



## 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 and B Lab deems them to be material, the company must:

- 1) Be transparent about 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 systems are in place to avoid similar issues from arising in the future.

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

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks 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

PROVIDED BY:

Synlait Milk Limited

UPDATED AS OF:

06/08/2020

Industries & Products	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Animal Products or Services	✓	
Biodiversity Impacts	✓	
Chemicals		✓
Company Explanation Of Disclosure Item Flags		✓
Disclosure Alcohol		✓
Disclosure Firearms Weapons		✓
Disclosure Mining		✓
Disclosure Pornography		✓
Disclosure Tobacco		✓
Energy and Emissions Intensive Industries	✓	
Fossil fuels		✓
Gambling		✓
Genetically Modified Organisms		✓
Illegal Products or Subject to Phase Out		✓
Industries at Risk of Human Rights Violations		✓
Monoculture Agriculture		✓
Nuclear Power or Hazardous Materials		✓
Payday, Short Term, or High Interest Lending		✓
Water Intensive Industries	✓	
Other		✓
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		✓
Child or Forced Labor		✓
Negative Environmental Impact		✓
Negative Social Impact		✓
Other		✓
Other Disclosures		✓

Outcomes & Penalties	True	False
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		✓
Breaches of Confidential Information		✓
Bribery, Fraud, or Corruption		✓
Company Explanation Of Disclosure Item Flags		✓
Company has filed for bankruptcy		✓
Consumer Protection		✓
Financial Reporting, Taxes, Investments, or Loans		✓
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)	✓	
Labor Issues		✓
Large Scale Land Conversion, Acquisition, or Relocation		✓
Litigation or Arbitration	✓	
On-Site Fatality		✓
Penalties Assessed For Environmental Issues		✓
Political Contributions or International Affairs		✓
Recalls		✓
Significant Layoffs		✓
Violation of Indigenous Peoples Rights		✓
Other		✓
Practices	True	False
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		✓
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)		✓
Company Explanation Of Disclosure Item Flags		✓
Company prohibits freedom of association/collective bargaining		✓
Company workers are prisoners		✓
Conduct Business in Conflict Zones		✓
Confirmation of Right to Work		✓
Does not transparently report corporate financials to government		✓
Employs Individuals on Zero-Hour Contracts		✓
Facilities located in sensitive ecosystems		✓
ID Cards Withheld or Penalties for Resignation		✓
No formal Registration Under Domestic Regulations		✓
No signed employment contracts for all workers		✓
Overtime For Hourly Workers Is Compulsory		✓
Payslips not provided to show wage calculation and deductions		✓
Sale of Data		✓
Tax Reduction Through Corporate Shells		✓
Workers cannot leave site during non-working hours		✓
Workers not Provided Clean Drinking Water or Toilets		✓
Workers paid below minimum wage		✓
Workers Under Bond		✓
Other		✓



## B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY:

Synlait Milk Limited

UPDATED AS OF:

