



# SYNLAIT MILK LIMITED CONTINUOUS DISCLOSURE POLICY AND GUIDELINES

December 2014





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

## 1 Introduction and Purpose

- 1.1 As part of the Company's obligations as a publically listed company, we need to be sure that we comply at all times with the NZX Listing Rules (Listing Rules).
- 1.2 This Policy is part of that commitment, and sets out our obligations in relation to disclosure of material information to the market.
- 1.3 All staff need to ensure they comply with these obligations.

## 2 Commitment to Market Disclosures

- 2.1 We are committed to ensuring:
  - 2.1.1 that shareholders and the market are provided with complete and timely information about the activities of our business;
  - 2.1.2 compliance with all general and continuous disclosure requirements outlined in the Listing Rules, the Companies Act 1993 (Companies Act) and the Financial Markets Authority guidelines; and
  - 2.1.3 that all market participants have equal opportunities to view and act on publicly available information issued by the Company.
- 2.2 For the purposes of this Policy, the following information is likely to be "material information" (as set out in Listing Rule 10.1.1 and as further defined below):
  - 2.2.1 The development and launch of a significant new product or process;
  - 2.2.2 Reaching an agreement with a significant new customer or supplier, deciding on a new area of business or major expansion or renewal of business with existing customers or suppliers;
  - 2.2.3 Any significant Government or regulatory changes, issues, complaints or problems affecting or notified to the Company or impacting on our business or operations;
  - 2.2.4 A significant risk or default of a supplier or major customer, or any major impact on our sales or production forecasts (adverse or advantageous);
  - 2.2.5 Deciding to open a new facility, office or plant;
  - 2.2.6 A major or significant quality issue, health & safety or environmental event affecting us or our products;
  - 2.2.7 A material change in the Company's financial forecast or expectation;
  - 2.2.8 Any serious financial event (such as the appointment of a receiver, manager or liquidator) of the Company or any of its subsidiaries;
  - 2.2.9 A transaction where the consideration payable or receivable by the Company is equal to a significant proportion of the Company's assets (i.e. 5% or more of the written down value of the Company's consolidated assets. A transaction with a lower value could be significant in a particular case;
  - 2.2.10 A recommendation or declaration whether or not to declare a dividend or distribution;
  - 2.2.11 Under-subscription or over-subscription to an issue of shares in the Company;

- 2.2.12 Major changes in the Company shareholding or shares held by the Company (5% or more), or giving or receiving a notice of intention to make a takeover bid;
- 2.2.13 A copy of a document containing market sensitive information that the Company lodges with an overseas stock exchange or other regulator which is available to the public;
- 2.2.14 Any proposed material change in the general nature of the business of the Company or our group;
- 2.2.15 Any change in Senior Management Team personnel;
- 2.2.16 Buying or selling assets where the gross value or consideration paid or received represents more than 10% of the average market capitalisation of the Company; and
- 2.2.17 Any agreement between the Company (or a subsidiary) and a Director (or an associated person of the Director).

### 3 Material Information (Listing Rule 10.1.1)

- 3.1 The Managing Director and the Chief Financial Officer (CFO) must be informed of any potential material information or proposal as soon as practicable after any member of the Senior Management Team becomes aware of that information or proposal (Disclosure Information).
- 3.2 “Aware” is defined in Listing Rule 10.1.1 as:
- 3.3 “An Issuer is aware of information if a Director or an executive officer of the Issuer has come into possession of the information in the course of his or her duties as a Director or executive officer”.
- 3.4 Information is “material” if a reasonable person would expect, if it were generally available to the market, it would have a material effect on the price of the Company’s shares.
- 3.5 Material information need not be disclosed if: (Listing Rule 10.1.1(a))
  - 3.5.1 A reasonable person would not expect the information to be disclosed; and
  - 3.5.2 The information is confidential; and its confidentiality is maintained; and
  - 3.5.3 One or more of the following applies:
    - 3.5.3.1 the release of the information would be a breach of law;
    - 3.5.3.2 the information concerns an incomplete proposal or negotiation;
    - 3.5.3.3 the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
    - 3.5.3.4 the information is generated for the internal management purposes of the Company or its subsidiaries; or
    - 3.5.3.5 the information is a trade secret.
- 3.6 Decisions on what information is Disclosure Information will be made by a committee appointed by the Board (Disclosure Committee) as outlined below.
- 3.7 Note that:
  - 3.7.1 Material information must be disclosed unless each of the “limbs” of the disclosure exception are satisfied; and
  - 3.7.2 The disclosure obligation “resurrects” once one or more of the limbs of the exception are no longer fulfilled.

