

SUSTAINABILITY REPORT 2023

Including FY23 Greenhouse Gas Inventory Report

Doing Milk Differently For A Healthier World



WELCOME TO SYNLAIT'S 2023 SUSTAINABILITY REPORT

Synlait is delighted to present its fifth Sustainability Report.

For a number of years we have taken leadership positions in sustainability across a number of key metrics, and we are proud to hold ourselves accountable to these on an annual basis.

Our company's purpose is 'Doing Milk Differently for a Healthier World', and our world-class sustainability credentials are core to our DNA.

This will be the last Sustainability Report under the old five-year Sustainability Strategy (2018-2023). Later this year we will be working to provide a revised Sustainability Report alongside our new Sustainability Strategy, both of which will be closely aligned to our wider business strategy.

For now, please enjoy this progress update.





DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Report Scope

This report reviews Synlait Milk Limited's (Synlait) social and environmental performance for the year ended 31 July 2023. The scope of this report includes all entities in which Synlait Milk Limited has more than 50% ownership.

In FY23, Synlait Milk Limited wholly owned Synlait Milk Finance Limited, The New Zealand Dairy Company Limited, Eighty-Nine Richard Pearse Drive Limited, Synlait Business Consulting (Shanghai) Co. Ltd, Dairyworks Limited and Dairyworks (Australia) Pty Limited, Synlait Milk (Holdings) No.1 Limited and Synlait Milk (Dunsandel Farms) Limited. Synlait has less than 50% shareholdings in Sichuan New Hope Nutritional Foods Co. Ltd and Primary Collaboration New Zealand Limited, excluding them from the scope of this report.

In FY23, Synlait's manufacturing and processing sites were Synlait Dunsandel, Synlait Pokeno, Synlait Auckland, Dairyworks Hornby and Talbot Forest Cheese in Temuka.

However, the Temuka cheese plant was non-operational in FY23. Synlait's leased Auckland warehouse on Westney Road and Dairyworks' leased Gerald Connelly warehouse in Christchurch have been included in some environmental metrics, such as electricity, LPG, waste and GHG emissions.

Please note: The 2023 Sustainability Report now includes the Synlait Greenhouse Gas Report (as Appendix 2). Deloitte's assurance applies only to that section of this report.

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WELCOME FROM CEO GRANT WATSON

Kia ora koutou,

Welcome to our FY23 Sustainability Report.

It has been an extremely challenging year for Synlait. We delivered a poor financial result due to challenging global market conditions, including material reductions in customer demand, CO₂ shortages, extreme weather events, the COVID-19 pandemic, inflationary impacts on our cost base, and costs associated with the launch and stabilisation of our enterprise resource planning (ERP) system.

Despite these challenges, our team delivered several sustainability successes that I am proud to celebrate in this report.

Maintaining our B Corp[™] status

We were recently recertified as a B Corporation, the gold standard accreditation globally for sustainability. This demonstrates to customers that Synlait is committed to considering the impact of our decisions on workers, customers, farmers, suppliers, community, and the environment.

Being a B Corp[™] means that Synlait meets the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. Synlait has been a certified B Corp[™] since June 2020, and is the only New Zealand headquartered dairy processor to have this accreditation. It is increasingly requested by Synlait's global customers and is a competitive differentiator in sales negotiations.

Maintaining China market access

Another key recertification success in 2023 was achieving the State Administration for Market Regulation (SAMR) re-registration, which secures our China market infant formula access through until September 2027. This registration is critical to our largest customer, The a2 Milk Company, and provides a strong foundation to our partnership.

Maintaining relationships with our farmer suppliers

We successfully established our Synlait Farmer Leadership Team, which provides us with a direct conduit to our farmer base. The team helps us support our farmer suppliers in applying farming best practice, and they in turn probe our strategy and approach, providing direction and feedback. We also increased the share of our farmer suppliers in the Lead With Pride[™] programme from 69% to 77%.

Maintaining industry connections

Synlait became one of the founding shareholders in AgriZero^{NZ}, a unique technology and research partnership between the New Zealand Government's Ministry for Primary Industries (MPI) and some of New Zealand's largest agribusinesses. AgriZero^{NZ} aims to give farmers the tools to reduce their own on-farm emissions, such as methane vaccines, alternative feed, and ruminant biotech, to help New Zealand meet agricultural emissions reduction targets.

Finally, in 2024 we will release Synlait's revised Sustainability Strategy, to better align our objectives with the refresh of our broader business strategy, and to align with modern reporting standards.

I am proud of the work our team have done to achieve the above highlights – these are what make Synlait a unique and amazing place to work.

Ngā mihi.

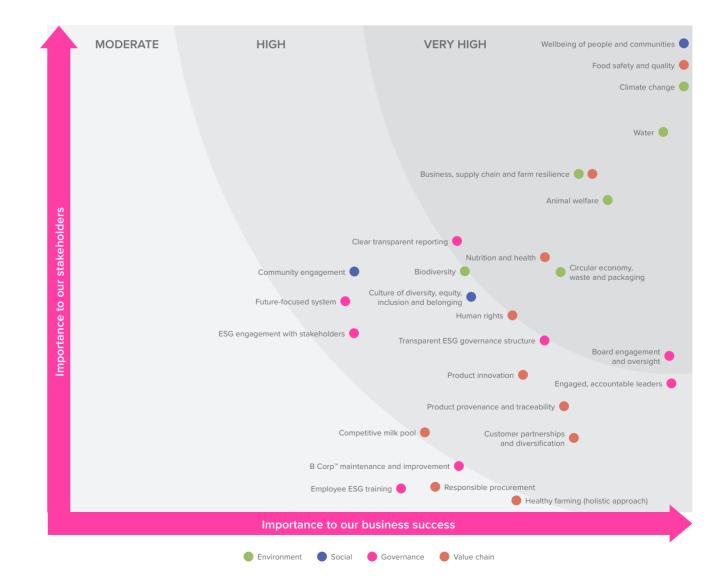
front hat

Grant Watson CEO 9 January 2024

MATERIALITY MATRIX

This year, Synlait is refreshing its Sustainability Strategy to bring it into line with industry best practice, and to further strengthen Synlait's industry leading credentials.

As the first step in the Sustainability Strategy refresh process, Synlait conducted an in-depth stakeholder engagement programme to ascertain what is most material – that is, what is most important and impactful regarding Environmental-Social-Governance (ESG) issues and how they contribute to Synlait's business success. This is an integral commencement point for our Sustainability Strategy refresh and will form the basis of the strategy going forward.



SUSTAINABILITY GOVERNANCE

BOARD OF DIRECTORS

The purpose of the People, Environment and Governance Committee (The Committee) is to assist the Board on all material matters in relation to people, the environment, and governance at Synlait.

This includes establishing a coherent framework for management of the Human Resource policy and remuneration structure, enabling Synlait to attract, retain and reward talent; and establishing policies and strategies to ensure Synlait meets its commitment to create a business impact that is net positive for the planet across its entire value chain.

Key responsibilities include:

- To monitor and review the effectiveness of our Human Resources strategy, talent management and processes;
- To review Synlait's investment strategies against our sustainability commitments;
- To monitor and review the effectiveness of our sustainability strategies; and
- To review and approve progress against strategies and targets.

The Committee consists of at least three members, the majority of whom are independent directors. Committee meetings are held at least five times a year.

EXECUTIVE LEADERSHIP TEAM

All members of our Executive Leadership Team share responsibility for our social and environmental performance. In line with our goal of balancing people, planet and profit, our corporate scorecard includes people and environmental metrics, alongside financial, quality, production, and sales indicators.

The Executive Leadership Team members are directly accountable for delivering specific programmes under our sustainability framework:

- The Director of On-Farm Excellence and Business Sustainability is responsible for milk supply, on-farm excellence, and sustainability, ensuring that our milk pools remain highly competitive while continuing to accelerate our environmental targets on and off-farm.
 - The Director of People and Culture is responsible for health, safety and wellbeing, diversity and inclusion, and the development of a framework that strengthens our capability and culture, creates career pathways for key talent, and promotes high performing teams.
 - The Director of Quality, Regulatory and Laboratory is responsible for ensuring that we manufacture products under world-class food safety and quality standards.

The other Executive Leadership Team members directly or indirectly support the achievement of our social and environmental goals. For example, our four business units aim to embed sustainability into their products, processes and/or customer relationships.

B CORP ADDITIONS (2023)

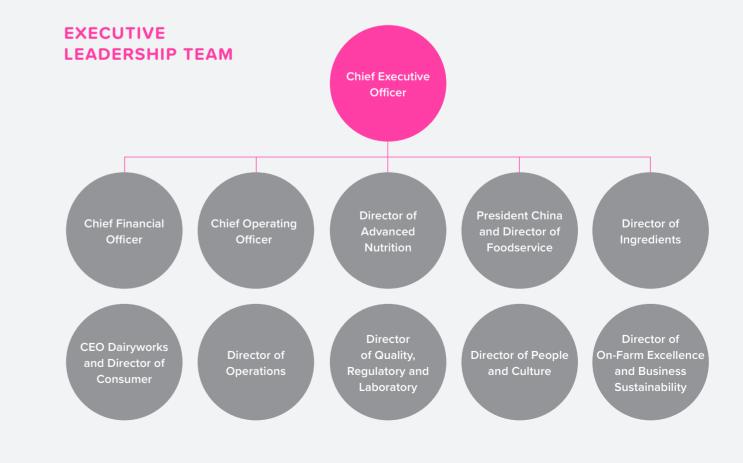
Governance changes made in 2023 as part of Synlait's B Corp™ re-certification included:

- New social and environmental performance metrics, which are now linked to the compensation and job descriptions of the Executive Leadership Team;
- Board review of the company's social and environmental performance;
- Synlait also added Purpose and Stakeholder Consideration clauses to its constitution after the changes were ratified by way of a Special Resolution at the 2023 Annual Meeting.



Board of Directors

People, Environment and Governance Committee



SUSTAINABILITY REPORT 2023



ENVIRONMENT

NET POSITIVE FOR THE PLANET

OUR AIM IS TO HAVE A NET POSITIVE IMPACT ON THE PLANET.

Achieving this means taking stock of our current environmental footprint and implementing initiatives both on-farm and off-farm to reduce greenhouse gas (GHG) emissions, eliminate water degradation, transition from a linear to a circular economy, procure sustainable packaging and improve the welfare of the animals and ecosystems we depend on. We have developed four Sustainable Innovation Platforms that inform our actions for environmental stewardship.



with the Paris Agreement and stay below 1.5°C of warming by 2100.

