

## **FSM Rules**

### **APPENDIX 1**

Part A (Rules 9.3.2 and 9.4.2)

#### **Preliminary Announcements – Full and Half Year Results**

##### **1. Full Year Results:**

The following information must be contained in each preliminary announcement given by Fonterra to NZX under Rule 9.3.2 in respect of a full year:

- 1.1 Details of the reporting period and the previous corresponding period.
- 1.2 Information prescribed by NZX and notified to Fonterra from time to time. This information must be identified as “Results for announcement to the market” and must be placed at the beginning of the report in a tabular format as specified by NZX from time to time.
- 1.3 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 report, 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. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividends or distributions.
  - (e) Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.
  - (f) A statement of movements in equity.

- (g) Net tangible assets per security with the comparative figure for the previous corresponding period.
- (h) Details of entities over which control has been gained or lost during the period, including the following:
  - (i) Name of the entity.
  - (ii) The date of the gain or loss of control.
  - (iii) Where material to an understanding of the report – the contribution of such entities to Fonterra's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.
- (i) Details of associates and joint venture entities including the following:
  - (i) Name of the associate or joint venture entity.
  - (ii) Details of Fonterra's percentage holding in each of these entities.
  - (iii) Where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.
- (j) Any other significant information needed by an investor to make an informed assessment of Fonterra's financial performance and financial position.
- (k) 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 include any significant information needed by an investor to make an informed assessment of Fonterra's activities and results, which would include but not be limited to discussion of the following:
  - (i) The earnings per 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) 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.
- (l) A statement as to whether the report 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.
- (m) A statement of any major changes or trends in Fonterra's business subsequent to the end of the financial year or half year, as the case may be, and shall include where material any changes in the value of Fonterra's assets, or in its profitability, and any contingent liabilities, all in relation to the position disclosed in the last published financial statements.
- (n) A statement of any unrealised gains resulting from the revaluation of assets of Fonterra, any subsidiary, or any associated company and unrealised net changes in values or development margins of investment assets included as separate items after profit before extraordinary items, identifying separately amounts arising from any unrealised gains of associated companies.

## 2. Half-Year Results

The following information must be contained in each preliminary announcement given by Fonterra to NZX under Rule 9.4.2 in respect of a half year:



- 2.1 Details of the reporting period and the previous corresponding period.
- 2.2 Information prescribed by NZX and notified to Fonterra from time to time. This information must be identified as “Results for announcement to the market” and must be placed at the beginning of the report in a tabular format as specified by NZX from time to time.
- 2.3 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 report, 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. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividends or distributions.
  - (e) Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.
  - (f) Net tangible assets per security with the comparative figure for the previous corresponding period.
  - (g) Details of entities over which control has been gained or lost during the period, including the following:
    - (i) Name of the entity.
    - (ii) The date of the gain or loss of control.
    - (iii) Where material to an understanding of the report – the contribution of such entities to Fonterra's profit from ordinary activities during the period and the profit or loss of



such entities during the whole of the previous corresponding period.

- (h) Details of associates and joint venture entities including the following:
  - (i) Name of the associate or joint venture entity.
  - (ii) Details of Fonterra's percentage holding in each of these entities.
  - (iii) Where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.

### **3. Full Year and Half-Year Results**

All preliminary announcements given under Rule 9.3.2 must comply with the following requirements:

- 3.1 All statements must be prepared in compliance with applicable Financial Reporting Standards or the equivalent foreign accounting standards.
- 3.2 A statement of the accounting policies (if any) that the Directors of Fonterra believe are critical to the portrayal of Fonterra's financial condition and results and which require Fonterra's Directors to make judgements and estimates about matters that are inherently uncertain.
- 3.3 If there has been any material change in accounting policies applied in preparation of the statements reflected in the announcement, Fonterra must disclose the impact of the change.
- 3.4 If the financial statements have been audited, a copy of the audit report should be provided with the announcement.
- 3.5 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.

#### **Part B (Rule 9.4.2) Half-year report**

The following information must be included in each half-year report prepared by Fonterra for the purposes of Rule 9.4.2. The information may be presented in whatever way is the most clear and helpful to users, e.g. combined with the body of the



report, combined with notes to the accounts, or set out separately.

