



MILK SUPPLY AGREEMENT 2023 - 2024

SYDNEY AND SOUTH COAST REGION
NEW SOUTH WALES

*creating great food
for a better future*

OVERVIEW OF THIS MILK SUPPLY AGREEMENT

IMPORTANT NOTICE

This overview is only a summary and does not exhaustively set out all the terms and conditions by which you will be bound if you enter into this Agreement. You should read the entire Agreement (including the Appendices and the Bega Cheese On-Farm Quality Assurance Program) carefully and seek independent legal advice if there are any parts that you do not understand. All capitalised terms in this Agreement have the meaning given in Section 8.

| | |
|---|--|
| Basis of Supply: Exclusive or Non-Exclusive | <ul style="list-style-type: none">• This Agreement may be used for exclusive or non-exclusive supply of Milk to us.• If you wish to supply Milk to us during the Term, you must choose whether you will supply us on an exclusive or non-exclusive basis by checking the applicable box in Item 4 of the Details.• It is important that you note that some provisions (including the right to receive incentive payments) are identified as only applying to Exclusive Suppliers. |
| Term | <ul style="list-style-type: none">• This Agreement will commence on:<ul style="list-style-type: none">(a) 1 July 2023 for new suppliers to Bega;(b) 1 September 2023* for Existing Suppliers; or(c) if you are a new supplier to Bega that starts supplying us under this Agreement after 1 July 2023, the date on which we first pick-up your Milk under this Agreement.• Depending on the election you make in Item 3 of the Details, this Agreement will have an Expiry Date of either:<ul style="list-style-type: none">(a) 31 August 2024;(b) 31 August 2025; or(c) 31 August 2026;unless it is terminated earlier in accordance with the provisions of this Agreement.• If you wish to terminate this Agreement before the Expiry Date, you may terminate this Agreement with effect on:<ul style="list-style-type: none">(a) if the Expiry Date is 31 August 2024, any day during the period 1 July 2024 to 31 August 2024;(b) if the Expiry Date is 31 August 2025, any day during the period 1 July 2025 to 31 August 2025; or(c) if the Expiry Date is 31 August 2026, any day during the period 1 July 2026 to 31 August 2026, provided you give us at least 30 days' prior written notice of any such termination. <p>* If you are an Existing Supplier, the Milk that you supply to us during July and August 2023 will count towards the calculation of the Growth Incentive under this Agreement.</p> |
| Cooling-off period | <ul style="list-style-type: none">• You have a 14-day cooling-off period that ends 14 days after the day this Agreement is entered into, during which you can terminate this Agreement with immediate effect without incurring any liability. |
| Monthly Minimum Pricing & Additions and Deductions | <ul style="list-style-type: none">• Item 6 of the Details sets out the Monthly Minimum Price that we will pay you for Milk supplied in accordance with this Agreement.• During the Term, you will receive a monthly payment equal to the applicable Monthly Minimum Price (plus any applicable Step-Up) multiplied by the volume of Milk supplied by you during that month.• If you are an Exclusive Supplier, your monthly payments may be increased by:<ul style="list-style-type: none">(a) the Productivity Incentive;(b) the New Milk Incentive;(c) the Logistics Incentive; and(d) a top-up payment for the Growth Incentive (if the amount of the Growth Incentive exceeds the amount you have received under the New Milk Incentive).• The monthly payments for both Exclusive Suppliers and Non-Exclusive Suppliers will be decreased for:<ul style="list-style-type: none">(a) Fees for Services that we supply to you;(b) applicable Industry Fees; and(c) any Quality Deductions. |
| Step-Ups | <ul style="list-style-type: none">• You will be eligible to receive any Step-Ups that we publicly announce and notify you of in writing.• The amount of the Step-Up will be specified in our notice and the Step-Up will be paid on all Milk you supply during the specified period stated in the notice. A Step-Up is an additional payment and does not form part of the Monthly Minimum Price. |
| Step-Downs | <ul style="list-style-type: none">• We will not retrospectively Step-Down the Monthly Minimum Prices during the Term.• Only in exceptional circumstances will we consider prospective Step-Downs during the Term and this would be done in accordance with the Dairy Code. |

| | |
|--|--|
| Payment Details | <ul style="list-style-type: none"> You will be paid your monthly payment on or before the 15th day of the following month. If the 15th is not a Business Day, we will pay you on the Business Day beforehand. We will make all payments into the bank accounts nominated by you. When you sign this Agreement, please check that you have provided correct and complete bank account details to us or included those details in our nominated banking authorisation system. |
| Minimum Collection Volume | <ul style="list-style-type: none"> The minimum volume of milk available for collection at any one time from each Farm (before Minimum Collection Fees apply) is 1,800 litres per pickup on a “skip a day” basis. Should your pickup volume fall below 500 litres a collection on a “skip a day” basis for two consecutive collections or more, you may be subject to suspension and the period of suspension will continue until such time as you are able to increase production above the required 500 litres. |
| Quality Standards of Milk | <ul style="list-style-type: none"> Section 6 and Appendix A of this Agreement set out your obligations and our requirements with respect to the quality and consistency of your Milk and your dairy operations. Section 6 and Appendix A of this Agreement also describe the actions that we may take if you fail to meet those obligations or your Milk does not meet those requirements (including where we may reject your Milk or suspend collection of your Milk). |
| Transferring your Farm, Assets or Herd | <ul style="list-style-type: none"> Before you: <ul style="list-style-type: none"> (a) transfer or sell any of your Farm(s), dairy land or assets; (b) change your ownership structure or any other arrangement affecting the Farms’ dairy land or assets; or (c) cease the production of Milk at the Farm(s), you are required to provide us with 30 days’ prior written notice of the proposed change and pay all amounts you owe us under this Agreement. |
| Good Faith | <ul style="list-style-type: none"> In accordance with the Dairy Code, both parties must always deal with each other in good faith in relation to the supply of Milk. |
| Disputes or Complaints | <ul style="list-style-type: none"> This Agreement provides a procedure for handling disputes or complaints. The parties must try to resolve any dispute or complaint first by negotiation and then, if required, by mediation. |
| Understanding and Acknowledging the Agreement | <ul style="list-style-type: none"> By signing this Agreement, you are confirming that you have read and understood the entire agreement, including the Appendices and attachments. If there is any aspect of this Agreement that you do not understand, please seek independent legal advice. |

BDD AUSTRALIA PTY LTD – MILK SUPPLY AGREEMENT

SYDNEY AND SOUTH COAST REGION NEW SOUTH WALES

PARTIES

Bega:

| |
|--|
| BDD Australia Pty Ltd ABN 68 083 019 390 |
|--|

Supplier:

| | |
|------------------------------|--|
| Supplier name: | |
| Supplier Identifying Number: | |
| Contact person: | |
| ABN: | |
| Email address: | |
| Mobile number: | |
| Postal Address: | |

**Sharefarmer
Supplier:**

| | |
|---|--|
| Is there a Sharefarmer Supplier associated? | Yes/No - <i>(if No – go to DETAILS on page 5)</i> |
| Sharefarmer Supplier name: | |
| Supplier Identifying Number: | |
| Contact person: | |
| ABN: | |
| Email address: | |
| Mobile Number: | |
| Postal Address: | |

DETAILS

| 1. | Farm(s): | | <table border="1"> <thead> <tr> <th data-bbox="523 255 675 344">Farm Number</th> <th data-bbox="675 255 1407 344">Farm Address</th> </tr> </thead> <tbody> <tr> <td data-bbox="523 344 675 396"></td> <td data-bbox="675 344 1407 396"></td> </tr> <tr> <td data-bbox="523 396 675 448"></td> <td data-bbox="675 396 1407 448"></td> </tr> <tr> <td data-bbox="523 448 675 499"></td> <td data-bbox="675 448 1407 499"></td> </tr> </tbody> </table> | Farm Number | Farm Address | | | | | | | |
|-------------|--|---|--|-------------|--------------|--|--|--|--|--|--|--|
| Farm Number | Farm Address | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| 2. | Commencement Date: (Section 1.5) | <p>The Commencement Date will be:</p> <p>(a) 1 July 2023 for new suppliers to Bega; (b) 1 September 2023 for Existing Suppliers; or (c) if you are a new supplier to Bega that starts supplying us under this Agreement after 1 July 2023, the date on which we first pick-up your Milk under this Agreement.</p> | | | | | | | | | | |
| 3. | Expiry Date: (Section 1.5) | <p><i>Please select the Expiry Date of this supply arrangement by checking the relevant box below:</i></p> <p><input type="checkbox"/> 31 August 2024</p> <p><input type="checkbox"/> 31 August 2025</p> <p><input type="checkbox"/> 31 August 2026</p> | | | | | | | | | | |
| 4. | Basis of Supply and Payment System (Sections 1.2 and 1.3) | <p><i>Please select your preferred supply arrangement by checking the relevant box below:</i></p> <p><input type="checkbox"/> EXCLUSIVE SUPPLY - <i>You agree to exclusively supply us all of the Milk produced at the Farm(s) during the Term, other than Personal Use Milk</i></p> <p>All Exclusive Suppliers will automatically be paid under the Exclusive Milk Payment System.</p> <p>The Exclusive Milk Payment System offers eligibility to receive the Productivity Incentive, the Logistics Incentive, the New Milk Incentive and the Growth Incentive.</p> <p><input type="checkbox"/> NON-EXCLUSIVE SUPPLY - <i>You agree to supply us some, but not necessarily all, of the Milk from the Farm(s) during the Term</i></p> <p>All Non-Exclusive Suppliers will automatically be paid under the Non-Exclusive Milk Payment System.</p> <p>The Non-Exclusive Milk Payment System provides that protein will be paid at 1.5 times the rate of butterfat. If you elect to be a Non-Exclusive Supplier, you will not be eligible to receive any incentives for the Milk you supply.</p> | | | | | | | | | | |
| 5. | Relevant Percentage: (Section 2.1) | <p>Is there a Sharefarmer Supplier? If yes, complete the Relevant Percentages of the Supplier and the Sharefarmer Supplier below:</p> <p>Supplier: %</p> <p>Sharefarmer Supplier: %</p> | | | | | | | | | | |