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WATER

How we strive to eliminate over-consumption and

CIRCULAR ECONOMY

How we substantially reduce our



our farmer suppliers to achieve the integrity of our milk and the way it is produced. We develop



CASE STUDY

CELEBRATING **FIVE YEARS OF** WHAKAPUĀWAI

The two-hectare site at Synlait's Dunsandel facility can grow more than 100,000 native trees and shrubs annually.

On-farm planting is a partnership with Synlait and its farmer suppliers. Synlait raises seedlings at its nursery onsite in Dunsandel then distributes to farmers along with support, advice and assistance with planting.

Synlait aims to plant 60,000 in the next calendar year.

Synlait has been involved with 67 planting projects across Canterbury. Scale has not been a deciding factor in FY23, with some projects consisting of 120 plants on farm, right through to larger projects with 3,500 plants.

Our partners putting Whakapuāwai to work

- We have been assisting LH Dairy – Manuka Flat in Culverden Basin with riparian planting as well as regenerating biodiversity in particular gullies. The farm owners are also working towards retiring land around key waterways and streams. The programme's longterm vision is to increase native corridors and plant a wide range of unproductive land.
 - We worked with BC & TE Brown in Geraldine, by supplying 2000 mixed natives to improve water quality along a 1.1km spring fed stream.
 - The Methven Lions is in its third year of the partnership and has been allocated about 2000 native species, grasses and seedlings to plant. They are currently identifying new areas to plant about 4,000 additional plants. This project is planned to continue until 2028.

What is Whakapuāwai?

Whakapuāwai means "to cause to blossom, develop, flourish, prosper, thrive". It is Synlait's commitment to restoring and regenerating native ecosystems, waterways and wetlands, flora and fauna.

Whakapuāwai is our sophisticated nursery and planting operation and a mechanism for customers and suppliers to collaborate on revegetation projects – a valuable tool for restoring ecosystems and biodiversity, and sequestering carbon through on-farm planting to help meet GHG reduction targets.



On-farm

Science Based Target initiative (SBTi) – 30% reduction in Scope 3 GHG emissions from on-farm purchased goods and services, per kilogram of milk solids, by FY28, from a FY20 base year.

Off-farm

Science Based Target initiative (SBTi) – 45% reduction in absolute Scope 1 and 2 GHG emissions by FY28 from a FY20 base year.

FY23 KEY INITIATIVES

Two low emission boilers operational at Synlait Dunsandel (Scope 1 and 2)

Our biomass conversion of Boiler Two at Synlait Dunsandel went live, removing coal as its fuel. This sits alongside our FY19 commissioning of New Zealand's first large-scale electrode boiler to supply process heat to its Advanced Dairy Liquid Packaging Facility. The two projects have enabled us to realise a reduction of Scope 1 greenhouse gas (GHG) emissions in FY23, progressively increasing to 58,000 tCO₂e in FY26, when the projects are expected to reach full capacity.

AgriZero^{NZ} Public-Private Partnership (Scope 3)

Synlait announced it is one of the founding shareholders in AgriZero^{NZ}, a unique partnership between the New Zealand Government's Ministry for Primary Industries (MPI), Synlait and a number of New Zealand's largest agribusinesses. The research and investment partnership works to give farmers the tools reduce their own on-farm emissions, such as methane vaccines, alternative feed, and ruminant biotech.

FY23 CLIMATE RESULTS – OFF-FARM (SCOPE 1 & 2)

Unit	FY18	FY19	FY20	FY21	FY22	FY23
tCO2e	108,002	113,547	126,296	125,466	127,993	120,755
tCO2e	101,079	106,512	117,492	116,962	116,896	113,004
tCO2e	6,923	7,035	8,804	8,504	11,097	7,751
tCO2e	108,002	113,547	126,296	125,466	126,863	113,504
tCO2e	0.78	0.73	0.65	0.58	0.62	0.60
	tCO ₂ e tCO ₂ e tCO ₂ e tCO ₂ e	tCO2e 108,002 tCO2e 101,079 tCO2e 6,923 tCO2e 108,002	tCO2e 108,002 113,547 tCO2e 101,079 106,512 tCO2e 6,923 7,035 tCO2e 108,002 113,547	tCO2e 108,002 113,547 126,296 tCO2e 101,079 106,512 117,492 tCO2e 6,923 7,035 8,804 tCO2e 108,002 113,547 126,296	tCO2e 108,002 113,547 126,296 125,466 tCO2e 101,079 106,512 117,492 116,962 tCO2e 6,923 7,035 8,804 8,504 tCO2e 108,002 113,547 126,296 125,466	tCO2e 108,002 113,547 126,296 125,466 127,993 tCO2e 101,079 106,512 117,492 116,962 116,896 tCO2e 6,923 7,035 8,804 8,504 11,097 tCO2e 108,002 113,547 126,296 125,466 127,993

FY23 CLIMATE RESULTS - ON-FARM (SCOPE 3)

Description of metric/target	Unit	FY18	FY19	FY20	FY21	FY22	FY23
Scope 3 on-farm GHG emissions (total)	tCO2e	752,320	722,821	911,573	991,033	906,170	936,757**
- South Island	tCO2e	752,320	722,821	771,406	849,452	760,666	800,989
- North Island	tCO2e	-	-	140,167	141,581	145,504	135,768
Scope 3 GHG emissions on-farm per kilo of milk solids	kg	11.83	11.39	11.91	11.42	10.94	11.10
Scope 3 farmer supplier emissions per kg of FPCM*	kg	0.87	0.84	0.88	0.85	0.81	0.84

FPCM refers to "Fat and Protein Corrected Milk" and is sometimes called "Energy Corrected Milk" (ECM). It is the calculation of standardising milk production for comparison between cows.

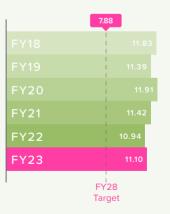
These FY23 results reflect a below average milk production season due to poor weather conditions. Emissions intensity has risen due to reduced production, and due to some farmers purchasing extra feed to compensate for the unfavourable growing season.

Total Scope 1 and 2 emissions excluding Synlait Farms

	78,327
FY18	108,002
FY19	113,547
FY20	126,296
FY21	125,466
FY22	126,863
FY23	113,504
	FY28 Target



Scope 3 GHG emissions on-farm per kilo of milk solids





On-farm

20% reduction in water use per kilogram of milk solids by 2028, from a FY19 base year.

45% reduction in nitrogen loss to waterways per kilogram of milk solids by 2028, from a FY18 base year.

Off-farm

20% reduction in water use per tonne of product by 2028, from a FY18 base year.

20% reduction of nitrogen discharge per tonne of product by 2028 (Synlait Dunsandel and Pokeno only), from a FY18 base year.

FY23 KEY INITIATIVES

Nitrogen reduction technology trial Nitrogen leaching, mainly from cow urine, can be a cause of water quality degradation. In 2020, Synlait began partnering with a farmer supplier to trial a new technology with the potential to reduce nitrogen leaching and promote grass growth, which completed in April 2023. We are now using this technology on Synlait owned farms.

Lactoferrin process optimisation

This programme aims to improve existing lactoferrin processes and achieve lower chemical, salt and water usage in a more sustainable manner.

The GE CIP (clean in place) used by the lactoferrin operations, where the chemical usage and silo selection was optimized resulted in reduced chemicals and water usage reductions when the project was completed in June 2023.

FY22 WATER RESULTS – OFF-FARM

Description of metric/target	Unit	FY18	FY19	FY20	FY21	FY22	FY23
Off-farm water consumption	m³	1,927,484	2,232,869	2,823,454	2,636,247	4,830,988	4,213,045
absolute (including Synlait Farms)							
Off-farm water consumption	m³	1,927,484	2,232,869	2,823,454	2,636,247	2,678,309	2,925,593
(excluding Synlait Farms)							
Off-farm water use per tonne	m³	13.86	14.36	14.62	12.27	12.99	12.46
of product							
Nitrogen (in kg) discharged per	g	41.4	40.5	33.4	31.2	29.1	28.7
tonne of product (Dunsandel							
and Pokeno only)							

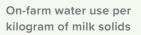
FY23 WATER RESULTS - ON-FARM

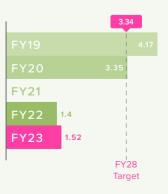
Description of metric/target	Unit	FY18	FY19	FY20	FY21*	FY22	FY23
Waterways fenced to the stock-	%	-	-	-	-	100%	100%
exclusion standard of the New							
Zealand Dairy Tomorrow Strategy							
Total on-farm water consumption	m³	-	266,075,593	257,061,367	-	114,466,404	128,006,885
On-farm water use per kilogram of milk solids	m³	-	4.17	3.35	-	1.4	1.52
Nitrogen loss on-farm to waterways per kilogram of	g	41.4	40.5	33.4	31.2	29.1	28.7
milk solids							

In FY21, water consumption data for the Canterbury region was deemed too incomplete to include in official reporting. These factors included: missing data from farms, the inability to distinguish between large blocks and individual farms in some water consents and irrigation schemes, data recording gaps and spikes from water meters. This issue was resolved in future reporting years.

Off-farm water use per tonne of product

	11.1
FY18	13.86
FY19	14.36
FY20	14.62
FY21	12.27
FY22	12.99
FY23	12.46
	FY28 Target







99% of total non-hazardous manufacturing waste will be diverted from landfill by 2028.

100% of product packaging will be reusable, recyclable, or compostable by 2025.

FY23 KEY INITIATIVES

Waste management improvements A key waste improvement project commenced in June 2022 at Synlait Dunsandel in collaboration with our waste management provider. In FY23 Synlait continued to optimise the operations of each business unit specific to its waste streams. The site will also install a compactor system to reduce the volume of general waste by a ratio of 3:1 and increase waste transport efficiency.

Recycling lining of 25kg bags

One of our main packaging items is a 25kg milk powder bag which is composed of an outer paper bag (recyclable) and an inner plastic liner that is difficult to recycle. We are working with our waste partners on solutions such as washing and recycling of our "contaminated" liners, which contain residues of milk powders.



SYNLAIT FARMER LEADERSHIP TEAM ESTABLISHED

In November 2022, the Synlait Farmer Leadership Team was established. The eight farmers are a conduit between Synlait and our farmer supplier base. The team helps us support our farmer suppliers in applying farming best practice, and they in turn probe our strategy and approach, providing direction and feedback. We will become stronger leveraging this team's expertise.





