



Milk Supply Agreement 2026 – 2027

TASMANIA
(excluding Pyengana 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.

Basis of Supply: Exclusive or Non- Exclusive	<ul style="list-style-type: none">• This Agreement may be used for exclusive or non-exclusive supply of Milk to us.• If you wish to supply Milk to us during the Term, you must choose whether you will supply us on an exclusive or non-exclusive basis by checking the applicable box in Item 4 of the Details.• It is important that you note that some provisions (including the right to receive incentive payments) are identified as only applying to Exclusive Suppliers
Term	<ul style="list-style-type: none">• This Agreement commences on<ul style="list-style-type: none">(a) 1 July 2026 for new suppliers to Bega;(b) 1 September 2026* for Existing Suppliers; or(c) if you are a new supplier to Bega that starts supplying us under this Agreement after 1 July 2026, the date on which we first pick-up your Milk under this Agreement.• Depending on the election you make in Item 3 of the Details, this Agreement will have an Expiry Date of either:<ul style="list-style-type: none">(a) 31 August 2027; or(b) 31 August 2028,unless it is terminated earlier in accordance with the provisions of this Agreement.• If you wish to terminate this Agreement before the Expiry Date, you may terminate this Agreement with effect on:<ul style="list-style-type: none">(a) if the Expiry Date is 31 August 2027, any day during the period 1 July 2027 to 31 August 2027; or(b) if the Expiry Date is 31 August 2028, any day during the period 1 July 2028 to 31 August 2028, provided you give us at least 30 days' prior written notice of any such termination.<p>* If you are an Existing Supplier, the Milk that you supply to us during July and August 2026 will count towards the calculation of the New Milk Incentive under this Agreement.</p>
Cooling-off period	<ul style="list-style-type: none">• You have a 14-day cooling-off period that ends 14 days after the day this Agreement is entered into, during which you can terminate this Agreement with immediate effect without incurring any liability.
Monthly Minimum Pricing & Additions and Deductions	<ul style="list-style-type: none">• Item 6 of the Details sets out the Monthly Minimum Price that we will pay you for Milk supplied in accordance with this Agreement.• During the Term, you will receive a monthly payment equal to the applicable Monthly Minimum Price (plus any applicable Step-Ups) multiplied by the volume of Milk supplied by you during that month.• If you are an Exclusive Supplier, your monthly payments may be increased by:<ul style="list-style-type: none">(a) the Productivity Incentive;(b) the New Milk Incentive; and(c) incentives set out in Appendix B (if any).Each of these incentives is an additional payment and does not form part of the Monthly Minimum Price.• The monthly payments for both Exclusive Suppliers and Non-Exclusive Suppliers will be decreased for:<ul style="list-style-type: none">(a) Fees for Services that we supply to you;(b) applicable Industry Fees; and(c) any Quality Deductions.
Step-Ups	<ul style="list-style-type: none">• You will be eligible to receive any Step-Ups that we notify to you in writing.• 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 on all Milk you supply during the period stated in the notice. A Step-Up is an additional payment and does not form part of the Monthly Minimum Price.

