

Jan Marten Kingma

I am a Dutch born New Zealand dairy farmer with extensive international business experience. I have held managerial and board positions within a diverse range of industries.

I am fully committed to Fonterra and its cooperative model: we own the company and together are responsible for its health and future growth. I am willing to fulfill my share of that responsibility by standing for a Directorship.

Fonterra going global

Fonterra is developing into a truly globalized company. This is reflected in its products, its markets, the nationalities of its staff, and the cultures of its local organizations.

That message hit home when I attended the opening of the new Fonterra regional office in Amsterdam (the Netherlands). I saw a young and dedicated team of professionals – originating from Russia to Argentina – joined in their ambition to serve our ingredients customers and consumers worldwide with superb and tailor-made Fonterra products.

But this evolving international reality is yet to be mirrored in Fonterra's boardroom.

My candidacy and contribution to a global Fonterra

My candidacy is based upon two convictions:

1. **The Fonterra Board needs more diversity – especially more international diversity.**

The Board of Fonterra, as the ultimate decision making body, defines the future of the company and farmers in equal measure. Research has shown time and time again that decisions taken by a diverse group of people are better than those taken by a homogenous group – and the more diversity, the better.

Increasing diversity can be as simple as creating a group that consists of two genders, rather than one; or one that represents multiple backgrounds or age groups instead of just one.

It follows that Fonterra's 9 farmer directors, whilst naturally sharing a dairy background, should be as different as possible in terms of their other attributes and expertise. A quick glance at the composition of our present Board suggests that such diversity is not its defining feature.

2. **I can add diversity through my international business background.**

I believe that I can add – if only a little bit – some needed diversity to Fonterra's Board and thereby improve its decision making process. In an ideal world I would be a Chinese farmer's daughter, grown-up in Hong Kong, educated in Europe, my career made in the USA and having become a dairy farmer in New Zealand – which would be an ideal Director's profile from my vantage point. Unfortunately I cannot quite offer that, but electing me could be a first step to diversifying and broadening the base of experience within Fonterra's Board.

My expertise and attributes relevant to the position of Director

I purchased a dairy farm in Southland in 2006 choosing to become a Fonterra shareholder then. Purchasing this farm has been a life-time wish since my wife Josien and I visited New Zealand twice in the 1970's.

I became a New Zealand permanent resident in 2006, after growing up, being educated and having gained most of my business experience in Europe. I have travelled extensively; as an exchange student I finished my senior year in High School in the USA, taking the opportunity to travel the length and width of the country. Visiting most of South East Asia, Southern America, and parts of Africa since has enabled me to see and – more importantly – feel, sense and experience much of what we call developing and emerging countries today: countries that will account for increasing business opportunities for Fonterra in the years to come.

My 17 years' working experience with Wessanen, Koopmans and BP Nutrition have given me exposure to many aspects of the international agri-business and taught me the art of "managing at a distance": I was responsible for Finance and Control, managed an international IT department, led sales and marketing organizations in ten European countries, introduced a pan-European consumer brand strategy for pet foods and was heavily involved in Merger & Acquisition projects.

Several Board memberships in the subsequent 15 years have helped to develop necessary skills and expertise in that area.

My expertise, therefore, comprises all fields relevant to Fonterra's Board membership:

I have covered all aspects of *strategy*: planning as corporate planner and consultant, implementing it as manager; and finally lecturing the subject at University.

My Masters degree in Economics, my venture capital activities and jobs as financial controller have given me a solid background in *finance*.

I have gained *governance* experience as non-executive board member in a diverse range of companies in services and manufacturing. Being chairman in most cases I had to develop the necessary *leadership and communication skills*.

Industry knowledge came to me through all my years in the agri-business industry.

International experience has been a core part of my life; in business, pleasure and investment.

My strategy for Fonterra

If I were to define the ideal strategy for Fonterra, it would be:

1. *Building upon our existing skills in cost-efficient milk operations, dairy food technologies and business-to-business marketing in order to become a globally leading dairy commodity and ingredients business.*
2. *Developing those existing consumer businesses that support this goal, that could defend that position, and that are fitting for a New Zealand based company; the Australia and New Zealand (ANZ) operations are the obvious examples.*

Key challenges within that strategy are:

1. In view of the renewed discussion about **100% farmer ownership** and TAF I want to make clear that I fully support 100% farm ownership of Fonterra. I cannot see another option for running Fonterra successfully.

