Fonterra Shareholders' Fund

Annual Report 2026

FOR THE YEAR ENDED 31 JULY 2026

FONTERRA SHAREHOLDERS' FUND.

Contents

Drysdale family farm, Manawatū-Whanganui

Chair Report

Kia ora unit holders,

The 2026 financial year was a significant year for Fonterra and the Fonterra Shareholders' Fund.

Fonterra completed the divestment of Mainland Group, delivered increased underlying earnings and returned capital to shareholders and unit holders.

Fonterra declared fully imputed dividends totalling 73 cents per share. This comprised an ordinary dividend of 57 cents per share, made up of the 24 cent interim dividend and a final dividend of 33 cents, together with a 16 cent special dividend relating to Mainland Group.

The special dividend represented a full payout of Mainland Group's FY26 earnings attributable to Fonterra up to completion of the divestment, and the final distribution of 33 cents per unit will be paid on 15 October 2026.

In addition, shareholders and unit holders received a capital return of $2.00 per share or unit from the proceeds of the Mainland divestment.

As a unit holder, you received the economic benefit of the dividends and capital return distributed during the year. Together, the dividends and capital return represent total cash distributions of $2.73 per unit.

Over the 2026 financial year, the Fund delivered a total unit holder return of 38%, compared with 7% for the NZX50.

Fonterra's business performance

The Fund, and the Board of FSF Management Company Limited that oversees it, have no direct involvement in Fonterra's operations. However, as a holder of economic rights in Fonterra, the Fund's performance is tied directly to Fonterra's performance.

Fonterra delivered a strong financial result in FY26. Total Group profit after tax increased to $2,608 million, from $1,079 million in FY25, including a $1,250 million gain on the sale of Mainland Group, reported earnings were 160 cents per share.

The reported result includes Mainland Group's earnings up to completion of the divestment and the gain recognised on its sale. To provide a clearer view of the performance of the business that remains, Fonterra also presents underlying results for its continuing operations.

The underlying results are presented as if the terms of the Mainland divestment had applied for the full financial year. This supports comparison with the historical pro forma information provided in the Notice of Special Meeting booklet and reflects Fonterra as it operates today as a focused, global business-to-business dairy nutrition co-operative.

Underlying operating profit increased by $351 million to $1,840 million, supported by higher milk collections and improved performance across Ingredients and Foodservice.

Underlying profit after tax increased $268 million to $1,182 million, equating to 71 cents per share, compared with 54 cents in FY25. This result means Fonterra achieved ahead of plan its target of returning earnings to FY25 pre-divestment levels within three years.

Across Fonterra's end-to-end channels:

- Ingredients operating profit increased by $85 million to $1,293 million. Strong global demand supported higher sales prices for protein products, while higher sales volumes also contributed. Return on capital increased to 13.5%, from 12.8%.
- Foodservice operating profit increased by $266 million to $547 million. The increase was supported by stronger margins across key products, moderately higher sales volumes and lower operating costs. Return on capital increased to 16.3%, from 8.5%.

Underlying return on capital increased to 14.2%, from 11.7% in the prior year.

Fonterra also maintained a strong balance sheet. Adjusted net debt reduced by $1.0 billion to $1.7 billion, while gearing declined to 20.8%, from 23.9% in the prior year. This provides Fonterra with financial capacity to invest in its operations and pursue further value creation.

Looking ahead

Fonterra has announced forecast FY27 earnings of 65 to 85 cents per share and a forecast 2026/27 season Farmgate Milk Price range of $8.50 to $10.50 per kgMS, with a midpoint of $9.50 per kgMS.

Fonterra Chief Executive, Richard Allen, said Fonterra entered FY27 with a focused strategy and a strong balance sheet. Its priorities include improving operational efficiency, completing the operational separation from Mainland, investing in manufacturing capacity for higher-value dairy products and continuing the implementation of its new technology platform.

These priorities support Fonterra's objective of delivering sustainable earnings and returns over time, which unit holders benefit from.

For further detail on Fonterra's performance and outlook, I encourage you to read Fonterra's other annual results materials, available on its Investor Relations website.

Ngā mihi,

Mary-Jane Daly
Chair

Our Board

Mary-Jane Daly

Independent Director appointed by unit holders

Mary-Jane Daly was appointed to the FSF Board in November 2020. She was appointed as Chair in November 2022.

Mary-Jane is a professional director with over ten years in governance roles across a wide range of industries. Her executive background was in banking and finance in a variety of roles both in New Zealand and the UK.

Mary-Jane is Chair of AIG Insurance New Zealand Limited, Chair of Partners Life Limited and an Independent Director of Kiwibank Limited. Previous governance roles have included Kiwi Property Group Limited, Cigna Life Insurance New Zealand, the Natural Hazards Commission Toka Tu Ake, OnePath Life, Airways Corporation, Auckland Transport and the NZ Green Building Council. Her last corporate executive role was leading State Insurance.

BCom, MBA

Carlie Eve

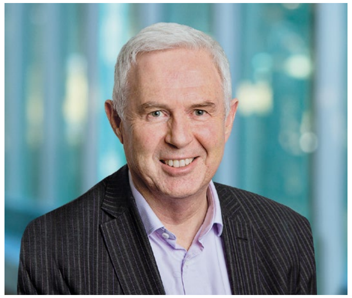
Independent Director appointed by unit holders

Carlie Eve was appointed to the FSF Board in November 2022.

Carlie has over 30 years' experience in financial markets and the corporate sector. She has held executive roles across equity research, investment banking, investor relations, corporate strategy and funds management.

Carlie is currently a director of Kiwi Property Group Limited and ASB Group Investments Limited, Chair of the Diocesan School Heritage Foundation and was previously a Director of Hobsonville Land Company Limited.

BSc, BCom



Alastair Hercus

Independent Director appointed by unit holders

Alastair Hercus was appointed to the FSF Board in November 2022.

After 29 years Alastair retired as a Partner at Buddle Findlay, a leading corporate law firm, and is now a Consultant to the firm. This followed an earlier career as a diplomat in the Ministry of Foreign Affairs and Trade.

He has significant professional experience working with co-operatives and primary sector businesses, and in corporate governance and economic regulation. He is an experienced director, particularly in the co-operative and mutual sector. He is a former Deputy Chair of the Medical Assurance Society and former Chair of Co-operative Life Limited.

In the public sector he is Deputy Chair at the Natural Hazards Commission Toka Tū Ake, Director of Invercargill Airport Limited and interim Chief Executive of the Financial Markets Authority.

BA (Hons), LLB

John Nicholls

Appointed to the Board of the Manager by Fonterra

John Nicholls was elected to the Fonterra Board in 2018, and joined the FSF Board in November 2022.

John is an experienced company director, and was the previous chair of MHV Water, New Zealand's largest intergenerational irrigation co-operative.

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

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

B.Agr, PG AgrSci

Michelle Pye

Appointed to the Board of the Manager by Fonterra

Michelle Pye was elected to the Fonterra Board and joined the FSF Board in December 2025.

She is a seasoned agribusiness leader and governance professional, co-owning and operating Pye Group in Canterbury for over 23 years.

Michelle has extensive governance experience, serving as a Timaru District Councillor, Chair of the Potato Seed Co-operative Limited, and Director of Potatoes NZ. She was previously a member of the Fonterra Co-operative Council and an inaugural member of Fonterra's Sustainability Advisory Panel.

With an accounting background and extensive experience overseeing the financial management and strategy of Pye Group, Michelle brings strong financial acumen, risk management expertise, and a deep understanding of co-operative governance.

Financial Statements

FOR THE YEAR ENDED 31 JULY 2026

Drysdale family farm, Manawatū-Whanganui

Manager's Statement

FOR THE YEAR ENDED 31 JULY 2026

FSF Management Company Limited (the Manager) presents to the unit holders the financial statements for the Fonterra Shareholders' Fund (the Fund) for the year ended 31 July 2026.

The Manager is responsible for presenting financial statements for each financial year which fairly present the financial position of the Fund and its financial performance and cash flows for that period.

