



# BOARD CHARTER

Document No: 00020

Revision: 2

Issue Date: 29 May 2017

Owner: General Counsel

Page: 1 of 14

This charter (**Charter**) was approved by the Board of Directors (**Board**) of Synlait Milk Limited (**Company**) on 11 July 2013, and took effect on 23 July 2013, and was amended in September 2013, March 2015 and March 2017.

## 1. Purpose

- 1.1 This Charter sets out the Board's Code of Ethics encompassing conflicts of interest, corporate information and property, compliance with laws, NZX Listing Rules, regulations and policies and Directors' obligations. This Charter is to be read together with the constitution of the Company (**Constitution**), the Companies Act 1993 and the NZX Listing Rules.

## 2. Overview

- 2.1 The Board will be the ultimate decision-making body of the Company. It will set the tone which will determine the culture and permeate the Company's relationship with shareholders, investors, employees, customers, suppliers and the local and business community.
- 2.2 The Board will set the strategic direction of the Company and will select the Chief Executive Officer (CEO) who is charged with operating the business. The CEO will select the senior management candidates and recommend to the Board their appointment. The Board will reasonably consider these recommendations, and will make a final determination. Once selected, the Board will act as an advisor and counsellor to senior management and will ultimately monitor performance of the Company on behalf of all shareholders.

## 3. Values

- 3.1 Directors will undertake their duties in accordance with the Constitution, all applicable laws and regulations, NZX Listing Rules and this Charter, and will undertake their duties with care and diligence including giving proper attention to the matters before them.
- 3.2 Directors will comply with the Code of Conduct and duties set out in **Appendix 1** to this Charter.
- 3.3 Directors will conduct themselves such that their honesty is beyond question and will not behave in a manner that has the potential to bring the Company's name or image into disrepute.
- 3.4 Directors will always act in good faith and in what they believe is in the best interests of the Company as a whole.
- 3.5 Directors will not enter into transactions or make promises on behalf of the Company that the Company does not intend to honour.
- 3.6 Directors will, to the best of their ability, use reasonable endeavours to ensure that the Company's records and documents, including financial reports, are true, correct and conform to the Company's reporting standards and internal controls.



## BOARD CHARTER

Document No: 00020

Revision: 2

Issue Date: 29 May 2017

Owner: General Counsel

Page 2 of 14

### 4. Membership, Appointment and Term

- 4.1 The Constitution provides for the Board to consist of a minimum of three Directors and a maximum of eight Directors.
- 4.2 At least two Directors must be persons who are ordinarily resident in New Zealand.
- 4.3 At all times the Board must comply with the requirements of the Constitution, the Companies Act 1993, all applicable laws and regulations, and the NZX Listing Rules.
- 4.4 A person may be appointed as a Director by ordinary resolution of the shareholders, by the Board, or by Bright Dairy Holdings Limited (Bright Dairy).
- 4.5 Where the percentage of ordinary shares in the Company (**Shares**) held by Bright Dairy is at least equal to the percentage of Shares which Bright Dairy held at the time the Shares commence quotation on the NZX Main Board (the **Initial Percentage**) (subject to that percentage being at least 37%) and is less than 50%, then in accordance with the provisions of the Constitution:
- 4.5.1 Bright Dairy may appoint up to four Directors, one of whom must be ordinarily resident in New Zealand and of such standing and with such commercial and governance experience in New Zealand, as is appropriate for a listed company. Bright Dairy may remove and replace their appointees at any time by notice in writing to the Company.
- 4.5.2 All Bright Dairy appointed Directors must have appropriate skills and experience to ensure that the Company has a suitable mix of skills and experience on the Board.
- 4.5.3 There will be at least three Independent Directors. If at any time the number of Independent Directors is less than three, the Independent Directors then holding office must, as soon as is practical, appoint an additional Independent Director.
- 4.5.4 One third of the Independent Directors or, if their number is not a multiple of three, then the number nearest to one third, will retire at each Annual Meeting which will be the longest serving Independent Director. The Independent Director(s) to retire shall be the Independent Director(s) who has/have been longest in office since they were last elected or deemed elected. If two or more Independent Directors were last elected on the same day, the Independent Director(s) to retire shall (unless they otherwise agree among themselves) be determined by lot. Retiring Directors are available for re-election.
- 4.5.5 Bright Dairy may not vote on the appointment, re-election or removal of Directors who are not its own appointees.
- 4.5.6 The Board must appoint a Director as the Managing Director (who cannot be a Bright Dairy Director).
- 4.5.7 If a Bright Dairy appointed Director is unable to attend a meeting of the Board then that Bright Dairy appointed Director may by notice in writing to the chairperson (to be received by the chairperson no later than 24 hours prior to the time scheduled for the meeting to commence), appoint another Bright Dairy appointed Director to exercise that Bright Dairy appointed Director's vote at that meeting.