1. Details of the reporting period and the previous corresponding period.
2. A statement of financial performance together with notes to the statement.
3. A statement of financial position together with notes to the statement. 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.
4. A statement of cash flows together with notes to the statement. The statement of cash flows may be condensed but must report as line items each significant form of cash flow.
5. A statement of movements in equity together with notes to the statement.
6. Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable, and (if known) the amount per security of foreign sourced dividend or distribution.
7. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.
8. Net tangible assets per security with the comparative figure for the previous corresponding period.
9. Details of entities over which control has been gained or lost during the period, including the following:
  - (a) Name of the entity
  - (b) The date of the gain or loss of control.
  - (c) Where material to an understanding of the report – the contribution of such entities to Fonterra's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.
10. Details of associates and joint venture entities including:
  - (a) The name of the associate or joint venture entity;
  - (b) Details of Fonterra's percentage holding in each of these entities; and



- (c) Where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.
11. A statement of any major changes or trends in Fonterra's business subsequent to the end of the financial year or half year, as the case may be, and shall include where material any changes in the value of Fonterra's assets, or in its profitability, and any contingent liabilities, all in relation to the position disclosed in the last published financial statements.
  12. A statement of the amount of any unrealised gains resulting from the revaluation of assets of Fonterra, any subsidiary, or any associated company and unrealised net changes in values or development margins of investment assets included as separate items after profit before extraordinary items, identifying separately amounts arising from any unrealised gains of associate companies.
  13. A statement of any material change in accounting policies applied in preparation of the statements reflected in the announcement and the impact of the change.
  14. For foreign entities, which set of accounting standards is used in compiling the report (e.g., International Financial Reporting Standards).

The report must also contain any additional information required by law or any applicable financial reporting standard or necessary to ensure the report is not misleading. The report may include any additional facts, figures or interpretative notes that the Directors of Fonterra wish to include. If the financial statements have been audited, the report shall disclose and any qualifications the auditors have made to those financial statements.







## **Full and Half Year Preliminary Announcements and Half Year Results**

In accordance with Clauses 1.2 and 2.2 of Appendix 1 of the FSM Rules, the following information is prescribed by NZX to be included in announcements made by Fonterra under Appendix 1.

1. The following is the information prescribed pursuant to clauses 1.2 and 2.2 of Appendix 1 of the FSM Rules to appear identified as “Results for announcement to the market” and placed at the beginning of the preliminary report (full and half year) in a tabular format.
  - (a) The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities.
  - (b) The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to security holders.
  - (c) The amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to security holders.
  - (d) The amount per security and impute amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.
  - (e) The record date for determining entitlements to and the date for payment of the dividends (if any).
  - (f) A brief explanation of any of the figures in (a)-(e) necessary to enable the figures to be understood.
2. The information required by paragraph 1 above should as close as possible be presented in the following tabular format:



## Fonterra Co-operative Group Limited

### Results for announcement to the market

Reporting Period	[     ] months to [     ]	
Previous Reporting Period	[     ] months to [     ]	
	Amount (000s)	Percentage change
Revenue from ordinary activities	\$NZ	%
Profit (loss) from ordinary activities after tax attributable to security holder.	\$NZ	%
Net profit (loss) attributable to security holders.	\$NZ	%

Interim/Final Dividend	Amount per security	Imputed amount per security
	\$NZ .xx [or a statement that it is not proposed to pay dividends.]	\$.xx

Record Date	[Date] or [Not Applicable]
Dividend Payment Date	[Date] or [Not Applicable]
Comments:	A brief [A brief explanation of any of the figures above necessary to enable the figures to be understood.]



## **APPENDIX 2**

### **MINIMUM HOLDINGS**

#### **(Definition of "Minimum Holding" in Rule 1.7.1)**

The Minimum Holding shall be as follows, unless otherwise determined by NZX:

- (a) except as set out in paragraph (b), 1000 Securities, where the Securities are all of the same Class;
- (b) in relation to Rights to Equity Securities, the number that would, upon exercise, convert to a minimum holding as specified in paragraph (a).



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## Notice of event affecting securities

FSM Rule 6.8.2. For rights, Rules 6.6.8 and 6.6.10.  
For change to allotment, FSM Rule 6.8.1, a separate notice is required.

