

# NOTICE OF ANNUAL MEETING OF SHAREHOLDERS 2016

---

Dear Shareholder,

As an important part of our Synlait family, we hope you can attend our upcoming Annual Meeting.

Our 2016 Annual Meeting of Shareholders of Synlait Milk Limited will be held on **Tuesday 29 November 2016** from **1:00pm at Tait Technology Centre**, 245 Wooldridge Road, Christchurch 8051, New Zealand.

2016 has been another busy year for us, and we were pleased to announce to our shareholders a significant increase in our net operating profit after tax.

At our Annual Meeting, we will recap our results, our announced plans for 2017 and re-summarise the results of our rights issue. We will also go through details of a new long-term incentive share scheme for our Senior Leadership Team.

We look forward to seeing you on 29 November, but if you can't make it please remember to submit your proxy.

---

# AGENDA

Our Annual Meeting agenda is as follows:

## 1:00PM - ANNUAL MEETING COMMENCES

### 1. WELCOME

### 2. CHAIRMAN'S ADDRESS

### 3. MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S ADDRESS

### 4. CHIEF FINANCIAL OFFICER'S REVIEW

### 5. FORMAL RESOLUTIONS

(please see the Explanatory Notes at the end of this Notice)

#### (i) Auditor's Remuneration

#### **RESOLUTION 1:**

To consider and, if thought fit, pass the following as an ordinary resolution:

*"That the Board be authorised to determine the auditor's fees and expenses for the 2017 financial year."*

#### (ii) Election of Director

#### **RESOLUTION 2:**

To consider and, if thought fit, pass the following as an ordinary resolution:

*"That Sam Knowles be re-elected as a Director."*

#### (iii) Directors' Remuneration

#### **RESOLUTION 3:**

To consider and, if thought fit, pass the following as an ordinary resolution:

*"That the annual fee for all Directors be \$70,000, except for the annual fees of each of the two Committee Chairs which will be \$82,000 and the Chairman of the Board which will be \$130,000. All these increases apply from 1 April 2017."*

### 6. ANY OTHER BUSINESS

To consider any other business that may be properly brought before the meeting.

## 3:00PM - ANNUAL MEETING CONCLUDES

Refreshments served.

# OUR PROCEDURAL NOTES

## PROXIES

A Proxy Form is included with this Notice.

Any of our shareholders who are entitled to attend and vote at the Annual Meeting, may appoint a proxy to attend the meeting and vote on their behalf. A proxy does not have to be a fellow shareholder, and you can nominate the Chairman (or any of our other Directors) as your proxy if you wish.

The Chairman intends to vote any discretionary proxies in favour of all resolutions.

To be valid, a completed Proxy Form must be sent to Computershare Investor Services Limited (please see the Proxy Form for the address). You can also appoint your proxy online at [www.investorvote.co.nz](http://www.investorvote.co.nz) (note you will need your CSN/Shareholder Number and Postcode).

In all cases your completed Proxy Form must be received no later than 1:00pm on Sunday 27 November 2016.

## RESOLUTION REQUIREMENTS

An ordinary resolution is a resolution passed by a simple majority of votes of shareholders who are entitled to vote on the resolution and who exercise their right to vote.

## ANY DETAILED QUESTIONS FOR THE DIRECTORS OR OUR AUDITORS?

To assist us in providing a proper response to any detailed questions you may want to raise at the Annual Meeting, please forward questions to us in advance of the meeting. Questions should be sent via email to [quentin.lowcay@synlait.com](mailto:quentin.lowcay@synlait.com) no later than 5pm on Friday 25 November 2016.

The Chairman will then ensure that any questions or comments submitted will be addressed in the course of the Annual Meeting.

Please note that our Auditors (Deloitte) will be at the Annual Meeting to answer any specific queries you may have of them.

## PRESENTATION MATERIALS

If you are not able to make it to the Annual Meeting, copies of any materials presented at the meeting by our Chairman, our Managing Director and CEO and our Chief Financial Officer will be available on our website ([www.synlait.com](http://www.synlait.com)) and on the NZX website ([www.nzx.com](http://www.nzx.com)) shortly after the Annual Meeting commences.