The consequence is, however, that we, farmers, have to provide all the equity needed to grow the company. Profit retention and dry shares are very appropriate means to that end. Setting up the Shareholder Fund could be another way of achieving the objective of a growing equity base. We have to wait for the final draft to judge whether it will provide sufficient safeguards for 100% farmer ownership, particularly in adverse circumstances. Another consequence of the “relative” lack of capital is that our strategic decision-making process may have to be even more rigorous than it already is. Carefully chosen divestments of existing businesses in order to grow promising new businesses seems inevitable.

2. Having ***Ingredients and Consumer*** businesses will always require trade-offs at the Board level. With limited investment funds both businesses may not reach their full potential. The Board has decided to ring-fence the Consumer business but has not made its implications explicitly clear.
As further choices are likely to be made, I would suggest looking at the history of successful agri- and food companies. Most have, although often tempted to be both, chosen to become either a Consumer food company or a Commodity/Ingredients business. I would suggest that Fonterra takes that experience at heart.
3. The world is going through rapid changes with Asia rising, Europe contracting and America stalling. On top of that tectonic global shift, ***complexity*** seems to increase by the day. Whether we like it or not, that complexity is not going to stop at our border. So we better face it head-on. I can see two important tasks for us:
 - a. Acquiring and fostering leadership talent from every corner of the globe (very much including New Zealand) in order to provide for succession of our present leaders. That would bring the art of dealing with complexities even more firmly within our organization.
 - b. Gradually broadening the base of our Board in order to bring diversity closer to home.

To conclude

I would hope to welcome that Chinese farmer’s daughter as a Fonterra Director soon. You may start, though, by taking a small step first and elect me.

EDUCATION

Nederlandse Economische Hogeschool (now Erasmus University), Rotterdam NL, Doctoraal (Masters) Degree Economics, 1966-1972
Agri Business Course, Harvard Business School, USA 1989

WORK EXPERIENCE

NBBS, Dutch Student Travel Organization (1970-1971)

Financial Director

Ministry of Defense NL (1972-1974)

Compulsory military service: *Second lieutenant in the army*

Royal Wessanen, Agri-business, NL (1976-1978)

Corporate Planning en Business Development.

Koopmans Royal Flourmills, Agri-business and Consumer Products, NL (1979-1982)

Product manager pet foods and financial controller

BP Nutrition, the agri-business group of British Petroleum, NL (1984-1993)

Manager Corporate Planning en Business Development

Manager Corporate IT

Area Chief Executive of the Pet foods division

Independent portfolio of business activities (1994-today)

Management consultant for corporate and business strategy

Lecturer Strategic Management Twente University, NL (1994-2004)

Financial planning and asset management

Venture capital

Non-executive (Supervisory) Board positions (1994-today)

Sensire Group, NL, Chairman 1994-2003. Regional Health Supplier of Home Care and Housing for the Elderly.

DQS, NL, Chairman 1995-2002. Producer of specialized valves for the petro-chemical industry in the Netherlands and USA.

GIMD/Ormeon Group, NL, Chairman 1996-2006. Provider of flexible staffing and HR services.

Humares, NL, Chairman 1997-2006. Provider of international flexible staffing and HR services specialized in shipping and technical industries with subsidiaries in Europe, USA and Asia.

Antea Participaties IV, NL, Chairman/Board member 2002-today. Provider of venture capital.

Farming in New Zealand (2006-today)

Dairying in Southland

Personal Data

Born 20 May 1947, Makkum NL. Married, 3 children, 1 grandson.

My interest statement

Listed below are details of all business, investment and other relationships I have with Fonterra Co-operative Group Limited and its subsidiaries (the “Fonterra Group”) (including as a supplying shareholder), or with any third party that transacts with the Fonterra Group or carries on business in competition with the Fonterra Group

I am a supplying shareholder of Fonterra in my name and hold 238,855 Fonterra shares having committed to purchasing an additional 11,145 shares to be paid for by October 20, 2011 bringing the total to 250,000 shares.

Signed:

Full name: Jan Marten Kingma

Date: 8 September 2011