06/08/2020

<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Disclosure Industries
<b>TOPIC</b>	Animal Products or Services
<b>SUMMARY OF ISSUE</b>	Synlait Milk Limited is a milk nutrition company and sources their dairy ingredients directly from dairy farms.
<b>SIZE/SCOPE OF ISSUE</b> (e.g. \$ financial implication, # of individuals affected)	100% of Synlait's revenue comes from animal based products.
<b>IMPACT ON STAKEHOLDER(S)</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>IMPLEMENTED MGT PRACTICES</b>	<p>Synlait has animal welfare standards within their supplier agreements that apply to all farmer suppliers. Animal welfare is also one of four key pillars on their farm certification programme "Lead with Pride". Their farmer suppliers have also trained their teams and recorded competency on stockmanship and health knowledge. They also measure metrics and aim for continual improvement on issues such as lameness, mastitis and calf management.</p> <p>Synlait has engaged with some of their farmer suppliers on a collaborative project that aims to create the highest standards in terms of animal, people and the environment. Animal welfare is monitored through audits and by checking farm data related to health and observation of stockmanship and animal condition. Synlait has also created a table for suppliers to assess key requirement areas for animal health and welfare. Synlait is currently updating their animal welfare strategy which should be completed by the end of 2020, the new measures that may be included are actions for animal well being and the definition of a framework or methodology to assess animal wellbeing.</p> <p>Synlait 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>Synlait 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>	<p>Synlait Sustainability Webpage: <a href="https://www.synlait.com/sustainability/">https://www.synlait.com/sustainability/</a></p> <p>FY19 Sustainability Report (pages 20-21 on Welfare): <a href="https://www.synlait.com/wp-content/uploads/2020/01/FINAL-FINAL-Synlait-Milk-Limited_Sustainability-at-Synlait-FY19-v2.pdf">https://www.synlait.com/wp-content/uploads/2020/01/FINAL-FINAL-Synlait-Milk-Limited_Sustainability-at-Synlait-FY19-v2.pdf</a></p>
<b>OTHER MANAGEMENT COMMENTS</b>	FY19 Sustainability Report: <a href="https://www.synlait.com/wp-content/uploads/2020/01/FINAL-FINAL-Synlait-Milk-Limited_Sustainability-at-Synlait-FY19-v2.pdf">https://www.synlait.com/wp-content/uploads/2020/01/FINAL-FINAL-Synlait-Milk-Limited_Sustainability-at-Synlait-FY19-v2.pdf</a> (pages 20-21 on Welfare)

<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Environmentally-Intensive Industry
<b>ISSUE DATE</b>	June 2020
<b>TOPIC</b>	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. 100% of their revenue comes from animal based products and therefore, they have set targets for the reduction of emissions on and off farm.
<b>SIZE/SCOPE OF ISSUE</b> (e.g. \$ financial implication, # of individuals affected)	<p>Synlait sources from around 270 supplier farmers. Their Green House Gas emissions for FY2019 were:</p> <p>Scope 1: Coal accounts for 93%</p> <p>Scope 2: Electricity accounts for 100%</p> <p>Scope 3: On Farm emissions accounts for 94.6%</p>
<b>IMPACT ON STAKEHOLDER(S)</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>IMPLEMENTED MGT PRACTICES</b>	<p>Synlait has set the following targets to reduce emissions from a baseline year of 2018:</p> <ul style="list-style-type: none"> <li>- 50% in reduction of off-farm CO<sub>2</sub>eq per kg of product by 2028</li> <li>- 35% in reduction of on-farm CO<sub>2</sub>eq per kg of milk solids by 2028</li> </ul> <p>The company is measuring and monitoring their 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 fertiliser and the supplements provided to cows.</p> <p>The company has commissioned an electrode boiler to be installed at their newly built fresh milk plant in Dunsandel. In New Zealand, 83% of electricity comes from renewable sources so electrification is an important option for the reduction of emissions. The company is also investigating the use and/or installation of renewable sources of energy such as wind and solar.</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 out put of individual Greenhouse Gases.</p> <p>Synlait has also 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>	<a href="https://www.synlait.com/wp-content/uploads/2019/11/Synlait-FY19-GHG-Inventory-Report_1-Nov-2019.pdf">https://www.synlait.com/wp-content/uploads/2019/11/Synlait-FY19-GHG-Inventory-Report_1-Nov-2019.pdf</a>