Phill Everest Williamson South Island South Island Co-Chair

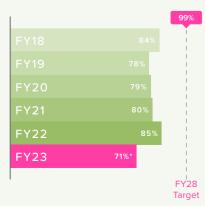
Dan Gary Schat Michael South Island South Island

FY23 CIRCULAR ECONOMY RESULTS

Description of metric/target	Unit	FY18	FY19	FY20	FY21	FY22	FY23
Non-hazardous waste recycled or recovered	%	84%	78%	79%	80%	85%	71 %*
Reusable, recyclable or compostable packaging sold, by weight (Synlait)	%	-	-	99.3%	99.1%	99.2%	99.7 %

There have been some challenges with validating the non-hazardous waste data from third party suppliers. This is being investigated and expect to update in early 2024.

Non-hazardous waste recycled or recovered



Reusable, recyclable or compostable packaging sold, by weight (Synlait)

FY20	99.3%
FY21	
FY22	99.2%
FY23	99.7%

FY23 ANIMAL WELFARE & HEALTHY FARMING RESULTS

Description of metric/target	Unit	FY18	FY19	FY20	FY21	FY22	FY23
Average length of farmer partnership with Synlait (as of 31 May) in years							
- South Island	#	-	6.8	7.8	8.0	8.9	9.7
- North Island	#	-	-	1.0	1.9	2.7	2.8
Lead with Pride [™] certified farmer suppliers (as of 31 May)	%	28%	49%	57%	62%	69%	77%





Henry Bolt South Island



Rebecca Hubbard North Island



Susie Woodward North Island



Will Burrett South Island



CASE STUDY

EVOLVING LEAD WITH PRIDE[™] TO SERVE OUR FARMERS BETTER

FY23 marks almost 10 years of the Lead With Pride[™] programme.

Over the past year, Lead With Pride[™] has been streamlined to give freedom to those that are exhibiting industry-leading farm practice, while also supporting farmers that are new to the programme. The changes Synlait has made are based on farmers' feedback that Lead With Pride[™] should recognise longevity and good performance.

Changes to auditing and incentives Lead With Pride[™] has created three different audit programmes:

- 1. Primary Audit farmers who are new to the programme undergo a thorough audit every year. There is a wider scope of improvements they must demonstrate at each audit.
- 2. Secondary Audit the scope of the audit is reduced for farmers that have been in the programme for more than two years. Farms on a secondary audit haven't

quite hit some key KPIs which means they have a less intensive audit than farms on a primary audit, but more intensive than farmers on a tertiary audit. The KPIs relate to environmental and milk quality performance.

3. Tertiary audit – for farmers achieving their KPIs and who have been a part of Lead With Pride for more than two years. These farmers have one 'full' audit every three years. They still receive an audit each year, but the scope is reduced and focused on outcomes achieved.

About 80% of farms across Canterbury currently meet the Lead With Pride[™] KPIs, therefore many suppliers will graduate to the triennial audit. There are some exceptions to this and the Synlait team will work with those that still require additional audits. In the North Island, farmers meeting KPIs is at about 50%.

Updated GHG mitigation tool

Based on valuable farmers' feedback. Synlait has made significant updates to the GHG mitigation tool to be implemented in FY24. These updates gave farmers more options to achieve the financial incentives available, while also encouraging continuous improvement.

From FY25, it is proposed that the incentive programme will now take into account farmers' actual greenhouse gas emissions and reductions.

Why Lead With Pride[™] is different

- ISO accredited. incentivised, best practice dairy farm certification
- Independently audited
- Emphasis on people, . animals, environment, and quality of the milk
- Positive approach to regulatory reform
- Sustainability message that aligns with Synlait's vision
- Focus on individual farms' continuous improvement
- Tailored on-farm support team

LEAD WITH PRIDE[™]

OUR FOUR PILLARS



The Lead With Pride[™] programme is comprised of four interdependent pillars: Environment, Animal Health and Welfare, Milk Quality and Social Responsibility. These pillars recognise the challenges and complexities of sustainability in the medium and long term, and are supported by financial incentives, designed to encourage continuous improvement in dairy farming practices. Each year, Lead With Pride[™] certified farms are independently audited to the ISO/IEC 17065 standard.

Environment – Lead with foresight New Zealand's unique environment is reflected in the quality of its milk, so protecting the environment is both good farming and good business.

For dairy farming to be sustainable, our industry's environmental practices must be sustainable too. To become Certified Members. our farmer suppliers must achieve excellence in the management of water, effluent, biodiversity, soil quality, energy and GHG emissions.



Milk quality -Lead with greatness

It takes modern, innovative farming methods to produce the highest quality milk that our customers want in their products. Our best suppliers are dedicated to food safety. They do this by daily milk monitoring and focus on practices that ensure the absolute integrity of their milk. Our Certified Members are recognised for excellence in areas that our customers consider essential. including dairy presentation and infrastructure, hygiene practices, milk cooling, residue management and staff training.



Animal health and welfare -Lead with care

The best dairy farmers know that the health and welfare of their herd directly impacts milk quality and work hard to ensure a happy and healthy herd. Certified Members exceed New Zealand's Animal Health and Welfare standards. This includes accurately monitoring and recording animal health events and outcomes so better decisions can be made in the future, and performance improved.



Social responsibility -Lead with integrity

The greatest potential on any farm lies in its people. By building cohesive teams that have real drive and passion, our farmer suppliers are able to improve overall farm performance. Taking a comprehensive human resources approach, farmers create more opportunities for success. Certified Members take a systems approach to recruitment, management, health and safety and training. They create a sense of teamwork on farms and stand out as an employer our industry respects.

PEOPLE

A HEALTHIER SYNLAIT

WE ARE CREATING **OPPORTUNITIES** FOR ALL TO THRIVE.

By building support for our ambition, commitment, and actions, together we can transform our industry, benefit our country, and leave a legacy for future generations.

Our commitment to sustainability reaches throughout our team members, farmer suppliers and the wider community.

This section of the report focuses on the three Sustainability Innovation Platforms (SIPs) that underpin the People pillar of our Sustainability Strategy.



SAFE WORKPLACE

The ways we aim to achieve integrated health, safety, and wellbeing, with an aspiration of zero harm.



TALENT ATTRACTION & DEVELOPMENT

The ways we recruit and develop highly skilled people and create a legacy of committed leaders and people to transform our industry for the better.

H)

DIVERSITY & INCLUSION

The ways we ensure the wellbeing of our people by building a positive workplace culture that aligns with our values and appeals to a diverse range of employees.



FY23 KEY INITIATIVES

Launch of Synlait Safe

Synlait Safe was launched in November 2022 and is a reset of Synlait's commitment to safety and wellbeing. Synlait Safe is a programme of activities and initiatives that challenges us to think differently about safety and wellbeing – to develop and improve our culture, our leadership practices and it requires change at every level of the business. The results of this programme have been impressive.

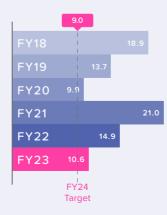
Since launch, we have seen our Total Recordable Incident Frequency Rate

(TRIFR) reduce by 30% in FY23 to 10.6 (FY22: 14.9). We launched with on-site activations during a twoweek period across the business, with approximately 85% of staff attending at least one of the events. We asked employees to identify their top 5 reasons for working safely (their Personal Big 5 – PB5™), be it people, activities, future plans or events they may have. We have also seen a steady increase, of at least 20%, in positive behaviours such as Safety Observation reports, resulting in quicker response time to addressing hazards. With the

FY23 SAFE WORKPLACE RESULTS

Description of metric/target	Unit	FY18	FY19	FY20	FY21	FY22	FY23
Health and Safety Committee meetings held as planned	%	-	-	-	95%	41%	82 %
Total Recordable Injury Frequency Rate (TRIFR)*	#	18.9	13.7	9.9	21.0	14.9	10.6

Total Recordable Injury Frequency Rate (TRIFR)*



hours worked.

introduction of a new reward and recognition programme, which hands out 'Milk Tokens,' we've seen a 10-fold increase in awards. Other positive safety behaviours, such as reverse parking and 'questioning behaviours' indicate a stronger staff commitment to proactively address hazards. We refreshed and launched an assurance programme to confirm the presence of critical controls (we call 'safety essentials') to manage critical risk (fatality prevention), and over 400 employees have attended our behavioural safety training programme.





FY23 KEY INITIATIVES

Leadership programmes

We have revamped our Leading at Synlait programme to leverage the great tools we have to support our people leaders to get the best out of their teams. The focus of the programme is on utilising Gallup Strengths, engagement and talent conversations that are focused on understanding an individual's aspirations, and to help team members deliver positive results and increased engagement.

Development opportunities

At the start of FY24, a new performance optimisation programme called Vantaset, was established. Vantaset will enable a greater focus on the creation of meaningful development plans over time to help Synlait deliver on its strategy and enable our team members to build capability where it matters the most.





FY23 KEY INITIATIVES

Revised Matua (Parental Leave) policy

The Matua (Parental Leave) policy has been in place since late 2019 and was developed to support employees taking time to raise a family, and their need to balance the return to work and cost of childcare post-parental leave. It is designed to retain employees when faced with the decision whether or not to return to the workplace after childbirth.

In FY23 we revised the policy to reflect the government changes to the 'twenty hours' free childcare', expanding it from three to five year olds to include two year olds at Early Childhood education centres. Previously Synlait had provided this itself.

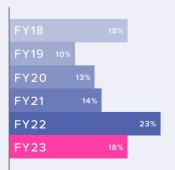
Approximately 40 employees are accessing the policy at any one time, and during the time of the policy, some employees have accessed the policy more than once. Typically, these employees have been female, but over the past eighteen months, there has been a small shift to male employees taking time to raise their child under this policy.

FY23 TALENT ATTRACTION AND DEVELOPMENT RESULTS

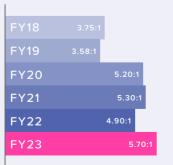
Description of metric/target	Unit	FY18	FY19	FY20	FY21	FY22	FY23
Employee turnover rate – Synlait	%	18%	10%	13%	14%	23%	18%
Employee engagement ratio* – Synlait	#	3.75:1	3.58:1	5.20:1	5.30:1	4.90:1	5.70:1

⁺ Engagement Ratio is engaged staff: actively disengaged staff (excluding Synlait China and Dairyworks) this figure is from our April 2023 survey.