The Manager considers the financial statements of the Fund have been prepared using accounting policies which have been consistently applied and supported by reasonable judgements and estimates, and that all relevant financial reporting and accounting standards have been followed.

The Manager believes that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Fund and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013 and the Fonterra Shareholders' Fund Trust Deed.

The Manager considers that it has taken adequate steps to safeguard the assets of the Fund, and to prevent and detect fraud and other irregularities.

The Manager approves and authorises for issue the financial statements for the year ended 31 July 2026 presented on pages 6 to 14.

For and on behalf of the Board of the Manager:

Mary-Jane Daly
Chair
FSF Management Company Limited
23 September 2026

Carlie Eve
Director
FSF Management Company Limited
23 September 2026

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 JULY 2026

($ MILLION)

	31 JULY 2026	31 JULY 2025
Net fair value gain on revaluation of Economic Rights of Fonterra shares	**205**	327
Dividend income	**82**	67
Investment income	**287**	394
Net increase in fair value of amounts attributable to unit holders	**(205)**	(327)
Distributions to unit holders	**(82)**	(67)
Finance cost	**(287)**	(394)
Profit before tax	**–**	–
Tax expense	**–**	–
Profit for the year	**–**	–

There are no items of other comprehensive income.

Statement of Changes in Amounts Attributable to Unit Holders

FOR THE YEAR ENDED 31 JULY 2026

($ MILLION)

Amounts attributable to unit holders at 1 August 2025	**751**
Movements:	
Revaluation of amounts attributable to unit holders	**205**
Capital return to unit holders	**(215)**
Amounts attributable to unit holders at 31 July 2026	**741**
Amounts attributable to unit holders at 1 August 2024	424
Movements:	
Revaluation of amounts attributable to unit holders	327
Amounts attributable to unit holders at 31 July 2025	751

The accompanying basis of preparation and notes form part of these financial statements.

Statement of Financial Position

AS AT 31 JULY 2026

($ MILLION)

	NOTES	31 JULY 2026	31 JULY 2025[1]
Assets			
Economic Rights of Fonterra shares	2	741	751
Unclaimed distributions		1	1
Total assets		742	752
Liabilities			
Amounts attributable to unit holders	3	741	751
Distributions payable		1	1
Total liabilities		742	752

1 Comparative information includes re-presentations for consistency with the current period.

Cash Flow Statement

FOR THE YEAR ENDED 31 JULY 2026

($ MILLION)

	NOTES	31 JULY 2026	31 JULY 2025
Cash flows from operating activities			
Cash was provided from:			
– Dividends received		82	67
– Capital return received		215	–
Net cash flows from operating activities	4	297	67
Cash flows from financing activities			
Cash was applied to:			
– Distributions paid to unit holders		(82)	(67)
– Capital return paid to unit holders	2	(215)	–
Net cash flows from financing activities		(297)	(67)
Net change in cash and cash equivalents		–	–
Cash and cash equivalents at the beginning of the year		–	–
Cash and cash equivalents at the end of the year		–	–

The accompanying basis of preparation and notes form part of these financial statements.

Basis of Preparation

FOR THE YEAR ENDED 31 JULY 2026

a) General information

The Fonterra Shareholders' Fund (FSF or the Fund) is a New Zealand managed investment scheme established to be the 'Authorised Fund' referred to in Fonterra's Constitution. It is an FMC Reporting Entity registered under the Financial Markets Conduct Act 2013 and its governing document is the Fonterra Shareholders' Fund Trust Deed (the Trust Deed) dated 23 October 2012 (as amended) and has a life of 80 years. Under the Trust Deed, the Fund may invest only in authorised investments, which are the Economic Rights of Fonterra shares (Economic Rights), and issue units to investors. It may not invest directly in Fonterra shares (Shares).

The Fund is listed on the NZX Main Board operated by NZX Limited. The activities of the Fund and the issue of units to the public are managed by FSF Management Company Limited (the Manager). The immediate and ultimate parent of the Fund is Fonterra Co-operative Group Limited (Fonterra, or the Co-operative).

The New Zealand Guardian Trust Company Limited (the Trustee) acts as the trustee for the Fund. The Economic Rights assets are held on trust for the Trustee under the Fonterra Economic Rights Trust by Fonterra Farmer Custodian Limited (the Custodian). The trustees of the Fonterra Farmer Custodian Trust also hold one unit known as the Fonterra unit.

The registered office of the Manager is 109 Fanshawe Street, Auckland Central, Auckland 1010, New Zealand.

The financial statements were authorised for issue by the Manager on 23 September 2026.

Fonterra financial statements

Investors are encouraged to read the financial statements of Fonterra, together with the financial statements of the Fund, given that the performance of the Fund is driven by the performance of Fonterra. The Fonterra financial statements can be found in the 'Investors/Results & Reporting' section of Fonterra's website.

Fonterra's capital structure

Under Fonterra's Flexible Shareholding capital structure, the ability for the Fund to acquire Economic Rights and issue units to investors (i.e. to exchange shares for units) on a day-to-day basis is suspended. The Fonterra Board retains the right to regulate this process, and if, in the future, the Fonterra Board considered it was appropriate to increase the Fund size, it could do so up to the overall Fund size limit of 10% of the total number of Fonterra shares on issue as specified in Fonterra's Constitution. As at 31 July 2026, the Fund size is 6.7% (31 July 2025: 6.7%).

Information about Flexible Shareholding is available in the 'Investors/Capital Structure' section of Fonterra's website.

Activities

The principal activity of the Fund is to acquire and hold Economic Rights and issue units to investors to allow investors in the Fund an opportunity to earn returns based on the financial performance of Fonterra. As reflected in the previous section, the ability to exchange shares for units is suspended under Flexible Shareholding.

Economic Rights and units

One Economic Right represents the right to receive dividends and other economic benefits derived from a fully paid share in Fonterra. This does not include the right to hold legal title to the share or to exercise voting rights in Fonterra.

A unit constitutes an undivided interest in the Fund. The Fund is designed to have the effect that each unit on issue in the Fund will represent the Economic Right derived from a single share in Fonterra.

Key attributes of Economic Rights

- The right to receive a distribution equivalent to any dividend declared by the Fonterra Board (before PIE tax, withholding tax or other tax on distribution).
- The right to participate in other transactions in respect of Fonterra shares such as bonus issues, rights issues, capital returns or buybacks.
- The right to share in any surplus on liquidation of Fonterra.

Basis of Preparation CONTINUED

FOR THE YEAR ENDED 31 JULY 2026

Key rights and restrictions of unit holders

- Unit holders will be entitled to have passed through to them an amount equal to any dividend payable, or capital return payable, in relation to a share in Fonterra (adjusted for any PIE tax, withholding tax or any other adjustments for tax in relation to that unit holder).
- If Fonterra reconstructs or adjusts its shares, an equivalent reconstruction or adjustment will be made in respect of units.
- If Fonterra makes bonus issues or rights issues of shares to its shareholders, corresponding issues of units will be made to unit holders.
- If there is an offer to acquire shares held by the Custodian, the Fund will seek instructions from unit holders as to whether the offer should be accepted. If a unit holder directs the Fund to accept the offer, the Fund will redeem units from such unit holder and accept the offer for shares in proportion to that direction. The amount received from the sale of the shares will be paid by the Fund to the unit holder.
- Unit holders are entitled to attend and vote at unit holder meetings and to elect three Directors of the Manager of the Fund. The additional two Directors of the Manager of the Fund are appointed by Fonterra.
- Unit holders do not have any right to attend or vote, or request the Custodian to attend or vote, at any meeting of Fonterra farmer shareholders.

Key rights of the Fonterra unit holder

- The Trust Deed cannot be amended without the prior approval of the holder of the Fonterra unit if that amendment would change the governance structure of the Board of the Manager, the scope and role of the Fund, the exchange mechanism for units and Economic Rights and the individual fund size restrictions.
- In other respects, the holder of the Fonterra unit has the same rights as any other unit holder.

b) Basis of preparation

These financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS Accounting Standards) and have been prepared in accordance with Generally Accepted Accounting Practice (GAAP) applicable to for-profit entities. These financial statements also comply with International Financial Reporting Standards (IFRS Accounting Standards).

