



# Milk Supply Agreement 2026 – 2027

Victoria, Riverina New South Wales,  
Southeast South Australia  
9/3-12 Region

## 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 Group 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.

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<b>Basis of Supply: Exclusive or Non- Exclusive</b>	<ul style="list-style-type: none"><li>• This Agreement may be used for exclusive or non-exclusive supply of Milk to us.</li><li>• 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.</li><li>• It is important that you note that some provisions (including the right to receive incentive payments) are identified as only applying to Exclusive Suppliers.</li></ul>
<b>Term</b>	<ul style="list-style-type: none"><li>• This Agreement:<ul style="list-style-type: none"><li>(a) commences on 1 July 2026, or if you start supplying us under this Agreement after that date, the date on which we first pick-up your Milk under this Agreement; and</li><li>(b) ends on 30 June 2027,</li></ul>unless it is terminated earlier in accordance with the provisions of this Agreement.</li></ul>
<b>Cooling-off period</b>	<ul style="list-style-type: none"><li>• 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.</li></ul>
<b>Monthly Minimum Pricing &amp; Additions and Deductions</b>	<ul style="list-style-type: none"><li>• <b>Item 6</b> of the Details sets out the Monthly Minimum Price that we will pay you for Milk supplied in accordance with this Agreement.</li><li>• 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.</li><li>• If you are an Exclusive Supplier, your monthly payments may be increased by:<ul style="list-style-type: none"><li>(a) the Productivity Incentive;</li><li>(b) the New Milk Incentive;</li><li>(c) 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 Incentives); and</li><li>(d) the 9/3-12 Incentive for each Farm (provided you meet all of the 9/3-12 Incentive Eligibility Criteria and supply the Monthly Minimum Volume of Milk applicable to that Farm).</li></ul>Each of these incentives is an additional payment and does not form part of the Monthly Minimum Price.</li><li>• The monthly payments for both Exclusive Suppliers and Non-Exclusive Suppliers will be decreased for:<ul style="list-style-type: none"><li>(a) Fees for Services that we supply to you;</li><li>(b) applicable Industry Fees; and</li><li>(c) any Quality Deductions.</li></ul></li></ul>
<b>Step-Ups</b>	<ul style="list-style-type: none"><li>• Exclusive Suppliers will be eligible to receive any Step-Ups that we notify you of in writing, but only in respect of that volume of Milk the Exclusive Supplier supplies to us from a Farm in excess of the Monthly Minimum Volume for that Farm during the relevant period.</li><li>• Non-Exclusive Suppliers will be eligible to receive any Step-Ups that we publicly announce and notify to them in writing in respect of all Milk supplied during the relevant period.</li><li>• To the extent you are eligible to receive a Step-Up, the amount of the Step-Up will be specified in our notice and the Step-Up will be paid in respect of the period stated in the notice. A Step-Up is an additional payment and does not form part of the Monthly Minimum Price.</li></ul>
<b>Step-Downs</b>	<ul style="list-style-type: none"><li>• We will not retrospectively Step-Down the Monthly Minimum Prices during the Term.</li><li>• Only in exceptional circumstances will we consider prospective Step-Downs during the Term and this would be done in accordance with the Dairy Code.</li></ul>

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<b>Payment Details</b>	<ul style="list-style-type: none"> <li>You will be paid your monthly payment on or before the 15<sup>th</sup> day of the following month. If the 15th is not a Business Day, we will pay you on the Business Day beforehand.</li> <li>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.</li> </ul>
<b>Minimum Collection Volume</b>	<ul style="list-style-type: none"> <li>We require that at least 105 kilograms of Milk Solids (approximately 1,400 litres of Milk) is available for collection at any one time from each Farm (before Minimum Collection Fees apply).</li> <li>Should your pickup volume fall below 105 kg MS 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 your Milk production above the required 105 kg MS.</li> </ul>
<b>Quality Standards of Milk</b>	<ul style="list-style-type: none"> <li>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).</li> <li>If you are an Exclusive Supplier, you will need to meet additional criteria with respect to the quality and consistency of your Milk as set out in Appendix B in order to be eligible for the 9/3-12 Incentive.</li> </ul>
<b>Transferring your Farm, Assets or Herd</b>	<p>Before you:</p> <ul style="list-style-type: none"> <li>transfer or sell any of your Farm(s), dairy land or assets;</li> <li>change your ownership structure or any other arrangement affecting the Farms' dairy land or assets;</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>cease the production of Milk at the Farm(s),</li> </ul> <p>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.</p>
<b>Good Faith</b>	<ul style="list-style-type: none"> <li>In accordance with the Dairy Code, both parties must always deal with each other in good faith in relation to the supply of Milk.</li> </ul>
<b>Disputes or Complaints</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Understanding and Acknowledging the Agreement</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>

**BEGA CHEESE LIMITED – MILK SUPPLY AGREEMENT**

**Victoria, Riverina New South Wales, Southeast South Australia – 9/3-12 Region**

**PARTIES**

**Bega:**

Bega Cheese Limited ABN 81 008 358 503
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**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 - (if No – go to <b>DETAILS</b> on page 5)
Sharefarmer Supplier name:	
Supplier Identifying Number:	
Contact person:	
ABN:	
Email address:	
Mobile Number:	
Postal Address:	