By order of the Board



Quentin Lowcay  
General Counsel & Company Secretary

## OUR BOARD OF DIRECTORS



Graeme Milne



John Penno



Sam Knowles



Yang (Edward) Sihang



Bill Roest



Hon. Ruth Richardson



Qikai (Albert) Lu

# OUR EXPLANATORY NOTES



## EXPLANATORY NOTE 1

### (AUDITOR'S REMUNERATION – RESOLUTION 1)

Deloitte are our existing auditors and are automatically reappointed at the Annual Meeting under section 207T of the Companies Act 1993, unless there is a resolution put to the Annual Meeting to the contrary. The proposed resolution is to authorise the Board to fix the fees and expenses of the auditors for the coming financial year for the purposes of section 197 of the Companies Act 1993.

## EXPLANATORY NOTE 2

### (RE-ELECTION OF DIRECTOR – RESOLUTION 2)

#### Sam Knowles

Under clause 5 of Schedule 1 to our Constitution, one-third of the Independent Directors (being those who have been longest in office) must retire from office at the Annual Meeting each year, but are able to be re-elected. Accordingly, Sam Knowles retires from office, and, being eligible, offers himself for re-election.

#### Sam Knowles

Director (Independent)

Sam has been a Director of Synlait Milk Limited since 2013. He plays a very active role on the Remuneration & Governance Committee and in the general Board Meetings.

Sam is an extremely experienced Director, having held senior executive positions in major banks in both Australia and New Zealand, and has held and continues to hold various directorships in companies over the last 12 years.

His speciality is growth businesses, and has successfully grown organisations such as Kiwibank, Xero and TrustPower, and is actively involved in several start-up organisations and projects to encourage innovation within the New Zealand business community.

This passion for sustainable growth, development and realising the potential of organisations means that Sam brings a lot to the Board table and continually challenges and encourages Management at Synlait Milk Limited to deliver for shareholders on the business plans and initiatives that have been developed.

Sam's banking experience and knowledge of financial markets is a useful and valuable check on Management's recommendations in relation to treasury and financial management. He adds particular value to the assessment of talent reward systems and engagement of staff in relation to his work on the Remuneration & Governance Committee through his extensive business and governance experience.

Sam plays an important role as an independent Director for shareholders, and certainly speaks his own mind at the Board table to ensure the best interests of shareholders are always represented.

The Board and Management of Synlait Milk Limited supports his re-election by the shareholders.

# OUR EXPLANATORY NOTES [CONTINUED]

## EXPLANATORY NOTE 3

### (DIRECTORS REMUNERATION – RESOLUTIONS 3)

Director fees in New Zealand are usually determined on a combination of financial size of the company, international dimension to the business, industry and ownership, performance of the organisation and performance of the Board itself.

Synlait Milk's Director Remuneration Policy is not to set fees at the top-end of recommended fee ranges. The Policy is to set Director fees at a mid-range point, relative to the market.

We have used Strategic Pay Limited (Strategic Pay) for several years to provide market data on Director fees.

Strategic Pay are an independent consulting organisation who specialise in assessing and recommending senior executive and Director remuneration in New Zealand. They have one of the largest databases of comparative information available, having surveyed 356 organisations, including analysing 2,555 individual directorships in February 2016 (their 24<sup>th</sup> annual survey).

Last year, due to the performance of the company, the Board did not adopt Strategic Pay's recommendation to increase Director fees, and no fee change was recommended to the shareholders.

We have engaged PWC to conduct a benchmarking report to further verify our current Director fees against the market. This report looked at 17 peer companies in New Zealand.

Overall, taking into account all the relevant factors, including Synlait Milk's business performance, growing complexity of the business, increased regulatory risk and obligations, and ongoing governance requirements, the Board considered Strategic Pay's recommendations and agreed to adopt a slightly lower than recommended increase to the Directors' fees, as follows:

- Increase the Directors fees from \$60,000 to \$70,000
- Increase the two Committee Chairs' fees from \$66,000 to \$82,000
- Increase the Chairman's fees from \$108,000 to \$130,000.