Employee turnover rate – Synlait



Employee engagement ratio* – Synlait



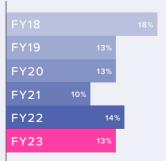
FY23 DIVERSITY AND INCLUSION RESULTS

Description of metric/target	Unit	FY18	FY19	FY20	FY21	FY22	FY23
Woman as managers or senior specialists – Synlait	%	34%	36%	37%	36%	37%	40%
Gender pay gap – Synlait	%	18%	13%	13%	10%	14%	13 %

Women as managers or senior specialists – Synlait

FY18	
FY19	36%
FY20	37%
FY21	36%
FY22	37%
FY23	40%

Gender pay gap – Synlait





FARMER SUPPLIER **CONFERENCE AND** DAIRY HONOURS AWARDS

We bring our farmer suppliers together at an annual winter event designed to update them about what is happening at Synlait and celebrate their successes at the Dairy Honours Awards. Congratulations to our 2023 award winners!



BP Dolan Farms Ltd



Dewhirst Land Company

AWARD Jersey Oaks Ltd

KOTAHITANGA



Align Farms Ltd

SUPREME LEAD Ð WITH PRIDE[™] AWARD

North Island: Torrens Land Ltd South Island: K & T Pastoral for Mt Hutt Dairies Ltd

BEST MILK ₿ QUALITY AWARD

North Island: Green Grass (2003) Ltd South Island: Lieuwes Abbott Ltd



South Island: Ngāi Tahu Farming Ltd – Waimakariri

GREENHOUSE 4 GAS AWARD

North Island: S and J Brighouse Ltd South Island: Mount Rivers Ltd for Mount Rivers Holdings



North Island: Maharee Farms Ltd South Island: Lieuwes Abbott Ltd



North Island: Landcorp Pamu South Island: Partners in Cream Ltd for Ngāi Tahu Farming Ltd — Timutimu





ENTERPRISE

WORLD CLASS VALUE CHAIN

WE PROVIDE MILK NUTRITION FOR **CONSUMERS AROUND** THE WORLD.

As demand for our products continues to increase, we have invested in global accreditations and certifications that provide us with a competitive advantage and reputational credibility.

Our customers can trust our commitment to the highest standards of food production and delivery.



The ways we ensure our processing systems meet the highest food quality and safety standards. Our approach to nutrient production enables our customers to confidently differentiate their products based on quality and provenance.

SUSTAINABLE SUPPLY

The ways we ensure that throughout our supply chain our products meet our sustainability objectives and have a positive impact on people and the planet.



FY23 KEY INITIATIVES

State Administration for Market Regulation (SAMR) **Recertification achieved**

Synlait was extremely pleased that the State Administration for Market Regulation (SAMR) notified it of the successful re-registration of The a2 Milk Company's Chinese labelled 至初® Infant Formula (stages one, two and three) at its Dunsandel facility alone, which will allow it to manufacture and export this product for the China market until September 2027. As the manufacturer of those products, the SAMR registration is held by Synlait and attached to its Dunsandel facility. The re-registration is pivotal for the ongoing success of the manufacturing and supply agreement that Synlait and The a2 Milk Company have.

FY23 SAFE FOOD RESULTS

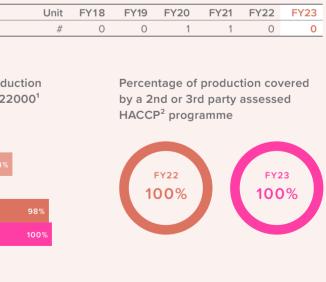
Description of metric/target	
Number of consumer recalls of products fo	r food safety reasons
Audits completed for critical and	Percentage of prod
high-risk suppliers who were due	covered by FSSC 2
for their three-yearly audit	

FY19		
FY20	22.2%	
FY21	26.3%	
FY22		63.
FY23		64.

FY20	74	1%
FY21	65%	
FY22		
FY23		

- ¹ Food Safety System Certification (FSSC) 22000 is an internationally accepted auditing and certification to ensure the provision of safe food, feed, and packaging to the consumer goods industry.
- ² Hazard Analysis and Critical Control Point (HACCP) is an internationally recognised system used to identify and manage significant food safety hazards, and ensure food safety.







100% of our procurement tenders will include social and environmental criteria by 2028.

FY23 KEY INITIATIVES

Optimising our supply chain

Consistent world-wide shipping shortages across FY22 and FY23 have been a significant challenge for our logistics and export teams. However, the rail siding and Dry Store 4 that were commissioned in FY21 at Synlait Dunsandel are on track to saving the company more than the predicted 880 tonnes of carbon dioxide per year, a notable success from an environmental sustainability perspective. This year, the rail siding, when compared to equivalent trucking of goods, reduced our emission by 777 tCO₂.

Sustainable procurement in contracts

In FY21, Synlait adopted a more formalised approach to integrating sustainability into procurement policies and processes. All procurement tenders have a desktop assessment completed to calculate the level of sustainability risk and impact associated with the supplied product or service. Our next step is to incorporate sustainability criteria into other components of the procurement cycle, such as supplier reporting, reviews, and audits.

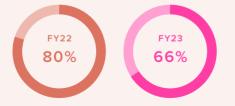
FY23 SUSTAINABLE SUPPLY RESULTS

Description of metric/target	Unit	FY18	FY19	FY20	FY21	FY22	FY23
Supplier expenditure with New Zealand registered companies – Synlait	%	86.3%	88.4%	86.8%	-	-	86.8%
Procurement tenders issued during the year that include both social		-	-	-	87%	80%	66%
and environmental critera							

Supplier expenditure with New Zealand registered companies - Synlait



Procurement tenders issued during the year that include both social and environmental critera





Pasteurised product Fit for human consumption Store in a cool, dry, and well ventilated place Date Format: DD-MM-YYYY Manufactured by: Synlait Mik Limited 1028 Heslerton Road Rakaia, Canterbury, New Zealand +64 3 373 3000 synlait.com

NET WEIGHT

5kg

PRODUCT OF NEW ZEALAND

PPRI01010





Registration Number: 540





APPENDIX 1: KEY SUSTAINABILITY METRICS

Related section in report	Description of metric	Unit	FY18	FY19	FY20	FY21	FY22	FY23
CEO Letter	B Corp [™] points – Group	#	-	-	-	-	-	89.5
	B Corp [™] points – Synlait	#	-	-	80.4	80.4	80.4	97.7
	B Corp™ points – Dairyworks	#	-	-	-	-	-	56.6
Net Positive for the Planet	Investment in Whakapuāwai	\$	-	365,758	953,876	559,630	245,724	320,000
	Staff partcipation in Whakapuāwai	%	-	-	-	22%	17%	1%
	Total number of native trees and shrubs supplied by the nursery – to Dunsandel site	#	-	-	-	168	144	0
	Total number of native trees and shrubs supplied by the nursery – to Synlait Dairy Farms	#	-	-	-	52,802	40,900	51,336
	Total number of native trees and shrubs supplied by the nursery – to other community areas	#	-	-	-	1,320	3,620	10,330
Climate	Total energy consumption	MWh	347,145	377,086	446,541	436,365	428,104	420,391
	kWh of energy per tonne of product	kWh	2,495	2,425	2,313	2,031	2,076	2,077
	Total coal consumption – Dunsandel only	MT	54,287	56,807	56,889	56,467	53,861	41,949
	Coal consumption per tonne of product	MT	0.39	0.37	0.29	0.26	0.26	0.21
Water	Nitrogen (in kg) discharged per tonne of product – Dunsandel and Pokeno only	kg	0.28	0.32	0.38	0.31	0.27	0.36
	Sodium Absorption Ratio (SAR) 90th percentile of 10 – Dunsandel only	#	13.16	11.24	13.62	13.8	13.8	14.26
	Water recovered and reused in manufacturing operations – Pokeno only	%	-	-	17%	27%	19%	14%
	Nitrogen loss on-farm to waterways per kilogram of milk solids	g	41.4	40.5	33.4	31.2	29.1	28.7
Healthy Farming	Percentage of farms with significant environmental non-compliances (as of 30 June)	%	-	2%	3%	1%	1%	1%
	Lead With Pride [™] certified milk (as of 31 July)	%	33%	51%	65%	72%	79%	78 %
Circular Economy	Total waste produced	MT	4,296	5,249	8,242	6,744	7,099	7,343
	Total hazardous waste (landfilled and recycled)	MT	458	584	312	319	378	331
	Total non-hazardous waste (landfilled and recycled)	MT	3,838	4,665	7,930	6,425	6,721	7,012
	Total waste (landfilled + recycled) per tonne of product	kg	31	34	43	31	34	36
	Total non-hazardous waste by type of treatment (recycled and recovered)	MT	3,238	3,637	6,269	5,126	5,731	5,181
	Total non-hazardous waste by type of treatment (landfilled)	MT	600	1,028	1,661	1,299	1,367	2,162
	LCA sales coverage	%	-	45%	51%	70%	50%	38%
	Reusable, recyclable or compostable packaging sold, by weight – Dairyworks	%	-	-	-	-	-	82.3%
Safe Workplace	Health and safety actions completed before due date – Synlait	%	-	-	-	60%	58%	52 %
	Employee fatalities	#	-	-	-	0	0	0
Diversity and Inclusion	Women as managers or senior specialists – Synlait	%	34%	36%	37%	36%	37%	40%
	Women as managers or senior specialists – Dairyworks	%	-	-	-	24%	25%	39%
	Women in senior leadership team – Group	%	14%	14%	25%	24%	25%	27 %
	Women in senior leadership team – Synlait	%	14%	14%	25%	31%	27%	30%
	Women in senior leadership team – Dairyworks	%	-	-	-	-	20%	20%

APPENDIX 2:

FY23 GREENHOUSE GAS INVENTORY REPORT

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- Base Year and Re

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NOTE: Deloitte has provided assurance on the following FY23 Greenhouse Gas Inventory Report only (Appendix 2 – pages 31-50).

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ABOUT THIS REPORT 1.

This report is the annual greenhouse gas (GHG) emissions inventory report for Synlait Milk Limited (Synlait). The inventory is a complete and accurate quantification of the amount of GHG emissions that can be attributed to Synlait's operations within the declared boundary, scope, and reporting period.

The inventory and this report have been prepared in accordance with the requirements of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2006 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals. Throughout this report, where appropriate, figures have been rounded to the nearest whole number. This is Synlait's sixth GHG Inventory Report. previous inventories can be found at synlait.com/sustainability.

GHG Inventory Assurance

Deloitte Limited has been appointed as the third-party independent assurance provider. A reasonable level of assurance has been given over the Scope 1 and 2 assertions and guantifications included in this report and a limited level of assurance over the Scope 3 assertions and quantifications.