Step-Downs	<ul style="list-style-type: none"> We will not retrospectively Step-Down the Monthly Minimum Prices during the Term. Only in exceptional circumstances will we consider prospective Step-Downs during the Term and this would be done in accordance with the Dairy Code.
Payment Details	<ul style="list-style-type: none"> You will be paid your monthly payment on or before the 15th day of the following month. If the 15th is not a Business Day, we will pay you on the Business Day beforehand. We will make all payments into the bank accounts nominated by you. When you sign this Agreement, please check that you have provided correct and complete bank account details to us or included those details in our nominated banking authorisation system.
Minimum Collection Volume	<ul style="list-style-type: none"> We require that at least 75 kilograms of Milk Solids (approximately 1,000 litres of Milk) is available for collection at any one time from each Farm (before Minimum Collection Fees apply). Should your pickup volume fall below 75 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 75 kg MS.
Quality Standards of Milk	<ul style="list-style-type: none"> Section 6 and Appendix A of this Agreement set out your obligations and our requirements with respect to the quality and consistency of your Milk and your dairy operations. Section 6 and Appendix A of this Agreement also describe the actions that we may take if you fail to meet those obligations or your Milk does not meet those requirements (including where we may reject your Milk or suspend collection of your Milk).
Transferring your Farm, Assets or Herd	<p>Before you:</p> <ul style="list-style-type: none"> (a) transfer or sell any of your Farm(s), dairy land or assets; (b) change your ownership structure or any other arrangement affecting the Farms' dairy land or assets; <p>or</p> <ul style="list-style-type: none"> (c) cease the production of Milk at the Farm(s), <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>
Good Faith	<ul style="list-style-type: none"> In accordance with the Dairy Code, both parties must always deal with each other in good faith in relation to the supply of Milk.
Disputes or Complaints	<ul style="list-style-type: none"> This Agreement provides a procedure for handling disputes or complaints. The parties must try to resolve any dispute or complaint first by negotiation and then, if required, by mediation.
Understanding and Acknowledging the Agreement	<ul style="list-style-type: none"> By signing this Agreement, you are confirming that you have read and understood the entire agreement, including the Appendices and attachments. If there is any aspect of this Agreement that you do not understand, please seek independent legal advice.

**BEGA CHEESE LIMITED – MILK SUPPLY AGREEMENT
Tasmania Region (excluding Pyengana 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 DETAILS on page 5)
Sharefarmer Supplier name:	
Supplier Identifying Number:	
Contact person:	
ABN:	
Email address:	
Mobile Number:	
Postal Address:	

DETAILS

1.	Farm(s):	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="width: 50%;">Farm Number</th> <th style="width: 50%;">Farm Address</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Farm Number	Farm Address				
Farm Number	Farm Address							
2.	Commencement Date: (Section 1.5)	<p>The Commencement Date will be:</p> <p>(a) 1 July 2026 for new suppliers to Bega; (b) 1 September 2026 for Existing Suppliers; or (c) if you are a new supplier to Bega that starts supplying us under this Agreement after 1 July 2026, the date on which we first pick-up your Milk under this Agreement.</p>						
3.	Expiry Date: (Section 1.5)	<p><i>Please select the Expiry Date of this supply arrangement by checking the relevant box below:</i></p> <p><input type="checkbox"/> 31 August 2027</p> <p><input type="checkbox"/> 31 August 2028</p>						
4.	Basis of Supply and Payment System (Sections 1.2 and 1.3)	<p><i>Please select your preferred supply arrangement by checking the relevant box below:</i></p> <p><input type="checkbox"/> EXCLUSIVE SUPPLY - <i>You agree to exclusively supply us all of the Milk produced at the Farm(s) during the Term, other than Personal Use Milk.</i></p> <p>All Exclusive Suppliers will automatically be paid under the Exclusive Milk Payment System. The Exclusive Milk Payment System offers eligibility to receive the Productivity Incentive, and the New Milk Incentive.</p> <p><input type="checkbox"/> NON-EXCLUSIVE SUPPLY - <i>You agree to supply us some, but not necessarily all, of the Milk from the Farm(s) during the Term</i></p> <p>All Non-Exclusive Suppliers will automatically be paid under the Non-Exclusive Milk Payment System. If you elect to be a Non-Exclusive Supplier, you will not be eligible to receive any incentives for the Milk you supply.</p>						
5.	Relevant Percentage: (Section 2.1)	<p>Is there a Sharefarmer Supplier? If yes, complete the Relevant Percentages of the Supplier and the Sharefarmer Supplier below:</p> <p>Supplier: %</p> <p>Sharefarmer Supplier: %</p>						