**DETAILS**

1.	Farm(s):		<b>Farm Number</b>	<b>Farm Address</b>	
2.	Commencement Date: (Section 1.5)	1 July 2026, or if you start supplying us under this Agreement after that date, the date on which we first pick-up your Milk under this Agreement.			
3.	Expiry Date: (Section 1.5)	30 June 2027			
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"/> <b>EXCLUSIVE SUPPLY</b> - <i>You agree to exclusively supply us all of the Milk produced at the Farm(s) during the Term, other than Personal Use Milk, and no less than the Monthly Minimum Volume of Milk for each Farm each calendar month during the Term.</i></p> <p>All Exclusive Suppliers will automatically be paid under the <b>Exclusive Milk Payment System</b>. If you elect to be paid under the <b>Exclusive Milk Payment System</b>, you will be eligible to receive the Productivity Incentive, Growth Incentive, the New Milk Incentive and the 9/3-12 Incentive.</p> <p><input type="checkbox"/> <b>NON-EXCLUSIVE SUPPLY</b> - <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 <b>Non-Exclusive Milk Payment System</b>. 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)	<p style="text-align: center;"><b>Monthly Minimum Prices (exclusive of GST)</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2">Month</th> <th colspan="2">Exclusive Milk Payment System</th> <th colspan="2">Non-Exclusive Milk Payment System (no incentives)</th> </tr> <tr> <th>\$ per kg Butterfat</th> <th>\$ per kg Protein</th> <th>\$ per kg Butterfat</th> <th>\$ per kg Protein</th> </tr> </thead> <tbody> <tr><td>July 2026</td><td>7.258</td><td>10.888</td><td>6.968</td><td>10.452</td></tr> <tr><td>August 2026</td><td>7.258</td><td>10.888</td><td>6.968</td><td>10.452</td></tr> <tr><td>September 2026</td><td>6.850</td><td>10.275</td><td>6.576</td><td>9.864</td></tr> <tr><td>October 2026</td><td>6.850</td><td>10.275</td><td>6.576</td><td>9.864</td></tr> <tr><td>November 2026</td><td>6.850</td><td>10.275</td><td>6.576</td><td>9.864</td></tr> <tr><td>December 2026</td><td>7.258</td><td>10.888</td><td>6.968</td><td>10.452</td></tr> <tr><td>January 2027</td><td>7.258</td><td>10.888</td><td>6.968</td><td>10.452</td></tr> <tr><td>February 2027</td><td>7.258</td><td>10.888</td><td>6.968</td><td>10.452</td></tr> <tr><td>March 2027</td><td>7.258</td><td>10.888</td><td>6.968</td><td>10.452</td></tr> <tr><td>April 2027</td><td>7.258</td><td>10.888</td><td>6.968</td><td>10.452</td></tr> <tr><td>May 2027</td><td>7.258</td><td>10.888</td><td>6.968</td><td>10.452</td></tr> <tr><td>June 2027</td><td>7.258</td><td>10.888</td><td>6.968</td><td>10.452</td></tr> </tbody> </table> <p>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 2.11.</p>	Month	Exclusive Milk Payment System		Non-Exclusive Milk Payment System (no incentives)		\$ per kg Butterfat	\$ per kg Protein	\$ per kg Butterfat	\$ per kg Protein	July 2026	7.258	10.888	6.968	10.452	August 2026	7.258	10.888	6.968	10.452	September 2026	6.850	10.275	6.576	9.864	October 2026	6.850	10.275	6.576	9.864	November 2026	6.850	10.275	6.576	9.864	December 2026	7.258	10.888	6.968	10.452	January 2027	7.258	10.888	6.968	10.452	February 2027	7.258	10.888	6.968	10.452	March 2027	7.258	10.888	6.968	10.452	April 2027	7.258	10.888	6.968	10.452	May 2027	7.258	10.888	6.968	10.452	June 2027	7.258	10.888	6.968	10.452
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7.	<b>For Exclusive Suppliers only:</b> Productivity Incentive: (Section 2.4)	<p><b>Productivity Incentive rates (exclusive of GST)</b></p> <p>The Productivity Incentive is paid to eligible Exclusive Suppliers where their monthly production of Milk Solids exceeds 5,000 kg of Milk Solids.</p> <p>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 \$0.35/kg MS.</p> <p>For example: If you supply 10,433 kg of Milk Solids to us in a month:</p> <p style="margin-left: 40px;"><i>Productivity Incentive rate:</i>      <math>10,433 \div 1,000 \times \\$0.02 = \\$0.21^{\wedge}</math></p> <p style="margin-left: 40px;"><i>Productivity Incentive payment:</i>    <math>\\$0.21 \times 10,433 = \\$2,176.95</math></p> <p>For illustrative purposes only, the table below sets out the Productivity Incentive rates that apply at various levels of monthly production of Milk Solids:</p>																																																																					

			Total Monthly Kgs Milk Solids	Productivity Incentive Rate (\$ per kg MS)**	CPL*	Productivity Incentive Payment (\$)**	
			5,000	\$0.10	0.7	\$500	
			6,000	\$0.12	0.9	\$720	
			7,000	\$0.14	1.0	\$980	
			8,000	\$0.16	1.2	\$1,280	
			9,000	\$0.18	1.3	\$1,620	
			10,000	\$0.20	1.4	\$2,000	
			11,000	\$0.22	1.6	\$2,420	
			12,000	\$0.24	1.7	\$2,880	
			13,000	\$0.26	1.9	\$3,380	
			14,000	\$0.28	2.0	\$3,920	
			15,000	\$0.30	2.2	\$4,500	
			16,000	\$0.32	2.3	\$5,120	
			17,000	\$0.34	2.4	\$5,780	
			18,000	\$0.35	2.5	\$6,300	
		<p>* The cents per litre rate assumes total Milk Solids of 7.2%, comprised of 4% butterfat 3.2% protein.</p> <p>** 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.</p> <p>^ Rounded for illustration purposes.</p>					
8.	<b>Exclusive Suppliers only:</b> New Milk Incentive rate: (Section 2.5)	The New Milk Incentive rate is \$0.55 per kg butterfat and \$1.10 per kg protein (approximately \$0.80 per kg Milk Solids) on all Milk accepted by us during the relevant month over and above the New Milk Baseline.					

<p>9. <b>Exclusive Suppliers only:</b> New Milk Baseline for each month for new Exclusive Suppliers: (Section 2.5)</p>	<p>Are you a new supplier to us? If yes, please complete the baseline details as agreed between the parties below*:</p> <table border="1" data-bbox="646 257 1300 828"> <thead> <tr> <th>Baseline Month</th> <th>Butterfat (kgs)</th> <th>Protein (kgs)</th> </tr> </thead> <tbody> <tr><td>Jul-25</td><td></td><td></td></tr> <tr><td>Aug-25</td><td></td><td></td></tr> <tr><td>Sep-25</td><td></td><td></td></tr> <tr><td>Oct-25</td><td></td><td></td></tr> <tr><td>Nov-25</td><td></td><td></td></tr> <tr><td>Dec-25</td><td></td><td></td></tr> <tr><td>Jan-26</td><td></td><td></td></tr> <tr><td>Feb-26</td><td></td><td></td></tr> <tr><td>Mar-26</td><td></td><td></td></tr> <tr><td>Apr-26</td><td></td><td></td></tr> <tr><td>May-26</td><td></td><td></td></tr> <tr><td>Jun-26</td><td></td><td></td></tr> </tbody> </table> <p><i>*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.</i></p>	Baseline Month	Butterfat (kgs)	Protein (kgs)	Jul-25			Aug-25			Sep-25			Oct-25			Nov-25			Dec-25			Jan-26			Feb-26			Mar-26			Apr-26			May-26			Jun-26		
Baseline Month	Butterfat (kgs)	Protein (kgs)																																						
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<p>10. <b>Exclusive Suppliers only:</b> Growth Incentive rate: (Section 2.6)</p>	<p>If you qualify for a top-up payment with respect to a Growth Incentive at the end of the Growth Incentive Period because the amount of the Growth Incentive exceeds the total New Milk Incentives paid to you in respect of the Growth Incentive Period, the top-up payment will be calculated in accordance with, and at the rates identified below.</p> <p>The possible Growth Incentive will be the total of:</p> <ul style="list-style-type: none"> <li>the amount of the increase in Milk Solids in Milk accepted by us from you in the Growth Incentive Period up to 9.99% of your Growth Incentive Baseline (<b>First Incentive Quantity</b>), multiplied by the First Rate; and</li> <li>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 (<b>Second Incentive Quantity</b>) multiplied by the Second Rate.</li> </ul> <p>For the purposes of the above calculation:</p> <ul style="list-style-type: none"> <li><b>First Rate</b> means \$0.18 per kg of butterfat and \$0.36 per kg of protein;</li> <li><b>Second Rate</b> means \$0.72 per kg of butterfat and \$1.44 per kg of protein.</li> </ul> <p><b>Example 1- Application where you commence supplying Bega at the start of the Financial Year<sup>^</sup></b></p> <p>For example, if:</p> <ul style="list-style-type: none"> <li>the Growth Incentive Baseline for a Supplier is 60,000 kg butterfat and 40,000 kg protein; and</li> <li>at the end of the Growth Incentive Period, Bega has accepted 78,000 kg butterfat and 52,000 kg protein from that Supplier,</li> </ul> <p>then that Supplier will be entitled to a possible Growth Incentive of:</p> <ol style="list-style-type: none"> <li>\$0.18 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. \$1,078.92; and</li> <li>\$0.36 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. \$1,438.56; and</li> <li>\$0.72 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. \$8,644.32; and</li> </ol>																																							

