



Rampe du Pont-Rouge, 8, CH-1213 Petit-Lancy, Switzerland
tel: +41 22 793 22 33 fax: +41 22 793 22 38 e-mail: iuf@iuf.org



Fonterra Co-operative Group Ltd
Building 103, Leonard Isitt Drive, Auckland Airport
Private Bag 92032, Auckland, New Zealand



Agreement between

Fonterra, the IUF
and the New Zealand
Dairy Workers Union

This agreement is entered into between Fonterra Co-operative Group Limited (Fonterra), including all subsidiary companies, the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) and the New Zealand Dairy Workers Union Incorporated (NZDWU).

Part 1: Minimum Labour Standards

1. Fonterra is committed to respecting the principles in the following International Labour Organisation (ILO) conventions:
 - Freedom of Association and Protection of the Right to Organise Convention, 1948 (Convention No. 87);
 - Right to Organise and Collective Bargaining Convention, 1949 (Convention No. 98);
 - Workers' Representatives Convention, 1971 (Convention No. 135);
 - Forced Labour Convention, 1930 (Convention No. 29);
 - Abolition of Forced Labour Convention, 1957 (Convention No. 105);
 - Minimum Age Convention, 1973 (Convention No. 138);
 - Worst Forms of Child Labour Convention, 1999 (Convention No. 182);
 - Equal Remuneration Convention, 1951 (Convention No. 100);
 - Discrimination (Employment and Occupation) Convention, 1958 (Convention No. 111).
2. Fonterra shall respect the rights of freedom of association and collective bargaining, as well as all laws governing the application of these rights.
3. Fonterra shall respect the rights of all personnel to form and join trade unions.
4. Fonterra shall not discriminate against any employee on the ground that he or she is a member of a trade union.
5. Fonterra shall not take prejudicial action against employees' representatives, including dismissal, based on their status or lawful activities as employees' representatives or on trade union membership or participation in trade union activities.



6. Where Fonterra is engaged in collective bargaining with unions, Fonterra shall continue sharing with union representatives the information about Fonterra as a whole and its local operations that is reasonably required to bargain effectively.
7. Fonterra shall provide healthy and safe working conditions for its employees.

Part 2: Changes in Business Activities Affecting Employment

When Fonterra contemplates the introduction of major changes that are likely to result in a loss of jobs, Fonterra shall:

1. As soon as possible, provide the affected employees' trade union with relevant information, including the reasons for the major changes contemplated, the number and categories of employees likely to be affected and the period over which the terminations are intended to be carried out; and
2. Consult with the affected employees' trade union on measures to avoid or minimise the terminations and measures to mitigate the adverse effects of any terminations on the affected employees.

Part 3: Implementation

1. REVIEW COMMITTEE

Fonterra, the IUF /NZDWU shall each appoint up to five persons to a Review Committee.

- 1.1 The Review Committee shall meet annually to review the application of this agreement, with a view to jointly agreeing actions that will ensure compliance with this agreement and that will further develop good employee relations practices. The Review

Committee may also discuss Fonterra's financial position, its business activities and other areas of mutual interest.

- 1.2 An extraordinary meeting may be convened at the request of either party, in case a situation arises that requires urgent discussion by the Review Committee.
- 1.3 The meeting agenda shall be agreed in advance and both parties shall provide information relevant to the observance and implementation of this agreement.

2. LOCAL EMPLOYEE RELATIONS PRACTICE

This agreement shall be applied consistently by Fonterra, but is not intended to replace or diminish the importance of local employee relations practices, problem solving and bargaining. Local parties should therefore make every effort to resolve their differences at that level. Recourse to the Review Committee, besides its general annual review function, shall be restricted to alleged serious or systematic violations of the rights contained in this agreement, that cannot be satisfactorily resolved at the local level.

3. JOINT VENTURES

Fonterra will inform joint venture partners of Fonterra's obligations under this agreement.

4. INFORMATION

- 4.1 Fonterra will distribute copies of this agreement to its local offices in a national language of the country concerned and will inform local management of the existence and contents of this agreement. The IUF will distribute copies of this agreement to all of its member trade unions that organise Fonterra's employees.
- 4.2 Fonterra, the IUF and the NZDWU shall co-operate to give practical effect to this agreement. This includes communication, training or other means as appropriate.

5. ADMINISTRATION

The Group Director Human Resources on behalf of Fonterra and the National Secretary of the NZDWU on behalf of the IUF and the NZDWU are responsible for the administration of this agreement.

6. TERM

This agreement is for an indefinite period, but it may be terminated by either party by giving the other party at least three months' written notice of termination.

Agreed by the parties at Wellington on 8th April 2002, witnessed by the Prime Minister of New Zealand, the Rt Hon Helen Clark in May 2002 and witnessed by Juan Somavia, Director General of the International Labour Organisation, in Geneva on 14 May 2002.

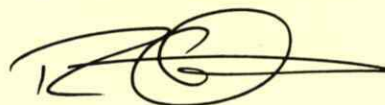
On behalf of the parties:

Fonterra Co-operative Group Limited

Craig Norgate
Chief Executive Officer



**International Union of Food, Agricultural, Hotel, Restaurant,
Catering, Tobacco and Allied Workers' Associations (IUF)**



Ron Oswald
General Secretary



New Zealand Dairy Workers Union Incorporated



Ray Potroz
National Secretary



Juan Somavia
Director General
International Labour Organisation
Witnessed



Rt. Hon. Helen Clark
Prime Minister
New Zealand
Witnessed