This policy (Policy) was approved by the Board of Directors (Board) of Synlait Milk Limited (Company) on 11 July 2013, and was subsequently amended in September 2013, December 2014, November 2016 and October 2017.

This Policy applies to all Directors, officers and employees of Synlait Milk Limited (SML) and its subsidiaries who intend to trade in SML shares and other listed securities. In this Policy 'trade' includes buying or selling listed securities, or agreeing to do so, whether as principal or agent. It does not include subscription for, or the issue of, new securities.

In addition to this Policy and Guidelines, further more specific and stringent rules also apply to trading in SML securities by Directors and certain senior employees, or employees performing certain functions (see below under Additional Trading Restrictions for Restricted Persons).

1. **Introduction and purpose**

1.1 This document details the SML Policy on, and rules for dealing in the following securities ('Restricted Securities'):

1.1.1 SML Ordinary Shares; and

1.1.2 debt securities issued by SML to the public; and

1.1.3 any other listed securities of SML or its subsidiaries, and any listed derivatives (including futures contracts listed on an authorised futures exchange) in respect of SML securities, from time to time.

1.2 The requirements imposed by this Policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand and any other country where those securities may be listed.

1.3 If you do not understand any part of this Policy, or how it applies to you, you should raise the matter with SML General Counsel or CFO, before dealing with any securities covered by this Policy.

2. **Fundamental rule – Insider trading is prohibited at all times**

2.1 If you possess ‘material information’ (refer to definition below), then whether or not you are a Restricted Person (as defined further below), you must not:

2.1.1 trade Restricted Securities;

2.1.2 advise or encourage others to trade, or hold any Restricted Securities; or

2.1.3 pass on the material information to others.

2.2 The prohibitions apply regardless of how you learn of the information, and regardless of why you are trading.

2.3 The prohibition on insider trading applies not only to information concerning SML securities. If you have material information in relation to listed securities of another issuer (including futures contracts listed on an authorised futures exchange over listed securities) then you must not trade in those securities either.
3. **Insider trading laws**

3.1 If you have any **material information**, it is illegal for you to:

3.1.1 trade SML listed securities;

3.1.2 advise or encourage another person to trade or hold SML listed securities;

3.1.3 advise or encourage a person to advise or encourage another person to trade or hold SML listed securities; or

3.1.4 pass on the material information to anyone else - including colleagues, family or friends - knowing (or where you ought to have known) that the other person will use that information to trade, continue to hold, or advise or encourage someone else to trade, or hold, SML listed securities.

3.2 This offence, called **insider trading**, can subject you to criminal liability including large fines and/or imprisonment, and civil liability, which may include being sued by another party or SML, for any loss suffered as a result of illegal trading.

4. **Confidential information**

In addition to the above, you also have a duty of confidentiality to SML. You must not reveal any confidential information concerning SML to a third party (unless that third party has signed a confidentiality agreement with SML and you have been authorised to disclose the confidential information), or to use confidential information in any way which may injure or cause loss to SML, or use confidential information to gain an advantage for yourself. You should ensure that external advisers keep SML information confidential.

5. **What is ‘Material Information’?**

5.1 **‘Material Information’** is information that:

5.1.1 is not generally available to the market; and

5.1.2 if it were generally available to the market, would have a material effect on the price of SML listed securities.

5.2 Information is generally available to the market if it has been released as an NZX & ASX announcement, or investors that commonly invest in SML listed securities can readily obtain the information (whether by observation, use of expertise, purchase or other means).

5.3 It does not matter how you come to know the material information (including whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or in a lift, or at a social function).

5.4 Information includes rumours, matters of supposition, intentions of a person (including SML), and information, which is insufficiently definite to warrant disclosure to the public.
6. **What are examples of Material Information?**

6.1 The following list is illustrative only. Material information could include information concerning:

6.1.1 the introduction of a new product, or new area of R&D;

6.1.2 the financial performance of SML;

6.1.3 the revaluation of SML property, plant or equipment portfolio;

6.1.4 a possible change in the strategic direction of SML;

6.1.5 a possible acquisition or sale of any assets or company by SML;

6.1.6 entry into or the likely entry into or termination or likely termination of material contracts or other business arrangements which are not publicly known;

6.1.7 a possible change in SML’s capital structure;

6.1.8 a change in the historical pattern of dividends;

6.1.9 senior management changes;

6.1.10 a possible change in the regulatory environment affecting SML;

6.1.11 a material legal claim by or against SML; or

6.1.12 any other unexpected liability,

which has not been released to the market.

6.2 The range of possible material information is very wide, so if you are planning to buy or sell any SML securities and you have any doubts, you should discuss it confidentially with SML General Counsel.

7. **Exceptions**

7.1 This Policy does not apply to:

7.1.1 acquisitions and disposals of securities by gift or inheritance;

7.1.2 acquisitions of securities through an issue of new listed securities, such as an issue of new debt securities or new shares on the exercise of options, under a rights issue, or a dividend reinvestment plan.

8. **Short term trading discouraged**

8.1 You should not engage in short term trading (the buying or selling of listed securities within a one month period), unless there are exceptional circumstances discussed with SML General Counsel first, and then approved by the Chair of the Audit & Risk Committee.

8.2 Short term trading can be a key indicator of insider trading, particularly if undertaken on a regular basis or in large amounts. Therefore, to reduce the risk of an allegation of insider trading, do not trade listed securities on a short-term basis.
9. Fixed trading plan defence

9.1 Trading of SML securities under a fixed trading plan will not breach the law if the fixed trading plan was entered into at a time when an investor had no inside information and in entering the fixed trading plan, the investor did not intend to evade the prohibition on trading on material information.

9.2 A fixed trading plan is a plan that is fixed for a period of time during which the investor cannot withdraw from the plan or influence trading decisions after the plan has begun.

10. If in doubt, don’t

The rules contained in this Policy do not replace your legal obligations. The boundary between what is (and what is not) in breach of the law is not always clear. Sometimes behaviour that you consider to be ethical actually may be insider trading. If in doubt, don’t!

11. Breaches of Policy

Strict compliance with this Policy is a condition of employment. Breaches of this Policy will be subject to disciplinary action, which may include termination of employment.

12. Monitoring of trading

12.1 SML may monitor the trading of directors and employees as part of the administration of this Policy.

12.2 The Financial Markets Authority and NZX take an interest in whether the Company is complying with the Securities Trading Policy.

13. Application of Policy

13.1 The Board may approve updates, amendments to and exemptions to this Policy from time to time, which may be implemented by written notice to you and/or posting on Vibe.

13.2 To the extent of any inconsistency with any previous Policy or rules relating to this subject matter, this Policy prevails over them.

For this policy to be successful, the active participation and support of all our employees are essential.

John Penno
Chief Executive Officer
Synlait Milk Limited

Nigel Greenwood
Chief Financial Officer
Synlait Milk Limited

[Last reviewed October 2017]
14. Reference Documents
   - N/A

15. Related Documents
   - N/A

16. Appendices
   - 03263, 01683 Appendix 1: Additional trading restrictions for restricted persons
   - 03264, 01683 Appendix 2: Request for consent to trade in listed securities.

17. Revision History

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