Statement of Intent

This inventory report forms part of Synlait's commitments to sustainability and environmental best practice and informs the senior management's decision-making relating to the company's sustainability strategy. We intend to make this report publicly available through our website.

Base Year and Reporting Period

The base year is 1 August 2017 to 31 July 2018. This is the first 12-month period where GHG emissions were calculated. This document covers emissions for the period 1 August 2022 to 31 July 2023, known as financial year 23 (FY23).

Targets

In 2021 Synlait upgraded their Science Based Targets for Scope 1 and 2 emissions out to 2028. These targets have the company working toward a reduction in emissions from the 2020 baseline. The reset targets are approved by the Science Based Targets initiative (SBTi) and align with the New Zealand Government's commitment to keep global warming to 1.5°C.

Synlait is committed to reduce:

- Absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 45% between FY20 and FY28.
- . Scope 3 GHG emissions from on-farm purchased goods and services by 30% per kg of milk solids (kgMS) between FY20 and FY28.

2. GHG INVENTORY FULL RESULTS FOR FY23

Table 1: GHG Emissions by Scope

		FY18 (base year)	FY19	FY20	FY21	FY22	FY23	FY18-FY23 Evolution
Scope 1	(1) Direct GHG Emissions ¹	101,079	106,512	117,492	116,962	116,896	113,004	12%
Scope 1 Excluding	(1) Direct GHG	101,079	106,512	117,492	116,962	115,941	105,906	5%
Synlait Farms	Emissions							
Scope 2	(2) Indirect GHG emissions from imported energy	6,923	7,035	8,804	8,504	11,097	7,751	12%
Scope 2 Excluding	(2) Indirect GHG	6,923	7,035	8,804	8,504	10,923	7,598	10%
Synlait Farms	emissions from imported energy							
Subtotal	Scope 1 and 2 Emissions (tCO ₂ e)	108,002	113,547	126,296	125,466	127,993	120,755	12%
Subtotal Excluding	Scope 1 and 2	108,002	113,547	126,296	125,466	126,863	113,504	5%
Synlait Farms	Emissions (tCO ₂ e)							
Scope 3	(3) Indirect GHG emissions from transportation and distribution	42,991	46,287	46,560	53,057	57,335	56,091	30%
	 (4) Indirect GHG emissions from products and services used by the organisation (5) Indirect GHG emissions from the use of the organisation's products 	1,005	1,660	3,547	3,418	2,438	3,101	209%
	(6) Indirect GHG emissions from other sources – on-farm emissions ²	752,320	722,821	911,573	991,033	906,170	936,757	25%
Subtotal	Scope 3 Emissions (tCO ₂ e)	796,316	770,768	961,680	1,047,508	965,943	995,949	25%
Total Emissions (tCO2e)		904,318	884,315	1,087,976	1,172,974	1,093,936	1,116,704	23%

¹ Coal emissions have been restated back to base year due to a change in methodology. Full disclosure of this restatement on page 47. ² Our farmer suppliers' GHG data is extracted from OVERSEER®, a New Zealand farm management software that is used by all our farmer suppliers. As science evolves and progresses our understanding of farm systems, OVERSEER®'s software is regularly updated. As a result, each year, we are required to update our on-farm GHG data using OVERSEER®'s latest version and restate the prior years' numbers back to our base year to make robust comparisons. Please refer to our FY22 GHG Inventory Report for previous results we have disclosed and the on-farm emissions section for full disclosure of the methodology and uncertainties around farm emissions.

2. GHG INVENTORY FULL RESULTS FOR FY23 (CONTINUED)

Table 2: GHG Emissions by Source

Emissions Sources	FY18 (base year)	FY19	FY20	FY21	FY22	FY23
	tCO ₂ e					
Scope 1						
LPG	470	503	586	531	362	427
Coal ¹	94,791	100,028	97,965	96,402	98,465	87,253
Biomass	-	-	8	-	-	2
Diesel – Milk Tankers	4,302	4,196	6,035	6,791	7,091	7,055
Diesel – Boiler	Not applicable	Not applicable	906	982	40	26
Distributed Natural Gas	163	169	10,058	10,748	8,657	9,778
Company Vehicles and Comb	i 73	76	84	243	296	349
Bus	0	125	105	123	70	79
Packing Gas	1,266	1,349	1,719	1,103	936	819
Refrigerants	0	20	0	19	0	118
Synlait Farms On-Farm	-	-	-	-	956	7,098
Scope 2						
Electricity	6,923	7.035	8,804	8,504	10,923	7,598
Synlait Farms Electricity		-	-	-	174	153
Scope 3	10	20	4 4 9 4	620	F4F	201
Gas Transmission Losses	19	20	1,181	639	515	361
Electricity Transmission	565	533	667	729	1,003	855
Synlait Farms Electricity					16	18
Fransmission Losses	-	-	-	-	10	10
Waste to Landfill	421	1,108	1,699	2,050	904	1,804
Coal and DAF Transport	212	209	635	1,845	1,822	210
Road Freight (outbound)	2,481	2,683	3,475	5,956	5,679	1,377
Road Freight (inbound)	2,152	2,265	2,688	4,162	4,141	3.647
Sea Freight (outbound)	25,540	25,151	25,831	29,562	33,134	36,170
Sea Freight (inbound)	9,377	11,983	8,971	7,907	4,768	6,834
Air Freight (outbound)	392	551	1.617	2,468	913	686
Air Freight (inbound)	0	0	99	38	60	1.047
nter-warehouse Road Freight		605	644	338	58	82
nter-warehouse Sea Freight	307	756	1,306	352	688	412
Rail Freight		-	-	59	237	194
Car Mileage	4	9	22	15	13	24
Staff Commute	-	-	-	-	2,919	3,922
Taxi	3	4	Excluded	Excluded	Excluded	Excluded
Air Travel	1,814	1,829	1,223	335	341	1.486
Hotel stays	150	241	49	20	34	63
Farmer Suppliers On-Farm ³	752,320	722,821	911,573	991,033	906,170	936,757
Emissions	752,520	122,021	511,373	551,055	500,170	
Total GHG Emissions	904,304	884,269	1,087,950	1,172,954	1,091,387	1,116,704

Table 3: FY23 GHG Emissions by Gas Type

FY23 Emissions by Type	Total - tCO ₂ e	CO ₂ - tCO ₂ e	CH ₄ - tCO ₂ e	N ₂ O - tCO ₂ e	HFC - tCO ₂ e
Scope 1 and 2 Emissions	120,755	113,918	5,066	1,771	0
On-Farm Scope 3 Emissions	936,757	159,268	599,484	178,005	0

Table 4: Emissions Intensity – Total and Per Year

Emission Intensity Metrics	FY18	FY19	FY20	FY21	FY22	FY23	FY18-FY23
	tCO ₂ e	Evolution					
Scope 1 and 2 Emissions	0.78	0.73	0.65	0.58	0.62	0.60	-24%
Per Tonne of Finished Product							
Scope 3 On-Farm Emissions	11.83	11.39	11.91	11.42	10.94	11.10	-6%
Per Tonne of Milk Solids							

Table 5: Emissions Intensity by Gas Type

FY23 Emission Intensity Metrics	Total - tCO ₂ e	CO ₂ - tCO ₂ e	$CH_4 - tCO_2e$	N ₂ O - tCO ₂ e	HFC - tCO ₂ e
Scope 1 and 2 Emissions	0.60	0.540	0.026	0.037	0
Per Tonne of Finished Product					
Scope 3 On-Farm Emissions	11.10	1.9	7.1	2.1	0
Per Tonne of Milk Solids					

Table 6: Scope 3 On-Farm Emissions Per kg of Fat and Protein Corrected Milk (FPCM)

	FY18	FY19	FY20	FY21	FY22	FY23	FY18-FY23
	tCO ₂ e	Evolution					
Scope 3 On-Farm Emissions	0.87	0.84	0.88	0.85	0.81	0.84	-3.4%
Per kg of FPCM							

Table 7: Biomass Combustion

	Quantity (tonnes)	Tonnes Biogenic CO ₂	
Mobile Combustion	0	0	
Stationary Combustion	2011	1.73	

¹ Coal emissions have been restated back to base year due to a change in methodology. Full disclosure of this restatement on page 47.

² The electricity emissions factor decreased by 0.050 kgCO₂e/unit. If not for emissions factor change, total emissions would be 12,549 tCO₂e.

³ Farmer Suppliers on-farm emissions have been restated back to base year. Full disclosure of this restatement on page 47.

3. PERSONS RESPONSIBLE

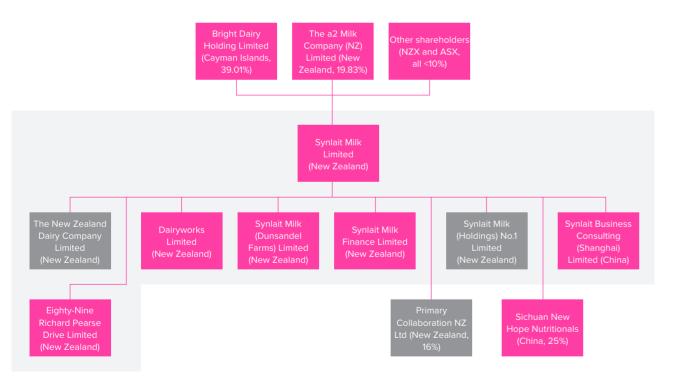
The Board of Directors are responsible for the Greenhouse Gas Inventory report. This report has been approved by Paul McGilvary, Acting Chair and the Board of Directors.

4. **BOUNDARIES**

Organisational Boundary

Organisational boundaries were set with reference to the methodology described in the GHG Protocol and ISO14064-1:2018 standards. The figure below shows the context of the overall structure including dormant entities. The operation boundary is indicated by the grey shading. Synlait uses an operational control consolidation approach. See Appendix 2 for a full list of the active entities that have been included and excluded in the emissions inventory:

Figure 1: Legal Entities



Dormant entity

Operational Boundary

There are several sites (also referred to as business units) that Synlait operates. The following table outlines in more detail sites that have been included or excluded in the emissions inventory.