6. Monthly Minimum Prices:
(Section 2.1)

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

Month	Exclusive Agreement		Non Exclusive Agreement	
	\$ per Kg Butterfat	\$ per Kg Protein	\$ per Kg Butterfat	\$ per Kg Protein
July 2026	8.030	12.045	7.800	11.705
August 2026	7.810	11.715	7.580	11.375
September 2026	7.350	11.025	7.120	10.685
October 2026	7.350	11.025	7.120	10.685
November 2026	7.350	11.025	7.120	10.685
December 2026	7.730	11.595	7.500	11.255
January 2027	8.350	12.525	8.120	12.185
February 2027	8.350	12.525	8.120	12.185
March 2027	8.610	12.915	8.380	12.575
April 2027	8.610	12.915	8.380	12.575
May 2027	8.250	12.375	8.020	12.035
June 2027	8.250	12.375	8.020	12.035
July 2027	8.030	12.045	7.800	11.705
August 2027	7.810	11.715	7.580	11.375

Month	Exclusive Agreement		Non Exclusive Agreement	
	\$ per Kg Butterfat	\$ per Kg Protein	\$ per Kg Butterfat	\$ per Kg Protein
July 2027	8.030	12.045	7.800	11.705
August 2027	7.810	11.715	7.580	11.375
September 2027	7.350	11.025	7.120	10.685
October 2027	7.350	11.025	7.120	10.685
November 2027	7.350	11.025	7.120	10.685
December 2027	7.730	11.595	7.500	11.255
January 2028	8.350	12.525	8.120	12.185
February 2028	8.350	12.525	8.120	12.185
March 2028	8.610	12.915	8.380	12.575
April 2028	8.610	12.915	8.380	12.575
May 2028	8.250	12.375	8.020	12.035
June 2028	8.250	12.375	8.020	12.035
July 2028	8.030	12.045	7.800	11.705
August 2028	7.810	11.715	7.580	11.375

If Milk supplied under this Agreement fails to meet the Quality Standards or the Dumping Policy is applied, we will make Quality Deductions from your monthly payment in accordance with section 2.8.

7. **Exclusive Suppliers only:**
Productivity Incentive:
(Section 2.4)

Productivity Incentive rates (exclusive of GST)

The Productivity Incentive is paid to eligible Exclusive Suppliers where their monthly production of Milk Solids exceeds 5,000 kg of Milk Solids.

The Productivity Incentive rate is determined on the basis of \$0.02/kg MS per 1,000 kg MS accepted from you for the relevant month. The maximum Productivity Incentive rate is \$0.42/kg MS

For example: If you supply 10,433 kg of Milk Solids to us in a month:

$$\text{Productivity Incentive rate: } 10,433 \div 1,000 \times \$0.02 = \$0.21^{\wedge}$$

$$\text{Productivity Incentive payment: } \$0.21 \times 10,433 = \$2,176.95$$

For illustrative purposes only, the table below sets out the Productivity Incentive rates that apply at various levels of monthly production of Milk Solids:

Total monthly kgs Milk Solids	Productivity Incentive Rate (per kg MS)**	Cpl*	Productivity Incentive Payment (\$) **	Total monthly kgs Milk Solids	Productivity Incentive Rate (per kg MS)**	Cpl*	Productivity Incentive Payment (\$) **
5,000	0.10	0.7	500	20,000	0.40	2.9	8,000
6,000	0.12	0.9	720	21,000	0.42	3.0	8,820
7,000	0.14	1.0	980	22,000	0.42	3.0	9,240
8,000	0.16	1.2	1,280	23,000	0.42	3.0	9,660
9,000	0.18	1.3	1,620	24,000	0.42	3.0	10,080
10,000	0.20	1.4	2,000	25,000	0.42	3.0	10,500
11,000	0.22	1.6	2,420	26,000	0.42	3.0	10,920
12,000	0.24	1.7	2,880	27,000	0.42	3.0	11,340
13,000	0.26	1.9	3,380	28,000	0.42	3.0	11,760
14,000	0.28	2.0	3,920	29,000	0.42	3.0	12,180
15,000	0.30	2.1	4,500	30,000	0.42	3.0	12,600
16,000	0.32	2.3	5,120	31,000	0.42	3.0	13,020
17,000	0.34	2.4	5,780	32,000	0.42	3.0	13,440
18,000	0.36	2.6	6,480	33,000	0.42	3.0	13,860
19,000	0.38	2.7	7,220	34,000	0.42	3.0	14,280

* The cents per litre rate assumes total Milk Solids of 7.2%, comprised of 4% butterfat 3.2% protein.