These financial statements are prepared on a historical cost basis, except for Economic Rights and amounts attributable to unit holders which have been measured at fair value.

These financial statements are presented in New Zealand dollars ($), which is the Fund's functional and presentation currency, and rounded to the nearest million, except where otherwise stated.

The same accounting policies are followed in these financial statements as were applied in the financial statements for the year ended 31 July 2025.

The preparation of financial statements requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions of accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The judgement that has the most significant effect on the amounts recognised in the financial statements relates to the valuation of the Economic Rights of Fonterra Shares. The valuation approach used for the Economic Rights is described in Note 1.

Re-presentations

At each balance date the Fund assesses the aggregation and disaggregation of individual line items. For the current year, unclaimed distributions and distributions payable have been disaggregated and disclosed on the face of the Statement of Financial Position. Comparative information has been re-presented for consistency with the current period.

c) Material accounting policies

Operating segments

The Fund's investments only include Economic Rights assets and the Fund's performance is evaluated on an overall basis. Therefore, the Fund is a single-segment entity. All of the Fund's income is from investments in the Economic Rights.

The internal reporting provided to the Board of the Manager, which is the Fund's chief operating decision maker, for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of NZ IFRS Accounting Standards. The Board of the Manager reviews the Fund's internal reporting in order to assess the performance and position of the Fund.

Dividend income

Dividend income from investments in Economic Rights is recognised in profit or loss on the date that the right to receive payment of the dividend is established, when it is probable that the economic benefits will flow to the Fund and the amount of the dividend can be reliably measured.

Basis of Preparation CONTINUED

FOR THE YEAR ENDED 31 JULY 2026

Distributions to unit holders

Distributions payable to unit holders are recognised in profit or loss as finance costs in the period in which they are declared by the Board of the Manager.

Distributions to unit holders that are unclaimed at balance date are presented as distributions payable in the Statement of Financial Position.

Financial assets and financial liabilities

A financial asset or liability is recognised when the Fund becomes a party to the contractual provisions of the asset or liability (i.e. trade date).

Financial assets are derecognised if the Fund's contractual rights to the cash flows from the financial assets expire or if the Fund transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Fund's obligations specified in the contract expire or are discharged or cancelled.

Economic Rights of Fonterra shares

The Economic Rights of Fonterra shares are measured at fair value. Changes in fair value are recognised as investment income or expense in profit or loss. The Economic Rights are a current asset.

Amounts attributable to unit holders

The Fund has an obligation to repurchase units from Farmers, the Registered Volume Providers and Fonterra, therefore the amounts attributable to unit holders is a financial liability. It is presented as a financial liability because it does not meet the limited set of criteria that would allow it to be presented as equity. The amounts attributable to unit holders is a current liability.

The Fund manages its amounts attributable to unit holders on a fair value basis. Therefore, the Fund has elected to measure the amounts attributable to unit holders at fair value. Changes in fair value are recognised as finance costs in profit or loss.

Tax

The Fund has elected to be a 'foreign investment variable-rate Portfolio Investment Entity' for New Zealand income tax purposes. Due to this election, income is effectively taxed in the hands of the unit holders and therefore the Fund has no tax expense, current tax payable or deferred tax assets or liabilities.

The Fund will attribute PIE income (being Fonterra dividends) to unit holders and pay tax on that income at each relevant unit holder's nominated prescribed investor rate (PIR), being their applicable tax rate, subject to the option to apply the non-resident withholding tax rules in respect of Notified Foreign Investors. When the Fund receives Fonterra dividends the Fund will retain an amount from dividends distributed to a unit holder to satisfy the PIE (or withholding) tax liability in relation to that unit holder and pay amounts owing direct to the IRD. It is not anticipated that the Fund will have a PIE tax loss or excess tax credits which will be attributed to unit holders.

d) New standards and interpretations

Accounting standards effective from 1 August 2025

No new or amended standards and interpretations that became effective for the year ended 31 July 2026 have had a material impact to the Fund.

Accounting standards issued but not yet effective

There are no new or amended standards that are issued but not yet effective that are expected to have a material recognition or measurement impact to the Fund.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2026

1 Financial risk management

The Fund was primarily established to invest in Economic Rights and issue units to investors. As such its only investment comprises of Economic Rights. Through the holding of this investment and issuing units to unit holders, the Fund has limited net exposure to market price risk and liquidity risk. The Fund has no direct exposure to interest rate, foreign exchange or credit risk. The risk management policies employed by the Fund are discussed below.

Market price risk

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual instrument, its issuer or factors affecting all instruments traded in the market.

The Fund's financial instruments primarily comprise of investments in the Economic Rights and amounts attributable to unit holders which are both carried at fair value with fair value changes recognised in profit or loss. Both of these instruments are exposed to market price risk. Any change in the market price of the units will result in an equal and opposite change in the market price of the Economic Rights. Hence, no impact on profit or loss in the Statement of Comprehensive Income is expected due to changes in market prices.

Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund is not exposed to cash redemptions and only certain parties are permitted to redeem their units. Where permitted parties redeem units, the Fund will transfer one Economic Right for each unit redeemed to meet the redemption. Unit holders will not otherwise have the ability to redeem their units or exchange them for Shares. Hence, the Fund does not have significant liquidity risk.

Financial instruments fair value

The Fund measures the Economic Rights and amounts attributable to unit holders at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Fund uses the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. The Fund has no Level 3 instruments.

The Fund's amounts attributable to unit holders is a Level 1 instrument as the unit price is quoted on the NZX Main Board, which is considered to be an active market. The Manager considers market prices to be the most representative measure of fair value as they are used by market participants as a practical expedient for fair value measurement.

Where there is a bid and ask price, the Fund uses the price within that range that is most representative of fair value. Where the last traded price is within that range, the Fund uses the last traded price as fair value. Where the last traded price falls outside that range the Fund uses the mid-point between the bid and ask prices.

The market is monitored on an ongoing basis to confirm that it remains active for the purposes of establishing fair value.

Economic Rights are Level 2 instruments as Economic Rights are not listed and there is no active market for Economic Rights assets. Economic Rights are valued using the quoted price of units (which are considered to be a materially comparable instrument) in the Fund listed on the NZX Main Board.

There have been no transfers between the categories in the fair value hierarchy during any of the periods presented.

Capital risk management

The Fund manages its amounts attributable to unit holders as capital, notwithstanding that amounts attributable to unit holders is classified as a financial liability.

While the Fund is capped under Flexible Shareholding, Fonterra continues to monitor the Fund size, relative to total Co-operative shares on issue. Under Flexible Shareholding the aggregate number of Co-operative Shares which are at any time the subject of Fund Arrangements shall not exceed an amount ("Overall Limit") equal to 10% of the total number of Co-operative Shares on issue.

Notes to the Financial Statements CONTINUED

FOR THE YEAR ENDED 31 JULY 2026

2 Economic rights of Fonterra shares

The Economic Rights are held on trust for the Fund by the Custodian under the Fonterra Economic Rights Trust.

	31 JULY 2026	31 JULY 2025
Value of Economic Rights ($ million)	**741**	751
Number of Economic Rights	**107,410,984**	107,410,984

The Economic Rights are measured at fair value, calculated as the number of Economic Rights held multiplied by the established fair value for each Economic Right.

On 14 April 2026, the Fonterra tax free capital return of $2 per share totalling $3.2 billion was paid to shareholders, including a payment of $215 million to the Custodian which was paid directly to the unit holders. 35,803,660 shares were repurchased and cancelled, and one share not repurchased was subdivided into such number of shares as were repurchased, plus one. As a result, the number of shares held by the Custodian remains the same as before the capital return. There was no change to the number of units on issue.