Table 8: Business Units

Business Unit/Sites	Description/Function	Location	Inclusions	Reason/Notes
Synlait Corporate	Corporate emissions across all Synlait sites	Dunsandel	Included	Includes emissions which are not site specific for Synait.
Synlait Dunsandel	Milk processing and manufacturing site	Dunsandel	Included	Includes manufacturing and site-specific emissions only. This is the main operational and administration site for Synlait.
Dunsandel Farms	Dairy farms	Dunsandel	Included	Synlait Milk Limited had direct control in FY23. Includes on-farm and electricity emissions.
Richard Pearce Drive (RPD) Auckland	Milk powder canning and blending site	Auckland	Included	Includes manufacturing and site-specific emissions only.
Westney Road	Warehousing	Auckland	Included	Leased premise.
Synlait Pokeno	Milk processing and manufacturing site	Waikato	Included	Includes manufacture and site-specific emissions only.
Synlait Research and Development Centre	Research and development, part of a larger shared campus	Palmerston North	Excluded	Office space leased and emissions estimated to be de minimis.
Synlait Christchurch	Satellite office	Christchurch	Excluded	Office space leased and emissions estimated to be de minimis.
Synlait China	Satellite office	Shanghai	Excluded	Office space leased and emissions estimated to be de minimis.
Jerry Green Street Warehouse	Warehousing	Auckland	Excluded	New leased premise which Synlait commissioned in late FY23. As it was only open for a short time during FY23 this site has been excluded but will be included from FY24.
Dairyworks Corporate	Corporate emissions across all Dairyworks sites (including Talbot Forest Cheese and leased warehouse)	Christchurch	Included	Includes emissions which are not site specific for Dairyworks.
Talbot Forest Cheese	Cheese production factory, milk supplied by Synlait	Temuka	Included	Includes manufacture and site-specific emissions only. Non-operational in FY23.
Dairyworks Hornby Gerald Connolly Place	Dairy processing factory	Christchurch	Included	Includes manufacture and site-specific emissions only.

5. METHODOLOGIES AND UNCERTAINTIES

Emissions Source Inclusions, Exclusions Methodologies and Uncertainties

The GHG emissions sources included in this inventory were identified with reference to the methodology in the GHG Protocol and ISO14064-1:2006 standards.

Where relevant, the inventory is aligned with industry or sector best practice for emissions measurement and reporting. An operational control consolidation approach is used to account for emissions.

As adapted from the GHG Protocol, these emissions were classified under the following categories:

- Direct GHG emissions (Scope 1): Emissions from sources that are owned or controlled by the company. •
- Indirect GHG emissions (Scope 2): Emissions from the generation of purchased electricity, heat and steam consumed by the company.
- Indirect GHG emissions (Scope 3): Emissions that occur because of the company's activities but from sources not . owned or controlled by the company. Our scope 3 emissions have been further categorised using the Scope 3 Standard categories.

Table 9 provides an overview of how data was collected for each GHG emissions and an explanation of any uncertainties or assumptions made.

Table 9: Emissions Source Data Inclusions, Processes and Uncertainties

Emissions Sources	Scope	Scope 3 Category	Business Unit Reported	Purpose	Data Process/Uncertainties
LPG	1	-	Synlait Dunsandel, Synlait Pokeno, Westney Road	Forklifts	The supplier provides a monthly usage report. Talbot Forest Cheese was not operational during FY23.
Coal	1	-	Synlait Dunsandel	Process heat	Sub-bituminous coal. Weighbridge tonnage recorded from supplier invoices monthly is combined with the Gross Calorific Value (GCV) of the coal as assessed from a monthly sample taken of delivery which serves as a custom emission factor.
Biomass	2	-	Synlait Dunsandel	Process heat	The supplier provides a usage report.
Diesel – Milk Tankers	1	-	Synlait Corporate, Synlait Dunsandel, Synlait Pokeno	Road transport of milk from farm to manufacturing sites, and transfer of milk between factories	Our transportation partner is contracted to use their vehicles for milk transportation – they are not owned by Synlait. However, as most milk tankers have Synlait branding and do transport for Synlait exclusively, diesel used for milk transportation has been allocated to Scope 1. A system is in place to record L diesel usage that is then provided to Synlait.

Emissions Sources	Scope	Scope 3 Category	Business Unit Reported	Purpose	Data Process/Uncertainties
Diesel – Boiler	1	-	Talbot Forest Cheese, Dairyworks	Process heat	Monthly invoices provide the amount of fuel purchases in litres.
Diesel – Combi Lift	1	-	Synlait Dunsandel	Warehouse operations	Diesel purchases are provided in litres at the end of each financial year.
Diesel – Synlait Bus	1	-	Synlait Dunsandel	Employee transportation	Diesel purchases are provided in litres at the end of each financial year.
Petrol and Diesel – Company Cars	1	-	Synlait Corporate, Dairyworks Corporate	Business travel	Fuel card information provides fuel purchases in litres by fuel type.
Distributed Natural Gas	1	-	Richard Pearce Drive (RPD) Auckland, Synlait Pokeno	Process heat	Monthly invoices provide consumption data in kWh and GJ.
Packing Gas	1	-	Synlait Dunsandel, Richard Pearce Drive (RPD) Auckland, Synlait Pokeno, Talbot Forest Cheese, Dairyworks Hornby Gerald Connolly Place	Used for packing	The suppliers provide a monthly usage report.
Rental Cars	1	-	Synlait Corporate, Dairyworks Corporate	Business travel	The suppliers provide a monthly usage report. The report includes travel distances and class of rental vehicle. Travel distances are entered by the rental car company and are captured in the report from the travel agent. If distances are coded incorrectly or not entered a standard measurement of 50km per day of hire is applied to the booking. This report and its associated GHG emission calculations have been independently verified by Toitū Envirocare.
Refrigerants	1	-	Synlait Dunsandel, Richard Pearce Drive (RPD) Auckland, Synlait Pokeno, Talbot Forest Cheese, Dairyworks Hornby Gerald Connolly Place	All units and systems that use refrigerants such as air-conditioning, chillers, fridges	Suppliers confirm whether any top ups have occurred and if so, provide amount and type of gas.

Emissions Sources	Scope	Scope 3 Category	Business Unit Reported	Purpose	Data Process/Uncertainties
Diesel – Boiler	1	-	Talbot Forest Cheese, Dairyworks	Process heat	Monthly invoices provide the amount of fuel purchases in litres.
Diesel – Combi Lift	1	-	Synlait Dunsandel	Warehouse operations	Diesel purchases are provided in litres at the end of each financial year.
Diesel – Synlait Bus	1	-	Synlait Dunsandel	Employee transportation	Diesel purchases are provided in litres at the end of each financial year.
Petrol and Diesel – Company Cars	1	-	Synlait Corporate, Dairyworks Corporate	Business travel	Fuel card information provides fuel purchases in litres by fuel type.
Distributed Natural Gas	1	-	Richard Pearce Drive (RPD) Auckland, Synlait Pokeno	Process heat	Monthly invoices provide consumption data in kWh and GJ.
Packing Gas	1	-	Synlait Dunsandel, Richard Pearce Drive (RPD) Auckland, Synlait Pokeno, Talbot Forest Cheese, Dairyworks Hornby Gerald Connolly Place	Used for packing	The suppliers provide a monthly usage report.
Rental Cars	1	-	Synlait Corporate, Dairyworks Corporate	Business travel	The suppliers provide a monthly usage report. The report includes travel distances and class of rental vehicle. Travel distances are entered by the rental car company and are captured in the report from the travel agent. If distances are coded incorrectly or not entered a standard measurement of 50km per day of hire is applied to the booking. This report and its associated GHG emission calculations have been independently verified by Toitū Envirocare.
Refrigerants	1	-	Synlait Dunsandel, Richard Pearce Drive (RPD) Auckland, Synlait Pokeno, Talbot Forest Cheese, Dairyworks Hornby Gerald Connolly Place	All units and systems that use refrigerants such as air-conditioning, chillers, fridges	Suppliers confirm whether any top ups have occurred and if so, provide amount and type of gas.

Emissions Sources	Scope	Scope 3 Category	Business Unit Reported	Purpose	Data Process/Uncertainties
Electricity	2	-	Synlait Dunsandel, Richard Pearce Drive (RPD) Auckland, Synlait Pokeno, Westney Road, Dunsandel Farms, Dairyworks Hornby Gerald Connolly Place, Talbot Forest Cheese	Office and manufacturing use	The supplier provides a monthly usage report.
Gas and Electricity Transmission Losses	3	3	Synlait Dunsandel, Richard Pearce Drive (RPD) Auckland, Synlait Pokeno, Westney Road, Dairyworks Hornby Gerald Connolly Place, Talbot Forest Cheese	Losses during transmission	Default transmission loss amount is used which is incorporated into the emissions factor provided by MfE and applied to total electricity and natural gas KWH use.
Waste to Landfill	3	5	Synlait Dunsandel, Richard Pearce Drive (RPD) Auckland, Synlait Pokeno, Westney Road, Dairyworks Hornby Gerald Connolly Place, Talbot Forest Cheese	Manufacturing and office waste	Waste data is accessed directly through the waste management provider's online portal for all sites except Dunsandel which receives a separate excel report from the supplier. The mixed waste non methane recovery emissions factor is applied to all sites.
Coal Transport	3	4	Synlait Dunsandel	Transportation of coal and DAF sludge	Road freight for transporting coal to Dunsandel is estimated based on weight of coal purchased and distance to Dunsandel using the road freight emissions factor and included in Scope 3.
DAF Transport	3	4	Synlait Dunsandel, Synlait Pokeno	Transportation of DAF sludge	The supplier records km and converts to L diesel usage based on average fue efficiency for each vehicle type.