(d) \$1.44 per kg protein on 8,004 kg protein (being the balance of total growth in protein compared to the Growth Incentive Baseline i.e. 12,000 kg less 3,996 kg) i.e. \$11,525.76, being a total possible Growth Incentive of \$22,687.56. 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<sup>^</sup>**

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 Term,

**(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.

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 2026 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 Term,

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

- 64.10% of the \$9,723.24 (being the total incentive calculated in the above example on the growth in butterfat); and
- 57.69% of the \$12,964.32 (being the total incentive calculated in the above example on the growth in protein),

being, a total possible Growth Incentive of \$13,712. 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.

<sup>^</sup> *Rounded for illustration purposes.*

11. **Exclusive Suppliers only:**  
Growth Incentive Baseline for new suppliers:  
(Section 2.6)

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

Financial Year	Total Butterfat (kgs)	Total Protein (kgs)
1 July 2024 to 30 June 2025		
1 July 2025 to 30 June 2026		
<b>Growth Incentive Baseline</b> (average of previous 2 years)		

*\*If a Growth Incentive Baseline amount is not specified in the above table, you will not be eligible to receive any Growth Incentives.*

12. **Exclusive Suppliers only:**  
Prior Deemed Milk Supply – Growth Incentive for Supplier commencing part way through a Financial Year

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 2026 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**)\*:

(Section 2.6)	<table border="1" data-bbox="571 138 1369 309"> <thead> <tr> <th data-bbox="571 138 938 228">Financial Year</th> <th data-bbox="938 138 1145 228">Total Butterfat (kgs)</th> <th data-bbox="1145 138 1369 228">Total Protein (kgs)</th> </tr> </thead> <tbody> <tr> <td data-bbox="571 228 938 309">1 July 2026 to the day prior to the Commencement Date</td> <td data-bbox="938 228 1145 309"></td> <td data-bbox="1145 228 1369 309"></td> </tr> </tbody> </table> <p data-bbox="386 315 1560 376"><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 2026 to the day prior to the Commencement Date						
Financial Year	Total Butterfat (kgs)	Total Protein (kgs)									
1 July 2026 to the day prior to the Commencement Date											
13. Fees for Services: (Section 2.9)	<p data-bbox="386 398 1544 459">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="502 504 1439 1697"> <thead> <tr> <th data-bbox="502 504 746 555">Fee</th> <th data-bbox="746 504 1439 555">Rate</th> </tr> </thead> <tbody> <tr> <td data-bbox="502 555 746 1142"><b>Stop Fee</b></td> <td data-bbox="746 555 1439 1142"> <p data-bbox="758 577 1412 609">No Stop Fee is payable for the first stop in a 24 hour period.</p> <p data-bbox="758 622 1168 654">A Stop Fee is payable by the Supplier:</p> <ul data-bbox="758 676 1412 772" style="list-style-type: none"> <li>• for the second and each further stop within the same 24 hour period, except where the volume of Milk collected at the stop is greater than 8,000 litres; and</li> </ul> <p data-bbox="758 788 1412 913">If the second or further stop in a 24 hour period is required as a result of insufficient milk tanker capacity on the previous stop, no Stop Fee will apply to that second or further stop.</p> <p data-bbox="758 936 1385 996">Where a Stop Fee is payable, the Supplier will be charged \$50 per stop.</p> <p data-bbox="758 1019 1401 1137">No Stop Fee will be charged during the period that a Force Majeure Event impacts your ability to supply milk for collection, provided you have notified us of the Force Majeure Event in accordance with section 7.10.</p> </td> </tr> <tr> <td data-bbox="502 1142 746 1697"><b>Minimum Collection Fee</b></td> <td data-bbox="746 1142 1439 1697"> <p data-bbox="758 1164 1428 1321">If you do not meet our minimum collection of 105 kilograms of Milk Solids (approximately 1400 litres) per pickup, you will be required to pay a Minimum Collection Fee. The relevant fee set out below will be charged as the Minimum Collection Fee per collection:</p> <table border="1" data-bbox="758 1370 1423 1505"> <thead> <tr> <th data-bbox="758 1370 1088 1451">Kg MS</th> <th data-bbox="1088 1370 1423 1451">Minimum Collection Fee (per collection)</th> </tr> </thead> <tbody> <tr> <td data-bbox="758 1451 1088 1505">&lt; 105 kg MS</td> <td data-bbox="1088 1451 1423 1505">\$50</td> </tr> </tbody> </table> <p data-bbox="758 1527 1428 1653">No Minimum Collection Fee will be charged during the period that a Force Majeure Event impacts your ability to supply milk for collection, provided you have notified us in accordance with section <b>Error! Reference source not found.</b></p> </td> </tr> </tbody> </table>	Fee	Rate	<b>Stop Fee</b>	<p data-bbox="758 577 1412 609">No Stop Fee is payable for the first stop in a 24 hour period.</p> <p data-bbox="758 622 1168 654">A Stop Fee is payable by the Supplier:</p> <ul data-bbox="758 676 1412 772" style="list-style-type: none"> <li>• for the second and each further stop within the same 24 hour period, except where the volume of Milk collected at the stop is greater than 8,000 litres; and</li> </ul> <p data-bbox="758 788 1412 913">If the second or further stop in a 24 hour period is required as a result of insufficient milk tanker capacity on the previous stop, no Stop Fee will apply to that second or further stop.</p> <p data-bbox="758 936 1385 996">Where a Stop Fee is payable, the Supplier will be charged \$50 per stop.</p> <p data-bbox="758 1019 1401 1137">No Stop Fee will be charged during the period that a Force Majeure Event impacts your ability to supply milk for collection, provided you have notified us of the Force Majeure Event in accordance with section 7.10.</p>	<b>Minimum Collection Fee</b>	<p data-bbox="758 1164 1428 1321">If you do not meet our minimum collection of 105 kilograms of Milk Solids (approximately 1400 litres) per pickup, you will be required to pay a Minimum Collection Fee. The relevant fee set out below will be charged as the Minimum Collection Fee per collection:</p> <table border="1" data-bbox="758 1370 1423 1505"> <thead> <tr> <th data-bbox="758 1370 1088 1451">Kg MS</th> <th data-bbox="1088 1370 1423 1451">Minimum Collection Fee (per collection)</th> </tr> </thead> <tbody> <tr> <td data-bbox="758 1451 1088 1505">&lt; 105 kg MS</td> <td data-bbox="1088 1451 1423 1505">\$50</td> </tr> </tbody> </table> <p data-bbox="758 1527 1428 1653">No Minimum Collection Fee will be charged during the period that a Force Majeure Event impacts your ability to supply milk for collection, provided you have notified us in accordance with section <b>Error! Reference source not found.</b></p>	Kg MS	Minimum Collection Fee (per collection)	< 105 kg MS	\$50
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14 <b>Exclusive Suppliers only:</b> Monthly Minimum Volume (Sections 1.2, 2.7 and 2.8)	<p data-bbox="386 1720 1528 1814">Exclusive Suppliers agree to supply no less than the following monthly minimum volume of Grade 1 Milk and/or Grade 2 Milk applicable to that Farm during each calendar month of the Term (the <b>Monthly Minimum Volume</b>):</p> <table border="1" data-bbox="641 1863 1295 2020"> <thead> <tr> <th data-bbox="641 1863 805 1930">Farm Number</th> <th data-bbox="805 1863 1050 1930">Butterfat (kgs)</th> <th data-bbox="1050 1863 1295 1930">Protein (kgs)</th> </tr> </thead> <tbody> <tr> <td data-bbox="641 1930 805 1975"></td> <td data-bbox="805 1930 1050 1975"></td> <td data-bbox="1050 1930 1295 1975"></td> </tr> <tr> <td data-bbox="641 1975 805 2020"></td> <td data-bbox="805 1975 1050 2020"></td> <td data-bbox="1050 1975 1295 2020"></td> </tr> </tbody> </table>	Farm Number	Butterfat (kgs)	Protein (kgs)							
Farm Number	Butterfat (kgs)	Protein (kgs)									