- 3.8 Under Listing Rule 10.1.1, the Marketing & Communications Manager must, following a decision of the Disclosure Committee, immediately notify the market, via an announcement to NZX of any information concerning the Company that the Disclosure Committee believes is Disclosure Information.
- 3.9 The Company must not, under any circumstances, disclose material information to any person not bound by obligations of confidentiality prior to NZX releasing the information to the market. If unreleased material information is unintentionally communicated, by the Company or any staff member, in any forum, the CFO must be advised immediately so that following a decision of the Disclosure Committee, the market can be informed.
- 3.10 The Company will not generally comment on analyst forecasts. However if the Company becomes aware that in general the market's earnings projections materially differ from its own estimates by more than + or -10%, the Company may consider it appropriate to issue a profit warning / statement.

## 4 Disclosure Committee

- 4.1 The Board will appoint a Disclosure Committee which must consist of
- 4.1.1 The Managing Director;
  - 4.1.2 The CFO; and
  - 4.1.3 Either the Chair of the Board or the Chair of Audit & Risk Committee.
- 4.2 If any of the above members are unavailable, then the Committee may take any action it believes necessary, provided it is approved by either the Managing Director or the CFO, and any one Director.
- 4.3 The Company will also seek the Company's Legal Counsel's advice, and also may seek external legal advice, on whether matters are material and accordingly whether those matters should be disclosed.
- 4.4 Where the Company reasonably believes there may need to be an urgent application for a Trading Halt from the NZX, the Disclosure Committee will as soon as possible consider the matter and authorise management to work with the NZX to halt trading in the Company's shares as soon as practicable. Where the Chair of the Board and the Chair of Audit & Risk Committee are unavailable, then either the Managing Director or the CFO, and one other Director, may authorise the application for the Trading Halt.
- 4.5 The Disclosure Committee must:
- 4.5.1 Monitor compliance by the Company and its officers and employees with this Policy;
  - 4.5.2 Review this Policy at least once each financial year; and
  - 4.5.3 Provide a report to the Board on any matters dealt with in the preceding period under this Policy.

## 5 Release of Reports as Required by the Listing Rules and the Companies Act

- 5.1 The Company must release, in a timely fashion, the following reports as required by the Listing Rules and the Companies Act:

- 5.1.1 the annual report;
- 5.1.2 the half-year report;
- 5.1.3 the preliminary half-year and final reports;
- 5.1.4 the annual audited financial statements; and
- 5.1.5 any other reports required to be lodged under the Listing Rules and Companies Act 1993.
- 5.2 The Company must not hold any meetings with or initiate meeting or phone contact with analysts, fund managers or brokers, during the period of 10 days before the release of the annual and half-yearly preliminary reports.
- 5.3 Directors of the Company are required to give written notice to the Company in respect to dealing in the securities of the Company and comply with the Company's Securities Trading Policy and Guidelines. A change in the notifiable interest of a Director must be advised to NZX within 5 business days after the change occurs.

## 6 Information Briefings With Analysts

- 6.1 No undisclosed price sensitive information may be disclosed in any meeting with an investor or analyst.
- 6.2 The Company may provide background and technical information (other than Disclosure Information) in one-on-one briefings with analysts, fund managers, brokers or institutional investors to assist them in their understanding of the Company's business activities. Such information may include:
  - 6.2.1 Long term strategy;
  - 6.2.2 Company history, vision and goals;
  - 6.2.3 Management philosophy and the strength and depth of management;
  - 6.2.4 Competitive advantages and risks;
  - 6.2.5 Previously disclosed material information;
  - 6.2.6 Non-material information;
  - 6.2.7 Industry trends and issues; and
  - 6.2.8 Assumptions underlying earnings forecasts, not the forecast per se.
- 6.3 The Managing Director and CFO must review any written presentation material prepared for meetings prior to the meeting to determine whether all information has previously been disclosed to the market or may require disclosure.
- 6.4 A one-on-one briefing includes any communication between the Company and a broker, analyst, fund manager, or institutional investor including phone calls.
- 6.5 No previously undisclosed material information may be disclosed at these meetings.
- 6.6 If analysts send the Company a draft report the report must be referred to the Managing Director or CFO. The Company shall only comment on factual errors relating to historic or previously disclosed information.

## 7 Release Of Information To The Public

- 7.1 Only authorised persons in accordance with the Company's External Communications Policy are to provide comment about financial aspects of the Company, or speak on behalf of the Company, to the media or external parties. Any staff members providing comment on the Company must be in accordance with the External Communications Policy.
- 7.2 Staff members must not respond to any market speculation or rumours about the Company, unless authorised by the Managing Director or CFO to do so.

## 8 Disciplinary Action

Breaches of this Policy may lead to disciplinary action being taken against staff including dismissal or termination in serious cases.

## 9 Application Of Policy

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

[Last reviewed December 2014]