	$ MILLION	
	31 JULY 2026	31 JULY 2025
Opening value of Economic Rights	**751**	424
Movements:		
Revaluation of Economic Rights	**205**	327
Capital return received	**(215)**	–
Closing value of Economic Rights	**741**	751

3 Amounts attributable to unit holders

At 31 July 2026, there were 107,410,984 units on issue (31 July 2025: 107,410,984 units), including one Fonterra unit held by the Custodian, which was issued at inception of the Fund.

The amounts attributable to unit holders is measured at fair value, calculated as the number of units on issue multiplied by the market price per unit at the reporting date. At 31 July 2026, the market price per unit was $6.90 (31 July 2025: $6.99). The fair value after reflecting market price movements during the year ended 31 July 2026 is $741 million attributable to unit holders (31 July 2025: $751 million).

4 Reconciliation of net cash flow from operating activities to profit

	$ MILLION	
	31 JULY 2026	31 JULY 2025
Reconciliation of profit for the year to net cash flows from operating activities		
Profit for the year	**–**	–
Adjustments for:		
– Fair value gain on revaluation of Economic Rights of Fonterra shares	**(205)**	(327)
– Net increase in fair value of amounts attributable to unit holders	**205**	327
– Distributions paid to unit holders	**82**	67
– Capital return received	**215**	–
Net cash flows from operating activities	**297**	67

5 Net assets per security

As at 31 July 2026, the net assets per unit on issue was $6.91 (31 July 2025: $7.00).

6 Commitments and contingent liabilities

The Fund has no material commitments or contingent liabilities as at 31 July 2026 (31 July 2025: nil).

Notes to the Financial Statements CONTINUED

FOR THE YEAR ENDED 31 JULY 2026

7 Related parties

FSF Management Company Limited

FSF Management Company Limited is the Fund's Manager whose sole role is to manage the Fund and its property as a passive investment vehicle under the Trust Deed. Under the Trust Deed, the Manager is not entitled to any fees in respect of its services.

Key Management Personnel

Key Management Personnel (KMP) are those people with the responsibility and authority for planning, directing and controlling the activities of an entity. As the Fund does not have any employees or directors, KMP are considered to be the Directors of the Manager.

As at 31 July 2026 3,500 units with a value of $24,150 were held by KMP (31 July 2025: 150,541 units with a value of $1,052,282).

Fonterra Co-operative Group Limited

Under the Authorised Fund Contract, Fonterra provides administrative services in relation to the Fund for the Manager and meets the operating expenses of the Fund, including the fees of the Directors of the Manager.

The Manager and the Trustee have agreed that Fonterra will meet the day-to-day operating costs of the Fund. In addition, the Fund will use corporate facilities, support functions and services provided by Fonterra. All of these services will be provided at no cost to the Fund.

There are some costs that will not be covered by Fonterra. These principally relate to circumstances where the Manager has breached certain obligations or seeks to bring claims outside the ambit of those which Fonterra has undertaken to pay. In these circumstances, the Manager would have to seek funding from other sources. This could include seeking a resolution of unit holders that they agree to bear the relevant costs through a deduction from distributions that would otherwise be made by the Fund.

Fonterra Farmer Custodian Limited

The Fund has appointed Fonterra Farmer Custodian Limited, a subsidiary of Fonterra, to provide custodian services. The Economic Rights are held on trust for the Trustee by the Custodian under the Fonterra Economic Rights Trust. Custodian services are provided at no cost to the Fund.

As at 31 July 2026, the Custodian holds 107,410,984 (31 July 2025: 107,410,984) Fonterra shares on trust for the Fund.

Fonterra (Delegated Compliance Trading Services) Limited (DCT)

DCT is a wholly owned subsidiary of Fonterra which undertakes delegated compliance trading in the Fund on behalf of Fonterra's farmer shareholders.

On 6 October 2025, DCT made a net purchase of 15,187 units for $89,577 on behalf of Fonterra farmer shareholders participating in the 2025/26 season Delegated Compliance Trading Scheme. In the prior year, on 4 October 2024, DCT made a net purchase of 7,684 units for $27,431. The sale or purchase of units with the Fonterra farmer shareholders are transacted on the same day. Therefore, no units are held by DCT on behalf of Fonterra's farmer shareholders at the close of trading.

Fund expenses

Fonterra, the Manager, the Trustee and the Custodian have entered into the Authorised Fund Contract, which authorises the Fund to operate as an Authorised Fund and regulates the relationship between Fonterra and the Fund.

Under the Authorised Fund Contract all expenses relating to the Fund are incurred and paid by either Fonterra or the Manager. The costs of running the Fund include services by Fonterra for which there is no payment made, as well as services for which the Fund contracts to third parties.

Included within the total expenses incurred and paid by Fonterra during the year ended 31 July 2026 with respect to the Fund are the following amounts paid to KPMG, appointed as auditor of the Fund:

- Fees for the annual audit of the financial statements of $31,000 (31 July 2025: $29,000); and
- Fees for the review of the interim financial statements of $13,000 (31 July 2025: $12,500).

KPMG has not provided any other audit related services during the year ended 31 July 2026 (31 July 2025: nil).

KPMG has not provided any non-audit related services during the year ended 31 July 2026 (31 July 2025: nil).

Notes to the Financial Statements CONTINUED

FOR THE YEAR ENDED 31 JULY 2026

7 Related parties CONTINUED

Dividends received from Fonterra

The dividends received are presented in the following table.

	$ MILLION	
DIVIDENDS	**YEAR ENDED 31 JULY 2026**	YEAR ENDED 31 JULY 2025
2026 Interim dividend received – 24 cents per Economic Right[1]	**26**	–
2026 Special dividend received – 16 cents per Economic Right[2]	**18**	–
2025 Final dividend received – 35 cents per Economic Right[3]	**38**	–
2025 Interim dividend received – 22 cents per Economic Right[4]	**–**	24
2024 Final dividend received – 40 cents per Economic Right[5]	**–**	43

1 This was distributed on to unit holders on 14 April 2026 and represented a cash distribution of 24 cents per unit, which included a $0.4 million supplementary dividend for non-resident unit holders.
2 This was distributed on to unit holders on 14 April 2026 and represented a cash distribution of 16 cents per unit, which included a $0.3 million supplementary dividend for non-resident unit holders.
3 This was distributed on to unit holders on 15 October 2025 and represented a cash distribution of 35 cents per unit, which included a $0.6 million supplementary dividend for non-resident unit holders.
4 This was distributed on to unit holders on 8 April 2025 and represented a cash distribution of 22 cents per unit, which included a $0.3 million supplementary dividend for non-resident unit holders.
5 This was distributed on to unit holders on 11 October 2024 and represented a cash distribution of 40 cents per unit.

The Distribution Reinvestment Plan (DRP) did not apply to the distributions to unit holders above. The DRP was terminated on 2 September 2026.

Unclaimed distributions to unit holders of $1 million (31 July 2025: $1 million) are recognised as distributions payable in the Statement of Financial Position.

8 Subsequent events

Declaration of distribution

On 23 September 2026, the Board of Directors of Fonterra declared a fully imputed final dividend of 33 cents per share. Following Fonterra's dividend declaration, the Board of the Manager declared a distribution of 33 cents per unit for the year ended 31 July 2026. The distribution will be paid on 15 October 2026 to the unit holders on the register at 1 October 2026.

Changes in unit price

Units are traded on the NZX and accordingly the unit price changes regularly, including during the period between balance date and the date these financial statements were authorised for issue. Changes in the market price of the units result in a corresponding change in the value of the Economic Rights asset held by the Fund. Daily unit prices are available on the NZX website.