## BOARD CHARTER

Document No: 00020

Revision: 2

Issue Date: 29 May 2017

Owner: General Counsel

Page 3 of 14

- 4.6 Where the percentage of Shares held by Bright Dairy is less than the Initial Percentage or more than 50%, then in accordance with the provisions of the Constitution:
- 4.6.1 Bright Dairy must procure the resignation or removal of that number of Directors so that the proportion which the number of remaining Bright Dairy Directors bears to the total number of Directors that will hold office immediately after such removal or resignation does not exceed the proportion of the total Shares held by Bright Dairy.
- 4.6.2 Any Bright Dairy Director whose resignation or removal is not effected as detailed above must retire by rotation (irrespective of whether they have been the longest in office) at the next Annual Meeting of the Company and any such Bright Dairy Director(s) shall comprise part of the one third of the Directors who are required to retire by rotation.
- 4.6.3 One third of the Directors will retire at each Annual Meeting (or the number closest to one third). This will not include any Directors appointed by the Board or the Managing Director since the previous Annual Meeting. The retiring Directors will be the longest serving Directors. If there are several longest serving Directors, then they may either agree amongst themselves or there will be a ballot to see who will retire. Retiring Directors are available for re-election.
- 4.6.4 There will be at least two Independent Directors, or if there are eight or more Directors, then the greater of three Independent Directors or one third of the total number of Directors (rounded down).
- 4.6.5 Bright Dairy will be entitled to vote on the appointment of all Directors.
- 4.6.6 Any Director may appoint an alternate director with the approval of a majority of the other Directors.
- 4.6.7 The Board may appoint one of its Directors as the Managing Director for a term up to five years on such terms as the Board sees fit. The Managing Director can be removed by the Board at any time, and is eligible for reappointment.
- 4.7 For the purposes of calculating the percentage of Shares held by Bright Dairy, any allotment of Shares to the Company's employees or Directors pursuant to NZX Listing Rules 7.3.6 and 7.3.7, respectively, shall be excluded.

## 5. Board Responsibilities

- 5.1 The Board has delegated authority for the operations and administration of the Company to the Chief Executive Officer.
- 5.2 The Board is responsible for promoting the success of the Company in a manner designed to create and build sustainable value for shareholders and in accordance with the duties and obligations imposed upon them by the Constitution and law, while having due regard to other stakeholder interests and the requirements of the NZX Listing Rules.
- 5.3 Specifically, the Board is responsible for:
- 5.3.1 setting strategic direction, appropriate operating frameworks and budgets of the Company;
- 5.3.2 monitoring management's performance within those frameworks;
- 5.3.3 determining the high level health and safety strategy for the Company, including providing a statement of vision, belief and policy, and actively monitoring management's implementation of that policy, processes and procedures;



## BOARD CHARTER

Document No: 00020

Revision: 2

Issue Date: 29 May 2017

Owner: General Counsel

Page 4 of 14

- 5.3.4 approving significant and/or material investments and projects, and monitoring the progress, outcomes and return on those investments and projects;
- 5.3.5 ensuring there are adequate resources available to meet the Company's objectives;
- 5.3.6 appointing and removing the Chief Executive Officer and overseeing succession plans for the senior management team;
- 5.3.7 approving and monitoring financial reporting and capital management;
- 5.3.8 ensuring the Company satisfies its continuous disclosure obligations under the NZX Listing Rules, and that the market has available all relevant information required to make informed investment decisions, and assessments of the Company's prospects, in accordance with the Company's Continuous Disclosure Policy;
- 5.3.9 monitoring the financial solvency of the Company;
- 5.3.10 ensuring that effective audit controls and systems, and other risk management procedures are in place and are being adhered to;
- 5.3.11 promoting and authorising ethical and responsible decision-making by the Company;
- 5.3.12 ensuring the Company has appropriate corporate governance structures in place including standards of ethical behaviour;
- 5.3.13 ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company; and
- 5.3.14 attending to matters which cannot be delegated under law, particularly those matters set out in Schedule 2 to the Companies Act 1993.