Emissions Sources	Scope	Scope 3 Category	Business Unit Reported	Purpose	Data Process/Uncertainties	Emissions Sources	Scope		Business Unit Reported	Purpose	Data Process/Uncertainties
lea, Road, and Air) Dairyworks Corporate of ingredients and packaging materials SAP data, we found issu completeness (missing v or transport mode) which taking a spend based ap determined the most reli Council published emisss were applied to spend d against the air, general, general ledgers from SA of emissions factors use Economics Limited, 2022 Emissions Modelling, rep for Auckland Council util	Synlait – As this was the first financial year that Synlait has reported using SAP data, we found issues with record completeness (missing weights and/ or transport mode) which meant that taking a spend based approach was determined the most reliable. Auckland Council published emission factors were applied to spend data recorded against the air, general, road and sea general ledgers from SAP. Full citation of emissions factors used is Market Economics Limited, 2023, Consumption Emissions Modelling, report prepared for Auckland Council utilising the	ear that Synlait has reported using AP data, we found issues with record ompleteness (missing weights and/ r transport mode) which meant that sking a spend based approach was etermined the most reliable. Auckland ouncil published emission factors rere applied to spend data recorded gainst the air, general, road and sea eneral ledgers from SAP. Full citation f emissions factors used is Market conomics Limited, 2023, Consumption missions Modelling, report prepared or Auckland Council utilising the	3	6	Synlait Corporate, Dairyworks Corporate	Staff travel from home to work and back home	Current financial year FTE head count for each site used to extrapolate on results from a company-wide survey that collected data on type of vehicle used, distance travelled to most frequent site, and number of days worked on-site per week. Staff who indicated they travelled by the Synlait provided bus are excluded from the staff commute totals as diess is accounted for already. Staff who indicated they used air transport wer excluded as this is captured in the air travel emission data as it is booked b our travel agent.				
					following codes: 113 – Air transport freight services, 127 – Road transport freight services, 131 – Sea transport freight services. Dairyworks – Data is based on actuals. Sales reports have been used to calculate the outbound sea and road freight.	Air Travel and Hotels	3	6	Synlait Corporate, Dairyworks Corporate	Business travel	The supplier provides a monthly usage report. The report includes travel distances and class of travel. Hotel information includes location and number of nights. This report and its associated GHG emission claims have been independently verified by Toitū Envirocare.
Inter-warehouse Freight (Road and Sea) Rail Freight (Inbound, Outbound,	3 3	3 3	Synlait Corporate Synlait Corporate	Movement of goods between sites and warehousing facilities Movement of goods between	The total weights moved between each site are multiplied by distance between the sites. Assumed all inter- island transfers travelled by sea and are transported to and from the nearest port to the site. Rail siding became operational in May 2021. Trip data is obtained from internal	On-Farm Emissions	3	6	Dunsandel Farms and Milk Suppliers	Supply of raw milk	On-farm emissions are GHG emissions from the dairy farms that Synlait has a direct supply agreement with, for the purchase of raw milk. They do not include emissions from other agricultural products or dairy products purchased from other suppliers for processing. On-farm emissions are
and Inter-warehouse)				Lyttleton port and Dunsandel	recording via an excel query.						directly obtained from OVERSEER®, a farm management software that model
Reimbursed Car Mileage	3	6	Synlait Corporate		r Kilometres travelled is calculated from staff mileage claims. Using MfE emission factor for private car default petrol.						agricultural GHG emissions based on various parameters, such as the production of effluent, the application of nitrogen fertiliser and the supplements provided to the cows. For more details

Table 10: Emission Exclusions

Emissions Sources	Scope	Scope 3 Category	Business Unit Excluded	Exclusion Details
Refrigerants	3	4	Westney Road	Refrigerants have been excluded due to access issues. This site is leased therefore it is considered scope 3.
Purchased Goods and Services	3	1	All	Emissions from dairy cows when they are outside of the farm or wintering, i.e., when they are removed from milking platforms and sent to other farms during winter, are excluded. More information of on-farm exclusions is available in the on-farm emission section. GHG emissions from non-milk suppliers (for example, packaging, raw materials, equipment, services) are excluded from the inventory.
Capital Goods	3	2	All	Emissions from capital assets are excluded due to a lack of data availability, however emissions from energy consumption for any construction work or testing of new equipment is included.
Downstream Transportation and Distribution	3	9	All	Freight activities not paid for by Synlait have been included in Category 4, as all inbound and outbound freight activities are captured under this category. It not feasible to differentiate the contractual agreements for each consignment to separate freight paid or not paid for by Synlait. Freight movement beyond destination warehouse (i.e., distribution centre, retailer and/or end customer) is not included due to lack of data and likely to be de minimis. To- date we have been unable to collect outbound courier data from suppliers. Most courier items are estimated to be less than 2kg, therefore are considered de minimis.
Processing of Sold Products	3	11	All	Our ingredients are processed by our customers into a multitude of products. It would be technically difficult to estimate our share of our customers' processing GHG emissions.
Use of Sold Products	3	11	All	We have carried Life Cycle Analyses for four of our key products and in all cases GHG emissions from consumer use represented less than 2.4% of total emissions.
End-of-life Treatment of Sold Products	3	12	All	We have carried Life Cycle Analyses for four of our key products and in all cases GHG emissions from consumer disposal represented less than 0.3% of total emissions.
Downstream Leased assets	3	13	Not applicable	Synlait does not operate this type of lease therefore it has been excluded.
Franchises	3	15	Not applicable	Synlait does not operate franchises therefore it has been excluded.
Taxis	3	6	Synlait Corporate, Dairyworks Corporate	Taxis have been excluded as the data was not feasible to obtain in FY23. Charges for taxis are normally paid for on credit cards or by cash withdrawal from credit cards. There is no unique identifier to separate taxi charges from other credit card charges. This source is also estimated to be de minimis.

On-Farm Emissions

Emission Factor: The quantification of GHG emissions is conducted via the OVERSEER® software. Quantification of GHG type: Each source of GHG data, broken down by type of GHG, is also extracted from OVERSEER®. This enables Synlait to calculate the average proportion of CO2, CH4 and N2O gases within total GHG emissions across all dairy farms.

Custom Emission Factor(s): Unless otherwise stated the emission intensity for farm suppliers included in this report are an average of the total milk pool. For custom emission intensity figures please contact sustainability@synalit.com.

Farms Reported: On-farm emissions are GHG emissions from the dairy farms that have an existing supplier contract with Synlait during the reporting period, for the supply of raw milk.

Data Process/Uncertainties: On-farm emissions are directly obtained from OVERSEER®, a New Zealand farm management software that models agricultural GHG emissions based on various parameters. OVERSEER® is a widely used tool in New Zealand, also used as a regulatory tool by certain regional councils for farm resource consents. The process is as follows:

- 1. Farm data (such as the nutrient budget) is entered into OVERSEER® by the farm manager or their consultant with the help of Synlait Sustainability Advisors and/or contracted consultants. For more information on what is included in the nutrient budget and feeds into OVERSEER®, refer to the OVERSEER® Boundary section below.
- 2. Once the current year's data has been entered into OVERSEER®, Synlait staff check that farms have activated software updates from OVERSEER®, which will update all farm calculations, including GHG emissions for all measurement periods (including updates to previous years).
- a consolidation spreadsheet.
- 4. Where data is not available for a farm (for example, it has ceased to supply Synlait; it does not have an active OVERSEER® account; or data is not available by our internal cut-off date), data may be manually entered, or we will our on-farm emissions.
- 5. Exclusions are removed, if relevant, (see list of exclusions below).
- 6. Emissions from farms that supply Synlait, and other processers are adjusted in accordance with the percentage of supply they give us. For example, if a farm supplies 20% of its milk to Synlait and 80% of its milk to another processor, Synlait will take 20% of the total emissions for this farm.
- 7. Farms are weighted by milk supplied, then emissions and emissions intensities calculated.

3. The modelled farm data, including GHG emissions, is then extracted from OVERSEER® using the OVERSEER® API to

use previous years data. All care is taken to ensure that all farms with a current supply agreement are represented in

OVERSEER® Boundary: The OVERSEER® software calculates emissions based on inputs. The following inputs are included to determine overall tonnes of carbon equivalent.

- Enteric fermentation
- Dung deposited .
- Imported effluent .
- Animal dry matter .
- Crop residue .
- Burning of crop residues .
- Nitrogen in excreta deposited
- Nitrogen added
- Nitrogen leached and volatilised from urine and fertiliser .
- Electricity
- Fuel
- Animal transport

Exclusions:

- New farmer suppliers who come on after 31 May of the reporting year are excluded, as they would have only . supplied milk to Synlait for one month or less prior to the end of financial year.
- Emissions from dairy cows when they are outside of the farm or wintering are excluded, i.e., when they are removed . from milking platforms and sent to other farms during winter.
- Emissions from agricultural products or dairy products purchased from other suppliers for processing (with whom . there is no direct supply agreement) are also excluded.
- Management of young stock

Emissions Factors

Emissions factors released by the New Zealand Ministry for the Environment (MfE) (published July 2023) are used where available. Where there are no appropriate MfE factors, United Kingdom DESNZ factors could be used (published June 2023). In FY23 we have also referenced the Market Economics Limited, 2023, Consumption Emissions Modelling, report prepared for Auckland Council to apply a spend factor to our inbound freight.

Base Year Recalculation Policy

Base year data may need to be revised when material changes occur and have an impact on calculated emissions. Our policy is to recalculate base year data and indicate in a footnote any recalculation or re-statement of previously disclosed data, in any of the following situations:

- Changes are estimated to represent more than 5% of Scope 1, 2 or 3 emissions; or
- · There are significant changes to our reporting boundaries, including the outsourcing or insourcing of emitting activities; or
- There are significant changes in our calculation; or
- Annually for our on-farm GHG data extracted from OVERSEER[®]. As science evolves and progresses our our on-farm GHG data using OVERSEER®'s latest version and restate the numbers back to our base year (FY18) to make robust comparisons. Past disclosures can be found in our previous GHG Inventory reports at synlait.com/ sustainability.

GHG Information Management and Monitoring Procedures

GHG emissions are measured annually and compared against the base year. Each source of GHG emissions has an Excel spreadsheet which includes raw data and calculated GHG emissions. A master spreadsheet performs the consolidation of all GHG emissions at group level.

This document provides an overview of boundaries and scopes, data collection processes and GHG measurement methodologies for each emission source and is updated each year. More details are available in each of the GHG emissions spreadsheets.

Synlait's GHG Emissions Inventory Report, associated documents and spreadsheets are prepared by the sustainability team. They are then reviewed internally.

Other Emissions – HFC, PFC, NF3 and SF6

Air conditioning units and chillers contain HFCs. The Dunsandel site has reported top-ups of gas for this reporting period, HFC for the top up has been included in the inventory. Air conditioning is excluded from the inventory where offices are leased. There are no operations that use PFC, NF3 or SF6.

Other Emissions – Biomass

Biomass was combusted by Synlait during this reporting period at our Dunsandel site. During the FY23 year Synlait combusted 2011 tonnes of wood pallet biomass.