Independent Auditor's Report

FOR THE YEAR ENDED 31 JULY 2026

To the Unit Holders of Fonterra Shareholders' Fund

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 July 2026;
- the statements of comprehensive income, changes in amounts attributable to Unit Holders and cash flows for the year then ended; and
- notes, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements of Fonterra Shareholders' Fund (the **Fund**) on pages 6 to 14 present fairly, in all material respects:

- the Fund's financial position as at 31 July 2026 and its financial performance and cash flows for the year ended on that date; and
- in accordance with New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**) issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs** (**NZ**)). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Fonterra Shareholders' Fund in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (**IESBA Code**), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with Professional and Ethical Standards 1 and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the Fund.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. The materiality for the financial statements as a whole was set at $7,420,000 determined with reference to a benchmark of the Fund's total assets. We chose the benchmark because, in our view, this is a key measure of the Fund's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. The Fund only invests in Economic Rights of Fonterra Shares (Economic Rights). The value of the Economic Rights is based on the price of the Units in the Fund which are quoted on the NZX Main Board. Given the nature of the Fund's operations, we have determined that there are no key audit matters to communicate in our report.

Other information

The Manager, on behalf of the Fund, is responsible for the other information. The other information comprises information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated.

If, based on the work we have performed, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This independent auditor's report is made solely to the Unit Holders as a body. Our audit work has been undertaken so that we might state to the Unit Holders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the Unit Holders for our audit work, this independent auditor's report, or any of the opinions we have formed.

Independent Auditor's Report CONTINUED

FOR THE YEAR ENDED 31 JULY 2026

Responsibilities of the Manager for the financial statements

The Manager, on behalf of the Fund, is responsible for:

- the preparation and fair presentation of the financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board;
- implementing the necessary internal control to enable the preparation of a set of financial statements that is free from material misstatement, whether due to fraud or error; and
- assessing the ability of the Fund to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board (XRB) website at: https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-2/

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Jodi Newth.

For and on behalf of:

KPMG

KPMG
Auckland

23 September 2026

Statutory information

FOR THE YEAR ENDED 31 JULY 2026

Twenty largest unit holders

As at 31 July 2026

UNIT HOLDER	NUMBER OF UNITS	% OF TOTAL ISSUED UNITS
New Zealand Depository Nominee Limited	11,272,310	10.49
BNP Paribas Nominees (NZ) Limited - NZCSD <BPSS40>	4,987,175	4.64
Accident Compensation Corporation	4,808,391	4.48
BNP Paribas Nominees (NZ) Limited - NZCSD	3,931,016	3.66
HSBC Nominees (New Zealand) Limited	3,464,896	3.23
Custodial Services Limited	2,815,008	2.62
Forsyth Barr Custodians Limited	2,551,737	2.38
JBWere (NZ) Nominees Limited <NZ Resident A/C>	1,441,376	1.34
Apex Custodian Nominees (NZ) Limited	1,375,384	1.28
Citibank Nominees (New Zealand) Limited	1,338,603	1.25
FNZ Custodians Limited	932,521	0.87
Snow View Dairy Ltd	848,162	0.79
Michael Douglas Hammond & Helen Mavis Hammond & Leigh Joseph Horton	770,270	0.72
Leo Francis Dooley	755,000	0.70
Peter John Dooley	685,000	0.64
Century Securities Limited	600,000	0.56
HSBC Nominees A/C NZ Superannuation Fund Nominees Limited	581,679	0.54
David Mitchell Odlin	555,191	0.52
Peter Thomas Borrie & Adrienne Helen Borrie	528,304	0.49
JBWere (NZ) Nominees Limited <NR USA A/C>	433,375	0.40
	44,675,398	41.59
Total quoted units on issue	**107,410,983**	**100.00**

Statutory information CONTINUED

FOR THE YEAR ENDED 31 JULY 2026

Spread of unit holders

As at 31 July 2026

SIZE OF HOLDING	NUMBER OF HOLDERS	NUMBER OF UNITS	% OF TOTAL ISSUED UNITS
1 - 1,000	2,482	1,150,937	1.07
1,001 - 5,000	2,234	5,638,180	5.25
5,001 - 10,000	658	5,069,137	4.72
10,001 - 100,000	875	30,661,552	28.55
100,001 and over	139	64,891,178	60.41
Total[1]	**6,388**	**107,410,984**	**100.00**

1 Total includes the Fonterra unit (which is not quoted).

Substantial product holders

As at 31 July 2026 no unit holders had filed substantial product holder notices in accordance with the Financial Markets Conduct Act 2013.

As at 31 July 2026 the Fund had 107,410,983 quoted units, and one Fonterra unit, on issue.

Directors' remuneration

Under the Authorised Fund Contract, Fonterra is responsible for the payment of all director fees payable to the Directors (including former Directors) of the Manager. During the 12 months ended 31 July 2026, Fonterra paid the following amounts to the Directors in the form of fees:

DIRECTOR	TOTAL REMUNERATION ($)
Mary Jane Daly (Chair)	90,000
Carlie Eve	60,000
Alastair Hercus	60,000

These amounts exclude GST, where applicable. Directors of the Manager are not paid any additional remuneration for their roles on the Board committees.

Currently, Directors of the Manager that have been appointed by Fonterra are not paid any remuneration, in addition to their remuneration as Directors of Fonterra, for their service on the Board of the Manager.

New disclosures of directors' interests in securities

There were no new disclosures of relevant interests in units of the Fund made by Directors during the year ended 31 July 2026.

Disclosure of directors' interests in securities transactions

Directors disclosed that they (or their associated persons) acquired or disposed of a relevant interest in units of the Fund during the year ended 31 July 2026 as follows:

DIRECTOR	NUMBER OF SECURITIES ACQUIRED / DISPOSED	CONSIDERATION ($)	DATE OF TRANSACTION
Andy Macfarlane[1]	(20,000)	166,400	19 December 2025
	(17,187)	142,155	22 December 2025
	(30)	248	6 January 2026
	(5,000)	40,750	20 January 2026
	(5,000)	40,750	26 January 2026
	(6,545)	53,473	29 January 2026
	(1,455)	11,915	30 January 2026
	(613)	4,965	3 February 2026
	(4,226)	34,526	25 February 2026
	(5,774)	47,289	27 February 2026
	(10,000)	82,000	2 March 2026
	(20,000)	164,000	3 March 2026
	(10,000)	81,900	4 March 2026
	(17,894)	149,415	5 March 2026

1 Andy Macfarlane ceased as a Director in December 2025. Directors remain subject to disclosure requirements for relevant interests in quoted financial products, and dealings in relevant interests of quoted financial products, for six months after ceasing to hold office.

Holdings of directors of the manager

As at 31 July 2026

The following Directors of the Manager have disclosed relevant interests in units of the Fund:

DIRECTOR	NUMBER OF UNITS	NATURE OF INTEREST
Mary Jane Daly (Chair)	3,500	Power to control and exercise a right to vote and to control the acquisition and disposal of these units

Statutory information CONTINUED

FOR THE YEAR ENDED 31 JULY 2026

Interests register

The Manager is required to maintain an interests register in which the particulars of certain transactions and matters involving the Directors of the Manager must be recorded. The interests register is available for inspection on request.