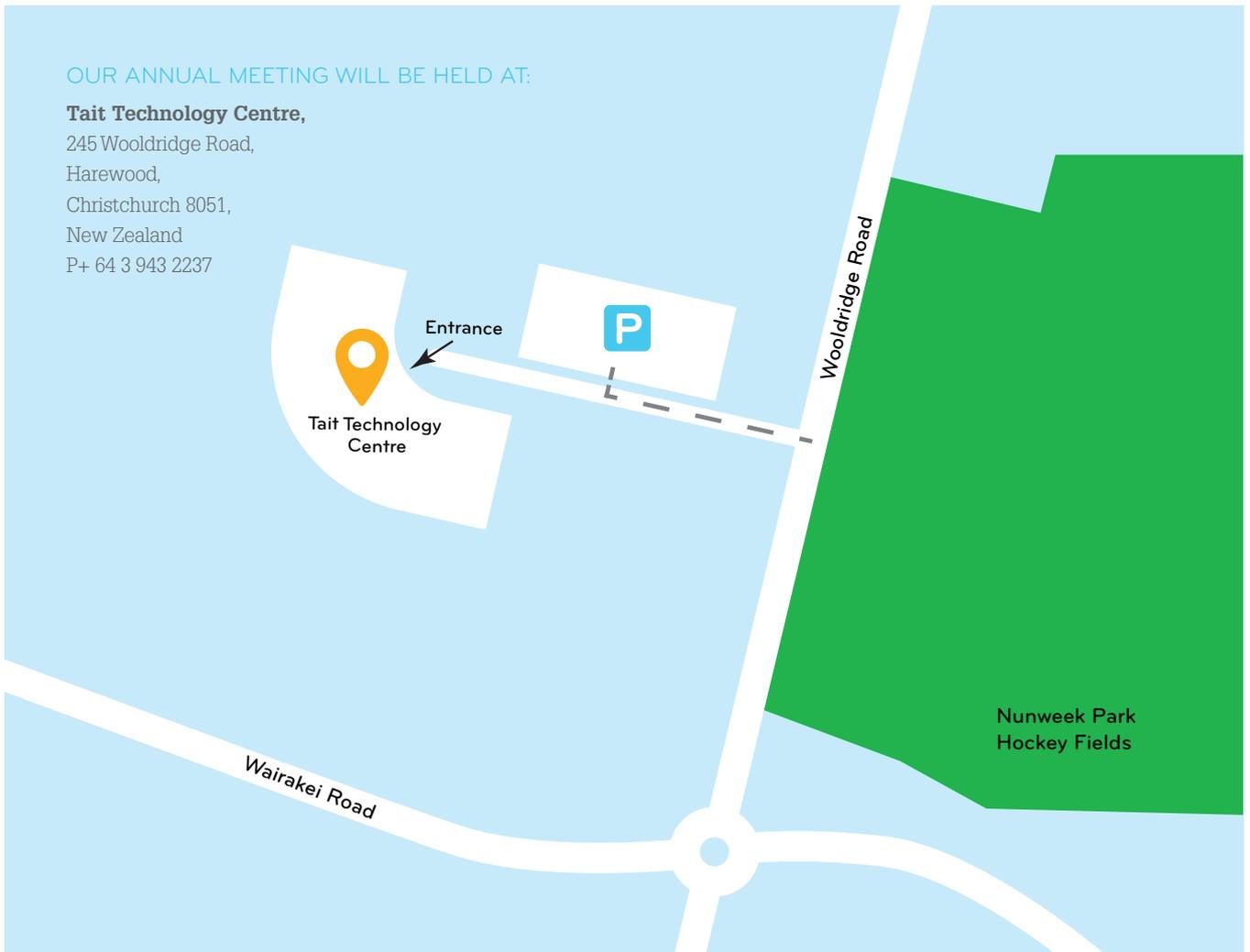
The total governance pool (based on one Chair, seven Directors and two Committee Chairs) is recommended to move from \$480,000 to \$574,000 (a 16% increase). Note that no increase occurred in 2015.

All increases would apply, if approved, from 1 April 2017.

# MEETING VENUE DIRECTIONS

OUR ANNUAL MEETING WILL BE HELD AT:

**Tait Technology Centre,**  
245 Wooldridge Road,  
Harewood,  
Christchurch 8051,  
New Zealand  
P+ 64 3 943 2237



**Tait Technology Centre** is conveniently located 2km from Christchurch airport. Parking will be available onsite. If you need assistance on the day contact the Synlait AGM representative on **03 373 3000**.