## 6. Responsibilities of Individual Directors

- 6.1 Directors will comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors.
- 6.2 Broadly these include:
  - 6.2.1 acting in good faith and in the best interests of the Company as a whole;
  - 6.2.2 acting with care and diligence and for proper purpose;
  - 6.2.3 avoiding conflicts of interest wherever possible, and where these do arise declaring and managing these in accordance with the intent and content of this Charter, and in accordance with the Conflicts of Interest Policy;
  - 6.2.4 not making improper use of information gained through the position of Director and from taking improper advantage of the position of Director; and
  - 6.2.5 ensuring the Company's compliance with the Constitution, all applicable laws and regulations, the NZX Listing Rules, this Charter and all applicable Board policies and procedures.
  - 6.2.6 Directors are expected to support the letter and spirit of Board decisions.



## BOARD CHARTER

Document No: 00020

Revision: 2

Issue Date: 29 May 2017

Owner: General Counsel

Page 5 of 14

- 6.2.7 Directors will keep Board information, discussions, deliberations and decisions which are not publicly known confidential.

More detailed requirements are set out in **Appendix 1** to this Charter.

### 7. Conflicts of Interest

- 7.1 Where a Director of the Company is 'interested' in a transaction (as that term is defined in section 139 of the Companies Act 1993) entered into, or to be entered into, by the Company, that Director must, promptly after becoming aware of the fact that he or she is interested in the transaction:
- 7.1.1 disclose the nature, extent and monetary value (if applicable) of the interest to the Board; and
  - 7.1.2 cause that interest to be entered in the Interests Register.
- 7.2 A Director who is interested in a transaction entered into, or to be entered into by the Company may:
- 7.2.1 attend a Board meeting at which any matter relating to that transaction arises, but shall not be included among the Directors present at the meeting for the purposes of a quorum and may not vote on any matter related to the transaction; and
  - 7.2.2 otherwise sign a document, or do any other thing in his or her capacity as a Director, as if that Director were not interested in the transaction.

The exclusion under 7.2.1 above on voting and being counted for the quorum does not apply where the Constitution or the Companies Act expressly allows it.

- 7.3 Where a Director has disclosed an interest in compliance with this Charter and has otherwise complied with the obligations under this Charter, the Constitution and at law, then the Director is not accountable to the Company for any profit they may obtain from the transaction.

### 8. Corporate Opportunities

- 8.1 Directors will not take any opportunity discovered through the use of Company property, information or position for themselves or use Company property (including the Company's name), information or position for personal gain.
- 8.2 Directors will not accept gifts or personal benefits of any value from external parties if it could be perceived this could compromise or influence any decision by the Company.
- 8.3 Directors will only trade in Company shares in accordance with the Company's [Securities Trading Policy and Guidelines](#).

### 9. Confidentiality

- 9.1 Directors will maintain and protect the confidentiality of information entrusted to the Company about customers, work colleagues, suppliers, stakeholders and the Company's business and financial affairs, except where disclosure is allowed or required by law or a relevant regulatory body.



## BOARD CHARTER

Document No: 00020

Revision: 2

Issue Date: 29 May 2017

Owner: General Counsel

Page 6 of 14

### 10. Company Secretary

- 10.1 The Board may appoint from time to time a Company Secretary who will facilitate the flow of information between the Board, the Board's Committees, individual Directors and between senior management, as required.
- 10.2 The Company Secretary is responsible for implementing any Board policies or procedures, and providing advice to the Board on corporate governance matters.
- 10.3 Any Director may separately contact the Company Secretary for advice or information for the purposes of governing the Company.
- 10.4 The Board may remove the Company Secretary at any time.