** The actual Productivity Incentive rate you will be paid may vary from the information in the above table depending on your actual total Milk Solids for the month.

^ Rounded for illustration purposes

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

The New Milk Incentive rate is \$0.82 per kg butterfat and \$1.23 per kg protein on all Milk accepted by us during each of the four relevant months over and above the New Milk Baseline.

The relevant four months in each Financial Year of the Term are: May, June, July and August.

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

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

Baseline Month	Butterfat (kgs)	Protein (kgs)
Jul-25		
Aug-25		
May-26		
Jun-26		

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

10 Fees for Services:
(Section 2.6)

The Fees for Services provided by us to you which are applicable during the Term comprise those set out in the table below:

Fee	Rate				
Stop Fee	<p>No Stop Fee is payable for the first stop in a 24 hour period.</p> <p>A Stop Fee is payable by the Supplier 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.</p> <p>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>Where a Stop Fee is payable, the Supplier will be charged \$50 per stop.</p> <p>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>				
Minimum Collection Fee	<p>If you do not meet our minimum collection of 75 kg MS (approximately 1000 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"> <thead> <tr> <th>Kg MS on a skip a day basis</th> <th>Minimum Collection Fee (per collection)</th> </tr> </thead> <tbody> <tr> <td>< 75kg MS</td> <td>\$50</td> </tr> </tbody> </table> <p>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 7.10.</p>	Kg MS on a skip a day basis	Minimum Collection Fee (per collection)	< 75kg MS	\$50
Kg MS on a skip a day basis	Minimum Collection Fee (per collection)				
< 75kg MS	\$50				

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

<p>Signed by the Supplier by an authorised representative</p>	<p>_____ Signature of authorised representative</p> <p>_____ Role or Office held</p> <p>_____ Date signed</p>
<p>Signed for and on behalf of the Sharefarmer by the Sharefarmer or an authorised representative:</p>	<p>_____ Signature of authorised representative</p> <p>_____ Role or Office held</p> <p>_____ Date signed</p>
<p>Signed for and on behalf of Bega Cheese Limited by an authorised representative:</p>	<p>_____ Signature of authorised representative</p> <p>_____ Role or Office held</p> <p>_____ Date signed</p>

1. Milk Supply

1.1 Agreement to supply milk

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

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

1.2 Exclusive Supply

If you are an Exclusive Supplier, you agree to:

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

1.3 Non-Exclusive Supply

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

1.4 Our Right to Acquire Milk

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

1.5 Term of milk supply agreement

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

1.6 Cooling-off period

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

1.7 Special Conditions

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

2. Milk Pricing

2.1 Monthly Minimum Prices

During the Term, we will pay you the Monthly Minimum Prices set out in **Item 6** of the Details for Milk supplied to us. 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 2.6 and the

Industry Fees set out in section 2.7, where applicable.

If Milk supplied under this Agreement fails to meet the requirements of this Agreement, we will also make further deductions from the monthly payments made to you in accordance with section 2.8.

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

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

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

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

2.5 New Milk Incentive – Exclusive Suppliers only

Exclusive Suppliers are eligible to receive a New Milk Incentive if they satisfy the requirements set out in this section 2.5. Non-Exclusive Suppliers are not entitled to a New Milk Incentive.

If you are able to increase either or both of the butterfat and protein in the Milk accepted by us during any of the four specified calculation months identified in **Item 8** of the Details in each Financial Year of 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 of the four relevant calculation months in each Financial Year of the Term over and above the New Milk Baseline months.

If you are a new supplier to us, the New Milk Baseline applicable for the purpose of calculating the New Milk Incentive in respect of the four months in the first Financial Year 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 those particular months. 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 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 10** of the Details.

2.7 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.

2.8 Quality Deductions and other Consequences

If you:

- (a) do not supply Milk that complies with the Quality Standards: or
- (b) the Dumping Policy applies,

we will charge you Quality Deductions or implement other consequences in accordance with section 6 of this Agreement..

