



# Synlait Milk Limited

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Disclosure Report

Date Submitted: December 1st, 2023



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## Disclosure Materials

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire that B Lab deems relevant for public stakeholders, then, as a condition of their certification, the company must:

- 1) Be transparent about details of the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue
- 3) Demonstrate that management practices are in place to avoid similar issues from arising in the future, when necessary.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit and integrity of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to a background check by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

**This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company**



# Disclosure Questionnaire

## Industries and Products

	Yes	No
Please indicate if the company is involved in production or trade in any of the following. Select Yes for all options that apply.		
<a href="#">Animal Products or Services</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<a href="#">Biodiversity Impacts</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Chemicals	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Alcohol	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Firearms Weapons	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Mining	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Pornography	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Tobacco	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<a href="#">Energy and Emissions Intensive Industries</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Fossil fuels Gambling	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Genetically Modified Organisms	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Illegal Products or Subject to Phase Out	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Industries at Risk of Human Rights Violations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Monoculture Agriculture	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Nuclear Power or Hazardous Materials	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Payday, Short Term, or High Interest Lending	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<a href="#">Water Intensive Industries</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tax Advisory Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## Outcomes & Penalties

	Yes	No
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Breaches of Confidential Information	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Bribery, Fraud, or Corruption	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company has filed for bankruptcy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Consumer Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Financial Reporting, Taxes, Investments, or Loans	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Labor Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Large Scale Land Conversion, Acquisition, or Relocation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<a href="#">Litigation or Arbitration</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
On-Site Fatality	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Penalties Assessed For Environmental Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Political Contributions or International Affairs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Recalls	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Significant Layoffs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Violation of Indigenous Peoples Rights	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>



## Practices

	Yes	No
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company prohibits freedom of association/collective bargaining	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company workers are prisoners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Conduct Business in Conflict Zones	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Confirmation of Right to Work	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Does not transparently report corporate financials to government	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Employs Individuals on Zero-Hour Contracts	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Facilities located in sensitive ecosystems	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ID Cards Withheld or Penalties for Resignation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
No formal Registration Under Domestic Regulations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
No signed employment contracts for all workers	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Overtime For Hourly Workers Is Compulsory	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Payslips not provided to show wage calculation and deductions	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Yes	No
Sale of Data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tax Reduction Through Corporate Shells	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers cannot leave site during non-working hours	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers not Provided Clean Drinking Water or Toilets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers paid below minimum wage	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers Under Bond	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## Supply Chain Disclosures

	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Child or Forced Labor	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Negative Environmental Impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Negative Social Impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>



# Disclosure Questionnaire Statement

## Disclosure Questionnaire Category: Animal Products and Services

<b>Topic</b>	Company is a manufacturer and sources >50% of their raw material expenses from animal products
<b>Summary of Issue</b>	Synlait Milk Limited is a nutrition company that sources fresh milk directly from dairy farms.
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	Synlait sources milk from family-run and corporate farms throughout New Zealand, the majority of which operate on a pasture-based system. The average herd size of farmer suppliers is around 750 cows. 61% of their procurement spend is directly to our milk suppliers/farmers. In 2022, 100% of the company's revenue came from animal-based products.
<b>Impact on Stakeholders</b>	Synlait has animal welfare standards within their supplier agreements that apply to all farmer suppliers. Animal welfare is also one of four key pillars of their farm certification programme. Their farmer suppliers have also trained their teams and recorded competency in stockmanship and health knowledge. They also measure metrics and aim for continual improvement on issues such as lameness, mastitis and calf management.
<b>Management Practices</b>	<p>Animal welfare is monitored through audits and by checking farm data related to health and observation of stockmanship and animal condition. The company's suppliers have to assess key requirement areas for animal health and welfare.</p> <p>The company completed an update of their animal welfare standards and documentation in 2020, the new measures that are being developed include an assessment tool providing a methodology to evaluate animal health well-being.</p> <p>The company's supplier farmers also have to comply with the following acts:</p> <ul style="list-style-type: none"><li>- Animal Welfare Act 1999.</li><li>- Animal Welfare (Dairy Cattle) Code of Welfare, 2018.</li><li>- Animal Welfare (Painful Husbandry Procedures) Code of Welfare 2018.</li><li>- Animal Welfare (Transport within New Zealand) Code of Welfare, 2018 and the Code of Recommendations and Minimum Standards for the Emergency Slaughter of Farm Livestock (1996).</li></ul> <p>The company has recently purchased two dairy farms with plans to evaluate and trial sustainable farming practices as well as carry out further on-farm research.</p>
<b>Report</b>	Synlait Sustainability Webpage: <a href="https://www.synlait.com/sustainability/">https://www.synlait.com/sustainability/</a>  FY22 Sustainability Report pages 35-38 <a href="https://www.synlait.com/wp-content/uploads/2023/01/Synlait_SR22_Digital_18_0123.pdf">https://www.synlait.com/wp-content/uploads/2023/01/Synlait_SR22_Digital_18_0123.pdf</a>