### 11. Access to Information and Independent Advice

- 11.1 Directors may access information and seek independent advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgement in decision making. Normally this would be conducted through the Company Secretary at first instance. Independent professional advice includes legal advice and the advice of accountants and other professional financial advisors on matters of law, accounting and other regulatory matters, but excludes advice concerning the personal interests of the Director concerned (such as service contracts with the Company or dealing in the Company's shares or disputes with the Company). Any advice obtained under this procedure will be made available to the other members of the Board.
- 11.2 Directors will be entitled to:
  - 11.2.1 have access to members of management through the Chief Executive Officer at any time to request relevant and additional information or seek explanations;
  - 11.2.2 have access to internal and external auditors, without management present to seek explanations or additional information;
  - 11.2.3 seek independent professional advice with the Chair's consent, which will not be unreasonably withheld or delayed, and which will be at the Company's expense.
- 11.3 Directors will only create, and only retain, information and communications required for business needs or to meet legal obligations.

### 12. Compliance with Laws and Policies

- 12.1 Directors will abide by all the laws, rules and regulations applicable to the Company, including the Companies Act 1993, the Constitution, the NZX Listing Rules, the Financial Markets Conduct Act, this Charter and comply with all statutory and internal disclosure requirements on a timely basis.
- 12.2 Directors will ensure that the Company has policies and procedures in place, and that these are adhered to, to ensure the Company complies with all applicable laws, rules and regulations, including the Companies Act 1993, the Constitution, the NZX Listing Rules, the Financial Markets Conduct Act and to ensure that the Company complies with all statutory and internal disclosure requirements on a timely basis.



## BOARD CHARTER

Document No: 00020

Revision: 2

Issue Date: 29 May 2017

Owner: General Counsel

Page 7 of 14

12.3 Directors will ensure that the following policies are put in place and adhered to:

[Conflicts of Interest Policy](#)  
[Securities Trading Policy and Guidelines](#)  
[Continuous Disclosure Policy](#)  
[Related Party Transactions Policy.](#)

### 13. Reporting Improper Behaviour

13.1 Directors will promptly report to the Chair any illegal, improper or unethical behaviour involving the Company, any employees, customers, suppliers or Directors of which they become aware, or where the behaviour involves the Chair, then promptly report to the Chair of the Remuneration & Governance Committee.

### 14. Board Committees

14.1 The Board will not delegate any of its responsibilities to committees. However, committees will be formed to help the Board discharge its responsibilities by providing recommendations on specific areas of Company business.

14.2 The following standing committees will be established by the Board:

14.2.1 Audit and Risk Committee; and

14.2.2 Remuneration and Governance Committee.

14.3 The Board may establish other committees from time to time as required.

14.4 Each of the standing committees must have its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate. All Charters of Committees of the Board must be reviewed annually.

### 15. The Board and Management

15.1 Responsibility for the day-to-day management and administration of the Company is delegated by the Board to the Chief Executive Officer, assisted by the Senior Leadership Team ('**management**').

15.2 The Chief Executive Officer manages in accordance with the vision and strategy, approved by the Board.

15.3 The Board will ensure at all times it has implemented appropriate procedures to assess management's performance. All policies and delegated limits of authority will be reviewed on a regular basis.

### 16. Chair

16.1 The Chair of the Board will be appointed by the Directors from time to time, and the terms of office will be at the Board's discretion. The Chair must be an Independent Director.

16.2 The role and responsibilities of the Chair include:

16.2.1 providing leadership to the Board and to the Company;

16.2.2 ensuring the efficient organisation and conduct of the Board;

16.2.3 monitoring Board performance on a regular basis;



## BOARD CHARTER

Document No: 00020

Revision: 2

Issue Date: 29 May 2017

Owner: General Counsel

Page 8 of 14

- 16.2.4 facilitating Board discussions to ensure core issues facing the Company are addressed;
  - 16.2.5 briefing all Directors in relation to issues arising at Board meetings;
  - 16.2.6 facilitating the effective contribution and on-going development of all Directors;
  - 16.2.7 promoting consultative and respectful relations between Board members and between the Board and management; and
  - 16.2.8 chairing Board and shareholder meetings.
- 16.3 Where the percentage of Shares held by Bright Dairy is at least equal to the Initial Percentage and does not exceed 50% of the Shares, then in accordance with the provisions of the Constitution, the Chair will have a casting vote except where two Directors form a quorum for any Board meeting.
- 16.4 Where the percentage of Shares held by Bright Dairy is less than the Initial Percentage or exceeds 50% of the Shares, then in accordance with the provisions of the Constitution the Chair will not have a casting vote.