6. Monthly Minimum Prices:
(Section 2.1)

**Monthly Minimum Prices (exclusive of GST)
For Exclusive Milk Payment System and Non-Exclusive Milk Payment System**

| Month | Exclusive Agreement | |
|----------------|---------------------|-----------|
| | \$ per Kg | \$ per Kg |
| | Butterfat | Protein |
| July 2023 | 8.33 | 12.50 |
| August 2023 | 8.33 | 12.50 |
| September 2023 | 8.33 | 12.50 |
| October 2023 | 8.33 | 12.50 |
| November 2023 | 8.33 | 12.50 |
| December 2023 | 8.33 | 12.50 |
| January 2024 | 8.67 | 13.01 |
| February 2024 | 8.67 | 13.01 |
| March 2024 | 8.67 | 13.01 |
| April 2024 | 8.67 | 13.01 |
| May 2024 | 8.67 | 13.01 |
| June 2024 | 8.67 | 13.01 |
| July 2024 | 8.33 | 12.50 |
| August 2024 | 8.33 | 12.50 |

| Non Exclusive Agreement | |
|-------------------------|-----------|
| \$ per Kg | \$ per Kg |
| Butterfat | Protein |
| 8.10 | 12.16 |
| 8.10 | 12.16 |
| 8.10 | 12.16 |
| 8.10 | 12.16 |
| 8.10 | 12.16 |
| 8.10 | 12.16 |
| 8.44 | 12.67 |
| 8.44 | 12.67 |
| 8.44 | 12.67 |
| 8.44 | 12.67 |
| 8.44 | 12.67 |
| 8.44 | 12.67 |
| 8.44 | 12.67 |
| 8.10 | 12.16 |
| 8.10 | 12.16 |

| Month | Exclusive Agreement | |
|----------------|---------------------|-----------|
| | \$ per Kg | \$ per Kg |
| | Butterfat | Protein |
| July 2024 | 8.33 | 12.50 |
| August 2024 | 8.33 | 12.50 |
| September 2024 | 8.33 | 12.50 |
| October 2024 | 8.33 | 12.50 |
| November 2024 | 8.33 | 12.50 |
| December 2024 | 8.33 | 12.50 |
| January 2025 | 8.67 | 13.01 |
| February 2025 | 8.67 | 13.01 |
| March 2025 | 8.67 | 13.01 |
| April 2025 | 8.67 | 13.01 |
| May 2025 | 8.67 | 13.01 |
| June 2025 | 8.67 | 13.01 |
| July 2025 | 8.33 | 12.50 |
| August 2025 | 8.33 | 12.50 |

| Non Exclusive Agreement | |
|-------------------------|-----------|
| \$ per Kg | \$ per Kg |
| Butterfat | Protein |
| 8.10 | 12.16 |
| 8.10 | 12.16 |
| 8.10 | 12.16 |
| 8.10 | 12.16 |
| 8.10 | 12.16 |
| 8.10 | 12.16 |
| 8.44 | 12.67 |
| 8.44 | 12.67 |
| 8.44 | 12.67 |
| 8.44 | 12.67 |
| 8.44 | 12.67 |
| 8.44 | 12.67 |
| 8.44 | 12.67 |
| 8.10 | 12.16 |
| 8.10 | 12.16 |

| Month | Exclusive Agreement | | Non Exclusive Agreement | |
|----------------|---------------------|-------------------|-------------------------|-------------------|
| | \$ per Kg Butterfat | \$ per Kg Protein | \$ per Kg Butterfat | \$ per Kg Protein |
| July 2025 | 8.33 | 12.50 | 8.10 | 12.16 |
| August 2025 | 8.33 | 12.50 | 8.10 | 12.16 |
| September 2025 | 7.99 | 11.99 | 7.76 | 11.65 |
| October 2025 | 7.99 | 11.99 | 7.76 | 11.65 |
| November 2025 | 7.99 | 11.99 | 7.76 | 11.65 |
| December 2025 | 7.99 | 11.99 | 7.76 | 11.65 |
| January 2026 | 8.33 | 12.50 | 8.10 | 12.16 |
| February 2026 | 8.33 | 12.50 | 8.10 | 12.16 |
| March 2026 | 8.33 | 12.50 | 8.10 | 12.16 |
| April 2026 | 8.33 | 12.50 | 8.10 | 12.16 |
| May 2026 | 8.33 | 12.50 | 8.10 | 12.16 |
| June 2026 | 8.33 | 12.50 | 8.10 | 12.16 |
| July 2026 | 7.99 | 11.99 | 7.76 | 11.65 |
| August 2026 | 7.99 | 11.99 | 7.76 | 11.65 |

If Milk supplied under this Agreement fails to meet the Quality Standards for Grade 1 Milk or the Dumping Policy applies, we will make Quality Deductions from your monthly payment in accordance with section 2.9.

| 7. | Exclusive Suppliers only: Productivity Incentive: (Section 2.4) | Productivity Incentive rates (exclusive of GST) The Productivity Incentive is paid to eligible Exclusive Suppliers where their monthly production of Milk Solids exceeds 5,000 kg of Milk Solids. The Productivity Incentive rate is determined on the basis of \$0.02/kg MS per 1,000 kg MS accepted from you for the relevant month. The maximum Productivity Incentive rate is \$0.42/kg MS For example: If you supply 10,433 kg of Milk Solids to us in a month: $\text{Productivity Incentive rate: } 10,433 \div 1,000 \times \$0.02 = \$0.21$ $\text{Productivity Incentive payment: } \$0.21 \times 10,433 = \$2,176.95$ For illustrative purposes only, the table below sets out the Productivity Incentive rates that apply at various levels of monthly production of Milk Solids: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------|--|---|--|---|---|--|--|---|------|--|-------|------|-----|-----|--------|------|-----|-------|-------|------|-----|-----|--------|------|-----|-------|-------|------|-----|-----|--------|------|-----|-------|-------|------|-----|-------|--------|------|-----|-------|-------|------|-----|-------|--------|------|-----|--------|--------|------|-----|-------|--------|------|-----|--------|--------|------|-----|-------|--------|------|-----|--------|--------|------|-----|-------|--------|------|
| | | <table border="1"> <thead> <tr> <th>Total monthly kgs Milk Solids</th> <th>Productivity Incentive Rate (per kg MS)**</th> <th>Cpl*</th> <th>Productivity Incentive Payment (\$) **</th> <th>Total monthly kgs Milk Solids</th> <th>Productivity Incentive Rate (per kg MS)**</th> <th>Cpl*</th> <th>Productivity Incentive Payment (\$) **</th> </tr> </thead> <tbody> <tr><td>5,000</td><td>0.10</td><td>0.7</td><td>500</td><td>20,000</td><td>0.40</td><td>2.9</td><td>8,000</td></tr> <tr><td>6,000</td><td>0.12</td><td>0.9</td><td>720</td><td>21,000</td><td>0.42</td><td>3.0</td><td>8,820</td></tr> <tr><td>7,000</td><td>0.14</td><td>1.0</td><td>980</td><td>22,000</td><td>0.42</td><td>3.0</td><td>9,240</td></tr> <tr><td>8,000</td><td>0.16</td><td>1.1</td><td>1,280</td><td>23,000</td><td>0.42</td><td>3.0</td><td>9,660</td></tr> <tr><td>9,000</td><td>0.18</td><td>1.3</td><td>1,620</td><td>24,000</td><td>0.42</td><td>3.0</td><td>10,080</td></tr> <tr><td>10,000</td><td>0.20</td><td>1.4</td><td>2,000</td><td>25,000</td><td>0.42</td><td>3.0</td><td>10,500</td></tr> <tr><td>11,000</td><td>0.22</td><td>1.6</td><td>2,420</td><td>26,000</td><td>0.42</td><td>3.0</td><td>10,920</td></tr> <tr><td>12,000</td><td>0.24</td><td>1.7</td><td>2,880</td><td>27,000</td><td>0.42</td><td>3.0</td><td>11,340</td></tr> </tbody> </table> | Total monthly kgs Milk Solids | Productivity Incentive Rate (per kg MS)** | Cpl* | Productivity Incentive Payment (\$) ** | Total monthly kgs Milk Solids | Productivity Incentive Rate (per kg MS)** | Cpl* | Productivity Incentive Payment (\$) ** | 5,000 | 0.10 | 0.7 | 500 | 20,000 | 0.40 | 2.9 | 8,000 | 6,000 | 0.12 | 0.9 | 720 | 21,000 | 0.42 | 3.0 | 8,820 | 7,000 | 0.14 | 1.0 | 980 | 22,000 | 0.42 | 3.0 | 9,240 | 8,000 | 0.16 | 1.1 | 1,280 | 23,000 | 0.42 | 3.0 | 9,660 | 9,000 | 0.18 | 1.3 | 1,620 | 24,000 | 0.42 | 3.0 | 10,080 | 10,000 | 0.20 | 1.4 | 2,000 | 25,000 | 0.42 | 3.0 | 10,500 | 11,000 | 0.22 | 1.6 | 2,420 | 26,000 | 0.42 | 3.0 | 10,920 | 12,000 | 0.24 | 1.7 | 2,880 | 27,000 | 0.42 |
| Total monthly kgs Milk Solids | Productivity Incentive Rate (per kg MS)** | Cpl* | Productivity Incentive Payment (\$) ** | Total monthly kgs Milk Solids | Productivity Incentive Rate (per kg MS)** | Cpl* | Productivity Incentive Payment (\$) ** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5,000 | 0.10 | 0.7 | 500 | 20,000 | 0.40 | 2.9 | 8,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6,000 | 0.12 | 0.9 | 720 | 21,000 | 0.42 | 3.0 | 8,820 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7,000 | 0.14 | 1.0 | 980 | 22,000 | 0.42 | 3.0 | 9,240 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8,000 | 0.16 | 1.1 | 1,280 | 23,000 | 0.42 | 3.0 | 9,660 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9,000 | 0.18 | 1.3 | 1,620 | 24,000 | 0.42 | 3.0 | 10,080 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10,000 | 0.20 | 1.4 | 2,000 | 25,000 | 0.42 | 3.0 | 10,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11,000 | 0.22 | 1.6 | 2,420 | 26,000 | 0.42 | 3.0 | 10,920 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12,000 | 0.24 | 1.7 | 2,880 | 27,000 | 0.42 | 3.0 | 11,340 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | | | | | | |
|--------|------|-----|-------|--------|------|-----|--------|
| 13,000 | 0.26 | 1.9 | 3,380 | 28,000 | 0.42 | 3.0 | 11,760 |
| 14,000 | 0.28 | 2.0 | 3,920 | 29,000 | 0.42 | 3.0 | 12,180 |
| 15,000 | 0.30 | 2.1 | 4,500 | 30,000 | 0.42 | 3.0 | 12,600 |
| 16,000 | 0.32 | 2.3 | 5,120 | 31,000 | 0.42 | 3.0 | 13,020 |
| 17,000 | 0.34 | 2.4 | 5,780 | 32,000 | 0.42 | 3.0 | 13,440 |
| 18,000 | 0.36 | 2.6 | 6,480 | 33,000 | 0.42 | 3.0 | 13,860 |
| 19,000 | 0.38 | 2.7 | 7,220 | 34,000 | 0.42 | 3.0 | 14,280 |

* The cents per litre rate assumes total Milk Solids of 7.2%, comprised of 4% butterfat 3.2% protein.
 ** The actual Productivity Incentive rate you will be paid may vary from the information in the above table depending on your actual total Milk Solids for the month.