# Disclosure Questionnaire Statement

## Disclosure Questionnaire Category: Environmentally-Intensive Industry

Topic	Energy/ Emission Intensive industry
<b>Summary of Issue</b>	As a dairy processing company, Synlait operates in an emission-intensive industry with milk production, processing and transportation being the most emission-intensive processes in their operations. In 2022, 100% of their revenue came from animal-based products and therefore, they have set targets for the reduction of emissions on and off farms.
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	<p>Synlait sources from around 282 supplier farmers. Their Green House Gas emissions for FY2022 were:</p> <p>Scope 1: Coal accounts for 86%</p> <p>Scope 2: Electricity accounts for 100%</p> <p>Scope 3: On-farm emissions account for 82%</p> <p>Synlait sources from around 282 supplier farmers.</p>
<b>Impact on Stakeholders</b>	The emissions associated with their operations and their contribution to climate change along with air pollution and associated health impacts of air quality are the potential impacts of their energy intensity.
<b>Management Practices</b>	<p>Synlait has set SBTi targets in line with a 1.5degree global warming scenario:</p> <ul style="list-style-type: none"> <li>• Absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 45% between FY20 and FY28.</li> <li>• Scope 3 GHG emissions from on-farm purchased goods and services by 30% per kg of milk solids (kgMS) between FY20 and FY28.</li> </ul> <p>The company is measuring and monitoring its emissions across Scope 1, 2 and 3 as well as by intensity in compliance with the GHG Protocol: ISO 14064-1:2018 specification. On-farm emissions were directly obtained by OVERSEER, software that models agricultural emissions based on various parameters, such as the production of effluent, the application of nitrogen fertilizer and the supplements provided to cows.</p> <p>Following the commissioning of our two key decarbonisation initiatives, the company now seeks to increase the utilization of electricity for processing heat steam from the Electrode Boiler to a wider site network, and biomass following the conversion of Boiler 2. Both projects displace coal use and contribute towards our FY28 emission reduction target of -45% tCO<sub>2</sub>-e (from 2020 baseline). The company continues the development of its Decarbonisation Roadmap with feasibility and pinch analysis workstreams in progress that will identify new initiatives towards a low / zero carbon future.</p> <p>The company has also established a list of on-farm GHG reduction practices and shared and communicated these to their farmer suppliers to guide them in elaborating their GHG mitigation plan. The company's "Lead With Pride" certified farmer suppliers are also encouraged to address climate change as there is a dedicated incentive payment for farmers that create a GHG mitigation plan.</p> <p>The company is currently undertaking different on-farm projects to mitigate the</p>

	<p>output of individual Greenhouse Gases.</p> <p>Synlait also owns two dairy farms with plans to evaluate and trial sustainable farming practices as well as carry out further on-farm research.</p>
<b>Report</b>	<a href="https://www.synlait.com/wp-content/uploads/2023/07/Synlait-GHG-Inventory-Report-FY22.pdf">https://www.synlait.com/wp-content/uploads/2023/07/Synlait-GHG-Inventory-Report-FY22.pdf</a>



# Disclosure Questionnaire Statement

## Disclosure Questionnaire Category: Environmentally-Intensive Industry

<b>Topic</b>	Water Intensive industry
<b>Summary of Issue</b>	As a dairy processing company, Synlait operates in a water-intensive industry with milk production and processing being the most water-intensive processes in their operations. In 2022, 100% of their revenue came from animal-based products and therefore, they have set targets for the reduction of water on and off farms.
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	On-farm water usage is defined and limited by water consent, which is delivered by regional authorities. Water consents are based on an aquifer's capacity and are meant to protect both the aquifer and other water users.
<b>Impact on Stakeholders</b>	Synlait is allocated a certain amount of groundwater each year by the Regional Authority. On top of the yearly allocation, there are daily limits for each bore as well as limits on the rate of abstraction. All these measures contribute to the protection of the aquifer and other users. Water permits have to be replaced every 10-15 years and applicants are required to assess the actual and potential adverse environmental effects of the proposed water take while also proving that they operate efficient water management.
<b>Management Practices</b>	<p>Synlait has an off-farm target to reduce water use by 20% per kg of product by 2028 from a baseline of 2018. In their newest factory in Pokeno, they have extensive water recovery and use membrane plants to purify COW water (water extracted from milk) and rinse water to potable water grade. 75-80% of the COW water at Pokeno is recovered.</p> <p>Throughout the Dunsandel factory, they have installed water meters across the manufacturing plants to enable a more precise monitoring of water usage. They've installed needle valves on several of the pump seal water supplies so the water flow can be optimized, and plan to install them on the rest soon. Dryer 3 has a large silo installed to recover COW water off the evaporator for use as the 1st rinse for CIPs.</p> <p>Synlait's Lead With Pride program outlines sections on water consumption, effluent management and nutrient management and requires all on-farm water extraction to be measured. The company is also actively working to reduce nitrogen loss on farms by 45% per kg of milk solids from a 2018 base year, as this affects water quality.</p> <p>Synlait owns two dairy farms with plans to evaluate and trial sustainable farming practices as well as carry out further on-farm research.</p>
<b>Report</b>	<a href="https://www.synlait.com/wp-content/uploads/2023/01/Synlait_SR22_Digital_180123.pdf">https://www.synlait.com/wp-content/uploads/2023/01/Synlait_SR22_Digital_180123.pdf</a>





