

Market Announcement

12 November 2026

Fonterra announces ceased supplier shareholding changes

Fonterra Co-operative Group Ltd has announced upcoming changes to the sell-down requirements for shares held by those no longer supplying milk to the Co-op.

Fonterra is implementing a more defined framework around share sell-down requirements to further strengthen the Co-operative's capital structure going forward.

From the compliance date of the season beginning 1 June 2027, ceased suppliers will move to a more staged reduction requirement for shares they may choose to hold onto after ceasing supply. They will need to either:

- Sell their shares progressively each year over their reduction period – either 3, 5 or 10 years - as set out below; or
- Waive their right to receive dividends going forward on shares they would otherwise be required to sell progressively each year – noting that all shares must still be sold before their reduction period ends in 3, 5 or 10 years.

The amount to be sold or subject to dividend waiver each year will depend on the length of the reduction period:

- **10-year reduction period** – applies to ceased suppliers who were shareholders on 9 December 2021. The minimum sell or dividend waiver is one tenth by each season's compliance date.
- **5-year reduction period** – applies to ceased suppliers who became shareholders after 9 December 2021. The minimum sell or dividend waiver is one fifth by each season's compliance date.
- **3-year reduction period** – applies to ceased suppliers who were associated shareholders. The minimum sell or dividend waiver is one third by each season's compliance date.

These requirements will also apply to permitted transferees (being eligible family members or related entities of former suppliers), with their reduction period aligning to that of the ceased supplier who they obtained their shares from.

Supplying shareholders do not need to take any action.

Background

When Flexible Shareholding was introduced in 2023, the timeframe by which ceased suppliers could hold onto shares was extended to provide flexibility during a period when Fonterra's share price was adjusting to the change.

Since then, the Co-op's performance has strengthened, supporting higher returns to shareholders and a recovery in the share price. Over time, this has contributed to a build-up of shares held by ceased suppliers and their permitted transferees.

As at 6 November 2026, ceased suppliers and their permitted transferees held approximately 213 million shares, around 13% of shares on issue.

Fonterra considers a more structured approach better balances the interests of supplying and ceased shareholders, while supporting a healthy, liquid share market for the future.

Further details will be provided between now and 1 June 2027, including what ceased suppliers need to do if they choose to waive dividends.

Additional information is available at fonterra.com. Shareholders are encouraged to seek independent advice in relation to buying and selling shares.

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