2.9 Milk Price Adjustments

(a) Step-Ups

Provided that you have complied with all of your obligations under this Agreement, you will be eligible to receive any Step-Ups that we notify you of in writing.

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 notice to you of a Step-Up, 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. 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 determined in accordance with this Agreement 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 on our request in the event an RCTI is not issued for any reason. 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) if, at any time during the Term, you become required to register for GST, you will be registered for GST in accordance with the GST Law;
- (c) we may issue RCTIs in respect of the supplies we make made under this Agreement in accordance with section 3.3;
- (d) you must not issue Tax Invoices in respect of supplies under this Agreement for which an RCTI is issued; and
- (e) 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 75 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 10 of the Details, Minimum Collection Fees set out in Item 10 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 75 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 75 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 access to allow an easy entrance and exit for our contracted tankers to and from the Farm(s) and efficient collection of the Milk from the Farm(s);
- (d) comply with all applicable laws, regulations and mandatory codes, including but not limited to those in relation to work health and safety, employment and workplace relations, modern slavery, environmental management, waste management and animal welfare;
- (e) comply at all times with the Bega Group Farm Quality Assurance Program and permit reviews and audits of such compliance in accordance with section 6.6(b);
- (f) 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
- (g) 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 or Quality Procedures;
 - (iv) a Quality Review may be conducted as described in Section 6.4(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

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

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

we will reject the Milk by providing written notice to you specifying the reasons for the rejection 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:

- (c) in the case of the first dump during each Financial Year of the Term – 10% of the Monthly Minimum Price (including any applicable Step-Ups) for each kilogram of affected Milk Solids;
- (d) 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
- (e) 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 Financial Year that section 6.4(a) or 6.4(b) applies, we will not pay for the Milk.

6.5 Notification of Breach of Quality Standards

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

- (a) **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;

- (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 Farmer Portal Access page as soon as they are available. Access to the web page is via the link on the Bega Home Page at <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 Procedures 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 Procedures;
- (iii) you commit a material breach of any of those matters set out in section 5.1, which is not rectified within such reasonable time for rectification as is notified by us to you; or
- (iv) the Farm(s) otherwise pose an unacceptable and ongoing health, safety, environmental or quality risk that may affect the proper performance of this Agreement.

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

6.7 Testing of Milk

Testing against the Quality Standards will be conducted by a 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 wish to terminate this Agreement before the Expiry Date, you may terminate this Agreement with effect on:
 - (i) if the Expiry Date is 31 August 2027, any day during the period 1 July 2027 to 31 August 2027; or
 - (ii) if the Expiry Date is 31 August 2028, any day during the period 1 July 2028 to 31 August 2028,provided you give us at least 30 days' prior written notice of any such termination.
- (d) If you have elected to supply Milk to us as a Non-Exclusive Supplier, you may also

terminate this Agreement at any time without cause by providing written notice to us, effective 30 days after payment to us of any amounts you owe us.

- (e) In order to terminate this Agreement in accordance with this section, the terminating party must provide the other party with written notice of:
 - (i) the termination;
 - (ii) the reason for the termination; and
 - (iii) the day the termination takes effect.
- (f) If there is a Sharefarmer Supplier under this Agreement, both you and the Sharefarmer Supplier must exercise your rights under sections 7.1(a), 7.1(b) 7.1(c) and 7.1(d) acting jointly.

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, and 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

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.

BMCC/ SCC means bulk milk cell count.

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

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

Business Type means the type of legal entity that you have used to enter into this Agreement. Your legal entity may include one of the following entity types 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.

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.

EU means the European Union

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

Existing Supplier means an existing supplier to Bega with a milk supply agreement that expires on 31 August 2026.

Expiry Date means the date selected by you set out in **Item 3** of the Details for expiry of this Agreement.

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 2.6

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 Specification.

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

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

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

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

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

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 2.7.

Milk means bovine milk supplied and accepted under this Agreement.

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 10 of the Details and in accordance with section 2.6.

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).

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 6 Milk.

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 (QAP) 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 in accordance with section 6 and Appendix A.

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

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

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

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

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

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

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 procedure set out in Part 4 of Appendix.