# Disclosure Questionnaire Statement

## Disclosure Questionnaire Category: Environmentally-Intensive Industry

<b>Topic</b>	Biodiversity Impacts
<b>Summary of Issue</b>	Negative biodiversity impacts as a result of dairy farming. In 2022, 100% of Synlait's revenue came from animal-based products.
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	Synlait sources milk from family-run and corporate farms throughout New Zealand, the majority of which operate on a pasture-based system. The average herd size of farmer suppliers is around 750 cows.
<b>Impact on Stakeholders</b>	The potential negative impacts of dairy farms on biodiversity are linked to the change in land use through the potential conversion of high biodiverse land to dairy farming. Other potential negative impacts on biodiversity can occur once the farm is established and operating via poor pest management, degradation or removal of habitats, and the degradation of water streams.
<b>Management Practices</b>	<p>The company has included requirements relating to the protection of biodiversity in its Lead with Pride certification program. They require farmers to create habitats or shelters for native plants and species; protect wetlands and native bush biodiversity on their farm; manage and preserve the quality of streams and waterways, etc. The company's farmers are audited regularly, they must provide recorded and documented evidence of their on-farm biodiversity measures. Other requirements include riparian and shelter planting and management plans and considerations towards native fish, birds, flora and fauna.</p> <p>The company is working on on-farm biodiversity targets and aims to use a tool that would enable their farmer suppliers to easily assess biodiversity on farms.</p> <p>The company provides farmers and communities with a vast ecosystem restoration program called "Whakapuawai" via a company plant nursery where they plan to restore ecosystems via collective native planting on their supplier farmer's land and restore degraded ecosystems in their local communities via native planting.</p> <p>Synlait owns two dairy farms with plans to evaluate and trial sustainable farming practices as well as carry out further on-farm research.</p>
<b>Report</b>	<a href="https://www.synlait.com/wp-content/uploads/2023/01/Synlait_SR22_Digital_180_123.pdf">https://www.synlait.com/wp-content/uploads/2023/01/Synlait_SR22_Digital_180_123.pdf</a>



# Disclosure Questionnaire Statement

## Disclosure Questionnaire Category: Litigation or Arbitration

<b>Issue Date</b>	2018-2022
<b>Topic</b>	Litigation pertaining to land covenants on one of Synlait's dairy plants
<b>Summary of Issue</b>	<p>Synlait constructed an infant nutrition plant in Pokeno, but the acquired land was subjected to specific covenants. The covenants restrict the use of the land for farming and forestry operations (preventing therefore the use for industrial purposes).</p> <p>The legal case had some turnarounds. Firstly, the Supreme Court of New Zealand granted an application by the predecessor of the land owner - Stonehill Trustee Limited -STL, who initially sold the land to Synlait, to extinguish or modify the two covenants pursuant to s317 of the Property Law Act 2007. Later on, in May 2019, the Court of Appeal overturned the High Court's decision and reinstated the covenants, favoring the owner of the whole area/land - New Zealand Industrial Park Limited (NZIPL). The latter is the party objecting to the removal of covenants and the presence of the industrial plant.</p> <p>Initially, Synlait was not a party to the proceedings in the High Court and Court of Appeal, which was conducted by Stonehill Trustee Limited. Nevertheless, since Synlait has acquired the property and become the landowner, Synlait was substituted as the applicant for leave to appeal (granted).</p>
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	The financial value of the settlement represents less than 0.5% of the company's revenues.
<b>Impact on Stakeholders</b>	The other parties to the litigation are New Zealand Industrial Park Limited (NZIPL) & Stonehill Trustee Limited.
<b>Resolution</b>	Counsel filed a joint memorandum advising the Court that the parties had reached a conditional settlement and therefore that the appeal would be abandoned.
<b>Management Practices</b>	Synlait reaffirms its commitment to maintaining the highest standards of honesty, integrity and ethical conduct and promotes compliance with the letter and spirit of all laws, rules and regulations that apply to Synlait.
<b>Report</b>	<a href="https://www.synlait.com/news/">https://www.synlait.com/news/</a>
<b>Management Comments</b>	Synlait is not a land developer in the traditional sense. It purchased the land which was zoned industrial with an agreement in place for the vendor to remove the historic land covenant. Although a settlement was reached, the Supreme Court of New Zealand decided to publish its decision on the hearing and ruled in favor of Synlait Milk Limited, therefore removing the historic land covenants.
<b>Related Incidents (Yes/No)</b>	No