidentiality, or
 - (b) NZX elects at its sole discretion not to publish its decision.
- 8.7.3 Any waiver granted under Rule 8.7.1 may be revoked at any time by NZX by written notice to Fonterra. Such a revocation has effect from the date stated in the notice (and may apply retrospectively if NZX considers that the waiver was granted on the basis of incorrect information).
- 8.7.4 Subject to Rule 8.7.2, NZX may publish such information relating to a waiver granted or refused under Rule 8.7.1, or revocation of a waiver under Rule 8.7.3, as NZX sees fit.
- 8.8 Interpretation Policy**
- 8.8.1 In the exercise of its powers to make Rulings, NZX will be guided by the policy statements published by it and any relevant Ruling decisions.
- 8.8.2 In addition to the policy statements referred to in Rule 8.8.1, NZX may from time to time issue further policy statements and practice notes which will have a similar status in the application of the Rules.
- 8.9 Market Operator Agreement**
- 8.9.1 Fonterra and NZX as the licensed market operator, must enter into, and at all times be party to, a Market Operator Agreement in relation to the Listing of Fonterra's Shares (and Rights in respect of Shares that are already Quoted) on the FSM. The Market Operator Agreement forms part of the "market rules" for the purposes of the FMC Act.
- 8.10 Rulings in respect of Part A of the Constitution**
- 8.10.1 Notwithstanding Rule 8.6 or Rule 8.7, no Ruling shall be made which has the effect of altering or revoking any provision of Part A of the Constitution (except clause 16) unless such Ruling is supported by 50% or more of Councillors as evidenced in accordance with clause 18 of the Constitution.

Suspension of listing

8.11 Trading Halts, Suspension and other Powers

- 8.11.1 Fonterra may request, by notice in writing to NZX:
- (a) that trading in its Quoted Financial Products be halted for a period not to exceed 2 Business Days, or
 - (b) that trading in its Quoted Financial Products be suspended for a period specified in the notice.
- 8.11.2 Upon receipt of a written notice under Rule 8.11.1, NZX may at its discretion accept or reject such applications or impose such conditions as it thinks fit.

- 8.11.3 NZX may at its absolute discretion at any time, without giving any reasons and without prior notice to Fonterra:
- (a) halt or suspend for such period as NZX thinks fit, the Quotation of any or all of Fonterra's Quoted Financial Products, or
 - (b) refer the conduct of Fonterra, or Director of Fonterra or Associated Person of Fonterra, to the Tribunal or any statutory or governmental authority.
- 8.11.4 Where NZX exercises its power under Rule 8.11.3 without giving prior notice or reasons to Fonterra, it will provide that notice, and the reasons for NZX exercising its powers in that manner, as soon as practicable.
- 8.11.5 Suspension of Quotation or trading does not release Fonterra from any obligation under the Rules. Cancellation of Listing or Quotation does not release Fonterra from any prior obligations in respect of any period or matter occurring before the cancellation.
- 8.12 De-listing**
- 8.12.1 Fonterra may require, by not less than three months prior written notice to NZX, that it cease to be Listed or that some or all of its Financial Products cease to be Quoted, and:
- (a) NZX will publish any such request received by it, and
 - (b) the Listing or Quotation (as the case may be) will cease upon expiry of the notice period.
- 8.12.2 NZX may require, by not less than 24 months prior written notice to Fonterra, that Fonterra cease to be Listed or that some or all of its Financial Products cease to be Quoted, and:
- (a) NZX will publish any such notice given by it, and
 - (b) the Listing or Quotation (as the case may be) will cease upon expiry of the notice period.

Compliance and enforcement

8.13 Contract and Commercial Law Act to Apply

- 8.13.1 The Rules are enforceable against Fonterra for the benefit of every person who is or was a Quoted Financial Product holder over the period that Fonterra is or was Listed, and subpart 1 of Part 2 of the Contract and Commercial Law Act 2017 will apply accordingly.
- 8.13.2 Nothing in the status of Quoted Financial Product holders as beneficiaries of the Rules under the Contract and Commercial Law Act 2017 will:
- (a) entitle them to challenge the right of NZX or the Tribunal to exercise their powers as they think fit, or to challenge any consequences arising from the exercise, or non-exercise, of such powers,
 - (b) limit the rights of NZX or the Tribunal in respect of the Rules, including their absolute discretion to make Rulings and to change or revoke all or any of

the Rules in accordance with the process and requirements contained in the Market Operator Agreement,

- (c) entitle any person other than NZX to exercise the rights and powers provided in Rule 8.15,
- (d) entitle any person to be given notice of a Ruling, or
- (e) entitle any person to take legal action to enforce any provision of the Rules which is subject to a current Ruling except on the basis of and in accordance with that Ruling.

8.14 **Compliance by Subsidiaries and in concert parties**

8.14.1 Fonterra must take all steps reasonably practicable to ensure that no Subsidiary, or person acting in concert with Fonterra or any of its Subsidiaries, does anything that would cause Fonterra to be in breach of the Rules.