8. **Exclusive Suppliers only:**
 New Milk Incentive rate:
 (Section 2.5)

The New Milk Incentive rate is \$1.06 per kg butterfat and \$1.60 per kg protein (approximately \$1.30 per kg Milk Solids) on all Milk accepted by us during the relevant month over and above the New Milk Baseline.

9. **Exclusive Suppliers only:**
 New Milk Baseline for each month for new Exclusive Suppliers:
 (Section 2.5)

Are you a new supplier to us? If yes, please complete the baseline details as agreed between the parties below*:

| Baseline Month | Butterfat (kgs) | Protein (kgs) |
|----------------|-----------------|---------------|
| Jul-22 | | |
| Aug-22 | | |
| Sep-22 | | |
| Oct-22 | | |
| Nov-22 | | |
| Dec-22 | | |
| Jan-23 | | |
| Feb-23 | | |
| Mar-23 | | |
| Apr-23 | | |
| May-23 | | |
| Jun-23 | | |

*If a Baseline Month amount is not specified in the above table, you will not be eligible to receive any New Milk Incentive for the corresponding month during the Term.

10. **Exclusive Suppliers only:**
 Growth Incentive rate:
 (Section 2.6)

If you qualify for a top-up payment with respect to a Growth Incentive at the end of each Growth Incentive Period because the amount of the Growth Incentive exceeds the total New Milk Incentives paid to you in respect of that Growth Incentive Period, the top-up payment will be calculated in accordance with, and at the rates identified below.

The possible Growth Incentive will be the total of:

- the amount of the increase in Milk Solids in Milk accepted by us from you up to 9.99% of your Growth Incentive Baseline (**First Incentive Quantity**), multiplied by the First Rate; and

- the amount of the increase in Milk Solids in Milk accepted by us from you in the Growth Incentive Period that exceeds the First Incentive Quantity (**Second Incentive Quantity**) multiplied by the Second Rate.

For the purposes of the above calculation:

- **First Rate** means \$0.42 per kg of butterfat and \$0.64 per kg of protein;
- **Second Rate** means \$1.27 per kg of butterfat and \$1.92 per kg of protein.

Example 1 - Application where you commence supplying Bega at the start of the Financial Year

For example, if:

- the Growth Incentive Baseline for a Supplier is 60,000 kg butterfat and 40,000 kg protein; and
- at the end of the Growth Incentive Period, Bega has accepted 78,000 kg butterfat and 52,000 kg protein from that Supplier,

then that Supplier will be entitled to a possible Growth Incentive of:

- \$0.42 per kg butterfat on 5,994 kg of butterfat (being, 9.99% of the butterfat component of the Growth Incentive Baseline of 60,000 kg) i.e. \$2,517.48; and
- \$0.64 per kg protein on 3,996 kg protein (being 9.99% of the protein component of the Growth Incentive Baseline of 40,000 kg) i.e. \$2,557.44; and
- \$1.27 per kg butterfat on 12,006 kg butterfat (being the balance of total growth in butterfat compared to the Growth Incentive Baseline i.e. 18,000 kg less 5,994 kg) i.e. \$15,247.62; and
- \$1.92 per kg protein on 8,004 kg protein (being the balance of total growth in protein compared to the Growth Incentive Baseline i.e. 40,000 kg less 3,996 kg) i.e. \$15,367.68,

being a total possible Growth Incentive of \$35,690.22. The actual Growth Incentive payable to the Supplier will then be the excess of the possible Growth Incentive over the total of any New Milk Incentives already paid to the Supplier in respect of the Growth Incentive Period.

Example 2 – Application where you commence supplying Bega part way through a Financial Year:

If you commence supplying Bega part way through a Financial Year, then the possible Growth Incentive will be calculated based on:

- your Prior Deemed Milk Supply as set out in **Item 12** of the Details; and
- the Milk Solids in Milk accepted by Bega during the applicable Growth Incentive Period,

(Total Annual Milk). The Growth Incentive will then be calculated as a pro rata proportion of the Total Annual Milk that was supplied to Bega during the applicable Growth Incentive Period.

If, in Example 1 above:

- 28,000 kg butterfat and 22,000 kg protein was the Prior Deemed Milk Supply by you to your previous processor during the period commencing on 1 July 2023 and ending on the day prior to the Commencement Date; and
- 50,000 kg butterfat and 30,000 kg protein was contained in the Milk Solids in Milk accepted by Bega during the applicable Growth Incentive Period,

then, you will be entitled to a possible Growth Incentive of:

- 64.10% of the \$17,765.10 (being the total incentive calculated in the above example on the growth in butterfat); and
- 57.69% of the \$17,925.12 (being the total incentive calculated in the above example on the growth in protein),

being, a total possible Growth Incentive of \$21,728.43. The actual Growth Incentive payable to the Supplier will then be the excess of the possible Growth Incentive over the total of any New Milk Incentives already paid to the Supplier in respect of the Growth Incentive Period.

| 11. | <p>Exclusive Suppliers only: Growth Incentive Baseline for new suppliers: (Section 2.6)</p> | <p><i>Are you a new supplier to Bega? If yes, please complete the baseline details as agreed between the parties below*:</i></p> <table border="1" data-bbox="564 248 1362 515"> <thead> <tr> <th>Financial Year</th> <th>Total Butterfat (kgs)</th> <th>Total Protein (kgs)</th> </tr> </thead> <tbody> <tr> <td>1 July 2021 to 30 June 2022</td> <td></td> <td></td> </tr> <tr> <td>1 July 2022 to 30 June 2023</td> <td></td> <td></td> </tr> <tr> <td>Growth Incentive Baseline (average of previous 2 years)</td> <td></td> <td></td> </tr> </tbody> </table> <p><i>*If a Growth Incentive Baseline amount is not specified in the above table, you will not be eligible to receive any Growth Incentive.</i></p> | Financial Year | Total Butterfat (kgs) | Total Protein (kgs) | 1 July 2021 to 30 June 2022 | | | 1 July 2022 to 30 June 2023 | | | Growth Incentive Baseline (average of previous 2 years) | | | | | | | | |
|---|---|---|---|-----------------------|---------------------|---|-------------------------------|---|-----------------------------|--|------------------------------|---|---|--------|--------|---------|--|---------------------|--------|---------|
| Financial Year | Total Butterfat (kgs) | Total Protein (kgs) | | | | | | | | | | | | | | | | | | |
| 1 July 2021 to 30 June 2022 | | | | | | | | | | | | | | | | | | | | |
| 1 July 2022 to 30 June 2023 | | | | | | | | | | | | | | | | | | | | |
| Growth Incentive Baseline (average of previous 2 years) | | | | | | | | | | | | | | | | | | | | |
| 12. | <p>Exclusive Suppliers only: Prior Deemed Milk Supply – Growth Incentive for Supplier commencing part way through a Financial Year (Section 2.6)</p> | <p>For the purposes of calculating the Growth Incentive where you commence supplying us part way through a Financial Year, the total amount of your Milk Solids supplied to your previous processor during the period commencing on 1 July 2023 and ending on the day prior to the Commencement Date is agreed to be the amount set out in the table below (Prior Deemed Milk Supply):</p> <table border="1" data-bbox="564 775 1362 940"> <thead> <tr> <th>Financial Year</th> <th>Total Butterfat (kgs)</th> <th>Total Protein (kgs)</th> </tr> </thead> <tbody> <tr> <td>1 July 2023 to the day prior to the Commencement Date</td> <td></td> <td></td> </tr> </tbody> </table> <p><i>*You must supply reasonable evidence of the information in this table promptly after the Commencement Date to be eligible for the Growth Incentive.</i></p> | Financial Year | Total Butterfat (kgs) | Total Protein (kgs) | 1 July 2023 to the day prior to the Commencement Date | | | | | | | | | | | | | | |
| Financial Year | Total Butterfat (kgs) | Total Protein (kgs) | | | | | | | | | | | | | | | | | | |
| 1 July 2023 to the day prior to the Commencement Date | | | | | | | | | | | | | | | | | | | | |
| 13. | <p>Fees for Services: (Section 2.7)</p> | <p>The Fees for Services provided by us to you which are applicable during the Term comprise those set out in the table below:</p> <table border="1" data-bbox="408 1135 1469 1664"> <thead> <tr> <th>Fee</th> <th colspan="3">Rate</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Minimum Collection Fee</td> <td colspan="3">If you do not meet our minimum collection of 1,800 litres per pickup on a “skip a day” basis and you have not met the minimum monthly litres of Milk for collection set out in the below table, the relevant fee set out below will be charged for each of your Milk collections during that month.</td> </tr> <tr> <th>Litres on a skip a day basis</th> <th>Minimum monthly supply (Litres)</th> <th>Minimum Collection Fee (per collection)</th> </tr> <tr> <td><1,500</td> <td>22,500</td> <td>\$40.00</td> </tr> <tr> <td></td> <td>Between 1,500-1,800</td> <td>27,000</td> <td>\$30.00</td> </tr> </tbody> </table> | Fee | Rate | | | Minimum Collection Fee | If you do not meet our minimum collection of 1,800 litres per pickup on a “skip a day” basis and you have not met the minimum monthly litres of Milk for collection set out in the below table, the relevant fee set out below will be charged for each of your Milk collections during that month. | | | Litres on a skip a day basis | Minimum monthly supply (Litres) | Minimum Collection Fee (per collection) | <1,500 | 22,500 | \$40.00 | | Between 1,500-1,800 | 27,000 | \$30.00 |
| Fee | Rate | | | | | | | | | | | | | | | | | | | |
| Minimum Collection Fee | If you do not meet our minimum collection of 1,800 litres per pickup on a “skip a day” basis and you have not met the minimum monthly litres of Milk for collection set out in the below table, the relevant fee set out below will be charged for each of your Milk collections during that month. | | | | | | | | | | | | | | | | | | | |
| | Litres on a skip a day basis | Minimum monthly supply (Litres) | Minimum Collection Fee (per collection) | | | | | | | | | | | | | | | | | |
| | <1,500 | 22,500 | \$40.00 | | | | | | | | | | | | | | | | | |
| | Between 1,500-1,800 | 27,000 | \$30.00 | | | | | | | | | | | | | | | | | |

Bega accepts the offer of the **Supplier** and, if applicable, the **Sharefarmer Supplier**, to supply Milk to Bega on the terms of this Agreement.

| | |
|---|---|
| <p>Signed by the Supplier by an authorised representative</p> | <p>_____ Signature of authorised representative</p> <p>_____ Role or Office held</p> <p>_____ Date signed</p> |
| <p>Signed for and on behalf of the Sharefarmer by the Sharefarmer or an authorised representative:</p> | <p>_____ Signature of authorised representative</p> <p>_____ Role or Office held</p> <p>_____ Date signed</p> |
| <p>Signed for and on behalf of BDD Australia Pty Ltd by an authorised representative:</p> | <p>_____ Signature of authorised representative</p> <p>_____ Role or Office held</p> <p>_____ Date signed</p> |

1. Milk Supply

1.1 Agreement to supply milk

You agree to supply us with Milk from the Farm(s), and we agree to buy that Milk, on the terms of this Agreement. You must elect to supply us on an exclusive or non-exclusive basis by selecting the option you want in **Item 4** of the Details. If you elect to supply us Milk exclusively, you will be referred to as an Exclusive Supplier and if you elect to supply us Milk non-exclusively, you will be referred to as a Non-Exclusive Supplier.