• We discover significant errors, or cumulative errors that are collectively significant, in our previous disclosures; and

understanding of farm systems, OVERSEER®'s software is updated. As a result, each year, we are required to update

Restatments

The following emission sources have been restated since our last GHG inventory (FY22):

- Coal: To better report our coal use and its impact, we have amended the methodology for calculating emissions from this source. Previously, the gross calorific value (GCV) used in the emissions calculation of coal was the default value for the period sourced from MfE. We have instead used third-party sampling of the coal purchased to obtain the GCV on a monthly basis. This GCV is then used as an input into the emissions calculation to obtain the Coal Energy used in Giga joules (GJ) rather than using the MfE default value for CGV in calculation. The GCV changes each month as a result of the testing. The MfE tCO₂e/TJ FY23 emission factor is then used to calculate the restated emissions for FY18-FY22.
- Scope 3 On-Farm Emissions per Kilogram of Fat and Protein Corrected Milk (FPCM): During FY23, an error was
 discovered in the calculation for converting litres of milk into kilograms of milk collected. This impacted the Scope
 3 on-farm emissions per metric tonne of FPCM metric, included on page 34, and not an error identified in the GHG
 emissions inventory previously reported.
- **On-Farm Emissions:** Base year emissions have been restated this year due to an update in OVERSEER®'s software, which impacts the calculation of our on-farm Scope 3 emissions. This is an annual process to continuously improve our farm data. See our On-Farm Emissions and Base Year Recalculation Policy for more details. For more information on emission data that were previously reported please refer to copies of previous GHG inventories.

6. SIGN OFF



Frequency of Report:

Annual

Base Year:

2017-2018

7. APPENDIX 1: GLOSSARY

While all care has been taken to remove acronyms and abbreviations some have been included in this report for length. Any acronyms and abbreviations used or other concepts which may need explanation have been included below in alphabetical order.

Table 11: Glossary of Terms

Abbreviation	Name	Definition (if required) An API establishes an online connection between a data provider and an end-user.		
API	Application Programming Interface			
DAF	Dissolved Air Flotation	DAF refers to the treatment of dairy wastewater using Dissolved Air Flotation. The solids that remain after the wastewater has been treated are then transported to their disposal location.		
DESNZ	United Kingdom Department for Energy Security and Net Zero	Current government organisation responsible for emission factors.		
DW	Dairyworks	-		
Emissions	-	Any reference to 'emissions' in this report means greenhouse gas emissions.		
FPCM	Fat and Protein Corrected Milk	Can also be known as Energy Corrected Milk (ECM), is the calculation of standardising milk production for comparison between cows.		
GHG	Greenhouse Gas Emissions	-		
LPG	Liquid Petroleum Gas	-		
MfE	New Zealand Ministry for the Environment	-		
RPD	Richard Pearce Drive	Synlait site at 89 Richard Pearce Drive.		
SYN	Synlait	-		
TFC	Talbot Forest Cheese	Dairyworks site that is not currently in operation		

8. APPENDIX 2: LEGAL ENTITIES

This table provides a full list of included and excluded legal entities as detailed in figure 1 above.

Table 12: Legal Entities

Entity Name	Description/Function	Ownership	Inclusions	Comment
Synlait Milk Limited	Parent company	100%	Included	-
Synlait Milk Finance Limited	Wholly owned subsidiary, holding company for financing purposes.	100%	Included	No activities that produced GHG emissions therefore not separately reported.
The New Zealand Dairy Company Limited	Wholly owned subsidiary, company that previously owned the land at Richard Pearse Drive. The company was acquired at the same time as land purchase.	100%	Included	No activities that produced GHG emissions therefore not separately reported. Richard Pearce Drive site captured as a business unit.
Eighty-Nine Richard Pearse Drive Limited	Wholly owned subsidiary, company that previously owned the land to Richard Pearse Drive. The company was acquired at the same time as land purchase.	100%	Included	No activities that produced GHG emissions therefore not separately reported. Richard Pearce Drive site captured as a business unit.
Synlait Business Consulting (Shanghai) Limited	Wholly owned subsidiary, satellite office for staff based in China.	100%	Included	GHG emissions estimated to be de minimis, therefore not reported.
Dairyworks Limited and Dairyworks (Australia) Pty Limited	Wholly owned subsidiaries, dairy processing companies in New Zealand and Australia.	100%	Included	Acquisition (April 2020).
Sichuan New Hope Nutritional Foods	Infant formula company registered in China, owns the Akara and E-Akara brands, which are exclusively manufactured by Synlait.	25%	Excluded	Shareholding only, no operational control.
Primary Collaboration New Zealand Limited	Wholly foreign owned entity designed to gain a better understanding of the complex Chinese market and facilitate easier access to China.	17%	Excluded	Shareholding only, no operational control.

Deloitte

INDEPENDENT REASONABLE AND LIMITED ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF SYNLAIT MILK LIMITED

Report on Greenhouse Gas Emissions Inventory Report

We have undertaken a reasonable assurance engagement in relation to Scope 1 and 2 emissions and a limited assurance engagement in relation to Scope 3 emissions within the Greenhouse Gas Inventory Report (the 'Inventory Report') of Synlait Milk Limited and its subsidiaries (the 'Group') for the year ended 31 July 2023, comprising the Emissions Inventory and the explanatory notes set out on page 31 to 50.

The Inventory Report provides information about the greenhouse gas emissions of the Group for the year ended 31 July 2023 and is based on historical information. This information is stated in accordance with the requirements of International Standard ISO 14064-1 Greenhouse gases - Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals ('ISO 14064-1:2018') and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) ('the GHG Protocol').

Board of Directors' Responsibility

The Board of Directors are responsible for the preparation of the Inventory Report, in accordance with ISO 14064-1:2018 and the GHG Protocol. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of an Inventory Report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on Scope 1 and 2 emissions and a limited assurance conclusion on Scope 3 emissions in the Inventory Report based on the evidence we have obtained. We conducted our reasonable and limited assurance engagements in accordance with International Standard on Assurance Engagements (New Zealand) 3410: Assurance Engagements on Greenhouse Gas Statements ('ISAE (NZ) 3410'), issued by the New Zealand Auditing and Assurance Standards Board. That standard requires that we plan and perform the engagement so as to obtain reasonable and limited assurance about whether the Inventory Report is free from material misstatement.

Reasonable assurance for Scope 1 and 2 emissions

A reasonable assurance engagement undertaken in accordance with ISAE (NZ) 3410 involves performing procedures to obtain evidence about the guantification of emissions and related information in the Inventory Report. The nature, timing and extent of procedures selected depend on the assurance practitioner's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, in the Inventory Report. In making those risk assessments, we considered internal control relevant to the Group's preparation of the Inventory Report. We also:

- Assessed the suitability in the circumstances of the Group's use of ISO 14064-1:2018 and the GHG Protocol as the . basis for preparing the Inventory Report;
- Evaluated the appropriateness of quantification methods and reporting policies used, and the reasonableness of . estimates made by the Group; and
- Evaluated the overall presentation of the Inventory Report. .

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Limited assurance for Scope 3 emissions

A limited assurance engagement undertaken in accordance with ISAE (NZ) 3410 involves assessing the suitability in the circumstances of the Group's use of ISO 14064-1:2018 and the GHG Protocol as the basis for the preparation of the inventory report, assessing the risks of material misstatement of the inventory report whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the inventory report. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observations of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- · Through enguiries, obtained an understanding of the Group's control environment and information systems relevant to emissions quantification and reporting, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether the Group's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Group's estimates.
- Undertook a site visit to assess the completeness of the emissions sources, data collection methods, source data and relevant assumptions applicable to the site. The site selected for testing was chosen taking into consideration their emissions in relation to total emissions, emissions sources, and sites selected in prior periods. Our procedures did not include testing information systems to collect and aggregate facility data, or the controls at this site.

Inherent Limitations

Scope 1, 2 and 3 emissions

Non-financial information, such as that included in the Group's Inventory Report, is subject to more inherent limitations than financial information, given both its nature and the methods used and assumptions applied in determining, calculating and sampling or estimating such information. Specifically, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

As the procedures performed for this engagement are not performed continuously throughout the relevant period and the procedures performed in respect of the Group's compliance with ISO 14064-1:2018 and the GHG Protocol are undertaken on a test basis, our assurance engagement cannot be relied on to detect all instances where the Group may not have complied with the ISO 14064-1:2018 and the GHG Protocol. Because of these inherent limitations, it is possible that fraud, error or non-compliance may occur and not be detected.

The Group uses publicly available emissions factors in preparation of the Greenhouse Gas Inventory. We have agreed these to their source, but the scope of the engagement does not provide assurance over the emissions factors or the agricultural science used to determine the emissions factors.

Scope 3 emissions

For the Scope 3 emissions, we note that a limited assurance engagement is not designed to detect all instances of noncompliance with the ISO 14064-1:2018 and the GHG Protocol, as it generally comprises making enquires, primarily of the responsible party, and applying analytical and other review procedures.

In addition, Scope 3 emissions relating to on-farm emissions (especially fertiliser and methane production for dairy cows) are inherently uncertain due to the fact that they arise from natural processes which may vary depending on contributing factors.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) ('PES-1') issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm carries out other assignments for the Group in the areas of taxation compliance, climate risk assessment advisory, financial and reporting advisory, and consulting support services. Other than in our capacity as assurance provider and the provision of these services, we have no relationship with or interests in the Company or any of its subsidiaries.

The firm applies Professional and Ethical Standard 3: *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements,* which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Use of Report

Our assurance report is made solely to the directors of the Group in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the directors those matters we have been engaged to state in this report and is for no other purpose. We accept or assume no duty, responsibility or liability to any other party in connection with the report or this engagement, including without limitation, liability for negligence in relation to the conclusions expressed in this report.

Reasonable Assurance Opinion for Scope 1 and 2 Emissions

In our opinion, the Scope 1 and 2 emissions of the Group within the Inventory Report for the year ended 31 July 2023 have been prepared, in all material respects, in accordance with the requirements of ISO 14064-1:2018 and the GHG Protocol.

Limited Assurance Conclusion for Scope 3 Emissions

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Group's Scope 3 emissions within the Inventory Report for the year ended 31 July 2023 are not prepared, in all material respects, in accordance with the requirements of ISO 14064-1:2018 and the GHG Protocol.

Deloitte Limited

Chartered Accountants 9 January 2024 Christchurch, New Zealand

This reasonable and limited assurance report relates to the inventory report of Synlait Milk Limited and its subsidiaries (the 'Group') for the year ended 31 July 2023 included on the Group's website. The Directors are responsible for the maintenance and integrity of the Group's website. We have not been engaged to report on the integrity of the Group's website. We accept no responsibility for any changes that may have occurred to the information since they were initially presented on the website.

The reasonable and limited assurance report refers only to the information named above. It does not provide an opinion on any other information which may have been hyperlinked to/from this information. If readers of this report are concerned with the inherent risks arising from electronic data communication, they should refer to the published hard copy of the information and related reasonable and limited assurance report to confirm the information included in the information presented on this website.