General disclosures of interest

During the financial year, Directors of the Manager disclosed new interests (including changes to previously disclosed interests), or a cessation of interests (indicated in *italics*), in the following entities pursuant to section 140 of the Companies Act 1993:

DIRECTOR	NATURE OF INTEREST
Mary Jane Daly (Chair)	Chair, Partners Group Holdings Limited
	Member, Risk & Advisory Committee at the Ministry of Business, Innovation and Employment (notified in November 2025 as ceased)
Carlie Eve	Director, ASB Group Investments Limited
	Shareholder, Amplifi Group Limited (notified in January 2026 as ceased)
Alastair Hercus	Board member, Financial Markets Authority
	Interim Chief Executive Officer, Financial Markets Authority
	Deputy Chair, Natural Hazards Commission Toka Tū Ake
	Independent member of Risk and Assurance Committee, Queenstown Lakes District Council
	Trustee and Board member, Stroke Aotearoa New Zealand
	Trustee, ASL Trust (notified in January 2026 as ceased)
	Director, Co-operative Life Limited (notified in July 2026 as ceased)
	Board member, Financial Markets Authority (on leave of absence from July 2026)
	Chair, Risk and Advisory Committee of Ministry of Business, Innovation and Employment (notified in December 2025 as ceased)
	Trustee, Tracey Mac Trust (notified in January 2026 as ceased)
Michelle Pye	Director and Shareholder, Barnscroft Dairy Limited
	Director and Shareholder, Cloverdene Dairy Limited
	Director and Shareholder, Dialan Dairy Limited
	Director, FSF Management Company Limited
	Director and Shareholder, Grantlea Dairy Limited
	Director and Shareholder, Highfield Farm Holdings Limited
	Director and Shareholder, Hororata Pastures Limited
	Trustee and Beneficiary, L J & M L Pye Trust
	Director and Shareholder, Long Lane Farm Limited
	Director and Shareholder, Mildara Pastures Limited
	Board member, Potatoes New Zealand
	Director and Chair, Potato Seed Co-operative Limited
	Director, Potato Seed Storage Limited
	Director and Shareholder, Pye Group Limited
	Trustee and Beneficiary, Pye Property Trust
	Director and Shareholder, Pye Trustees Limited
	Indirect Shareholder, Riverton Pastures Limited
	Director and Shareholder, South Park Farm Limited
	Director and Shareholder, South Stream Dairy Limited
	Director and Shareholder, Straven Dairy Limited
	Director and Shareholder, Two Chain Dairy Limited
	Councillor and Committee member, Timaru District Council

Specific disclosures of interest

During the financial year, no Director of the Manager specifically disclosed any transaction in which that Director had entered into with the Manager.

Use of information by Directors

During the year ended 31 July 2026, there were no notices from Directors requesting to disclose or use information received in their capacity as Directors which would not otherwise have been available to them.

Indemnity and insurance

Fonterra has effected insurance for the Directors of the Manager, and the Manager has given indemnities to its Directors in accordance with section 162 of the Companies Act and clause 7.2 of the Manager's Constitution. Except for specific matters that are expressly excluded (such as the incurring of penalties and fines that may be imposed for breaches of law), Directors are indemnified and insured against monetary losses as a result of actions undertaken by them in the course of their duties.

Statutory information CONTINUED

FOR THE YEAR ENDED 31 JULY 2026

Donations

No donations, including political donations, were made by the Fund or the Manager during the financial year ended 31 July 2026 (31 July 2025: nil).

NZX diversity reporting requirements

The table below provides a quantitative breakdown as to the gender composition of the Board of the Manager as at 31 July 2026.

	SELF-IDENTIFY AS FEMALE		SELF-IDENTIFY AS MALE	
AS AT 31 JULY	**2026**	2025	**2026**	2025
Directors	**3**	2	**2**	3

There are no Officers of the Manager.

NZX waivers

A summary of waivers and approvals granted by NZ RegCo in relation to the NZX Listing Rules, which have been relied upon by the Fund in the year ended 31 July 2026, can be found at www.fonterra.com in the 'Investors/Fonterra Shareholders' Fund' section under the heading 'Exchange Waivers'.

NZX trading halts

On 8 April 2026 NZX Regulation Limited (NZ RegCo), at the request of Fonterra, placed a trading halt on Fonterra shares and units in the Fund. The trading halt was in place to allow the trades of the FSF units to settle and to prevent any FSF trading while NZX and the share registry processed a capital return for Fonterra shareholders. The trading halt remained in effect until the market opened on 13 April 2026.

NZX non-standard designation

The Fonterra Shareholders' Fund has been granted a 'Non-Standard' ("NS") designation by NZ RegCo. This designation was granted because of the unique governance arrangements and unit holder restrictions.

Corporate Governance Statement

FOR THE YEAR ENDED 31 JULY 2026

Background

The Fund is a registered managed investment scheme under the Financial Markets Conduct Act 2013. The Fund is required to have a supervisor (trustee) and a manager. The role of the trustee is to hold the economic benefit of shares held by the Fonterra Farmer Custodian for the benefit of the trustee of the Fund. The role of the Manager is to issue or offer units in the Fund and to manage the property of the Fund.

The Manager does not have any employees. Under the Authorised Fund Contract, Fonterra has agreed to provide the Fund with administrative services and to meet the costs of the general business of the Fund, including paying the fees and expenses of the Directors.

The Trust Deed defines a narrow function of the Fund which is, in summary to:

- issue units when new Economic Rights of Fonterra shares are held for the benefit of the Fund;
- redeem units when required by a farmer shareholder, Fonterra or the registered volume providers and direct that the Fonterra Farmer Custodian transfers Fonterra shares to the farmer shareholder, Fonterra or the Fonterra Farmer Custodian on behalf of the registered volume providers seeking that redemption; and
- not undertake other trading activities.

The Fund is to be 'passive', i.e., it does not actively solicit Economic Rights or the redemption of units except for undertaking the initial supply offer.

Corporate Governance Principles

The Board's corporate governance statement takes into consideration contemporary standards in New Zealand, including the NZX Corporate Governance Code (31 March 2026 edition) (NZX Code).

This corporate governance statement adopted by the Board is current as at 23 September 2026 and reflects the Board's role as a manager of a fund with limited operational activity, which in several ways is different to the corporate governance structure appropriate for a traditional listed company carrying on an operating business.

Given the special purpose nature of the Fund, as at 31 July 2026, the Manager has determined that a number of the recommendations in the NZX Code are not appropriate for the Fund or are not relevant.

In accordance with the NZX Listing Rules, the Manager has disclosed in this corporate governance statement a summary of the corporate governance policies, practices and processes adopted or followed during the year ended 31 July 2026 or explained why the Manager has decided to not comply with a particular recommendation (or part thereof) of the NZX Code.

References to 'Board' and 'Directors' in this statement are to the Board and Directors of the Manager. The Board of the Manager has approved this corporate governance statement.

Corporate Governance Statement CONTINUED

FOR THE YEAR ENDED 31 JULY 2026

Principle 1: Ethical Standards

Code of Conduct

The Manager has a well-established Code of Conduct that, together with the Board Charter, sets ethical standards for each member of the Board of the Manager. The Code of Conduct guides the Directors on:

- the practices necessary to maintain confidence in the Manager's integrity; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Code of Conduct and Board Charter are available on www.fonterra.com in the 'Investors/Fonterra Shareholders' Fund' section under the heading 'Charters and Policies' and was last updated in March 2025. The NZX Code (31 March 2026 edition) did not result in changes to these documents.

While the Manager has no employees, Fonterra has Whistleblower procedures in place which apply to Fonterra employees who provide services to the Fund.

Securities Trading Policy and Standard

The Manager has adopted Fonterra's Securities Trading Policy and Securities Trading Standard that detail the rules for trading in units and other securities of Fonterra. The Policy and Standard are available on www.fonterra.com and apply to Directors of the Manager and Directors, officers, employees and contractors of Fonterra in addition to legal prohibitions on insider trading in New Zealand.

Directors' Unit Holdings

The Independent Directors of Fonterra who are also appointed to the Board of the Manager are prohibited from acquiring any relevant interest in units. The other Directors of the Manager may acquire units, and to the extent any units are acquired, these acquisitions will be disclosed to the market as required by law.

Principle 2: Board Composition and Performance

Board Charter

The Board has statutory responsibilities for the activities of the Manager and the Fund.

The roles and responsibilities of the Board are set out in its Board Charter. Its roles and responsibilities include:

- monitoring the performance of the Fund and the implementation of its objectives;
- monitoring compliance with the legal and regulatory requirements and ethical standards; and
- monitoring compliance with, and ensuring the unit holders' interests are managed and protected in accordance with, the constituent documents for the Fund.

Given the Fund's limited operational activity, the Manager has limited discretion in respect of the day-to-day management of the Fund. To the extent that any material exercise of discretion or other decision-making authority is required, that discretion or authority is exercised by the Board.

The Board seeks independent professional advice when it considers that appropriate. Fonterra pays the costs of independent professional advice in accordance with the Authorised Fund Contract.

The Board Charter is available on www.fonterra.com in the 'Investors/Fonterra Shareholders' Fund' section under the heading 'Charters and Policies'.