<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Water Intensive Industry
<b>ISSUE DATE</b>	Jun 2020
<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. 100% of their revenue comes from animal based products and therefore, they have set targets for the reduction of water on and off farm.
<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 STAKEHOLDER(S)</b>	Synlait is allocated a certain amount of ground water each year by the Regional Authority. On top of the yearly allocation, there are daily limits for each bores 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>IMPLEMENTED MGT 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% of the COW water at Pokeno is recovered.</p> <p>In another factory at Dunsandel, they have installed water meters across the manufacturing plants to enable a more precise monitoring of water usage. They've installed needle valves on most of the pump seal water supplies so the water flow can be optimized, and plan to install them on the rest in the near future. Dryer 3 has a large silo installed to recover COW water off the evaporator for use as the 1st rinse for CIPs.</p> <p>They are net producers of water as they irrigate more water than is extracted from the bores, due to COW water being produced during the milk drying process</p> <p>The company utilise the "Lead with Pride" program as their main tool to address water use. The program outlines sections on water consumption, effluent management and nutrient management. The company is also actively working to reduce nitrogen loss on farm by 45% per kg of milk solids from a 2018 base year, as this affects water quality. They have recently launched a trial to test a new technology that can reduce nitrogen loss and simultaneously promote grass growth.</p> <p>Synlait 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>	<p>Link to Sustainability Webpage: <a href="https://www.synlait.com/sustainability/">https://www.synlait.com/sustainability/</a></p> <p>Link to FY19 Sustainability Report: <a href="https://www.synlait.com/wp-content/uploads/2020/01/FINAL-FINAL-Synlait-Milk-Limited_Sustainability-at-Synlait-FY19-v2.pdf">https://www.synlait.com/wp-content/uploads/2020/01/FINAL-FINAL-Synlait-Milk-Limited_Sustainability-at-Synlait-FY19-v2.pdf</a> (pages 16-19 on Water)</p>

<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Biodiversity impacts
<b>ISSUE DATE</b>	Jun 2020
<b>TOPIC</b>	Biodiversity Impacts
<b>SUMMARY OF ISSUE</b>	Negative biodiversity impacts as a result of dairy farming. 100% of Synlait's revenue comes from animal based products.
<b>SIZE/SCOPE OF ISSUE</b> (e.g. \$ financial implication, # of individuals affected)	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 STAKEHOLDER(S)</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>IMPLEMENTED MGT PRACTICES</b>	<p>The company has included requirements relating to the protection of biodiversity in their on farm certification program, "Lead with Pride". They require farmers to create habitats or shelters for native plants and species; to protect wetlands and native bush biodiversity on their farm; manage and preserve the quality of streams and waterways, etc. As "Lead with Pride" farmers are audited each year, they must provide recorded and documented evidence of their on farm biodiversity measures. Other requirements include riparian and shelter planting and management plan and considerations towards native fish, birds, flora and fauna.</p> <p>The company has targets to have 100% of their supplier farms assessed on biodiversity and also have 100% of their supplier farms demonstrating an improvement in their score by 2028. The company aims to use a tool that would enable their farmer suppliers to easily assess biodiversity on farm.</p> <p>The company also recently launched a vast ecosystem restoration program called "Whakapuawai" where they plan to 1) restore a 15ha land adjacent to their Dunsandel site and build their own industrial scale nursery to grow native plants, 2) restore ecosystems via collective native planting on their supplier farmer's land and 3) restore degraded ecosystems in their local communities via native planting. Their 1000+ staff will partake in the planting and will be paid one day each year to work in the project. The company has a target to have planted 4 million native trees and shrubs by the end of 2028.</p> <p>Synlait has also 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>	<p>Link to Sustainability Webpage: <a href="https://www.synlait.com/sustainability/">https://www.synlait.com/sustainability/</a></p> <p>Link to FY19 Sustainability Report: <a href="https://www.synlait.com/wp-content/uploads/2020/01/FINAL-FINAL-Synlait-Milk-Limited_Sustainability-at-Synlait-FY19-v2.pdf">https://www.synlait.com/wp-content/uploads/2020/01/FINAL-FINAL-Synlait-Milk-Limited_Sustainability-at-Synlait-FY19-v2.pdf</a> (pages 20-21 on Welfare and 32-33 on Whakapuawai)</p>