8.15 **NZX**

8.15.1 NZX, the Tribunal and anyone authorised by NZX may:

- (a) require Fonterra, or require Fonterra to procure any Director, officer, employee or agent of Fonterra, to:
 - (i) produce for inspection by NZX any books, papers, registers, records, or accounts (whether hard copy or electronic) held by, or available to, that person, and
 - (ii) provide written commentary, explanation or responses to questions in relation to any document provided to NZX under (i) above,
- (b) inspect, copy or take notes from such documentation,
- (c) take physical possession of the information for such time as is reasonable to make copies or records,
- (d) require a representative of Fonterra to appear for interview, or
- (e) require Fonterra to:
 - (i) procure any current Director, officer, employee or agent of Fonterra, or
 - (ii) use reasonable endeavours to procure any former Director, officer, employee or agent of Fonterra,to appear for interview.

8.15.2 Where NZX is exercising its powers under Rule 8.15.1, NZX must deliver on request by the Tribunal, or such other person authorised under Rule 8.15.1, all information obtained under Rule 8.15.1 to the Tribunal or that person.

8.15.3 The Tribunal or authorised person acting under Rule 8.15.1 may provide information obtained from Fonterra to NZX if they consider that it:

- (a) should have been made available by Fonterra or otherwise under the Rules, or
 - (b) discloses some other breach of the Rules.
- 8.15.4 All information provided to NZX by the Tribunal under Rule 8.15.3 or to NZX under Rule 8.15.1 may be treated in all respects as if it had been supplied by Fonterra in compliance with the Rules, and accordingly fell within Rule 2.25.
- 8.15.5 Where NZX considers that a breach may have occurred, it may disclose to the Tribunal that information obtained under Rule 8.15.1 which is necessary to establish the fact and nature of the alleged breach and any other relevant facts and circumstances of which it is aware which would support a charge against Fonterra. Such charge will be heard by the Tribunal in accordance with the Tribunal Rules.
- 8.15.6 Except in accordance with Rule 8.15.2, Rule 8.15.3 or Rule 8.15.5, information obtained by NZX, the Tribunal or any person authorised under Rule 8.15.1 may be disclosed only:
- (a) as necessary for the discharge of their functions or the exercise their powers under the Rules,
 - (b) if disclosure is required by law,
 - (c) if disclosure is to a solicitor, accountant, or other professional adviser of NZX, the Tribunal or any other person authorised under Rule 8.15.1,
 - (d) to the NZX Chief Executive and the NZX Board,
 - (e) to any other person as required or permitted by the FMC Act, or
 - (f) to any other person with whom NZX has a Reciprocal Arrangement in accordance with that Reciprocal Arrangement.
- 8.15.7 A document signed by the RegCo CEO, the Chairperson of the Tribunal or the chairperson of any Division of the Tribunal warranting the appointment of a person to exercise the powers of NZX or the Tribunal is conclusive evidence of the authority thereby warranted. Such a document may be general or specific to the circumstances of a particular case.
- 8.15.8 Any exercise by NZX of the powers set out in Rule 8.15.4 will, in the absence of the agreement of Fonterra, require at least one Business Day's prior written notice to Fonterra of the intention to exercise the power (which notice may be in a general form) unless NZX has determined that the notice period should not apply in any particular case. The reasons for such determination will be given to Fonterra on request.
- 8.16 The Tribunal**
- 8.16.1 NZX will appoint the Tribunal which will have the powers, rights and discretions set out in the Tribunal Rules, incorporated by reference into these Rules.
- 8.17 Liability and Indemnity**
- 8.17.1 To the maximum extent permitted by law, none of NZX, any director or employee of NZX, or any delegate of NZX will be liable in tort, contract or otherwise for any

action taken or not taken in the good faith exercise or purported exercise of the powers or discretions conferred by the Rules.

- 8.17.2 Fonterra indemnifies NZX, its directors and employees, and delegates of NZX under the Rules against liabilities and claims arising from any actions or inactions by any such person in relation to Fonterra, which NZX determines to have been in good faith and in response to circumstances for which Fonterra should bear the responsibility in whole or in part. The indemnity will be for all or such part of the liabilities and claims as NZX determines.

8.18 **Costs**

- 8.18.1 Fonterra must pay all costs and expenses sought by NZX, the Tribunal and any person authorised by NZX in the exercise of the functions, rights and powers conferred by the Rules in respect of Fonterra. These payments may include an appropriate proportion of NZX's overhead costs in relation to such matters.
- 8.18.2 Fonterra must provide to NZX a bond in a form approved by NZX or a deposit in lieu of a bond, for an amount determined by NZX, and given by a person approved by NZX for that purpose. The deposit or bond secures the payment of all amounts payable to NZX by the Issuer under the Rules. NZX may from time to time, adjust the amount of each such deposit or bond. If any portion of a deposit or bond is applied in payment of monies payable to NZX by Fonterra, Fonterra must promptly arrange for the deposit or bond to be reinstated to its previous amount.