When you review this Agreement, it is important that you note that some provisions (including the right to receive certain incentive payments) are identified as only applying to Exclusive Suppliers.

1.2 Exclusive Supply

If you are an Exclusive Supplier, you agree to:

- (a) exclusively supply us all of the Milk produced at the Farm(s), other than Personal Use Milk; and
- (b) not supply any Milk produced at the Farm(s) to any other person or entity.

1.3 Non-Exclusive Supply

If you are a Non-Exclusive Supplier, you agree to supply us with some, but not necessarily all, of the Milk produced at your Farm(s).

1.4 Our Right to Acquire Milk

This Agreement does not limit our right to purchase milk from any other person or entity.

1.5 Term of milk supply agreement

This Agreement commences on the Commencement Date and will end on the Expiry Date, unless terminated earlier in accordance with the provisions of this Agreement (**Term**).

1.6 Cooling-off period

You may terminate this Agreement at any time within the period that ends 14 days after the day this Agreement is entered into without incurring any liability to us. If there is a Sharefarmer Supplier under this Agreement, both you and the Sharefarmer Supplier must exercise the rights under this section 1.6 acting jointly.

1.7 Special Conditions

This Agreement includes the Special Conditions, if any, set out in Appendix B. If there is any inconsistency between a Special Condition and the other provisions of this Agreement, the Special Condition will prevail.

2. Milk Pricing

2.1 Monthly Minimum Prices

During the Term, we will pay you the Monthly Minimum Prices set out in **Item 6** of the Details for Milk supplied to us, based on the Milk Solids of that Milk. If there is a Sharefarmer Supplier, payments to you and the Sharefarmer Supplier will be made in accordance with the Relevant Percentage for each.

2.2 Monthly Minimum Price Justification

Bega's Monthly Minimum Prices are determined taking into account the following critical inputs:

- financial returns from Australian and international dairy markets and price trends;
- Australian dollar exchange rates (especially against the US dollar, Yen and Euro);
- the milk production forecasts for the relevant supply region accounting for climatic and farm sustainability conditions in each region;
- competition for milk in the relevant supply region; and
- the internal product mix, customer contracts and operational efficiencies across the Bega Cheese Group.

Once determined, the Monthly Minimum Prices are then transposed into our payment system for the relevant supply region.

2.3 Permitted Deductions and Additions to monthly payments

During the Term, you will receive a monthly payment equal to the applicable Monthly Minimum Price (plus any applicable Step-Ups) multiplied by the volume of Milk supplied by you during that month.

We will deduct from your monthly payment the Fees for Services set out in section 2.7 and the

Industry Fees set out in section 2.8, where applicable.

If Milk supplied under this Agreement fails to meet the Quality Standards for Grade 1 Milk, we will also make further deductions from the monthly payments made to you in accordance with section 2.9.

For Exclusive Suppliers only, any Productivity Incentive, Growth Incentive, Logistics Incentive or New Milk Incentive (if applicable) will be added by us to the monthly payments made to you, in accordance with sections 2.4, 2.5, 2.6 and Appendix B.

If there is a Sharefarmer Supplier under this Agreement, we will pay you and the Sharefarmer Supplier the Relevant Percentage of each monthly payment.

2.4 **Productivity Incentive – For Exclusive Suppliers only**

Exclusive Suppliers are eligible to receive a Productivity Incentive. Non-Exclusive Suppliers are not eligible to receive a Productivity Incentive.

The Productivity Incentive is paid to eligible Exclusive Suppliers monthly based on the amount of Milk Solids accepted by us for each month during the Term.

If production in a month does not exceed 5,000 kg of Milk Solids, then no Productivity Incentive is paid for that month. When production in a month exceeds 5,000 kg of Milk Solids, then the Productivity Incentive will be paid on all the Milk Solids you supplied in that month.

The method for determining the Productivity Incentive rate to be paid per kg of Milk Solids (including the maximum rate) is set out in **Item 7** of the Details.

If there is more than one Farm listed in **Item 1** of the Details, we will group all those Farms together for the purposes of calculating the Productivity Incentive, unless there is a different Sharefarmer Supplier or Sharefarmer Suppliers associated with any of the Farms in which case the Productivity Incentive will be calculated and paid on a per Farm basis.

2.5 **New Milk Incentive – Exclusive Suppliers only**

Exclusive Suppliers are eligible to receive a New Milk Incentive if they satisfy the requirements set out in this section. Non-Exclusive Suppliers are not entitled to a New Milk Incentive.

If you are able to increase either or both of the Milk Solids in the Milk accepted by us during any month in the Term compared to the Milk Solids accepted by us during the same month in the previous Financial Year (**New Milk Baseline**), you will be eligible for a new milk incentive at the rates set out in **Item 8** of the Details (**New Milk Incentive**). The New Milk Incentive will be paid on the amount of Milk Solids in Milk which is accepted by us during each month of the Term over and above the New Milk Baseline.

If you are a new supplier to us, the New Milk Baseline applicable for the purpose of calculating the New Milk Incentive in respect of the period from 1 July 2023 to 30 June 2024 is set out in **Item 9** of the Details and is based on the evidence provided by you of your supply to your previous processor for that period. If you receive updated data from your previous processor in relation to the New Milk Baseline, we will vary the New Milk Baseline accordingly, subject to you providing us with reasonable supporting evidence.

If there is more than one Farm listed in **Item 1** of the Details, we will group all those Farms together for the purposes of calculating the New Milk Incentive, unless there is a different Sharefarmer Supplier or Sharefarmer Suppliers associated with any of the Farms in which case the New Milk Incentive will be calculated and paid on a per Farm basis.

2.6 **Growth Incentive – Exclusive Suppliers only**

Exclusive Suppliers are eligible to receive a Growth Incentive if they satisfy the requirements set out in this section. Non-Exclusive Suppliers are not eligible to receive a Growth Incentive.

The Growth Incentive is calculated on any increase in either or both of the Milk Solids which are accepted by us in each Growth Incentive Period over and above the average of the relevant Milk Solids in such Milk supplied during the previous two Financial Years (**Growth Incentive Baseline**).

If you are a new supplier to us or you have not been a supplier to us for the previous two Financial Years, you will be taken to have supplied to us the Milk Solids set out in **Item 11** of the Details during the previous two Financial Years for the purposes of calculating the Growth Incentive.

If you commence supplying Bega part way through a Financial Year, then the Growth Incentive will be calculated based on:

- your Prior Deemed Milk Supply as set out in **Item 12** of the Details; and

- Milk Solids in Milk accepted by us during the applicable Growth Incentive Period,

(Total Annual Milk). You will then be paid a pro-rata proportion of the Growth Incentive calculated on the proportion of the Total Annual Milk that was accepted by us during the applicable Growth Incentive Period.

The rates for the Growth Incentive and an example of the way in which the Growth Incentive operates are set out in **Item 10** of the Details.

If you are an Existing Supplier, the Milk that you supply to us during July and August 2023 will count towards the calculation of the Growth Incentive under this Agreement.

If there is more than one Farm listed in **Item 1** of the Details, we will group all those Farms together for the purposes of calculating the Growth Incentive, unless there is a different Sharefarmer Supplier or Sharefarmer Suppliers associated with any of the Farms in which case the Growth Incentive will be calculated and paid on a per Farm basis.

To determine whether you will receive a Growth Incentive, at the end of the Growth Incentive Period, you will be assessed against both the criteria for the New Milk Incentive and the criteria for the Growth Incentive. If you are an Existing Supplier, any New Milk Incentives you received in respect of July and August 2023 will be counted for the purposes of this assessment and determining whether you will receive a Growth Incentive even though those New Milk Incentives were not paid under this Agreement.

If, in respect of a Growth Incentive Period, you would have received more money from us under the New Milk Incentives, you will not also be paid a Growth Incentive. If you would have been paid more money from us under the Growth Incentive, you will receive a top up payment as soon as reasonably practicable after the end of the Growth Incentive Period, being the difference between what you would have been paid under the Growth Incentive less what you have been paid under the New Milk Incentive.

2.7 Fees for Services

You agree that we will provide various services to you during the Term and that we will deduct Fees for Services from the monthly payments made to you.

In particular, we may charge you Minimum Collection Fees in accordance with section 4.3 (being the **Fees for Services**).

The amount of the Fees for Services applicable during the Term are set out in **Item 13** of the Details.

2.8 Industry Fees

You are liable to pay mandatory fees imposed by Dairy Australia, State Regulatory Authorities and animal welfare levies, along with various other fees or levies imposed by law (**Industry Fees**). These Industry Fees vary annually. You direct us to deduct these Industry Fees from amounts otherwise payable to you under this Agreement as soon as reasonably practicable after we have been notified of these fees.

2.9 Quality Deductions and other Consequences

If you do not supply Milk that is Grade 1 Milk to us during the Term or the Dumping Policy applies, we will charge you Quality Deductions or implement other consequences in accordance with section 6 of this Agreement.

2.10 Milk Price Adjustments

(a) Step-Ups

You will be eligible to receive any Step-Ups that we publicly announce and notify you of in writing.

The amount of the Step-Up will be specified in our notice and the Step-Up will be paid on all Milk you supply during the specified period stated in the notice. A Step-Up is an additional payment and does not form part of the Monthly Minimum Price.

(b) Step-Downs

We will not retrospectively Step-Down the Monthly Minimum Prices during the Term. Only in exceptional circumstances will we consider prospective Step-Downs in Monthly Minimum Prices within the Term, and this would be done in accordance with the Dairy Code.

We will give you at least 30 days prior written notice of such a Step-Down and include all other details required by the Dairy Code.