### 17. Procedures

- 17.1 The Directors will meet together to attend to business and adjourn and otherwise regulate their meetings as they decide from time to time.
- 17.2 The Board agrees unanimously to have as a quorum three members – not including any interested Director. The Board may from time to time unanimously agree to alter the quorum, or if the Board cannot unanimously agree, the default provisions in the Constitution will apply, being the majority of Directors (who are not interested in any business before the meeting) and also which must include at least two Independent Directors.
- 17.3 Directors' meetings may be held by a quorum of Directors assembled together in the same place or by conference call between the Directors through any technological means by which they can participate in discussion.

### 18. Reporting

- 18.1 The Board shall ensure that the Company Secretary (or other delegated person) takes appropriate minutes of all proceedings at meetings of the shareholders, the Board and all Board Committees. All minutes must be approved by the applicable Chair of the meeting, including all resolutions passed at that meeting.
- 18.2 Minutes of all Board meetings will be circulated to all Directors for approval at the commencement of the next scheduled meeting.
- 18.3 All passed resolutions arising from any Board meeting or Committee meeting will be circulated for signature by all Directors who assented to those resolutions at the next scheduled meeting.

### 19. Review of Charter

- 19.1 The Board will review this Charter annually to ensure it remains consistent with the Board's objectives and responsibilities.



# BOARD CHARTER

Document No: 00020

Revision: 2

Issue Date: 29 May 2017

Owner: General Counsel

Page 9 of 14

## 20. Reference Documents

- N/A

## 21. Related Documents

- N/A

## 22. Appendix

- Appendix 1: Directors' Code of Conduct

## 23. Revision History

This document's revision history is available in Master Control. To access please contact the Master Control Administrator.

# 00020 APPENDIX 1 DIRECTORS' CODE OF CONDUCT

## 1. Overview

- 1.1 The Board is the ultimate decision-making body of the Company, and as such, the Directors will set the tone which will determine the culture and permeate the Company's relationship with shareholders, investors, employees, customers, suppliers and the local and business community.
- 1.2 Directors must therefore conduct themselves in a manner which ensures they perform ethically, professionally and in good faith, in what they believe is in the best interests of the Company at all times.
- 1.3 Acting in the Company's best interests means ensuring that acts and decisions are to the benefit of the Company as a whole, and so interests of appointing shareholders or other groups cannot influence any act or decision unless this is in fact in the Company's best interest as well.

## 2. Professional and Personal Behaviour

- 2.1 The standards of personal behaviour applicable to Board members are as follows:
  - 2.1.1 Directors will acquire a clear understanding of the role and purpose of the Board and the Company, including the statutory and regulatory requirements. They will develop an understanding of the Company's business and the environment in which it operates and stay informed of all relevant activities affecting the Board.
  - 2.1.2 Directors will strive to attend all Board and relevant Board Committee meetings and other scheduled activities. Where attendance is not possible, Directors will, as appropriate, seek leave of absence or tender an apology to the applicable Chair of the meeting.
  - 2.1.3 Directors will treat each other with professionalism, courtesy and respect. They will work cooperatively with fellow members towards agreed goals, whilst accepting the obligation to be independent in judgement and actions. Directors will not attempt to improperly influence other Board members.
  - 2.1.4 Directors will ensure they exercise all due diligence in relation to any matter before the Board, and will examine any information or material objectively and impartially in the best interests of the Company as a whole.
  - 2.1.5 All Directors will strive to achieve consensus within the Board but if the final position reached is a majority decision that will be the decision of the Board. A dissenting Director may expressly request to have his/her vote and/or a minority view recorded in the minutes. Directors may also abstain from any decision, and should do so where there is any conflict with their duty to act in the Company's best interests at all times.

## 3. Remuneration, Expenses and Other Benefits

- 3.1 Remuneration of non-executive Directors is from the Company's funds and is determined by the Board and approved by the shareholders on an annual basis. Except as outlined in their letters of appointment, these Directors receive no other regular payments or allowances. The Managing Director receives no remuneration as a Director separate from their emoluments as an executive.
- 3.2 Where the Company requires any Director to attend a Company meeting, event or Board meeting then the Company will arrange any appropriate arrangements for travel (and accommodation) for that Director at the Company's expense, unless otherwise agreed with that Director or class of Directors.
- 3.3 Directors will not receive benefits of any kind other than remuneration by way of Directors fees as determined by the Board on recommendation from the Remuneration & Governance Committee (and as approved by the Company's shareholders annually).