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

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

Specification means Milk supplied under this Agreement that has:

- (a) a Bactoscan of less than or equal to 70,000 IBC/mL; and
- (b) Somatic Cell Count of less than 200,000 cells/ml.

Step-Up means an additional payment (if any) for the Milk you supply paid in accordance with section 2.9(a).

Step-Down means a reduction of the Monthly Minimum Prices payable for the Milk you supply in accordance with section 2.9(b).

Stop Fee means the fee (if any) charged by Bega for picking up your Milk at the rate set out in **Item 10** of the Details and in accordance with section 2.6.

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 and Quality Deductions

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

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

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

A) Quality Standards Table – Part 2

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

B) Quality Deductions Table – Part 2A

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

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

C) Quality Procedures – Part 3

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

Part 2: Quality Standards Table

	A	B	C	D
	TARGET	CONTROL LIMITS	TEST METHOD	MINIMUM TEST FREQUENCY
MICROBIOLOGICAL				
Bactoscan	≤70,000 IBC/mL	≤ 265,000 IBC/mL	Bactoscan	Once every Quality Assessment Period (Refer to Part 2A for further information about how test results are applied to Milk supplied in each Quality Assessment Period)
Somatic Cell Count (SCC) or BMCC	<200,000 cells/mL	<400,000 cells/mL	IR method (Combifoss)	Every delivery (Refer to Part 2A for further information about how test results are applied to Milk supplied in each Quality Assessment Period)
Thermoduric bacteria	<2,000 cfu/mL	<5,000 cfu/mL	AS 5013.28	Once per Quality Assessment Period
CHEMICAL				
Protein (True)	3.25% m/v	min 3.0% m/v	IR method (Combifoss)	Every delivery
Butterfat	3.8% m/v	min 3.2% m/v	IR method (Combifoss)	Every delivery
Antibiotics and Inhibitory Substances	Not detected	Not detected	Australian regulator approved testing methods for maximum residue limits by substance set out in the FSANZ Code	Every delivery
PHYSICAL				
Temperature	1–4°C	1-5°C	Tanker digital thermometer – calibrated by AS method	Every delivery/Every vat
Acidity	<0.12%	< 0.15%	Titrateable Acidity test method and or approved internal method (equivalent to AS 2300)	Every delivery
Sensory and Appearance	White to cream in appearance, free from foreign matter, taints and coagulation	White to cream in appearance, free from foreign matter, taints and coagulation	Smell and visual test prior to pumping tanker	Every delivery/ Every vat

pH	>6.6	>6.6 and < 6.8	AS 2300.1.6-2010	As required
Foreign Matter (Sediment)	Disc 1	Disc 2 minimum	Sediment Lintine disc test or approved internal method (AS 2300, 1.7-1990)	As required
Freezing point	-0.512 °C	<-0.517 °C	Freezing point depression test – AS 2300.2.5	As required

Milk 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 2A – Quality Deductions Table

The BMCC/SCC and Bactoscan results applicable to Milk supplied during each Quality Assessment Period (QAP) will be determined on the following basis:

- **BMCC/SCC:** A BMCC/SCC test is taken in respect of each delivery during a QAP and a weighted average BMSCC/SCC result is calculated for that QAP (SCC WAR). The SCC WAR is applied to all your Milk supplied to Bega during that QAP, except that the highest SCC WAR in any calendar month will be replaced with the average of the other two SCC WARs applicable in that month.
- **Bactoscan:** A Bactoscan test is taken once during each QAP and that result is applied to each delivery of Milk by you during that QAP, except that:
 - Bactoscan is re-tested if the initial Bactoscan result is greater than 70,000 IBC/ml. If the re-test Bactoscan result is lower than the first Bactoscan test result, the lower Bactoscan result will be applied to all Milk supplied during the relevant QAP; and
 - the highest Bactoscan result in any calendar month will be replaced with the average of the other two Bactoscan results applicable in that month.

Once the BMCC/SCC and Bactoscan results for a QAP have been determined, the Quality Deductions will then be calculated and applied to all Milk supplied during that QAP in accordance with the following table.