		<p>Only Grade 1 Milk and Grade 2 Milk supplied by you will be counted for the purpose of determining whether you have supplied the Monthly Minimum Volume. Any other Milk you supply and Milk that is not collected or is rejected in accordance with the Dumping Policy will be excluded for the purposes of calculating whether you have supplied the Monthly Minimum Volume of Milk.</p> <p>In the event that the first month or the last month of the Term is not a full calendar month, the Monthly Minimum Volume applicable for those months will be equal to a pro-rata portion of the Monthly Minimum Volume equivalent to the period of that month during which this Agreement is in force.</p>
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**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><b>Signed by the Supplier</b> by an authorised representative</p>	<p>_____ Signature of authorised representative</p> <p>_____ Role or Office held</p> <p>_____ Date signed</p>
<p><b>Signed for and on behalf of the Sharefarmer by the Sharefarmer or an authorised representative:</b></p>	<p>_____ Signature of authorised representative</p> <p>_____ Role or Office held</p> <p>_____ Date signed</p>
<p><b>Signed for and on behalf of Bega Cheese Limited by an authorised representative:</b></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;
- (b) supply us with not less than the Monthly Minimum Volume of Milk applicable to each Farm in each calendar month during the Term;
- (c) not supply any Milk produced at the Farm(s) to any other person or entity;
- (d) upon Bega's request, promptly complete and return to Bega the Better Farms Circularity Survey; and
- (e) provide Bega with the first right of negotiation to buy all of the Milk produced at any other dairy farm you acquire during the Term (**New Farm Milk**) by notifying us in writing of such opportunity. If after the expiration of 30 days following Bega's receipt of such notice, no agreement has been reached for you to supply the New Farm Milk to Bega, you may then negotiate with third parties to supply the New Farm Milk to them instead.

### 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).

As a Non-Exclusive Supplier, you also agree, upon Bega's request, to promptly complete and return to Bega the Better Farms Circularity Survey.

### 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 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 multiplied by the volume of Milk supplied by you during that month, plus any applicable Step-Ups that you are eligible to receive on Milk supplied during that month. We will deduct from your monthly payment the Fees for Services set out in section 2.9 and the Industry Fees set out in section , 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 2.11.

For Exclusive Suppliers only, any Growth Incentive, New Milk Incentive, Productivity Incentive and 9/3-12 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 2.7.

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

If there is a Sharefarmer Supplier under this Agreement, both you and the Sharefarmer Supplier must be paid under the same payment system that has been selected by you under this Agreement. If there is more than one Farm listed in **Item 1** of the Details, all Farms must be paid under the same payment system as well.

### 2.4 Productivity Incentive – 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 rates for the Productivity Incentive are 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 2.5. Non-Exclusive Suppliers are not entitled to a New Milk Incentive.

If you are able to increase either or both of butterfat and protein 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 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 the 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, for the purpose of calculating the Growth Incentive Baseline, you will be taken to have supplied to us the Milk Solids set out in **Item** Error! Reference source not found. of the Details during the two Financial Years prior to the Commencement Date.

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 Term,

**(Total Annual Milk)**. The Growth Incentive will then be calculated as a pro-rata proportion of the Total Annual Milk that was accepted by us during the Term.

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 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 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 9/3-12 Incentive – Exclusive Suppliers only

Exclusive Suppliers are eligible to receive a 9/3-12 Incentive in respect of each Farm for each calendar month during the Term if the 9/3-12 Incentive Eligibility Criteria set out in **Appendix B**, section 1.1 have been satisfied for that Farm during that calendar month. Non-Exclusive Suppliers are not eligible to receive a 9/3-12 Incentive.

The 9/3-12 Incentive is an additional payment to the Monthly Minimum Price and does not form part of the Monthly Minimum Price.

In addition to satisfying the 9/3-12 Incentive Eligibility Criteria, in order to receive the full amount of the 9/3-12 Incentive for a Farm in respect of any given calendar month during the Term, the eligible Exclusive Supplier must supply to Bega the Monthly Minimum Volume of Milk for that Farm, as set out in Item 14 of the Details.

Only Grade 1 Milk and Grade 2 Milk supplied by the Exclusive Supplier will be counted for the purpose of determining whether the Monthly Minimum Volume has been supplied in respect of a Farm. Any other Milk supplied by the Exclusive Supplier and Milk that is not collected or is rejected in accordance with the Dumping Policy will be excluded from the calculation of whether the Monthly Minimum Volume has been supplied.