- 3.4 Directors will be reimbursed for out-of-pocket expenses properly incurred in relation to official business. Such expenditure should be approved retrospectively by the CFO. Significant expenditure should be approved in advance.
- 3.5 Any equipment or materials made available to Directors must be properly operated, maintained and securely stored. It remains the property of the Company and on expiry of the Director's term must be returned or may be purchased by the Director on fair commercial terms.
- 3.6 Directors will not receive or extend gratuities or other monetary rewards. They will not extend or receive gifts or entertainment which would cause embarrassment if publicly disclosed.

#### 4. Information and Records

- 4.1 In order to be fully effective, a Director should insist upon access to all relevant information to be considered by the Board. The information should be made available in sufficient time to allow proper consideration of all relevant issues. In the extreme circumstances where information is not provided, the Director should make an appropriate protest about the failure on the part of the Company to provide the information and the fact that there has not been the time necessary to consider the matter properly. Any abstention and the reasons for it should be included in the minutes. It may also be appropriate to move for deferment until proper information is available.
- 4.2 The Company Secretary takes prime responsibility for proper recording of Board proceedings and related matters – including storage and handling of documents, Board and Committee minutes, signed resolutions etc. However, Directors receive a good deal of information in various forms as a result of their Board roles, and accept responsibility for careful and secure stewardship – particularly in relation to confidential material.
- 4.3 Discretion must be exercised by Directors in regard to information available through the Company's Board Portal, to ensure that this is not inadvertently made available to unauthorised parties. Password protection protocols on devices, and normal care when using and entering passwords in public places should be observed.
- 4.4 Former Directors have rights in obtaining access to Board records after their terms of appointment have concluded, which will be exercised by contact with the Company Secretary.
- 4.5 Directors acknowledge:
  - 4.5.1 they will ensure they cooperate fully with the Company Secretary in regard to Board records and information. Any such records retained by Board members will be stored with appropriate security. Material not required for retention will be passed to the Company Secretary or securely disposed of or shredded.
  - 4.5.2 that confidential information received in the course of exercise of Board duties remains the property of the originating organisation, whether this is the Company or another entity. It will not be disclosed unless either the originator has so authorised, or disclosure is required by law.
  - 4.5.3 they will exercise discretion in regard to all Board information which is not in the public domain, mindful of the obligations under the [Continuous Disclosure Policy](#).

## 5. Use and Disclosure of Company Information

- 5.1 Under the Companies Act, Directors may only use or disclose Company information for the purposes of the Company, as required by law, or if:
- 5.1.1 particulars of the disclosure are entered in the interests register;
  - 5.1.2 the use of the information will not prejudice the Company; and
  - 5.1.3 the Board has approved the disclosure.
- 5.2 Where a Director wishes to disclose any Company information publicly (through lectures, papers, press releases or public announcements), they may only do so if it is already in the public domain and accords with Company policy, statements or views. If any other disclosure is proposed, or any disclosure of Company information which is not already in the public domain, then this must be cleared in advance with the Board Chair and the Managing Director, and announced (if necessary) to the NZX in accordance with the [Continuous Disclosure Policy](#). Certain conditions may be imposed on any proposed disclosure. Where the Chair is conflicted in relation to any proposed disclosure, then the Chair of the Audit & Risk Committee must consider and may approve or decline the disclosure.
- 5.3 Circumstances will arise from time to time where it is appropriate, desirable and permissible under the NZX Listing Rules, and the Financial Markets Conduct Act for a Director to disclose information to a major shareholder (as defined as a related party in the [Related Party Transactions Policy](#)). If there is any possibility that this information constitutes inside information (being information that is not publicly available and which would or would be likely to affect materially the price of the shares of Synlait Milk Limited – as defined in the [Securities Trading Policy and Guidelines](#)), or is otherwise confidential, then that disclosure should not occur unless:
- 5.3.1 the Chair and one independent Director has consented to the disclosure on the basis that the disclosure is not likely to prejudice the Company, or will be contrary to the Company's best interests (if the Chair has a conflict then the consent of a second independent Director is required); and
  - 5.3.2 there is a confidentiality agreement in place with the major shareholder under which the major shareholder agrees to keep confidential the information disclosed, and not to use that information to trade shares in Synlait Milk Limited or to determine whether to continue to hold shares in Synlait Milk Limited, or advise or encourage any other person to trade or hold shares in Synlait Milk Limited (in accordance with the [Securities Trading Policy and Guidelines](#)).

