



BEGA CHEESE LIMITED (ACN 008 358 503)

MILK SERVICES COMMITTEE CHARTER

1.0 INTRODUCTION

1.1. Formation of the Committee

Bega Cheese requires a substantial quantity of milk to enable it to produce the dairy products it manufactures and sells in its business. The majority of this milk is supplied to and purchased by Bega Cheese from dairy farmer suppliers. The Bega Cheese board of directors (**Board**) has established the Milk Services Committee (**Committee**) to assist the Board in formulating strategies that are directed to ensuring that Bega Cheese can purchase appropriate quantities of milk to satisfy the strategic plans of the business and fostering its relationship with farmer milk suppliers.

1.2. Purpose of Charter

This Charter records the role, composition and powers of the Committee.

2.0 MILK SERVICES COMMITTEE

2.1. Membership of the Committee

The Committee will be comprised of up to three directors appointed by the Board (one of whom will act as Chairperson of the Committee). The Committee will also include the CEO, the Manager – Planning, the Milk Supply Managers responsible for the main supply regions and the Company Secretary.

2.2. Role of the Committee

The role of the Committee is to carry out the necessary research in relation to, and formulate recommendations to the Board on, the following matters:

- a. strategies designed to encourage and increase the supply of milk by farmer suppliers meeting the long term strategic needs of Bega Cheese;
- b. programs to encourage farmer suppliers to choose Bega Cheese as the purchaser of their milk and to differentiate Bega Cheese from other purchasers of milk in the relevant supply regions;
- c. building and maintaining long term relationships with farmer milk suppliers;
- d. mechanisms to enable Bega Cheese to communicate effectively with its farmer milk suppliers and the development of protocols to ensure that this communication does not give rise to a breach of Bega Cheese's ASX continuous disclosure obligations;
- e. assessing the effectiveness of Bega Cheese's milk payments to farmer suppliers and considering alternate pay structures to retain and attract farmer suppliers, and meet the long term milk supply requirements of Bega Cheese;
- f. assessing and improving the services provided by Bega Cheese to farmer milk suppliers and advising the Board on the resources required for those services;
- g. formulating strategies to encourage the growth, sustainability and quality of milk produced by farmer suppliers and monitoring programs established by Bega Cheese in relation to these matters;
- h. assessing milk competition in key supply areas and the broader market.
- i. any other milk supply issues that the Board refers to the Committee.

The Committee's role is an advisory one and the implementation of the Committee's recommendations is a matter for the Board as a whole. The Committee's role does not include the setting of milk prices, which remains a matter for management and the Board.

3.0 MEMBERSHIP AND STRUCTURE

The Company Secretary, or his/her appointee, will act as secretary of the Committee and will prepare minutes of the Committee's meetings.

The Committee may invite any person from time to time to attend meetings of the Committee.

4.0 MEETINGS

A quorum shall consist of 3 members, at least two of whom must be directors.

Meetings will be held at least four times each year, with further meetings being convened by the Chairman of the Committee as necessary to deal with matters referred to the Committee by the Board.

5.0 REPORTING

The Chairperson of the Committee will report to and, if appropriate, make recommendations to the Board concerning matters dealt with by the Committee.

6.0 AUTHORITY AND ACCESS

The Committee is authorised to investigate any activity within the terms of this Charter and to seek such information it requires to properly carry out its role. Subject to the approval of the Chairman of the Board, the Committee may also obtain, at the cost of Bega Cheese, any professional or consulting advice that it considers necessary.

7.0 REVIEW

The Milk Services Committee Charter will be reviewed by the Committee on an annual basis.

This document was approved by the Board of Bega Cheese on 27 October 2014, with effect from the date of approval.