8.19 **Delegation to RegCo**

- 8.19.1 NZX may act by and through RegCo in performing any function or discharging any power set out in these Rules. RegCo shall have the authority to exercise any rights, powers, authorities and discretions under any delegated authority granted to it by NZX.

Appendix 1

Results Announcement

Full Year Results Announcement:

The following information must be contained in each Results Announcement given in respect of a full year:

- 1 Information prescribed by NZX from time to time. This information must be identified as "Results for announcement to the market" and must be placed in the format as specified by NZX from time to time.
- 2 The following information, which may be presented in whatever way Fonterra considers is the most clear and helpful to users, e.g., combined with the body of the announcement, combined with notes to the financial statements, or set out separately.
 - (a) A statement of financial performance.
 - (b) A statement of financial position. The statement of financial position may be condensed but must report as line items each significant class of asset, liability, and equity element with appropriate sub-totals.
 - (c) A statement of cash flows. The statement of cash flows may be condensed but must report as line items each significant form of cash flow.
 - (d) Details of individual and total dividends or distributions and dividend or distribution payments, which:
 - (i) have been declared, and
 - (ii) relate to the period (in the case of ordinary dividends or ordinary dividends and special dividends declared at the same time) or were declared within the period (in the case of special dividends).
 - (e) A statement of movements in equity.
 - (f) Net tangible assets per Quoted Equity Security with the comparative figure for the previous corresponding period.
 - (g) A commentary on the results for the period. The commentary must be sufficient for the user to be able to compare the information presented with equivalent information for previous periods. The commentary must take account of those Classes of Financial Products that are Quoted and include any significant information needed by an investor to make an informed assessment of the entity's activities and results, which may include but not be limited to discussion of the following.
 - (i) The earnings per Quoted Equity Security and the nature of any dilution aspects.
 - (ii) Returns to shareholders including distributions and buy backs.
 - (iii) Significant features of operating performance.

- (iv) The results of segments that are significant to an understanding of the business as a whole.
 - (v) A discussion of trends in performance.
 - (vi) Fonterra's dividend policy.
 - (vii) Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified.
- (h) A statement as to whether the announcement is based on financial statements which have been audited, are in the process of being audited, or have not yet been audited and:
- (i) If the financial statements have not yet been audited and are likely to be subject to qualification, a description of the likely qualification, or
 - (ii) If the financial statements have been audited, a statement of any qualifications that the auditors have made to those financial statements.

Half-Year Results Announcement

The following information must be contained in each Result Announcement in respect of a half year:

- 1 Information prescribed by NZX from time to time. This information must be identified as "Results for announcement to the market" and must be placed in the format as specified by NZX from time to time.
- 2 The following information, which may be presented in whatever way Fonterra considers is the most clear and helpful to users, e.g., combined with the body of the announcement, combined with notes to the financial statements, or set out separately.
 - (a) A statement of financial performance.
 - (b) A statement of financial position, which may be condensed but must report as line items each significant class of asset, liability, and equity element with appropriate sub-totals.
 - (c) A statement of cash flows, which may be condensed but must report as line items each significant form of cash flow.
 - (d) Details of individual and total dividends or distributions and dividend or distribution payments, which:
 - (i) have been declared, and
 - (ii) relate to the period (in the case of ordinary dividends or ordinary dividends and special dividends declared at the same time) or were declared within the period (in the case of special dividends).
 - (e) A statement of movements in equity.

- (f) Net tangible assets per Quoted Equity Security with the comparative figure for the previous corresponding half year period.
- (g) A commentary on the results for the half year period. The commentary must be sufficient for the user to be able to compare the information presented with equivalent information for previous half year periods. The commentary must take account of those Classes of Financial Products that are Quoted and include any significant information needed by an investor to make an informed assessment of the entity's activities and results, which may include but not be limited to discussion of the following:
 - (i) The earnings per Quoted Equity Security and the nature of any dilution aspects.
 - (ii) Returns to shareholders including distributions and buy backs.
 - (iii) Significant features of operating performance.
 - (iv) A discussion of trends in performance.
 - (v) Fonterra's dividend policy.
 - (vi) Any other factors which have affected the results in the half year period or which are likely to affect results in the future, including those where the effect could not be quantified.
- (h) A statement as to whether the announcement is based on audited or unaudited half year financial statements and, if the financial statements have been audited, a statement of any qualifications that the auditors have made to those financial statements.

Full Year and Half-Year Results Announcement

Results Announcements must comply with the following requirements:

All statements must be prepared in compliance with applicable Financial Reporting Standards or the equivalent foreign accounting standards.

A statement of the accounting policies (if any) that the directors believe are critical to the portrayal of Fonterra's financial condition and results and which require the directors to make judgements and estimates about matters that are inherently uncertain.

If there has been any material change in accounting policies applied in preparation of the statements reflected in the announcement, it must disclose the impact of the change.

If the financial statements have been audited, a copy of the audit report should be provided with the announcement.

The announcement may include any additional facts, figures or interpretative notes that Fonterra wishes to include, and must include any additional information required by any applicable financial reporting standard or necessary to ensure the announcement is not misleading.