Quality Deduction Table by Milk Grade*							
		Bactoscan (IBC/ mL)^					
		≤70,000	71,000-98,000	99,000 -125,000	126,000-173,000	174,000 -265,000	>265,000
BMCC/SCC – (cells/mL)	<200,000	1	2	3	4	5	6
	200,001 to 250,000	2	3	3	4	5	6
	250,001 to 300,000	3	3	4	4	5	6
	300,001 to 350,000	4	4	4	5	5	6
	350,001 to 400,000	5	5	5	5	6	6
	> 400,000	6	6	6	6	6	6
* The numbers identified in the above section of the Quality Deduction Table indicate the relevant grade number of the Milk supply within that Bactoscan and BMCC/SCC range. For example, the number “2” in the table indicates that Milk within such range would be referred to as Grade 2 Milk, and the percentage adjustment for Quality Deduction for Grade 2 Milk in the below section of the table would be applied. ^Bactoscan results are rounded to the nearest 1,000 IBC/ml.							
% Adjustment for Quality Deduction		Grade 1 Milk	Grade 2 Milk	Grade 3 Milk	Grade 4 Milk	Grade 5 Milk	Grade 6 Milk
		0%	-1.5%	-4.5%	-6.5%	-15%	-30%

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

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

1. BMCC/SCC

- We may suspend collection of your Milk under this Agreement where:
 - the BMCC/ SCC result in respect of one or more deliveries of Milk in a Quality Assessment Period is greater than 600,000 cells/mL and this occurs for more than two consecutive Quality Assessment Periods. In this case, we may suspend supply from your Farm with 48 hours' notice;
 - the BMCC/SCC result in respect of one or more deliveries of Milk in a Quality Assessment Period is greater than 400,000 cells/mL and this occurs for five or more consecutive Quality Assessment Periods; or
 - the BMCC/SCC Geometric Mean is greater than or equal to 400,000 cells/mL and corrective action in accordance with EU requirements has not occurred
 - We will notify you prior to commencing any period of suspension.
 - If collection of Milk is suspended, the Resupply Procedure will apply.

2. Bactoscan

- We may suspend collection of your Milk under this Agreement where:
 - the Bactoscan result is greater than 464,000 IBC/mL for more than two consecutive Quality Assessment Periods. In this case, we may suspend supply from your Farm with 48 hours' notice;
 - the Bactoscan result is above 265,000 IBC/mL for five or more consecutive Quality Assessment Periods; or
 - the Bactoscan Geometric Mean is equal to or greater than 464,000 IBC/mL for 8 weeks and corrective action in accordance with EU requirements has not occurred.
- We will notify you prior to commencing any period of suspension.
- If collection of Milk is suspended, the Resupply Procedure will apply.

3. Thermotolerant Bacteria

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

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

4. Milk Solids (Fat and Protein %)

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

5. Antibiotics, inhibitory substances and contaminants

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

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

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

- In the event that the control limits set out in the Quality Standards Table are not met for Temperature, Acidity, Sensory, pH, Sediment, Freezing Point parameters, you will be contacted directly by a Bega representative to discuss remedial action to resolve the issue in the first instance.
- If sufficient remedial action has not been implemented within an agreed timeframe, we may act under section 6.6(d), 6.2 or 6.3 of this Agreement, as applicable, which may include suspension of collection or rejection of Milk.

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

Part 4: Resupply Procedure

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

1. BMCC/ SCC

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

2. 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 265,000 IBC/mL.
- Samples must be presented to a testing facility approved by Bega. If the test results are 265,000 ICU/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 5 Milk set out in Part 2A - Quality Deductions 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.

3. Antibiotics/Inhibitory Substances/ Contaminants

- A sample of the next milking must test negative for antibiotics/inhibitory substances to enable resupply. Collections will not recommence until Milk has tested negative.
- Samples must be presented to a testing company approved by Bega.

- Note seasonal calving herds should present a sample for testing prior to recommencing supply. Sample must test negative for antibiotics/inhibitory substances/ contaminants before collections will recommence.

4. Generally

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

APPENDIX B
SPECIAL CONDITIONS