You will have a right to terminate this Agreement within 21 days after receiving any such notice, with effect from the day the Step-Down occurs. You will also have the right to rescind any such termination before the end of those 21 days. If there is a Sharefarmer Supplier, both you and the Sharefarmer Supplier must exercise your rights under this section acting jointly.

3. Payment

3.1 Monthly Payments

We will pay you monthly during the Term.

3.2 Payment Method

We will make all payments required under this Agreement into the bank accounts that have been nominated by you or that you have included in our nominated banking authorisation system. You will be paid for a month on or before the 15th day of the following month and any payments for the Growth Incentive will be paid after the end of the Growth Incentive Period in accordance with section 2.6. If the 15th is not a Business Day, we will pay you on the Business Day beforehand.

You agree that the first payment made under this Agreement will not be due and payable until after the completion of the 14 day cooling off period set out in section 1.6.

3.3 Pay Statements

We will provide you with a Pay Statement for each month. The Pay Statement will consist of:

- (a) a Recipient Created Tax Invoice for Milk supplied in the month which also details the Fees for Services and the Industry Fees for the month; and
- (b) where applicable, a Recipient Created Tax Invoice for the reimbursement of any expenses incurred by you which we have agreed to pay.

You and, if applicable, the Sharefarmer Supplier must notify us prior to the end of any month if you wish to change either of your contact details, including banking and address details to facilitate prompt payment for Milk.

4. Collection of milk

4.1 Collection Times

We will collect Milk at the location, times and in the frequencies agreed between us. Collection times are determined by factors including Milk volumes and tanker capacity. Reasonable notice will be given to you by us or our freight contractor of any changes to pick up frequencies.

4.2 Title

Ownership of Milk supplied under this Agreement passes from you to us when the Milk enters the tanker of our freight contractor. However, you remain responsible if the Milk

does not comply with the requirements of this Agreement, including (but not limited to) where your non-compliant Milk contaminates other milk.

4.3 Minimum Collection

The minimum volume of Milk available for collection at any one time from each Farm is 1,800 litres per pickup on a "skip a day" basis. If the Milk available for collection at any one time from a Farm is less than that amount and you have not met the minimum monthly supply volume set out in **Item 13** of the Details, Minimum Collection Fees will apply.

An exception to this minimum collection volume may be applied by agreement with Bega where your Milk supply is based on a seasonal supply pattern, either at the start or end of your seasonal calving season.

Should your pickup volume fall below 500 litres a collection for two consecutive collections or more, you may be subject to suspension and the period of suspension will continue until such time as you are able to increase production above the required 500 litres.

You must ensure the Milk you supply under this Agreement is refrigerated, agitated and is less than 48 hours old at the time it is due to be collected by us.

4.4 Measurement of Milk Collection Volume

All Milk collected from you is measured using the industry approved flow meters fitted on the milk tanker. Flow meters are assessed through industry approved measures on a six monthly basis by our milk freight contractors, and recalibrated where necessary for volume accuracy assurance.

4.5 Notification to Bega of Power Outages

If you give us reasonable notice that a Farm's dairy will suffer a power outage, we will use reasonable efforts to pick Milk up before the power outage to assist you in preventing hot Milk.

5. Supplier Obligations

5.1 General Obligations

At all times during the Term, you are required to:

- (a) comply with dairy licensing requirements and must harvest and hold Milk in an approved dairy premises and comply with the relevant State Food

Authority licence conditions and regulations;

- (b) take all reasonable steps to ensure the health and safety of our staff and our contracted tanker drivers while they are on the Farm(s);
- (c) provide safe and suitable access to allow an easy entrance and exit for our contracted tankers to and from the Farm(s) and efficient collection of the Milk from the Farm(s);
- (d) comply with all applicable laws, regulations and mandatory codes, including but not limited to those in relation to work health and safety, employment and workplace relations, modern slavery, environmental management, waste management and animal welfare;
- (e) comply at all times with the Bega Cheese On-Farm Quality Assurance Program and permit reviews and audits of such compliance in accordance with section 6.6(b); and
- (f) take all reasonable steps to avoid the use of GMO feeds and feed products.

A failure by you to comply with any of the above obligations may result in the suspension of this Agreement in accordance with section 6.6(c).

5.2 Insurance

You should, at your cost, purchase and maintain sufficient levels of public liability insurance to protect your business from any claims that may arise under this Agreement that would be covered by such insurance. You must provide us with a certificate of currency for any such policy upon request.

6. Milk Quality Standards and Milk Quantity

6.1 Quality Obligations

You must ensure the Milk supplied under this Agreement is Grade 1 Milk that meets the Quality Standards and that you comply with the Bega Cheese On-Farm Quality Assurance Program.

6.2 Self-Reporting Quality Standard Breaches and Consequences

If you suspect that Milk to be supplied under this Agreement does not meet the control limits set out in the Quality Standards, you must self-report that breach by immediately contacting us and arranging for a sample to be tested by us. If

the sample tested does not amount to Milk within the control limits set out in the Quality Standards:

- (a) we will provide you with written notice of the test results and the fact that you must promptly and safely dispose of the affected Milk; and
- (b) we may reject the Milk by providing written notice to you as soon as practicable of the rejection including the reason for the rejection and the Dumping Policy will apply.

6.3 General Consequences of Failure to comply with Quality Standards and the Bega Cheese On-Farm Quality Assurance Program

Where you do not self-report a breach of a Quality Standard under section 6.2 and:

- (a) you do not supply Grade 1 Milk or otherwise breach the Quality Standards, the following consequences will apply:
 - (i) Quality Deductions being applied (as applicable);
 - (ii) we may reject the relevant Milk (in which case we will provide written notice to you as soon as practicable of the rejection, including the reasons for the rejection) and, subject to section 6.4, no payment being made for the relevant Milk and you being required to promptly and safely dispose of that Milk (where applicable);
 - (iii) any other consequences expressly provided for in the Quality Procedures;
 - (iv) a Quality Review may be conducted as described in section 6.6(b); and
 - (v) you may be required to comply with the Resupply Procedure; or
- (b) you fail to comply with the Bega Cheese On-Farm Quality Assurance Program, or you supply Poor Quality Milk, this may result in the suspension of this Agreement in accordance with sections 6.6(c) or 6.6(d).

6.4 Dumping Policy

On the first three occasions during a Financial Year where either:

- (a) you self-report that Milk to be supplied is in breach of the Quality Standards in accordance with section 6.2; or
- (b) Milk that is to be supplied is rejected by a grader or tanker driver on Farm, based on their reasonable opinion that the Milk is contaminated, soured or otherwise unfit for human consumption,

we will reject the Milk by providing written notice to you specifying the reasons for the rejection, you will promptly and safely dispose of the Milk and we will pay for the Milk (based on an average of the Milk Solids in the previous three collections of Milk) at the Monthly Minimum Prices less a Quality Deduction in your monthly payment equal to:

- (a) in the case of the first dump – 10% of the Monthly Minimum Price for each kilogram of affected Milk Solids;
- (b) in the case of the second dump – 30% of the Monthly Minimum Price for each kilogram of affected Milk Solids; and
- (c) in the case of the third dump – 30% of the Monthly Minimum Price for each kilogram of affected Milk Solids.

On each subsequent occasion (after the third dump) during a Financial Year that section 6.4(a) or 6.4(b) applies, we will not pay for the Milk.

6.5 Notification of Breach of Quality Standards

We will report all results to you of breaches of the Quality Standards by the following means:

- (a) **Pay Statement** – as part of your monthly Pay Statement, we will provide you with a summary of your Milk production for the previous month, including a summary of your performance in respect of certain quality obligations under this Agreement;
- (b) **SMS** – we will provide details (litres/butterfat/protein/BMCC/TPC/Thermoduric) via SMS as soon as possible after each pick-up if requested by you;
- (c) **Web access** - you may access your volume information and quality results on the “Milkline” page as soon as they are available. Access to the web page is via the link on the Bega Home Page at <https://milkline.begacheese.com.au> A security password is required to access this site.

6.6 Quality Assurance Program

(a) Accreditation

You must obtain and maintain accreditation under the Bega Cheese On-Farm Quality Assurance Program:

- (i) if required by the applicable dairy authority, within three months of the Commencement Date if you did not supply milk to Bega Cheese Limited, Tatura Milk Industries Pty Ltd or BDD Australia Pty Ltd (formerly LD&D Australia Pty Ltd) immediately before the Commencement Date; and
- (ii) otherwise, every two years, or more frequently if required for compliance with State regulatory requirements,

and thereafter you must comply with the requirements of that program.

(b) Audits and reviews

You will permit performance based audits of your systems and facilities by an auditor approved and paid for by us, as deemed reasonably necessary by us in order to comply with regulatory requirements (**QA System Audit**).

You will permit performance based reviews of your systems and facilities by us to periodically check your ongoing compliance with the Quality Standards or where you have failed to comply with a relevant Quality Standard (**Quality Review**).

(c) Suspension of Accreditation

Your accreditation under section 6.6(a) may be suspended if either:

- (i) any critical non-conformances are found during a QA System Audit or Quality Review. Critical non-conformances require the auditor to notify the relevant State Food Authority of the breach in food safety within 24 hours and the non-conformance must be cleared by a State Food Authority officer; or
- (ii) repeated major or minor non-conformances are not rectified by you as applicable, within such

reasonable time for rectification as is provided by us to you.

The suspension will remain in place until the non-conformances have been rectified and confirmed by the State Food Authority auditor or our auditor (or both). Suspension of accreditation will also then result in the suspension of your supply of Milk to us.

(d) Suspension of Milk Supply

We may also suspend Milk collection from you in accordance with the Quality Procedures or if:

- (i) you supply Poor Quality Milk;
- (ii) you fail to comply with any remedial action reasonably required by us in accordance with the Quality Procedures;
- (iii) you commit a material breach of any of those matters set out in section 5.1, which is not rectified within such reasonable time for rectification as is notified by us to you; or
- (iv) the Farm(s) otherwise pose an unacceptable and ongoing health, safety, environmental or quality risk that may affect the proper performance of this Agreement.

In order for us to withdraw the suspension, you will need to demonstrate to our reasonable satisfaction that the reason giving rise to the suspension has been rectified or otherwise appropriately addressed and comply with our Resupply Procedures.

6.7 Testing of Milk

Testing against the Quality Standards will be conducted by a NATA accredited testing facility. Sampling occurs at the collection location and is undertaken by us or our freight contractor in accordance with the Quality Standards. The accredited testing facility will test the sample as soon as reasonably practicable after collection. We will provide the test results to you as soon as reasonably practicable in accordance with section 6.5.