Board Appointments

The constitution of the Manager provides for five Directors and sets out how they are appointed.

In accordance with the procedure set out in the Trust Deed, unit holders are entitled to elect three Directors (Elected Directors) and may remove and replace any Elected Director.

The three Elected Directors must be 'Independent Directors' for the purposes of the NZX Listing Rules. At the date of this statement the three Elected Directors are Mary Jane Daly, Carlie Eve and Alastair Hercus. One Elected Director is required to retire at each annual meeting of the Fund. The Chair of the Board must be one of the three Elected Directors. Mary Jane Daly is the Chair.

The remaining two Directors are appointed, and can be replaced, by Fonterra. There is no requirement as to who the Fonterra-appointed Directors must be. While they need not be Directors of Fonterra, the current people that Fonterra has appointed (Michelle Pye and John Nicholls) are both Directors of Fonterra.

Corporate Governance Statement CONTINUED

FOR THE YEAR ENDED 31 JULY 2026

Principle 2: Board Composition and Performance CONTINUED

The Board has developed a skills matrix for the Board of the Manager which includes governance experience, preferably of a listed entity, financial and capital markets knowledge, knowledge of key investor drivers, an understanding of co-operatives, and risk management experience. An assessment was completed of each Director on the Board in the 2026 year to confirm the Board had these skills and experience.

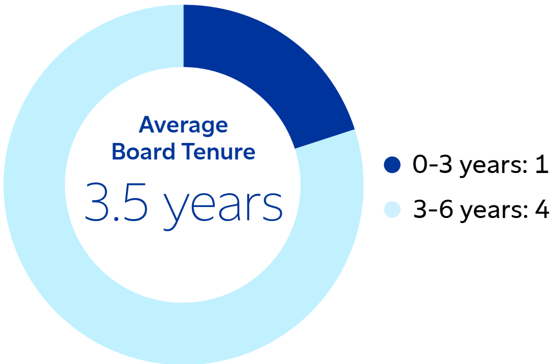
The Manager has written agreements with each of its Directors.

Disclosure

Information about each Director (including experience, length of service, independence and ownership interests and attendance at Board meetings) is disclosed below or in the 'Our Board' section of this annual report.

Board Tenure

The graphic below shows the tenure of the current Board members including the average length of service on the Board.



Board and Audit and Risk Committee Attendance

The following table reports attendance of Directors at Board and Audit and Risk Committee meetings during the 2026 reporting period. Board and Audit and Risk Committee meetings are held together.

Board/Audit and Risk Committee Meetings 1 August 2025 – 31 July 2026

	BOARD		AUDIT AND RISK COMMITTEE	
	MEETINGS	ATTENDED	MEETINGS	ATTENDED
Mary Jane Daly	3	3	3	3
Carlie Eve	3	3	3	3
Alastair Hercus	3	3	3	3
Andy Macfarlane	1	1	1	1
John Nicholls	3	3	3	3
Michelle Pye	2	2	2	2

In addition to the above, all current members of the Board attended the Annual Meeting of unit holders, held on 15 December 2025.

Diversity Policy

Given the small size of the Board, and as Directors are either elected by unit holders or appointed by Fonterra, the Manager has not followed recommendation 2.5 of the NZX Code and has not implemented a gender diversity policy for the Board.

See the table under the 'NZX Diversity Reporting Requirements' section of this annual report, which provides a quantitative breakdown as to the gender composition of the Board of the Manager and Officers of the Manager as at 31 July 2026.

Director Training

Directors are expected to keep themselves abreast of changes and trends in economic, political, social and legal climate generally. Directors are also expected to keep up to date with governance issues.

The Manager requests the Management of Fonterra to provide Fonterra-specific training to remain current on how best to perform their duties as Directors of the Manager.

Performance Assessment

The Board assesses its performance against its role and the Board Charter and the performance of the Audit and Risk Committee against the Audit and Risk Committee Charter.

Corporate Governance Statement CONTINUED

FOR THE YEAR ENDED 31 JULY 2026

Principle 2: Board Composition and Performance CONTINUED

Director Independence

As at 31 July 2026, the Board of the Manager comprised five Directors. The Board has considered which of the Directors are Independent Directors for the purposes of the NZX Listing Rules and has determined that, as at 31 July 2026, Mary Jane Daly, Carlie Eve and Alastair Hercus are Independent Directors.

As such, a majority of the Board of the Manager are 'Independent Directors' for the purposes of the NZX Listing Rules.

The factors relevant to determining whether a Director is an Independent Director are the criteria in the NZX Listing Rules for Independent Directors, including having regard to the factors described in the NZX Code that may impact Director independence.

Division of Roles

In accordance with the Trust Deed the Chair of the Board must be one of the three unit holder Elected Directors, who are required to be Independent Directors.

The Manager does not have a CEO, so recommendation 2.10 of the NZX Code that the Chair and the CEO must be different people is not applicable.

Company Secretary

The Company Secretary for the Manager is currently Fonterra's Director of Legal and has a direct line of communication with the Chair of the Board (and by default, the Audit and Risk Committee (which is the Board)).

The Company Secretary is not paid by the Manager.

Principle 3: Board Committees

Audit and Risk Committee

The Board acts as the Audit and Risk Committee for the Fund. The Chair of the Audit and Risk Committee is the Chair of the Board. Due to the limited nature of the Fund's operations, the Board does not consider it necessary to comply with recommendation 3.1 of the NZX Code to have a separate Chair for the Audit and Risk Committee.

Mary Jane Daly and Carlie Eve (independent directors), and also Michelle Pye each have an accounting or financial background.

The Board acting as Audit and Risk Committee is responsible for:

- providing oversight in relation to financial reporting and regulatory compliance; and
- reviewing financial reporting processes, internal controls, the audit process and the process for monitoring legal and regulatory compliance.

The Manager has implemented a formal Audit and Risk Committee Charter which sets out the responsibilities of the Audit and Risk Committee in full and establishes a framework for the Fund's relationship with its external auditor. The Audit and Risk Committee Charter is available at www.fonterra.com in the 'Investors/Fonterra Shareholders' Fund' section under the heading 'Charters and Policies'.

Under the Trust Deed that governs the Fund, Fonterra's external auditor is also appointed as auditor of the Fund unless Fonterra requires a different auditor. The Board of the Fund oversees the work of the external auditor and also acts as a forum for communication between the Board and the auditor where appropriate. The Audit and Risk Committee asks the external auditor to attend the annual unit holder meeting and be available to answer questions relevant to the financial statements.

Remuneration Committee

Given the small size of the Board and the fact the Fund has no employees, the Manager has not established a separate Remuneration Committee and therefore has decided not to follow recommendation 3.3 of the NZX Code.

Under the Authorised Fund Contract, Fonterra is responsible for the payment of all director fees payable to the Directors of the Manager.

The remuneration of the Directors of the Manager may be reviewed and adjusted from time to time.

Nominations Committee

Given the small size of the Board, the Manager has not established a separate Nominations Committee to recommend director appointments to the Board and therefore has decided not to follow recommendation 3.4 of the NZX Code. The Board is appointed in accordance with the Trust Deed and the constitution of the Manager. The Board is responsible for establishing the criteria for determining the suitability of potential Elected Directors and recommending persons suitable for appointment to the Board.

Other Committees

As recommended by recommendation 3.5 of the NZX Code, the Board has considered whether it is necessary or appropriate to have any other Board Committees as standing committees. Given the Fund's limited operational functions, the Board decided it was not appropriate to have any other Board committees as standing committees.

No Control Transaction Policy

Given the Fund cannot have any controlling interest in Fonterra, the Manager has not established protocols that set out the procedure to be followed if there is a "control transaction" (such as a takeover offer or scheme of arrangement) for the Fund (as contemplated by recommendation 3.6 of the NZX Code).

Corporate Governance Statement CONTINUED

FOR THE YEAR ENDED 31 JULY 2026

Principle 4: Reporting and Disclosure

Continuous Disclosure

The Board aims to ensure that unit holders are informed of all major developments affecting the Fund. Information is communicated to unit holders through NZX annual report and half and full-year results announcements.