If you fail to supply the Monthly Minimum Volume of Milk for a Farm, the 9/3-12 Incentive you receive for that Farm will be reduced in accordance with section 2.8.

The 9/3-12 Incentive for a Farm is calculated based on the Monthly Minimum Volume of Milk (by Milk Solids) accepted by us from that Farm during each calendar month of the Term multiplied by the 9/3-12 Incentive Rate set out in **Appendix B**, section 1.2.

If, in any period of three consecutive calendar months during the Term, an Exclusive Supplier:

- (a) delivers less than the Monthly Minimum Volume of Milk for any Farm; and/or
- (b) fails to meet any of the 9/3-12 Incentive Eligibility Criteria,

then Bega may elect to notify the Exclusive Supplier that the 9/3-12 Incentive will be

withdrawn or suspended for all or some Farms and no longer payable for all or part of the remainder of the Term.

If there is more than one Farm listed in **Item 1** of the Details, each Farm will be treated separately and the 9/3-12 Incentive will be calculated and paid on a per Farm basis. The relevant Monthly Minimum Volume for each Farm is set out in **Item 14** of the Details.

In the event this Agreement is terminated before the end of the Term, Exclusive Suppliers will still be paid a pro-rata portion of the 9/3-12 Incentive they were entitled to receive in respect of the period when the Agreement was in force subject to:

- the Exclusive Supplier complying with the 9/3-12 Incentive Eligibility Criteria (other than the requirement that this Agreement must not have been terminated and where, for any part month at the end of the Term, the Exclusive Supplier is only required to supply a proportion of the Monthly Minimum Volume equivalent to the period that this Agreement was in force); and
- any 9/3-12 Incentive Adjustment.

## 2.8 9/3-12 Incentive Adjustment

If you are an Exclusive Supplier and the Monthly Minimum Volume for a Farm is not supplied by you in any month during the Term, but you have otherwise met the 9/3-12 Incentive Eligibility Criteria, then the 9/3-12 Incentive payment in respect of that month for that Farm will be reduced by the 9/3-12 Incentive Adjustment in accordance with the table set out in **Appendix B**, section 1.3.

## 2.9 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:

- Stop Fees, being collection fees charged by us for certain tanker stops to pick up Milk from you; and
- Minimum Collection Fees in accordance with section 4.3,

(being the **Fees for Services**).

We will charge you the Fees for Services in the manner and amount set out in **Item 13** of the Details.

## 2.10 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.

## 2.11 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.

## 2.12 Milk Price Adjustments

### (a) Step-Ups

Provided that you have complied with all of your obligations under this Agreement:

- Exclusive Suppliers will be eligible to receive any Step-Ups that we notify you of in writing, but only in respect of that volume of Milk supplied from a Farm that is in excess of the Monthly Minimum Volume of Milk for that Farm during the specified period stated in the notice; and
- Non-Exclusive Suppliers will be eligible to receive any Step-Ups that we publicly announce and notify you of in writing in respect of all Milk supplied during the specified period stated in the notice.

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

If you have been notified of any breach of this Agreement by us in writing prior to any Step-Up announcement, or if we have terminated the Agreement in accordance with section 7.1(a) because of your material breach, you will not be eligible to receive any Step-Ups.

(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 (RCTI) 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 RCTI 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.

**3.4 GST**

Unless otherwise specified in this Agreement, the monthly payment for your Milk is exclusive of GST. If the supply of Milk constitutes a Taxable Supply, we will pay the GST applicable to that supply, subject to you providing us with a Tax Invoice. Further, unless the parties agree otherwise in writing, each party will be responsible for their respective taxes as required by law.

**3.5 Recipient Created Tax Invoices**

You agree that:

- (a) at the time of entering into this Agreement, you are registered for GST if you are required to be registered for GST under the GST law;
- (b) we may issue RCTIs in respect of the supplies we make under this Agreement in accordance with section 3.3;
- (c) you must not issue Tax Invoices in respect of supplies under this Agreement for which an RCTI is issued; and
- (d) you will promptly notify us if you cease to be registered for GST.

**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**

You warrant that you own all Milk you supply to Bega under this Agreement, and you have the right to sell the Milk free from any mortgage, charge or other security interest. 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

We require that at least 105 kilograms of Milk Solids is available for collection at any one time from each Farm.

If the Milk available for collection at any one time from a Farm is less than the amount set out in Item 13 of the Details, the Minimum Collection Fees set out in Item 13 of the Details 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 105 kg MS 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 105 kg MS.

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 except where otherwise agreed in writing by the parties and upon completion of a risk assessment by Bega's authorised representatives.

#### 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 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 and registration requirements and you must harvest and hold Milk in an approved dairy premises and comply with the relevant State Food Authority 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 B Double tanker 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) have Milk ready for collection within Bega's nominated milk collection windows;
- (e) maintain suitable back-up generators for all milk storage vats at the Farm(s);
- (f) 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;
- (g) comply at all times with the Bega Group Farm Quality Assurance Program and permit reviews and audits of such compliance in accordance with section 6.6(b);
- (h) comply with Bega's reasonable and lawful directions relating to Milk that is to be dumped under the Dumping Policy or that is otherwise rejected by Bega under this Agreement; and
- (i) 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. Where you effect 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 Group 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 any consequences, and the Dumping Policy will apply.

### 6.3 General Consequences of Failure to comply with Quality Standards and the Bega Group 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 any consequences) 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 Standards
  - (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 Group 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

#### (a) Non-Exclusive Suppliers

For Non-Exclusive Suppliers, on the first three occasions during the Term where either:

- (i) you self-report that Milk to be supplied is in breach of the Quality Standards in accordance with section 6.2; or
- (ii) 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 and any consequences, 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 (including any applicable Step-Ups) less a Quality Deduction in your monthly payment equal to:

- (iii) in the case of the first dump – 10% of the Monthly Minimum Price (including any applicable Step-Ups) for each kilogram of affected Milk Solids;
- (iv) in the case of the second dump – 30% of the Monthly Minimum Price (including any applicable Step-Ups) for each kilogram of affected Milk Solids; and
- (v) in the case of the third dump – 30% of the Monthly Minimum Price (including any applicable Step-Ups) for each kilogram of affected Milk Solids.