Any in-field testing performed by you or on your behalf is to be used as a guide only to assist you in any decision-making process regarding the supply of Milk to us. Unless there is a manifest

error, the results of testing conducted by us, or on our behalf, will be used as the official test results in respect of any matter regarding Milk quality.

7. General

7.1 Termination

(a) Either party may terminate this Agreement with immediate effect, if the other party commits a material breach of this Agreement and, if that material breach is capable of remedy, does not remedy the material breach within 30 days of being notified in writing by the terminating party to do so.

(b) Without limitation, a party may commit a material breach if:

- (i) they enter into bankruptcy or liquidation or suffer an insolvency event;
- (ii) they are convicted of any offence where the penalty is imprisonment;
- (iii) they are guilty of fraud, dishonesty or any other serious misconduct in connection with this Agreement; or
- (iv) they commit a breach of their obligations under sections 5.1, 7.5 or section 7.6 which has a serious effect on the benefit to which the other party would otherwise have under this Agreement.

(c) If you wish to terminate this Agreement before the Expiry Date, you may terminate this Agreement with effect on:

- (i) if the Expiry Date is 31 August 2024, any day during the period 1 July 2024 to 31 August 2024;
- (ii) if the Expiry Date is 31 August 2025, any day during the period 1 July 2025 to 31 August 2025; or
- (iii) if the Expiry Date is 31 August 2026 any day during the period 1 July 2026 to 31 August 2026,

provided you give us at least 30 days' prior written notice of any such termination.

- (d) If you have elected to supply Milk to us as a Non-Exclusive Supplier, you may also terminate this Agreement at any time without cause by providing written notice to us, effective 30 days after payment to us of any amounts you owe us.
- arrangement affecting the Farms' dairy land and/or assets;
- (iii) cease the production of Milk at the Farms.

7.3 **Variations**

- (e) In order to terminate this Agreement in accordance with this section, the terminating party must provide the other party with written notice of:
- (i) the termination;
 - (ii) the reason for the termination; and
 - (iii) the day the termination takes effect.
- (f) If there is a Sharefarmer Supplier under this Agreement, both you and the Sharefarmer Supplier must exercise your rights under sections 7.1(a), 7.1(b), 7.1(c) and 7.1(d) acting jointly.
- (a) This Agreement may only be unilaterally varied during the Term by us in the circumstances permitted by the Dairy Code and provided that variation is effected in accordance with the requirements of the Dairy Code. We will provide you with written notice of any such unilateral variation as soon as practicable after the variation and will include the details and reason for the variation, and the day the variation takes effect.
- (b) This Agreement may otherwise only be varied by both parties agreeing in writing to the variation.

7.4 **Obligation to act in good faith**

7.2 **Changes to Farm Ownership or Herd**

We each agree that we must deal with each other in good faith in relation to the supply of Milk. Without limitation, that duty of good faith applies in the circumstances specified in section 11(3) of the Dairy Code and, in determining whether either of us has acted in good faith, the matters identified in section 11(4) of the Dairy Code may be taken into account.

- (a) You acknowledge that the benefit that we receive under this Agreement is the purchase of Milk produced on the Farm(s) and that we rely on that Milk in the operation of our business. You agree to act in good faith and use your best endeavours to maintain that supply of Milk and to not do anything that would undermine Bega receiving that benefit. Without limiting these obligations, you agree not to do any of things identified in section 7.2(b) (**Farm Change Event**) unless you have:
- (i) given us at least 30 days' prior written notice of the proposed Farm Change Event; and
 - (ii) paid us all amounts that you owe us under this Agreement.
- (b) A Farm Change Event will occur if you:
- (i) sell or transfer, or allow to be sold or transferred, any of your Farms, dairy land and assets (excluding the milking herd) to a third party (including to any company, person or entity related to you);
 - (ii) make any changes to your ownership structure, or to any lease agreement, share farming agreement or any other

7.5 **Conduct of the parties**

The parties will not engage in behaviour that is, or may reasonably be considered to be intimidating, bullying, or harassing or commit any act or behaviour which is offensive or abusive in connection with this Agreement.

7.6 **Foreign Corrupt Practices Act**

The parties must comply with the U.S. Foreign Corrupt Practices Act (**FCPA**). We prohibit all forms of bribery and require all employees, agents, consultants, contractors, and other parties acting on our behalf to fully comply with any legal obligations.

7.7 **Compliance with the Dairy Code**

This Agreement implements the required terms of the Dairy Code and to the extent there is any inconsistency between the terms of this Agreement and the Dairy Code, then the Dairy Code prevails. If any part or whole of one or more provisions of this Agreement are non-compliant with the Dairy Code, then any part or whole of one or more of those provisions will be severed from this Agreement and the validity,

existence, legality and enforceability of the remaining provisions of this Agreement will not be affected, prejudiced or impaired.

7.8 Compliance with the law

The parties must at all times comply with the law when carrying out their obligations in connection with this Agreement.

7.9 Set off

We may set off any amounts due to you under this Agreement against any amounts due by you to us under this Agreement. We may set off any amounts due to the Sharefarmer Supplier under this Agreement against any amounts due by the Sharefarmer Supplier to us under this Agreement.

7.10 Force Majeure

You are not required to perform your obligations in this Agreement during the time you may be prevented from doing so by force majeure events that are beyond your reasonable control such as floods, fires, or similar natural disasters. We are not required to perform our obligations in this Agreement during the time we may be prevented from doing so by force majeure events (such as damage to or destruction of our plant or manufacturing facilities) which are beyond our reasonable control (**Force Majeure Events**). In the event that we are prevented from collecting your Milk due to a Force Majeure Event, we may in our absolute discretion, make arrangements for you to be credited with the Milk in the vat and we will pay for that Milk at the applicable Monthly Minimum Price.

7.11 Use of Information and Privacy

We will use any personal information collected in the course of performance of this Agreement in accordance with the *Privacy Act 1988* (Cth) and the Bega Privacy Policy available at <https://begagroup.com.au/privacy-policy/>.

7.12 Assignment

Neither party may assign or transfer its rights under this Agreement without the prior written consent of the other party, such consent shall not be unreasonably withheld.

7.13 Confidentiality

All Confidential Information remains the property of and is confidential to the disclosing party. The receiving party must keep the Confidential Information confidential, must take all reasonable steps to keep secure all the Confidential Information coming into its

possession or control, and must not memorise, use, modify, reverse engineer, reproduce or make copies or records of the Confidential Information for any purpose other than in connection with the performance by either party of its obligations under this Agreement. These confidentiality obligations will apply for three years after this Agreement is terminated or expires. Either party may disclose Confidential Information as may be required by law or to their legal and other business advisers provided they comply with a similar obligation of confidence as set out in this section 7.13.

7.14 Disputes

(a) If we on the one hand or you on the other (the **complainant**) have a complaint in relation to a matter arising under or in connection with this Agreement, the complainant must notify the other party (the **respondent**), in writing, of the following:

- (i) the nature of the complaint;
- (ii) that the complainant wishes the complaint to be dealt with in accordance with the complaint handling procedure provided in this Agreement; and
- (iii) the outcome the complainant wants.

(b) Bega's Complaint Handling Officer must manage the complaint in accordance with the procedure in this Agreement.

(c) Within five working days after receiving notice of the complaint under section 7.14(a), the respondent must give a written acknowledgement to the complainant stating:

- (i) that notice of the complaint has been received; and
- (ii) the steps to be taken to deal with the complaint.

(d) The complainant and the respondent must attempt to resolve the complaint in accordance with the complaint handling procedure provided in this Agreement before taking action to resolve the complaint by mediation or arbitration.

(e) If the complaint is not resolved in accordance with the complaint handling procedure provided in this Agreement within 60 days after the

acknowledgement was given to the complainant under section 7.14(c)(i):

- (i) the complaint must be referred to mediation in accordance with the Dairy Code;
- (ii) if mediation does not resolve the complaint, the complainant and the respondent may agree that the complaint be resolved by arbitration in accordance with the Dairy Code.

(f) The complainant may, at any time, withdraw the complaint by notice in writing to the respondent.

(g) Despite the existence of a complaint or dispute, each party must continue to comply with its respective obligations under this Agreement.

7.15 Trustees

(a) Unless you have told us that you are the trustee of a trust, you warrant that you are entering into this Agreement in your own capacity and not on behalf of any other person or as trustee of a trust.

(b) If you have told us that you are entering into this Agreement as a trustee, you enter into this Agreement on your own behalf and on behalf of the trust and you warrant to us that you:

(i) are either the sole trustee of the trust or if there are multiple trustees of the trust, all those trustees are listed as party to this Agreement;

(ii) have entered this Agreement for the trust's benefit and purpose and have arranged any required approvals for the trust's property to be bound to this Agreement;

(iii) have the power under the trust deed to enter into this Agreement, to fulfil your obligations under this Agreement, and to use the assets of the trust to pay any amount required in connection with this Agreement; and

(iv) have an unrestricted right to be fully indemnified out of the assets of the trust.

(c) The Supplier acknowledges and agrees that Bega is entering into this Agreement on the basis that each of the warranties in this section 7.15 is true and will remain true throughout the Term.

7.16 No partnership

This Agreement is between us as principal and you as an independent supplier. This Agreement is not a legal partnership, joint venture, agency or employment arrangement.

7.17 Survival of terms of Agreement

Without limiting the sections which by their nature survive expiry or termination, sections 7.9, 7.11, 7.13, and 7.14 survive termination or expiry of this Agreement.

7.18 Entire Agreement

This Agreement supersedes all prior agreements, discussions, representations, negotiations and understandings and states all the terms of the Agreement between the parties in respect of its subject matter.

7.19 Governing law

This Agreement is subject to the laws and courts of the State or Territory in which your contracted Farms are located. If your Farms are situated across more than one State or Territory, the laws and courts of New South Wales shall apply.

8. Definitions

Agreement means this agreement including the appendices and attachments and the Bega Cheese On-Farm Quality Assurance Program.

Bactoscan is a measurement of the total number of bacteria present in milk, alive and/ or dead.

Bega means the Bega Cheese Group member that is the contracting party to this Agreement, as set out at the beginning of this Agreement, under the heading "Parties", and "we", "us" and "our" have corresponding meaning.

Bega Cheese Group means Bega Cheese Limited and its subsidiaries.

Bega Cheese On-Farm Quality Assurance Program means the program set out in the manual dated May 2022 provided by us to you at the same time as this Agreement is provided.

BMCC/SCC Geometric Mean means a 13 week geometric mean calculation of BMCC/SCC.

Business Day means a day that is not a Saturday, a Sunday or a public holiday or bank holiday in the State to be applied as the governing law of this Agreement under section 7.19.