<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Hazardous Discharges Into Air/Land/Water
<b>ISSUE DATE</b>	September 13, 2018
<b>TOPIC</b>	Accidental discharge of NH3 from production facilities
<b>SUMMARY OF ISSUE</b>	Synlait Milk Limited experienced an accidental discharge of ammonia gas from the energy centre compressor room at their Dunsandel site, while a contractor was taking an ammonia sample from one of their chillers.
<b>SIZE/SCOPE OF ISSUE</b> (e.g. \$ financial implication, # of individuals affected)	The Dunsandel facility is Synlait's largest facility in New Zealand and the area where the leak occurred, represents approximately 0.05% of the facility's built-in area and 0.003% of the facility's total site area. There was no investigation from Work Safe NZ due to the low level of harm and the company was not issued any penalties for this incident by the authorities.
<b>IMPACT ON STAKEHOLDER(S)</b>	<p>Ammonia is considered a high health hazard because it is corrosive to the skin, eyes, and lungs. Ammonia is also flammable at concentrations of approximately 15 to 28% by volume in air.</p> <p>In this case, a few employees and contractors experienced headache and sore throat. There were no impacts to the community or the environment based on the location of the site.</p>
<b>RESOLUTION</b>	On detection of the discharge, an alarm was activated and the company evacuated their staff from the facility. The fire department was notified and they took control of the site. Energy Centre operators controlled the plant at a safe distance using i-Pads, monitoring wind direction. The refrigeration contractor continuously monitored ammonia levels in close proximity to the ammonia room. The employees and contractors that were affected by the leak were checked either at Christchurch hospital or by a nurse.
<b>IMPLEMENTED MGT PRACTICES</b>	<p>Since the incident, the company has taken multiple corrective actions, including an investigation made both by Synlait and the contractor's firm, a review of the sampling procedure, tests of the related equipment/machinery, the installation of new alarms and sensors, updated internal induction and training, etc.</p> <p>The company carried out an independent safety audit recently to assess the ammonia safety features of the refrigeration plant, as well as to identify areas of improvement.</p>
<b>RELATED INCIDENTS</b>	No

<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Litigation or Arbitration
<b>ISSUE DATE</b>	May 2019
<b>TOPIC</b>	Litigation pertaining to land covenants on the site of Synlait's infant nutrition plant in Pokeno
<b>SUMMARY OF ISSUE</b>	<p>Synlait constructed the plant on part of its land that is subject to covenants which prevent it from being used for an industrial purpose. Synlait is seeking to have the covenants removed from its land or modified which is permitted by statute. The owner of land that benefits from the covenants, New Zealand Industrial Park Limited (NZIPL), is objecting to the removal of covenants and to the presence of the plant.</p> <p>The vendor that sold the land to Synlait, Stonehill Trustees Limited (STL), agreed to procure the surrender of the covenants and when it was unable to achieve this by agreement, filed an application in the High Court seeking their removal pursuant to the Property Law Act. In late 2018, the High Court removed the covenants so that they no longer prevented the industrial use of the land. In May 2019, the Court of Appeal overturned the High Court's decision and reinstated the covenants. Synlait then appealed that decision to the Supreme Court. STL was a party in the High Court and Court of Appeal proceedings but was substituted for Synlait in the Supreme Court.</p>
<b>SIZE/SCOPE OF ISSUE</b> (e.g. \$ financial implication, # of individuals affected)	<p>This litigation pertains to Synlait's newly constructed Pokeno facility which is set on 28 ha of land owned by Synlait, employs over 100 workers and contributed to 5.5% of Synlait's total production as of Nov 2019.</p> <p>There is yet no financial amount for this litigation as Synlait's appeal relates primarily to the removal or modification of the land covenants. Depending on the outcome of the litigation, Synlait may be required to pay compensation to NZIPL. In the High Court the judge awarded nil compensation on the basis that the covenants have no or little value.</p>
<b>IMPACT ON STAKEHOLDER(S)</b>	The other parties to the litigation are NZIPL and a shareholder in NZIPL, that stand to be impacted by this litigation.
<b>RESOLUTION</b>	Synlait's appeal to the Supreme Court was heard on 3 and 4 June 2020. A decision is yet awaited.
<b>IMPLEMENTED MGT 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>