

30 October 2018

Synlait Milk Limited – Amendment to Waiver Decision

Further to NZX Regulation's (**NZXR**) waiver decisions relating to Synlait Milk Limited (**SML**), dated 24 June 2013 (the **Waivers**), NZXR has granted amendments to the Waivers to allow for the new position of Board Appointed Director on the SML Board as explained in SML's Notice of Annual Meeting released on NZX and ASX today.

The Waivers were granted at the time of SML's Initial Public Offering (**IPO**) to allow SML's majority shareholder, Bright Dairy and Food Co Limited (which holds its shares through a subsidiary, Bright Dairy Holding Limited) (**Bright Dairy**), to continue to consolidate SML into its accounts following the dilution of its shareholding after the IPO.

Currently the SML Board is comprised of eight directors as follows:

- Four directors are appointed by Bright Dairy;
- Three directors are not appointed by Bright Dairy, and are "Independent Directors" as defined by the NZX Main Board Listing Rules (the **Rules**); and
- One Managing Director, who is appointed by the Board.

SML wishes to now appoint either a Managing Director or a new position, the "Board Appointed Director". The Board Appointed Director is a non-executive director, appointed by the SML Board in accordance with Rule 3.3.14, and can be appointed instead of the Managing Director. As noted in the Notice of Annual Meeting, John Penno is proposed to be the Board Appointed Director to better reflect his role with SML since he stepped down as CEO in August 2018.

SML is proposing to amend its Constitution to allow for the position of Board Appointed Director and will put this New Constitution to SML shareholders for their approval at its Annual Meeting on 28 November 2018. Consequently, amendments to the Waivers are required to reflect this new role.

NZXR is satisfied that the creation of the position "Board Appointed Director" does not result in a substantive difference to the Governance Arrangements (as defined in the Waivers), and the reasoning for the Waivers continues to apply. Accordingly, NZXR is satisfied that the amendments to the Waivers are consistent with the rationale for granting the Waivers.

These amendments have been considered and incorporated into the attached decision which replaces the decision released on 24 June 2013.

ENDS