



## BOARD OF DIRECTORS CHARTER

June 2022

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Company Secretary

### 1. PURPOSE

- 1.1. This Charter sets out the roles and responsibilities of the Board and should be read in conjunction with the Synlait Constitution, the Companies Act 1993 and the NZX Listing Rules.
- 1.2. The Board is the ultimate decision-making body of Synlait and is accountable to the shareholders for the performance of Synlait in building sustainable value. In carrying out its responsibilities, the Board undertakes to advance the interests of shareholders, employees, customers and other key stakeholders acting honestly, faithful to our purpose, intelligently and in accordance with applicable laws, while setting the overall tone for the culture, performance and accountability of Synlait.

### 2. ROLES AND RESPONSIBILITIES OF THE BOARD

- 2.1. The Board's roles and responsibilities include the following:
  - 2.1.1. to undertake their duties in accordance with the Constitution, all applicable laws and regulations, NZX Listing Rules and Charter, and with care and diligence, including giving proper attention to the matters before them;
  - 2.1.2. to comply with the Synlait Standards (Code of Ethics) and act in the best interests of Synlait, consistent with the letter and spirit of Board decisions;
  - 2.1.3. to oversee the development, adoption and communication of a clear strategic direction for Synlait and constructively monitor management's implementation;
  - 2.1.4. the provision of overall governance and strategic leadership;
  - 2.1.5. to oversee management's implementation of Synlait's strategic objectives and performance;
  - 2.1.6. to appoint (and if necessary, remove from office) the Chief Executive Officer (CEO) who will be charged with the day-to-day leadership and management of Synlait;
  - 2.1.7. to appoint the Chair of the Board;
  - 2.1.8. to ratify the appointment (and if necessary, removal from office) of the Chief Financial Officer (CFO) and the Company Secretary;
  - 2.1.9. to develop Synlait's remuneration policy and other corporate governance documents;
  - 2.1.10. to monitor the development, performance and remuneration of key talent and management;
  - 2.1.11. to oversee accounting and reporting systems (including the external audit) and Synlait's compliance with its continuous disclosure obligations;



- 2.1.12. to monitor financial outcomes, safeguard the integrity of financial reporting, and approve annual budgets and major capital expenditure with sufficient foresight to enable longer term strategies to be met;
  - 2.1.13. to promote a corporate culture which embraces diversity, inclusion and pride throughout Synlait;
  - 2.1.14. to ensure that an excellent health, wellbeing and safety culture is maintained;
  - 2.1.15. to adopt and review a risk management framework;
  - 2.1.16. to ensure timely and accurate disclosure and reporting to shareholders; and
  - 2.1.17. to ensure that Synlait acts as a good corporate citizen advancing the interests of people and the planet while driving profit.
- 2.2. The Board delegates to the CEO and management, the responsibility of:
- 2.2.1. implementing the strategic objectives set by the Board, within the risk parameters set by the Board; and
  - 2.2.2. managing the day-to-day operations of Synlait.

### **3. RESPONSIBILITIES OF INDIVIDUAL DIRECTORS**

- 3.1. The Directors will, in exercising their role:
- 3.1.1. act in the best interests of Synlait as a whole;
  - 3.1.2. comply with all company policies expressed as applying to Directors, including the Synlait Standards (Code of Ethics) and the Securities Trading Policy;
  - 3.1.3. rely on the honesty and integrity of Synlait's management and its external auditors and advisors;
  - 3.1.4. be actively engaged in spirited debate with one another and with management to direct and approve strategic planning;
  - 3.1.5. commit the necessary time to be well briefed and able to fully participate in Board discussions;
  - 3.1.6. ensure that systems and processes are active in such a way that Synlait can sustain its course of business in an honest, ethical, responsible and safe manner;
  - 3.1.7. avoid conflicts of interest where possible, and promptly declare and manage conflicts in accordance with the Conflicts of Interest Policy should they arise, and remain acutely aware of potential risks;
  - 3.1.8. maintain and protect all confidential information in relation to stakeholders and business and financial affairs;
  - 3.1.9. diligently analyse and review any material acquisitions (or divestments) and capital expenditure;
  - 3.1.10. give proper attention to the matters before them; and



- 3.1.11. safeguard, protect and promote the image and reputation of Synlait at all times and keep confidential all discussions and decisions which are not publicly known.

#### **4. BOARD COMPOSITION**

- 4.1. The Board will comprise of a minimum of three Directors and a maximum of eight Directors. There will always be at least three independent Directors. The Board will appoint a Managing Director or Board Appointed Director.
- 4.2. The Chairperson will be an independent Director elected by the full Board. The terms of office will be at the Board's discretion.
- 4.3. Bright Dairy Holdings Limited may appoint up to four Directors, one of whom must be ordinarily a resident in New Zealand with extensive commercial and governance experience in New Zealand, while it meets certain shareholding requirements.
- 4.4. The Board is responsible for determining whether a Director is independent and will assess the independence of each Independent Director on an annual basis, before issuing its Annual Report. Independent Directors must disclose to the Board any information that may impact on their independence. The Board will consider the independence of a Director with reference to the criteria set out in Appendix A.