Number of pages including this one  
(Please provide any other relevant  
details on additional pages)

Full name of Issuer	Fonterra Co-operative Group Limited		
Name of officer authorised to make this notice	<input type="text"/>	Authority for event, e.g. Directors' resolution	<input type="text"/>
Contact phone number	<input type="text"/>	Contact fax number	<input type="text"/>
		Date	<input type="text"/> / <input type="text"/> / <input type="text"/>

<b>Nature of event</b> Tick as appropriate	Bonus Issue <input type="checkbox"/>	If ticked, state whether: Taxable <input type="checkbox"/> / Non Taxable <input type="checkbox"/>	Conversion <input type="checkbox"/>	Interest <input type="checkbox"/>	Rights Issue Renounceable <input type="checkbox"/>
	Rights Issue non-renounceable <input type="checkbox"/>	Capital change <input type="checkbox"/>	Call <input type="checkbox"/>	Dividend <input type="checkbox"/>	If ticked, state whether: Interim <input type="checkbox"/>
			Full Year <input type="checkbox"/>	Special <input type="checkbox"/>	DRP Applies <input type="checkbox"/>

**EXISTING securities affected by this** *If more than one security is affected by the event, use a separate form.*

Description of the class of securities	<input type="text"/>	ISIN	<input type="text"/>
			<i>If unknown, contact NZX</i>

**Details of securities issued pursuant to this event** *If more than one class of security is to be issued, use a separate form for each class.*

Description of the class of securities	<input type="text"/>	ISIN	<input type="text"/>
			<i>If unknown, contact NZX</i>
Number of Securities to be issued following event	<input type="text"/>	Minimum Entitlement	<input type="text"/>
		Ratio, e.g. ① for ②	<input type="text"/> for <input type="text"/>
Conversion, Maturity, Call Payable or Exercise Date	<input type="text"/>	Treatment of Fractions	<input type="text"/>
	<i>Enter N/A if not applicable</i>	Tick if <i>pari passu</i> <input type="checkbox"/>	OR provide an explanation of the ranking <input type="text"/>
Strike price per security for any issue in lieu or date Strike Price available.	<input type="text"/>		

**Monies Associated with Event** *Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.*

<i>In dollars and cents</i>	Amount per security (does not include any excluded income)	Source of Payment	<input type="text"/>
Currency	<input type="text"/>	Supplementary dividend details - FSM Rule 6.8.5	Amount per security in dollars and cents <input type="text"/>
Total monies	<input type="text"/>		Date Payable <input type="text"/>

**Taxation** *Amount per Security in Dollars and cents to six decimal places*

<i>In the case of a taxable bonus issue state strike price</i>	\$ <input type="text"/>	Resident Withholding Tax	\$ <input type="text"/>	Imputation Credit (Give details)	<input type="text"/>
		Foreign Withholding Tax	\$ <input type="text"/>	FDP Credits (Give details)	<input type="text"/>

**Timing** (Refer Appendix 4 in the FSM Rules)

<b>Record Date 5pm</b> For calculation of entitlements -	<input type="text"/>	<b>Application Date</b> Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.	<input type="text"/>
<b>Notice Date</b> Entitlement letters, call notices, conversion notices mailed	<input type="text"/>	<b>Allotment Date</b> For the issue of new securities. Must be within 5 business days of application closing date.	<input type="text"/>

**OFFICE USE ONLY**  
Ex Date:  
Commence Quoting Rights  
Cease Quoting Rights 5pm:  
Commence Quoting New Securities:  
Cease Quoting Old Security 5pm:

Security Code:  
Security Code:



## APPENDIX 4 - TIMING OF EVENTS AFFECTING SECURITIES

			FOR RIGHTS ONLY			
NZX Notice Date	Ex Date	Record Date	Notice Date	Cease Quotes Date	Application/ Renunciation Closing Date	Allotment Date
<p>Notification to market five business days before Ex Date Rights Issue</p> <p>(Rule 6.6.8 and Rule 6.6.10)</p> <p style="text-align: center;">→</p>	<p>Rights Commence Quotation on the 2<sup>nd</sup> business day before the Record Date</p> <p>(Rule 6.6.9(a))</p> <p style="text-align: center;">→</p>		<p>Letters of entitlement mailed within five business days of Record Date</p> <p>(Rule 6.6.1)</p> <p style="text-align: center;">←</p>	<p>Rights cease quotation on the 4<sup>th</sup> Business day before application closing date</p> <p>(Rule 6.6.9(c))</p> <p style="text-align: center;">→</p>	<p>Applications/ renunciations due at registry</p> <p>(Rule 6.6.3)</p>	<p>Allotment of securities within 5 business days of Application Closing Date</p> <p>(Rule 6.7.1)</p> <p style="text-align: center;">←</p>
<p>(2) Ten business days before Record Date for:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Bonus Issues</li> <li><input type="checkbox"/> Calls, payments, Dividends, Interest ( Rule 6.8.2)</li> <li><input type="checkbox"/> Name changes (Rule 9.6.1 (f))</li> </ul> <p style="text-align: center;">→</p>				<p>Minimum 12 Business Days after the mailing of the last letters of entitlement (Rule 6.6.2)</p> <p style="text-align: center;">→</p>		
Count forward			→	←	Count back	