Fonterra and the Manager have agreed to take all steps reasonably required to ensure that information to be disclosed by either of them under the NZX Listing Rules (other than any information to be disclosed by Fonterra which only relates to any quoted debt securities issued by Fonterra) is disclosed simultaneously to the NZX Main Board under both the listing code relating to Fonterra and the listing code relating to the Fund.

The Manager does not consider it necessary to comply with recommendation 4.1 of the NZX Code and to have its own continuous disclosure policy. Due to the relationship between units and Fonterra shares, the majority of continuous disclosure announcements are made by Fonterra in relation to matters affecting Fonterra and the value of Fonterra shares (and by implication the value of units).

Fund Related Documents

At present the Fund has the following documents available on www.fonterra.com relating to its governance:

- Board Charter
- Audit and Risk Committee Charter
- Code of Conduct
- Fonterra Group Securities Trading Policy and Securities Trading Standard
- Trust Deed
- Authorised Fund Contract
- A summary of key entitlements for unit holders and the Maximum Holding Restriction
- Fund Size Risk Management Policy
- Fund Prospectus and Investment Statement
- Summary of NZX Waivers

Financial and Non-Financial Reporting

The Manager partially complies with recommendation 4.3 of the NZX Code in that it provides financial reporting that is balanced, clear and objective.

Given the Fund's limited operational functions, the Manager does not consider it necessary to comply with recommendation 4.4 of the NZX Code that recommends it provide non-financial disclosures annually.

Principle 5: Remuneration

Neither the Manager nor Fonterra award options or provide for retirement benefits to directors. No special exertion benefits, additional to director fees, are or will be paid without unit holder approval.

As the Manager does not have any employees, it cannot provide any golden parachutes/golden handshakes to executives. The Manager also does not provide any special retirement allowances or the likes to departing directors.

Further details of the Directors' remuneration are contained under 'Directors' Remuneration' within the Statutory Information section.

Remuneration Policy

Given the small size of the Board, the fact that the Fund has no employees or CEO, and in light of the arrangements with Fonterra around director remuneration, the Manager has decided not to comply with recommendations 5.2 and 5.3 of the NZX Code.

Principle 6: Risk Management

The Board is responsible for the risk management of the Fund, including:

- reviewing the principal risks contained in the risk profile of the Fund on an annual basis;
- ensuring that a risk management framework is established which includes policies and procedures to effectively identify, treat and monitor principal business risks, including consideration of internal audit;
- at least annually assessing the effectiveness of the implementation of the risk management system; and
- monitoring compliance with the risk management framework.

Given the Fund's limited operational functions, its general risk and health and safety risk profiles are limited. The management of risks relating to Fonterra's operations and which may affect the value of Fonterra shares and dividends (and therefore the value of units and distributions flowed through to unit holders) is a matter for the Board and Management of Fonterra and is beyond the control of the Manager Board. On this basis, the Manager has decided not to follow recommendations 6.1 and 6.2 of the NZX Code.

To the extent that there are risks that specifically impact the operation of the Fund, the Board reviews the management of those risks at quarterly intervals. Specific areas of risk reviewed are:

- Regulatory compliance
- Investor confidence
- Data security
- People (Fonterra employees responsible for day-to-day operations of the Fund)

Corporate Governance Statement CONTINUED

FOR THE YEAR ENDED 31 JULY 2026

Principle 7: Auditors

External Audit

The Audit and Risk Committee Charter provides a framework for the Fund's relationship with its external auditor.

Under the Trust Deed that governs the Fund, Fonterra's external auditor is also appointed as auditor of the Fund unless Fonterra requires a different auditor. The Board of the Fund oversees the work of the external auditor and also acts as a forum for communication between the Board and the auditor where appropriate.

KPMG has been appointed the external auditor for seven consecutive years. The lead audit partner has served for two consecutive years.

The appointed external auditor has historically attended the annual unit holder meeting, and the lead audit partner is available to answer relevant questions from unit holders at that meeting.

Internal Audit

Due to the nature of the Manager's role as a manager of a fund with limited operational activity, recommendation 7.3 of the NZX Code has not been followed and the Manager has no formal or informal internal audit functions.

Principle 8: Unit Holder Rights and Relations

Investor Centre Website

Fonterra maintains a dedicated investor webpage at www.fonterra.com under 'Investors'. This website is an important part of the Manager's communication with unit holders. It contains financial information, current and historical annual reports and presentations, dividend and distribution information and other relevant information pertaining to the Fund. The website is freely accessible to the public and is updated regularly.

Electronic Communications

The Manager provides an Investor Relations email address which provides unit holders a mechanism by which they can communicate electronically with the Manager on any matters relating to their investment. All unit holder-related enquiries are provided with a response within a reasonable timeframe.

Investors who have provided the Manager with an email address will be sent annual and interim reports electronically unless they expressly opt to receive hard copy reports and will receive other communications electronically where requested. Unit holders are strongly encouraged to provide an email address.

The 2025 Annual Meeting was held as a hybrid meeting. All unit holders had the opportunity to attend, participate and vote either in person or online. Unit holders were also able to ask questions in person or online via the online platform during the Annual Meeting. An Online Meeting Guide was provided to unit holders prior to the 2025 Annual Meeting.

Voting

Under the Trust Deed the Manager and Fonterra need to comply with the provisions of all applicable Listing Rules before taking action affecting the rights attached to any unit.

Maximum Holding Restriction

Under the Trust Deed, no unit holder and its associates (excluding Fonterra) can hold, or have a "relevant interest" in, more than 15% of the units on issue or 15% of the voting rights in the Fund, whichever is lower.

The Trust Deed also contains enforcement provisions to ensure compliance by unit holders with this restriction. If Fonterra determines that a unit holder is in breach of this restriction, Fonterra may determine that the unit holder is not entitled to vote some or all of the units it holds in breach of the restriction and can require that the unit holder dispose of the units held in breach of the restriction. If the units are not disposed of, the Manager or Fonterra can arrange for their disposal.

Capital Raising

As the Fund has not sought additional equity capital during the year, the Board has not needed to follow recommendation 8.4 of the NZX Code which recommends the new equity capital raising be undertaken on a pro rata basis.

Unit Holder Meetings

Mechanisms are in place to promote effective two-way communication with unit holders and to encourage their participation at unit holder meetings, including:

- the Manager releasing to the NZX Main Board market announcement platform all information sent to unit holders and will comply with the NZX Listing Rules with respect to unit holder communications; and
- notices of meetings, which are sent to unit holders at least 20 working days before a meeting and can be found at www.fonterra.com in the 'Investors/Fonterra Shareholders' Fund' section under the heading 'Reports and Annual Meetings Documentation'.

A unit holder may raise matters for discussion or resolution at general meetings, by giving written notice to the Manager. If the notice is received more than 25 working days before the last day on which notice of the meeting is due, the Manager is required, at the expense of the Fund, to give notice of the unit holder proposal and to provide the text of any proposed resolution to all unit holders entitled to receive notice of the meeting. The unit holder proposing the resolution has the right to prepare a statement in support of the proposal to include with the notice of meeting (clause 14.1 of the Schedule to the Trust Deed).

Directory

Registered Office of the Manager of the Fund

109 Fanshawe Street
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Directors of the Manager of the Fund

Mary Jane Daly
Carlie Eve
Alastair Hercus
Andy Macfarlane – Resigned 15 December 2025
John Nicholls
Michelle Pye – Appointed 15 December 2025

Company Secretary

Jackie Floyd

Supervisor

The New Zealand Guardian Trust Company Limited
Level 6, 191 Queen Street
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New Zealand

Auditor of the Fund and the Manager of the Fund

KPMG
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New Zealand

Legal Advisers to the Manager of the Fund

Chapman Tripp
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15 Customs Street West, Auckland 1010
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Share Registrar – New Zealand

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Annual Report 2026

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