Business Type means the type of legal entity that you have used to enter into this Agreement. Your legal entity will be one of the following that are identified by the Australian Taxation Office: Australian Proprietary Company, Discretionary Services Management, Discretionary Trading Trust, Fixed Unit Trust, State Government Entity, Discretionary Investment Trust, Family Partnership, Individual/Sole Trader, Other Partnership, or Deceased Estate.

Commencement Date means the date set out in **Item 2** of the Details.

Complaint Handling Officer means Bega Cheese Limited's Executive General Manager of Nutritionals and Ingredients.

Confidential Information means all information relating or belonging to a party to this Agreement, in any form, that should reasonably be considered as confidential to the party to whom it belongs or relates, and that is not generally available to the public at the time of disclosure other than as a result of a breach of this Agreement.

Dairy Code means the code to apply to the dairy industry introduced by the Australian Department of Agriculture and Water Resources with a commencement date of 1 January 2020.

Details means the section entitled 'Details' at the front of this Agreement.

Dumping Policy has the meaning given in section 6.4.

Exclusive Milk Payment System means the payment system described by that name in **Item 4** of the Details and with the associated pricing set out in **Item 6** of the Details.

Exclusive Supplier means a person that elects to supply Milk to us on an exclusive basis by selecting the "Exclusive Supply" option in **Item 4** of the Details.

Existing Supplier means an existing supplier to Bega with a milk supply agreement that expires on 31 August 2023.

Expiry Date means the expiry date selected by you in **Item 3** of the Details.

Farm(s) means the farm or farms located at the addresses specified in **Item 1** of the Details from

which you or (if applicable) the Sharefarmer must operate their dairy business.

Farm Change Event has the meaning given in section 7.2(b).

Fees for Services has the meaning given in section 2.7.

Financial Year means a period commencing on 1 July and ending 12 months later.

Force Majeure Event means an event as defined in section 7.10.

Grade 1 Milk means Milk provided by you which meets the Specification.

Grade 2 Milk means Milk which has the TPC and BMCC/SCC parameters identified as such in the Quality Deductions Table.

Grade 3 Milk means Milk which has the TPC and BMCC/SCC parameters identified as such in the Quality Deductions Table.

Grade 4 Milk means Milk which has the TPC and BMCC/SCC parameters identified as such in the Quality Deductions Table.

Grade 5 Milk means Milk which has the TPC and BMCC/SCC parameters identified as such in the Quality Deductions Table.

Grade 6 Milk means Milk which has the TPC and BMCC/SCC parameters identified as such in the Quality Deductions Table.

Growth Incentive means the incentive, the details for which are set out in section 2.6.

Growth Incentive Baseline means the growth incentive baseline set out in **Item 11** of the Details or as described in section 2.6.

Growth Incentive Period means each Financial Year during the Term, except if the Expiry Date of this Agreement is:

- (a) 31 August 2024, then there will be no Growth Incentive Period applicable to the period 1 July 2024 to 31 August 2024;
- (b) 31 August 2025, then there will be no Growth Incentive Period applicable to the period 1 July 2025 to 31 August 2025; and
- (c) 31 August 2026, then there will be no Growth Incentive Period applicable to the period 1 July 2026 to 31 August 2026.

Industry Fees has the meaning given in section 2.8.

Logistics Incentive means the incentive, the details for which are set out in Special Condition 1.1.

Milk means bovine milk supplied and accepted under this Agreement.

Milk Solids means butterfat and protein.

Minimum Collection Fees has the meaning given in **Item 13** of the Details.

Monthly Minimum Price is the minimum price payable for Milk by Bega pursuant to section 26 of the Dairy Industry Code (set out as a schedule of monthly minimum prices in **Item 6** of the Details) consisting of a separately listed protein and butterfat price.

NATA means the National Association of Testing Authorities of Australia.

New Milk Baseline means the new milk baseline as defined in section 2.5.

New Milk Incentive means the incentive, the details for which are set out in section 2.5.

Non-Exclusive Supplier means a person that elects to supply Milk to us on a non-exclusive basis by selecting the “Non-Exclusive Supply” option in **Item 4** of the Details.

Non-Exclusive Milk Payment System means the payment system described by that name in **Item 4** of the Details and with the associated pricing set out in **Item 6** of the Details.

Pay Statement means the statement described in section 3.3.

Personal Use Milk means Milk that you produce that is used by you for personal consumption at the Farm(s) or to feed calves at the Farm(s).

Poor Quality Milk means Milk that fails to comply with the law, Food Safety Standards, or is Grade 6 Milk.

Prior Deemed Milk Supply has the meaning given in **Item 12** of the Details.

Productivity Incentive means the incentive, the details for which are set out in section 2.4.

QA System Audit has the meaning in section 6.6(b).

Quality Assessment Period means a ten day period during each month where Milk is assessed to determine if it meets the Quality

Standards. There are three quality assessment periods per month. For non-30 day months, the final ten day period is adjusted (e.g. a 31 day month will have an 11 day period as the last quality assessment period for the month and a 28 day month will have an 8 day period as the last quality assessment period of the month).

Quality Deductions means the deductions that Bega will make from your monthly payments for breaches of the Specification or under the Dumping Policy.

Quality Deductions Table means the table forming Part 2A of Appendix A, which is to be interpreted in accordance with Part 1 of Appendix A.

Quality Procedures means the procedures in Part 3 of Appendix A which set out consequences for failing to comply with the Quality Standards.

Quality Review has the meaning given in section 6.6(b).

Quality Standards means the standards that apply to Milk to be supplied to Bega as set out in:

- (a) Part 2 of Appendix A, including the Quality Standards Table; and
- (b) the Specification.

Quality Standards Table means the table forming Part 2 of Appendix A, which is to be interpreted in accordance with Part 1 of Appendix A.

Relevant Percentage means the percentage of all monies payable by Bega under this Agreement to each of the Supplier and the Sharefarmer Supplier as set out in **Item 5** of the Details.

Resupply Procedure means the resupply procedure set out in Part 4 of Appendix A referable to Sediment, BMCC, Bactoscan or Antibiotics/Inhibitory Substances.

Somatic Cell Count, or SCC or Bulk Milk Cell Count or BMCC means the concentration of white blood cells in the bulk milk and is quantified as cells/ml.

Special Conditions means the special conditions, if any, set out in Appendix B to this Agreement.

Specification means Milk supplied under this Agreement that has:

- (a) a Total Plate Count of less than 10,000 cfu/mL; and
- (b) Somatic Cell Count of less than 200,000 cells/ml.

Step-Up means a supplement to the Monthly Minimum Price in accordance with clause 2.10(a).

Step-Down means a reduction in the Monthly Minimum Price for Milk supplied under this Agreement.

Supplier means the person or entity (whatever the Business Type) supplying Milk to Bega under this Agreement, and, if applicable, including the Sharefarmer Supplier whose details are set out

on the front page of this Agreement, and **you** and **your** have a corresponding meaning.

Term has the meaning given in section 1.5.

Thermoduric means total number of bacteria that have survived pasteurisation and have formed colonies.

Total Plate Count or TPC means the concentration of viable micro-organisms in a sample such as bacteria and is measured in cfu/ml (cfu = colony forming unit).

TPC Geometric Mean means an 8 week geometric mean calculation of TPC.

APPENDIX A

Quality Standards and Quality Deductions

Part 1: Interpretation of Quality Standards Table and Quality Deductions Table

You are required to supply Grade 1 Milk to us during the Term, being Milk that complies with the Quality Standards.

The tables set out in Part 2 and Part 2A of this Appendix A should be read in the following way:

A) Quality Standards Table – Part 2

- (a) Milk supplied must meet each of the targets set out in column A of the Quality Standards Table.
- (b) Milk will be tested by us at the times set out in the Quality Standards Table in column D. For instance, temperature will be tested in relation to each consignment of Milk supplied.
- (c) If Milk does not comply with the Quality Standards, we may implement the consequences set out in the Quality Deductions Table, the Quality Procedures and section 6 of this Agreement.

B) Quality Deductions Table – Part 2A

If Milk does not comply with the Quality Standards in respect of BMCC/SCC or TPC and we accept the Milk, we will:

- (a) apply the applicable percentage deduction in the Quality Deductions Table to the Monthly Minimum Price (including any Step-Ups) depending on whether the Milk is Grade 2 Milk, Grade 3 Milk, Grade 4 Milk, Grade 5 Milk or Grade 6 Milk; and
- (b) implement any further consequences set out in the Quality Procedures or section 6 of this Agreement.

C) Quality Procedures – Part 3

The Quality Procedures set out the consequences of failing to comply with the control limits set out in the Quality Standards Table, including when we may reject or suspend your Milk collection in accordance with section 6 of this Agreement for breach of the Specification or other Quality Standards.

Part 2: Quality Standards Table

| | A | B | C | D |
|---|-------------------|-------------------|---|--------------------------------------|
| | TARGET | CONTROL LIMITS | TEST METHOD | MINIMUM TEST FREQUENCY |
| MICROBIOLOGICAL | | | | |
| Aerobic Plate Count (APC) or Total Plate Count (TPC) | <10,000 cfu/mL | <50,000 cfu/mL | AS 1766.2.1 or Petrifilm SM, or Bactoscan | Once every Quality Assessment Period |
| Somatic Cell Count (SCC) or BMCC | <200,000 cells/mL | <400,000 cells/mL | IR method (Combifoss) | Every delivery |
| Thermoduric bacteria | <2,000 cfu/mL | <5,000 cfu/mL | AS 5013.28 | Testing may occur every month |
| CHEMICAL | | | | |
| Protein (True) | 3.25% m/v | min 3.0% m/v | IR method (Combifoss) | Every delivery |
| Milk fat | 3.8% m/v | min 3.2% m/v | IR method (Combifoss) | Every delivery |
| Antibiotics and Inhibitory Substances | Not detected | Not detected | Australian regulator approved testing methods for maximum residue limits by substance set out in the FSANZ Code | Every delivery |
| PHYSICAL | | | | |
| Temperature | 1–4°C | 1-5°C | Tanker digital thermometer – calibrated by AS method | Every delivery/Every vat |
| Acidity | <0.12% | < 0.15% | Titrateable Acidity test method and or approved internal method (equivalent to AS 2300) | Every delivery |

| | | | | |
|---------------------------|--|--|--|---------------------------|
| Sensory and Appearance | White to cream in appearance, free from foreign matter, taints and coagulation | White to cream in appearance, free from foreign matter, taints and coagulation | Smell and visual test prior to pumping tanker | Every delivery/ Every vat |
| pH | >6.6 | >6.6 and < 6.8 | AS 2300.1.6-2010 | As required |
| Foreign Matter (Sediment) | Disc 1 | Disc 2 minimum | Sediment Lintine disc test or approved internal method (AS 2300, 1.7-1990) | As required |
| Freezing point | -0.512 °C | <-0.517 °C | Freezing point depression test – AS 2300.2.5 | As required |

Milk supplied must also meet the following control limits:

- **Milk must be free of abnormal constituents, nonyl-phenol ethoxylates (NPE's), quaternary ammonium compounds (QACS), oestradiol, aflatoxins or novel proteins, Bovine Tuberculosis, Leptospirosis, Anthrax, Brucellosis and Bovine Spongiform Encephalitis (BSE); and**
- **Milk must comply with Food Standard Code 1.4.4 part 1.4 Contaminants and Residues.**

You must also notify us of any suspected residue contamination with chemicals such as wash water or grazing paddocks under withhold.