Examples of when it may be appropriate to seek consent to disclosure to a major shareholder include:

- a) monthly financial results and subsequent forecasts;
- b) where a major shareholder requires financial information from the Company for inclusion in its accounts to meet its compliance obligations prior to the release of that information by the Company to the market; or
- c) if it is considered desirable that the views of a major shareholder or major shareholders be obtained as to a particular incomplete proposal prior to the proposal becoming a complete proposal requiring disclosure under the NZX Listing Rules.

## 6. Specific Duties

In addition to the obligations set out in this Code, Directors owe specific duties to Company and the various stakeholders related to the Company. These include:

### 6.1 Duties to the Company

- 6.1.1 Each Director should endeavour to ensure that the functions of the Board have been specified clearly, are properly understood and are competently discharged in the interests of the Company.
- 6.1.2 Each Director should endeavour to ensure that the management of the Company is competent and is devoting its best endeavours in the interests of the Company.
- 6.1.3 In evaluating the interests of the Company, a Director should take into account the interests of the shareholders as a whole, but where appropriate and/or required by law, should take into account the interests of creditors and others.

### 6.2 Duties to Shareholders

- 6.2.1 Each Director should endeavour to ensure that the Company is financially viable, properly managed and constantly improved so as to protect and enhance the interests of the shareholders.
- 6.2.2 Each Director should seek to ensure that all shareholders, or classes of shareholders, are treated fairly according to their rights as between each other.
- 6.2.3 Each Director should consider whether any benefit to be received by the Director or associated persons is of sufficient magnitude that the approval of shareholders should be sought, even though not required by law.
- 6.2.4 Each Director, who is appointed to the Board at the instigation of a party with a substantial interest in the Company such as a major shareholder (defined as a related party in the [Related Party Transactions Policy](#)) or a major creditor, should recognise the particular sensitivity of the position. Fiduciary duty requires the Director to make a contribution in the interests of the Company and the shareholders as a whole and not only in the interest of the nominators.
- 6.2.5 Where obligations to other people or bodies preclude an independent position on an issue, the Director should disclose the position and seriously consider whether to be absent or refrain from participating in the Board's consideration of the issue. Before taking the decision to be absent, a Director should consider whether that absence would deprive the Board of essential background or experience. The matter should be disclosed and resolved by the rest of the Board according to the above Conflict of Interests provisions in this Code.

### 6.3 Duties to Creditors

Although the obligations of a Director are primarily owed to the Company, there are situations in which it is necessary to evaluate the interests of creditors. This is particularly so where the Company's financial position is uncertain or where insolvency may be pending. In cases of doubt, a Director should promptly seek professional advice.

### 6.4 Duties to Others

- 6.4.1 Although a Director owes a primary duty to the Company as a whole, the Company and all Directors must comply with the legal framework governing their operations at all times. The responsibilities imposed on companies and directors under various laws clearly demand that the Director evaluate the Company's actions in the context of their personal responsibility for legislative compliance.
- 6.4.2 Without limiting the nature of the issues with which the Director must be concerned in the running of the Company's business, particular attention should be paid to health and safety, the environment,

industrial relations, equal opportunities, the impact of competition and consumer protection rules, and other legislative initiatives that arise from time to time.

- 6.4.3 More broadly Directors must be concerned to ensure the Company has in place and observes a set of objectives and policies relating to safeguarding all staff, visitors and the public at the Company's workplace at all times.
- 6.4.4 As Directors of a high value milk ingredients business there must be the strictest commitment to product quality, particularly in relation to food safety and public health, and a consciousness of the wider reputation of New Zealand as an agricultural exporter.
- 6.4.5 Directors need to act as stewards in ensuring the reputation of the Company is promoted through how the Company treats others and makes its products, and how the Company is generally viewed in the market.