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

#### (b) Exclusive Suppliers

For Exclusive Suppliers, where either:

- (i) you self-report that Milk to be supplied is in breach of the Quality Standards in accordance with section 6.2; or
- (ii) 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 and any consequences, you will promptly and safely dispose of the Milk and:

- (iii) in the case of the first dump, 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 (including any applicable Step-Ups) less a Quality Deduction in your monthly payment equal to 30% of the Monthly Minimum Price (including any applicable Step-Ups) for each kilogram of affected Milk Solids; and
- (iv) on each subsequent occasion (after the first dump) during the Term that section 6.4(b)(i) or 6.4(b)(ii) 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) **Bega Production Statement** – within 10 days after the end of each Quality Assessment Period, we will provide you with a written statement in relation to the quantity and quality of your Milk supplied during that Quality Assessment Period, 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/ Bactoscan /Thermoduric) via SMS as soon as possible after each pick-up if requested by you, unless you tell us otherwise;
- (c) **Web access** - you may access your volume information and quality results on the farmer access web page as soon as they are available. Access to the web page is via the link on the Bega Group website or at [https://farmer-](https://farmer-portal.begacheese.com.au/)

[portal.begacheese.com.au/](https://farmer-portal.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 Group 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 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 Standards or if:

- (i) you supply Poor Quality Milk;
- (ii) you fail to comply with any remedial actions reasonably required by us in accordance with the Quality Standards;
- (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 testing facility. Sampling occurs at the collection location and is undertaken by us or our freight contractor in accordance with the Quality Standards. The 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 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.
- (d) 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.
- (e) 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.

**7.2 Changes to Farm Ownership or Herd**

- (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 arrangement affecting the Farms' dairy land and/or assets; or
  - (iii) cease the production of Milk at the Farms.

### 7.3 Variations

- (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

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.

### 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

- (a) 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.
- (b) If we are unable to set off all of the amount you owe us against amounts we owe you, you must pay Bega such amounts owing to us when this Agreement ends or promptly upon demand by Bega.

#### 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. Where such events are recognised as affecting the entire region in which your Farm is located and other dairy farmers in that region, provided you have a reasonable opportunity to do so, you must take reasonable steps to reduce the impact of such events. 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. If a party is affected by a Force Majeure Event, it must promptly give notice to the other party of its inability to perform its obligations under this Agreement. 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

**9/3-12 Incentive** means the incentive, the details for which are set out in sections 2.7 and 2.8 and Appendix B, sections 1.1 to 1.3.

**9/3-12 Incentive Adjustment** means the amount by which the 9/3-12 Incentive for a Farm will be reduced where an Exclusive Supplier fails to supply the Monthly Minimum Volume in respect of that Farm, the details for which are set out in section 2.8 and Appendix B, section 1.3.

**9/3-12 Incentive Eligibility Criteria** means the eligibility criteria for payment of the 9/3-12 Incentive set out in Appendix B, section 1.1.

**9/3-12 Incentive Rate** means the rate applicable to the 9/3-12 Incentive, the details for which are set out in section 2.7 and Appendix B, section 1.2.

**Agreement** means this agreement including the appendices and attachments and the Bega Group Farm Quality Assurance Program.

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

**Bactoscan Geometric Mean** means an 8-week geometric mean calculation of the actual Bactoscan results.

**Bega** means the Bega 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 Group** means Bega Cheese Limited and its subsidiaries.

**Bega Group Farm Quality Assurance Program** means the program set out in the manual dated May 2025 provided by us to you at the same time as this Agreement is provided.

**Better Farms Circularity Survey** means the on-farm survey to be completed by you upon Bega's request and in conjunction with Bega personnel in order for Bega to measure Farm performance in six key

circularity areas.

**BMCC** means bulk milk cell count.

**BMCC Geometric Mean** means a 13-week geometric mean calculation of BMCC.

**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 may include one of the following that are identified by the Australian Taxation Office: Australian Proprietary Company, Discretionary Services Management Trust, 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 Group'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.

**EMCI** means early milk collection index as developed by the University of Tasmania.

**EU** means European Union.

**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.

**Expiry Date** means the date set out 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 2.9.

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

**Force Majeure Event** means an event that is beyond the reasonable control of the affected party, such as floods, fires, or similar natural disasters or substantial damage to or destruction of plant or manufacturing facilities.

**Grade 1 Milk** means Milk provided by you which meets the Grade 1 specification requirements set out in column C of the Quality Table for each parameter set out in column A.

**Grade 2 Milk** means Milk provided by you which meets the Grade 2 specification requirements set out in column D of the Quality Table for each parameter set out in Column A.

**Grade 3 Milk** means Milk provided by you which meets the Grade 3 specification set out in column E of the Quality Table for each parameter set out in Column A.

**Grade 4 Milk** means Milk provided by you which meets the Grade 4 specification set out in column F of the Quality Table for each parameter set out in Column A.

**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 the Financial Year during the Term.

**GST** means the goods and services tax imposed by or under the GST Law.

**GST Law** has the meaning given to that term in the A New Tax System (Goods and Services Tax) Act 1999 (as amended) and any regulation made under that Act.

**IBC** means individual bacteria count.  
**Industry Fees** has the meaning given in section 2.10.

**Milk** means bovine milk supplied and accepted under this Agreement.

**Milk Cooling Envelope** is that temperature range of milk that is acceptable for collection by a transport driver in accordance with the EMCI.

**Milk Solids** or **MS** means butterfat and protein.

**Minimum Collection Fee** means the fee (if any) charged by Bega for collection where the volume available for collection at any one time from a Farm is less than that amount set out in **Item 13** of the Details and in accordance with section 4.3.

**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.

**Monthly Minimum Volume** means, in respect of each Farm, that volume of Grade 1 Milk and Grade 2 Milk to be supplied by an Exclusive Supplier from that Farm each calendar month of the Term as set out in **Item 14** of the Details.

**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 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.

**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.

**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 4 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 Quality Standards or where the Dumping Policy applies.

**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 Appendix A to this Agreement.

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

**Recipient Created Tax Invoice** or **RCTI** means a Tax Invoice issued by the recipient of a Taxable Supply in accordance with the GST Law.

**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 procedures set out in Part 3 of Appendix A.

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

**Step-Up** means an additional payment (if any) for the Milk you supply paid in accordance with section 2.12(a).

**Step-Down** means a reduction of the Monthly Minimum Prices payable for the Milk you supply in accordance with section 2.12(b).

**Stop Fee** means the fee (if any) charged by Bega for picking up your Milk at the rate set out in **Item 13** of the Details and in accordance with section 2.9.