#### **5. ROLE OF THE CHAIRPERSON**

- 5.1. The Chairperson's role is to:
  - 5.1.1. provide leadership to the Board and Synlait;
  - 5.1.2. manage the Board in an effective manner and ensure it is well informed with each Director having access to all relevant information;
  - 5.1.3. allow the Directors, individually and collectively, an opportunity to voice differences, explore ideas, and generate the collective vision and wisdom necessary for the operation of the Board;
  - 5.1.4. encourage a constructive governance culture fostering consultative relations between the Board and management;
  - 5.1.5. act as a mentor or counsel for the CEO; and
  - 5.1.6. act as the link between the Board and the CEO on a day-to-day basis.
- 5.2. The Chairperson will conduct an annual review of the Board and each Director, including as against the requirements of this Charter.

#### **6. CONFLICTS OF INTEREST**

- 6.1. Each Director will provide an annual conflict of interest declaration, declaring, among other things, that they have made full disclosure of relevant interests.



## **7. ACCESS TO AND USE OF INFORMATION**

- 7.1. The Directors are able to have access to management through the CEO at any time, to request information or seek explanations. The Directors may also have access to advisers of Synlait and can seek independent professional advice with the Chairperson's consent, at Synlait's expense. This must be arranged through the Company Secretary.

## **8. COMPANY SECRETARY**

- 8.1. The Company Secretary is responsible for implementing any Board policies or procedures and providing advice to the Board on corporate governance matters. Any Director is entitled to separately contact the Company Secretary for advice or information for governance purposes.

## **9. BOARD MEETINGS**

- 9.1. The Board will meet formally at least six times per annum and where necessary, will meet to deal with urgent matters between scheduled meetings.
- 9.2. Board meetings can be held with a quorum of three Directors assembled together in the same place or by conference call.

## **10. BOARD COMMITTEES**

- 10.1. In discharging its responsibilities, the Board will form committees to consider specific areas (Committees). The Board will not delegate any of its responsibilities to the Committees but will consider recommendations from the Committees.
- 10.2. The Board has established the following Committees:
- 10.2.1. Audit and Risk Committee; and
  - 10.2.2. People, Environment and Governance Committee.
- 10.3. The Board may establish other Committees as required.
- 10.4. Each of the Committees must have written charters setting out roles and responsibilities, composition, membership requirements, and the manner in which the Committee is to operate. The Committee charters will be approved by the Board.
- 10.5. The Board will annually review the Committees' performance objectives and responsibilities in accordance with each Committee Charter.

## **11. REPORTING BY THE BOARD**

- 11.1. The Board shall ensure that minutes are recorded at all meetings of: the shareholders; the Board; and Board Committee meetings. The Chairperson of the meeting will approve all minutes and resolutions passed.
- 11.2. Minutes of all Board meetings will be circulated to Directors for approval at the commencement of the next scheduled meeting. All passed resolutions (from either Board



or Committee meetings) will be noted for that meeting and made available at the next scheduled meeting.

## **12. REVIEW OF CHARTER**

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



## APPENDIX A - INDEPENDENCE

- 1.1. A Director will not be independent if they have any direct or indirect interest, position, association or relationship that could reasonably influence, or be perceived to influence, in a material way, their capacity to bring an independent view to the Board, act in Synlait's best interests and represent the interests of Synlait's shareholders and bondholders (NZX Listing Rules).
- 1.2. The Board has established a set of guidelines to assist it in determining whether a Director is independent. A Director will be independent if:
  - 1.2.1. The Director is not currently, and has not within the last three years, been employed in an executive role by Synlait or any of its subsidiaries;
  - 1.2.2. The Director is not currently, and has not within the last 12 months, held a senior role in a provider of material professional services to Synlait or any of its subsidiaries;
  - 1.2.3. The Director does not have a current material business relationship (e.g. as a supplier, customer, professional adviser or consultant), and has not within the last three years had a material business relationship (e.g. as a supplier, customer, professional adviser or consultant) with Synlait or any of its subsidiaries, including as a principal of an entity associated in this way with Synlait or any of its subsidiaries;
  - 1.2.4. The Director is not, does not represent, and is not otherwise affiliated with, a substantial product holder of Synlait;
  - 1.2.5. The Director does not currently have, and has not within the last three years had, a material contractual relationship with Synlait or any of its subsidiaries, other than as a Director;
  - 1.2.6. The Director does not have close personal ties with anyone in the categories listed above;
  - 1.2.7. The Director has not been a Director of Synlait for a length of time that may compromise independence;
  - 1.2.8. The Director does not have any other interest which could or could reasonably influence, or be perceived to influence, in a material way, their ability to act independently and in the best interests of Synlait and represent Synlait's shareholders and bondholders.
- 1.3. In considering whether there is a disqualifying business relationship as described in sub-clause 1.2.3 above, the Board will have to make determinations about materiality. The Board may determine that a relationship is not material if:
  - 1.3.1. It generates 10% or less of Synlait's group revenue, with a presumption that the relationship is immaterial if it generates less than 5% of Synlait's group revenue, in each case during a 12-month period; and
  - 1.3.2. provided however that the Board must consider all relevant factors, including the strategic and other non-income-based aspects of the relationship, and the importance of the relationship to the Director.



- 1.4. The Board will regularly assess the independence of any Director who has served as a Director of Synlait or any of its subsidiaries for more than 10 years. In considering whether a Director has been a Director of Synlait for a length of time that may compromise independence, the Board will consider how close the Director has become to management, and all other relevant factors. The Board may discuss that Director's independence without that Director present.
- 1.5. The Board may determine that a Director who doesn't meet one or more of the criteria listed above is independent. If the Board so determines, the Board will record the reasons for that determination, and publish those reasons in its annual report.