## APPENDIX 5

### CORPORATE GOVERNANCE BEST PRACTICE CODE

#### Foreword

- A Background:** Pursuant to FSM Rule 9.4.4(h), Fonterra shall disclose in its annual reports the extent to which its corporate governance processes materially differ from the principles set out in the NZX Corporate Governance Best Practice Code (“the Code”).
- B Preamble:** The Code sets out principles to enhance investor confidence through corporate governance and accountability. The Code is composed of flexible principles which recognise differences in corporate size and culture.

#### 1. Code of Ethics

- 1.1 Fonterra should formulate a code of ethics to govern its conduct.
- 1.2 The code of ethics should address ethical issues, establish compliance standards and procedures, provide mechanisms to report unethical behaviour and ensure that disciplinary measures are in place for any violations.
- 1.3 When drafting the code of ethics, Fonterra should consider the following matters:
- (a) conflicts of interest; and
  - (b) receipt and use of corporate information; and
  - (c) receipt and use of corporate assets and property; and
  - (d) Directors giving proper attention to the matters before them; and
  - (e) a general obligation to act honestly and in the best interests of the Issuer as required by law; and
  - (f) compliance with any other applicable laws, regulations and rules.

#### 2. Directors

##### Separation of Chief Executive and Chairman



- 2.1 A Director should not simultaneously hold the positions of Chief Executive and chairman of the Board of the same Issuer.

### **Appointments to the Board**

- 2.2 Unless constrained by size, an Issuer should establish a nomination committee. The nomination committee of an Issuer may comprise the same members as the remuneration committee.
- 2.3 Every Issuer should have a formal and transparent method for the nomination and appointment of Directors to the Board.

### **Director Training**

- 2.4 Directors should undertake appropriate training to remain current on how to best perform their duties as Directors of an Issuer.

### **Director Remuneration**

- 2.5 Unless constrained by size, an Issuer should establish a remuneration committee.
- 2.6 Every Issuer should have a formal and transparent method to recommend Director remuneration packages to shareholders.

### **Information for the Board**

- 2.7 Information of sufficient content, quality, and timeliness, as the Board considers necessary to enable the Board to effectively discharge its duties, should be provided to the Board by management.

### **Board Performance**

- 2.8 The Board should establish a formal procedure to regularly assess individual and Board performance.

## **3. Committees**

### **Audit Committee**

- 3.1 Membership on the Audit Committee should comprise solely of non-executive Directors of the Issuer.
- 3.2 The Audit Committee should operate under a written charter that outlines the Audit Committee's authority, duties, responsibilities and relationship with the Board.



- 3.3 The Board should regularly review the performance of the Audit Committee in accordance with the Audit Committee's written charter.
- 3.4 Directors who are not members of the Audit Committee and employees should only attend Audit Committee meetings at the invitation of the Audit Committee.
- 3.5 The Audit Committee should also address issues of auditor independence as set out in section 4 below.
- 3.6 Issuers should identify in their annual report the members of the Audit Committee.
- 3.7 The chair of the Board should not also be the chair of the Audit Committee.

#### **4. Relationship with the Independent Auditor**

- 4.1 The Board should establish a formal and transparent procedure for sustaining communication with the Issuer's independent and internal auditors.
- 4.2 The Board should establish a formal and transparent framework for the Issuer's relationship with its auditors, including:
  - (a) To ensure that the ability and independence of the auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired; and
  - (b) To address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors to the Issuer; and
  - (c) To provide for the monitoring and approval by the Issuer's Audit Committee of any service provided by the auditors to the Issuer other than in their statutory audit role.
- 4.3 In paragraph 4.2, "statutory audit role" means services required by any law to be provided by the auditors, acting as such.