**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.

**Tax Invoice** means a tax invoice under the GST Law.

**Taxable Supply** means the same as in the GST Law.

**Term** has the meaning given in section 1.5.

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

## APPENDIX A

### Quality Standards

#### Part 1: Interpretation of Quality Table

You are required to supply Grade 1 Milk to us during the Term, being Milk that complies with the Grade 1 specification requirements set out in the Quality Table. This table should be read in the following way:

- (a) Milk supplied must meet each of the parameters set out in column A of the Quality Table.
- (b) Milk will be tested by us at the times set out in the Quality Table in column B. For instance, temperature will be tested in relation to each consignment of Milk supplied.
- (c) Milk must meet the specifications for being “Grade 1” in terms of quality summarised in column C, which are also set out in greater detail in column I. For instance, the temperature of Milk supplied must be <5°C within 2 hours and 21 minutes from the end of milking.
- (d) If Milk does not comply with the specifications for being “Grade 1” in terms of quality as summarised in column C, the Milk may still be accepted by Bega, but Bega will be entitled to deduct the amount set out in column G which will depend on whether the Milk has met the specifications for Grade 2 Milk set out in column D, Grade 3 Milk set out in column E or Grade 4 Milk set out in column F.
- (e) Bega will provide you with a written notification in the circumstances described in column I of the Quality Table.
- (f) If Milk fails to comply with a Quality Standard, Bega will:
  - (i) refuse to pay for the Milk if that is the consequence set out in column G or column I;
  - (ii) deduct the amount set out in column G from your Monthly Minimum Prices (including any Step-Ups) if the Milk is Grade 2 Milk, Grade 3 Milk or Grade 4 Milk; and
  - (iii) implement any further consequences set out in column I.

**Part 2: Quality Table – Quality Standards**

If you supply Milk that does not meet the required Quality Standards, based on our testing regime, we will make a Quality Deduction from your Monthly Minimum Prices (including any applicable Step-Ups) for Milk and/or any other action as set out in the following table:

A: Parameter	B: Test Frequency	C: Grade 1 Specification	D: Grade 2 Specification	E: Grade 3 Specification	F: Grade 4 Specification	G: Quality Deduction	H: Quality Deduction Basis	I: Details of requirements and Rejection conditions
Sensory	Each consignment	Creamy white free flowing appearance, fresh clean smell. Free from odours, unpleasant characteristics, chemical residues, foreign matter	N/A	N/A	N/A	In accordance with the Dumping policy	Per consignment	<ul style="list-style-type: none"> <li>- Milk is assessed by trained tanker drivers on arrival at Farm and may be rejected by those drivers if it does not meet the Grade 1 Specification and the Dumping Policy will apply</li> </ul>
Temperature	Each consignment	< 5° C within 2 hours 21 minutes from the end of milking	N/A	N/A	N/A	In accordance with the Dumping policy	Per consignment	<ul style="list-style-type: none"> <li>- Bega may decide to collect Milk prior to 2 hours 21 minutes after milking at temperatures greater than or equal to 5° C.</li> <li>- Bega uses the industry standard EMCI for undertaking food safety risk assessments on all Milk temperatures greater than or equal to 5°C.</li> <li>- If such Milk is not within the Milk Cooling Envelope of the EMCI, Bega may reject the Milk and the Dumping Policy will apply.</li> </ul>

A: Parameter	B: Test Frequency	C: Grade 1 Specification	D: Grade 2 Specification	E: Grade 3 Specification	F: Grade 4 Specification	G: Quality Deduction	H: Quality Deduction Basis	I: Details of requirements and Rejection conditions
Antibiotics / Inhibitory Substances	Randomly once a month and after any positive tanker results	Zero	N/A	N/A	Presence of antibiotics/ inhibitory substances	No payment for the positive consignment into the tanker. Milk supplied for the balance of the Quality Assessment Period subject to a Quality Deduction equal to the lesser of Bega's actual loss and a Grade 4 deduction = 10%	Per Quality Assessment Period	<p>If there is a positive result:</p> <ul style="list-style-type: none"> <li>- the Quality Deduction in column G will be made from Monthly Minimum Prices (including any Step-Ups);</li> <li>- milk collection will cease immediately, and the relevant Resupply Procedure must be followed;</li> <li>- A Quality Review will be undertaken; and</li> <li>- results will be reported to the relevant Food Safety Regulator.</li> </ul>
BMCC	Each consignment	<250,000 c/mL	≥250,000 to <300,000 c/mL	≥300,000 to <400,000 c/mL	≥400,000 c/mL	<p>Grade 2 Milk deduction = 2%</p> <p>Grade 3 Milk deduction = 5%</p> <p>Grade 4 Milk deduction = 10%</p>	All Milk in the Quality Assessment Period	<ul style="list-style-type: none"> <li>- Weighted average calculated from all consignments in the Quality Assessment Period</li> <li>- A deduction in column G will be made from Monthly Minimum Prices (including Step-Ups) for all Milk supplied in the Quality Assessment Period</li> <li>- The BMCC 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</li> </ul>

A: Parameter	B: Test Frequency	C: Grade 1 Specification	D: Grade 2 Specification	E: Grade 3 Specification	F: Grade 4 Specification	G: Quality Deduction	H: Quality Deduction Basis	I: Details of requirements and Rejection conditions
								<p>supply from your Farm with 48 hours' notice.</p> <ul style="list-style-type: none"> <li>- If suspended, the BMCC Resupply Procedure will apply.</li> </ul>
BMCC Geometric Mean	13 Week period on a rolling basis	<400,000 c/mL	N/A	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> <li>- BMCC Geometric Mean <math>\geq 400,000</math> c/mL for 13 weeks indicates Poor Quality Milk. Corrective action in accordance with EU requirements. Failure to meet EU requirements then collection will be suspended.</li> <li>- If suspended, the BMCC Resupply Procedure will apply.</li> </ul>
Bactoscan	Once per Quality Assessment Period	<125,000 IBC/mL	$\geq 125,000$ to < 265,000 IBC mL	$\geq 265,000$ to < 464,000 IBC/mL	$\geq 464,000$ IBC/mL	Grade 2 Milk = 2% Grade 3 Milk = 5% Grade 4 Milk = 10%	<p>The first 4 results higher than Grade 1 for the month are warning results and no Quality Deduction applies.</p> <p>Quality Deduction applies from the day of the 5<sup>th</sup> test and any subsequent high tests in a</p>	<ul style="list-style-type: none"> <li>- Grade 2,3 and 4 Milk is retested on the next available consignment.</li> <li>- Daily testing commences for Grade 2, 3 and 4 Milk and continues until results are below 125,000 IBC /mL. When the Bactoscan result is greater than 464,000 IBC/ml for more than two consecutive Quality Assessment Periods, we may suspend supply from your Farm with 48 hours' notice.</li> <li>- If suspended, the Bactoscan Resupply Procedure will apply.</li> </ul>