Section 6.2 or section 6.3 of this Agreement may be applied for breach of the above control limits or for failure to give any such notice and the Resupply Procedure may be applied. Where required by law, Suppliers may also be reported to the relevant Food Authority in their State and subject to a risk assessment in consultation with that Food Authority.

Milk that has had water added to it is considered adulterated in an unacceptable manner. Repeated abnormal results may lead to rejection or suspension of collection of Milk from your Farm(s). Suspected Suppliers may be reported to the relevant Food Authority in their State.

Sampling of Milk will be undertaken by approved drip sampler or a dip sample at the point of collection. In the unlikely event that test results for a Milk sample are not received by us from the accredited testing facility for any reason or there is a manifest sampling error, we may apply an 'averaged' test result for the relevant Milk sample based on your test results for the three collections of your Milk prior to the date the relevant sample Milk was collected, and such averaged result of the Milk Solids taken to be supplied is rounded to 2 decimal places.

If we collect your Milk twice a day and test results for a Milk sample are not received by us from the accredited testing facility for one collection, we will rely on the prior three collections of your Milk taken at the same time of day. For example, for a missing a.m. collection, the previous three a.m. collections will be used to determine the averaged test result.

If there are any special circumstances that you consider may impact the appropriateness of using the averaged test result for a missed result, please notify our Field Services Team.

PART 2A – Quality Deductions Table

| Quality Deduction Table by Milk Grade* | | | | | | | |
|--|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | | TPC (cfu/mL) | | | | | |
| | | <10,000 | 10,001 to 15,000 | 15,001 to 20,000 | 20,001 to 30,000 | 30,001 to 50,000 | >50,000 |
| BMCC/SCC – (cells/mL) | <200,000 | 1 | 2 | 3 | 4 | 5 | 6 |
| | 200,001 to 250,000 | 2 | 3 | 3 | 4 | 5 | 6 |
| | 250,001 to 300,000 | 3 | 3 | 4 | 4 | 5 | 6 |
| | 300,001 to 350,000 | 4 | 4 | 4 | 5 | 5 | 6 |
| | 350,001 to 400,000 | 5 | 5 | 5 | 5 | 6 | 6 |
| | > 400,000 | 6 | 6 | 6 | 6 | 6 | 6 |
| <p>* The numbers identified in the above section of the Quality Deduction Table indicate the relevant grade number of the Milk supply within that TPC and BMCC/SCC range. For example, the number “2” in the table indicates that Milk within such range would be referred to as Grade 2 Milk, and the percentage adjustment for Quality Deduction for Grade 2 Milk in the below section of the table would be applied.</p> | | | | | | | |
| % Adjustment for Quality Deduction** | | Grade 1 Milk | Grade 2 Milk | Grade 3 Milk | Grade 4 Milk | Grade 5 Milk | Grade 6 Milk |
| | | 0% | 0% | -4.5% | -6.5% | -15% | -30% |

Part 3: Procedures For Failure to Meet Specification or other Quality Standards

The Quality Standards Table sets out the relevant control limits for each of the Quality Standards. This Part 3 sets out how the control limits are applied for BMCC/SCC and TPC and for other Quality Standards and the consequences of failing to comply with those control limits (including when we may reject or suspend your Milk collection in accordance with section 6 of this Agreement for breach of the Specification or other Quality Standards).

1. BMCC/SCC

- We may suspend collection of your Milk under this Agreement where:
 - the BMCC/ SCC result in respect of one or more deliveries of Milk in a Quality Assessment Period is greater than 600,000 cells/mL and this occurs for more than two consecutive Quality Assessment Periods. In this case, we may suspend supply from your Farm with 48 hours' notice;
 - the BMCC/SCC result in respect of one or more deliveries of Milk in a Quality Assessment Period is greater than 400,000 cells/mL and this occurs for five or more consecutive Quality Assessment Periods; or
 - the BMCC/SCC Geometric Mean is greater than or equal to 400,000 cells/mL.
- We will notify you prior to commencing any period of suspension.
- If collection of Milk is suspended, the Resupply Procedure will apply.

2. TPC

- We may suspend collection of your Milk under this Agreement where:
 - the TPC result is greater than 100,000 cfu/mL (Bactoscan 464,000 IBC/ml) for more than two consecutive Quality Assessment Periods. In this case, we may suspend supply from your Farm with 48 hours' notice;
 - the TPC result is above 50,000 cfu/mL for five or more consecutive Quality Assessment Periods; or
 - the TPC Geometric Mean is greater than or equal to 100,000 cfu/mL.
- We will notify you prior to commencing any period of suspension.
- If collection of Milk is suspended, the Resupply Procedure will apply.

3. Thermotolerant Bacteria

- If a result over 2,000 cfu/mL occurs, a sample from your following consignment of Milk will be tested (a retest) to confirm the original result. If your test results are equal to or exceed 5,000 cfu/mL you will be contacted directly by a Bega representative to determine appropriate remedial action to resolve the issue. If results are 5,000 cfu/mL or above, daily testing is required until the results are below 5,000 cfu/mL. The test turnaround time is 3 days.
- Suspension under section 6.6(d) of this Agreement may also be applied for a breach of this Quality Standard in the event of persistent failures to meet the control limit over six consecutive Quality Assessment Periods.

- We will notify you prior to commencing any period of suspension.
- If collection of Milk is suspended, the Resupply Procedure will apply.

4. Milk Solids (Fat and Protein %)

- Suppliers whose Milk falls below the control limits for protein and milk fat set out in the Quality Standards Table (calculated based on a weighted average over a Quality Assessment Period) will be contacted directly by a Bega representative advising the Supplier that their Milk quality is below the control limits. A Supplier will then be asked to demonstrate what management changes they are implementing to rectify the low results and undertake remedial action. If the Supplier's milk continues to not meet the control limits during the next two Quality Assessment Periods following that warning, we may suspend collection of Milk from that Supplier until the Supplier can demonstrate to our reasonable satisfaction that the control limits will be met.
- Section 6.2 or section 6.3 of this Agreement may also be applied for a breach of the control limit for this Quality Standard.
- We will notify you prior to commencing any period of suspension.
- If collection of Milk is suspended, the Resupply Procedure will apply.

5. Antibiotics , inhibitory substances and contaminants

- We may suspend collection of your Milk under of this Agreement where:
 - the Supplier has not self-reported an issue of contamination, and has supplied Milk that tests positive to antibiotics or other contaminants (including pesticides, herbicides, feed and biological taints, added water, foreign material, detergents (especially quaternary ammonium compounds), blood and colostrum) in which case:
 - the Milk will be rejected by us;
 - a Quality Deduction will be charged that is the equal to the lesser of Bega's actual loss and the Grade 4 Milk rate being applied to all Milk supplied in the Quality Assessment Period in which the milk was rejected. There will be no payment for rejected antibiotic/contaminated Milk that has entered a tanker;
 - a Quality Review will be undertaken;
 - results will be reported to the relevant Food Safety Regulator, where applicable;
 - the relevant Resupply Procedure will apply;
- We will notify you prior to commencing any period of suspension.
- If collection of Milk is suspended, the Resupply Procedure will apply.

6. Temperature, Acidity, Sensory, pH, Sediment, Freezing Point

- In the event that the control limits set out in the Quality Standards Table are not met for Temperature, Acidity, Sensory, pH, Sediment, Freezing Point parameters, you will be

contacted directly by a Bega representative to discuss remedial action to resolve the issue in the first instance.

- If sufficient remedial action has not been implemented within an agreed timeframe, we may act under section 6.6(d), 6.2 or 6.3 of this Agreement, as applicable, which may include suspension of collection or rejection of Milk.
- We will notify you prior to commencing any period of suspension.
- If collection of Milk is suspended, the Resupply Procedure will apply.

Part 4: Resupply Procedure

The aim of this procedure is to provide a re-supply path for Suppliers who have been suspended from supplying Bega due to Milk breaching the Quality Standards or the Supplier supplying Poor Quality Milk or breaching this Agreement in a manner that meant Milk supply was suspended.

1. BMCC/ SCC

- The Supplier must demonstrate they have taken corrective action to address the issue before resupply can commence.
- The Supplier can dry off the whole herd for a minimum of four consecutive weeks and recommence supply after this time. Previous history will not be used in calculating the 13 week geometric mean or for other Quality Deductions.
- If you wish to recommence supply earlier than the minimum four weeks' then you must provide four consecutive milking samples to Bega that meet the BMCC/SCC parameters for Grade 1 Milk.
- BMCC/SCC results for Milk collected for the next seven days must, at a minimum, meet the BMCC/SCC parameters for Grade 5 Milk set out in the Quality Deductions Table. If the results are above this, then collections will again cease immediately for a period of seven days and you must commence the Resupply Procedure again.

2. TPC

- The Supplier must demonstrate they have taken corrective action to address the issue before resupply can commence.

3. Antibiotics/Inhibitory Substances/ Contaminants

- A sample of the next milking must test negative for antibiotics/inhibitory substances to enable resupply. Collections will not recommence until Milk has tested negative.
- Samples must be presented to a testing company approved by Bega.
- Note seasonal calving herds should present a sample for testing prior to recommencing supply. Sample must test negative for antibiotics/inhibitory substances/ contaminants before collections will recommence.

4. Generally

- Resupply in any of case of suspension will commence at the next convenient time for the tanker collection. No more than four milkings will be collected and, at a minimum, the Quality Standards must be met.

APPENDIX B
SPECIAL CONDITIONS

1.1 Logistics Incentive

If you are an Exclusive Supplier, we will pay you the following cents per litre (cpl) logistics incentive in your monthly payment for the relevant month, based on the number of litres of Milk you supply us under this Agreement and the location of your Farm(s) as situated within the below regions.

| Logistics Incentive (cpl) | |
|-----------------------------------|-----|
| Sydney Basin & Southern Highlands | 3.0 |
| South Coast | 2.5 |