A: Parameter	B: Test Frequency	C: Grade 1 Specification	D: Grade 2 Specification	E: Grade 3 Specification	F: Grade 4 Specification	G: Quality Deduction	H: Quality Deduction Basis	I: Details of requirements and Rejection conditions
							month.	
Bactoscan Geometric Mean	8 Week period on a rolling basis	< 464,000 IBC/mL	N/A	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> <li>- Bactoscan Geometric Mean <math>\geq 464,000</math> IBC/mL for 8 weeks indicates Poor Quality Milk. Corrective action in accordance with EU requirements. Failure to meet EU requirements then collection will be suspended.</li> <li>- If suspended the Bactoscan Resupply Procedure will apply.</li> </ul>
Thermodurics	Once per Quality Assessment Period	<2,000 cfu/mL	$\geq 2,000$ to <5,000 cfu/mL	$\geq 5,000$ cfu/mL	N/A	Grade 2 Milk = No Quality Deduction Grade 3 Milk = 5% Grade 4 Milk = Not Applicable	The first 4 results of Grade 3 Milk or higher for the month are warning results and no Quality Deduction applies.  Quality Deduction applies to any subsequent high tests in a month.	<ul style="list-style-type: none"> <li>- <math>\geq 2,000</math> to &lt;5,000 cfu/mL triggers a notification.</li> <li>- Results 2,000 cfu/mL and above commences daily testing until below 2,000 cfu/mL.</li> <li>- In the event of persistent failures to meet the control limit of &lt;5,000 cfu/mL over six consecutive Quality Assessment Periods may result in suspension.</li> <li>- If suspended, the relevant Resupply Procedure will apply.</li> </ul>

A: Parameter	B: Test Frequency	C: Grade 1 Specification	D: Grade 2 Specification	E: Grade 3 Specification	F: Grade 4 Specification	G: Quality Deduction	H: Quality Deduction Basis	I: Details of requirements and Rejection conditions
Colostrum	As required	< 3%	N/A	N/A	≥ 3%	Grade 4 Milk = 10%	Per consignment	<ul style="list-style-type: none"> <li>- ≥ 3% triggers daily tests commencing at the next available sample and testing will continue until back within specification.</li> <li>- Collections will be suspended if corrective actions are not undertaken.</li> <li>- If suspended, the relevant Resupply Procedure will apply.</li> </ul>
Sediment	Randomly, and after any failed tanker results.	Absent	N/A	N/A	Present	Grade 4 Milk = 10%	Per consignment	<ul style="list-style-type: none"> <li>- First sample present for sediment attracts a warning</li> <li>- Daily testing commences until sample tests passes sediment test</li> <li>- Second and subsequent samples attract a Quality Deduction.</li> <li>- Collections will be suspended if corrective actions are not undertaken. If suspended, the relevant Resupply Procedure will apply.</li> </ul>
Quaternary Ammonium Compounds (QAC's)	As required	< 0.1 mg/kg	N/A	N/A	≥ 0.1 mg/kg	Grade 4 Milk = 10%	Per consignment	<ul style="list-style-type: none"> <li>- Supplier will be notified of an unsatisfactory result.</li> <li>- Triggers Quality Review</li> <li>- Collections will be suspended if corrective actions are not undertaken.</li> <li>- If suspended, the relevant</li> </ul>

A: Parameter	B: Test Frequency	C: Grade 1 Specification	D: Grade 2 Specification	E: Grade 3 Specification	F: Grade 4 Specification	G: Quality Deduction	H: Quality Deduction Basis	I: Details of requirements and Rejection conditions
								Resupply Procedure will apply.
Iodine	As required	<40 ug/100g	N/A	N/A	≥40 ug/100g	Nil	Nil	<ul style="list-style-type: none"> <li>- Supplier will be notified of an unsatisfactory result.</li> <li>- Triggers Quality Review.</li> <li>- Collections will be suspended if corrective actions are not undertaken.</li> <li>- If suspended, the relevant Resupply Procedure will apply.</li> </ul>

**Milk 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 parameters 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 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 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 3: 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 Table parameters set out in the Quality Table, or the Supplier supplying Poor Quality Milk or breaching this Agreement in a manner that meant Milk supply was suspended.

(a) **BMCC**

- The Supplier must demonstrate they have taken corrective action to address the issue before supply can recommence.
- 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 parameters for Grade 1, 2 or 3 Milk set out in the Quality Table.
- BMCC results for Milk collected for the next seven days must, at a minimum, meet the BMCC parameters for Grade 3 Milk set out in column E of the Quality 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.

(b) **Bactoscan**

- The Supplier must demonstrate they have taken corrective action to address the issue before resupply can commence.
- Three sequential complete milkings must be below 464,000 IBC/mL.
- Samples must be presented to a testing facility approved by Bega.
- If the test results are 464,000 IBC/mL or greater for any one of the three samples, collections will not recommence, and you must commence the resupply procedure again.
- Bactoscan results for Milk collected for the seven days after resupply has commenced must, at a minimum, meet the Bactoscan parameter for Grade 3 Milk set out in column E of the Quality Table. If the results are above this, then collections will cease immediately for a period of seven days, and you must commence the resupply procedure again.

(c) **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 facility 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.

(d) **Generally**

- Resupply in any case of suspension will commence at the next convenient time for the tanker collection. No more than four milkings will be collected within a 48 hour period and, at a minimum, all other Quality Standards for Grade 3 Milk must be met.

**APPENDIX B**

**SPECIAL CONDITIONS**

**1. 9/3-12 Incentive**

**1.1 9/3-12 Incentive Eligibility Criteria**

In order to receive the 9/3-12 Incentive for Milk supplied from a Farm in any given calendar month during the Term, the following eligibility criteria set out below must be satisfied by the Supplier during that month:

- This Agreement must not have been terminated before the end of the Term;
- Payment of the 9/3-12 Incentive must not have been suspended or withdrawn by Bega in accordance with section 2.7 of this Agreement; and
- You must have supplied us with at least the Monthly Minimum Volume of Grade 1 Milk and/or Grade 2 Milk for that Farm.

**1.2 9/3-12 Incentive Rates and payment calculation**

(a) The following rates shall be used to calculate the 9/3-12 Incentive:

	<b>\$ per KG Butterfat</b>	<b>\$ per KG Protein</b>
9/3-12 Incentive Rate	<b>\$0.50</b>	<b>\$0.75</b>

(b) The 9/3-12 Incentive payable to a Farm each month shall be calculated in accordance with the following formula:

<b>Monthly 9/3-12 Incentive payment for a Farm</b>	Monthly Minimum Volume (butterfat) of that Farm, multiplied by the 9/3-12 Incentive Rate for butterfat;  PLUS  Monthly Minimum Volume (protein) of that Farm, multiplied by the 9/3-12 Incentive Rate for protein.
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**1.3 9/3-12 Incentive Adjustment**

If you do not supply us with at least the Monthly Minimum Volume of either butterfat or protein (or both) for a Farm, but you have otherwise satisfied the 9/3-12 Incentive Eligibility Criteria, your 9/3-12 Incentive for that Farm will be reduced by an amount based upon the percentage of the shortfall to the Monthly Minimum Volume, in accordance with the following table:

<b>Percentage Shortfall Volume delivered to Monthly Minimum Volume (either fat, protein or both)</b>	<b>% 9/3-12 Incentive Adjustment</b>
<b>95% up to 100%</b>	<b>0% adjustment (9/3-12 Incentive remains payable without adjustment).</b>
<b>0 to 94.99%</b>	<b>100% adjustment (no 9/3-12 Incentive is payable).</b>