FRESTINE MILK SUPPLY AGREEMENT

THIS AGREEMENT is made on _____

BETWEEN:

Frestine Dairy Australia Pty Ltd (FDA) ABN: 40 641 142 485 (referred to in this agreement as “FDA”, “we”, “us” or “our”);

and

<INSERT FARMERS LEGAL NAME> A.B.N <INSERT IF APPLICABLE> (referred to in this agreement as “Farmer”, “you” or “your”).

By entering into this agreement, you agree to sell, and we agree to purchase, the Agreed Volume of Milk Produced at Your Dairy in accordance with this agreement (each with the details set out in Schedules 1 of this agreement)

SIGNED as an agreement

EXECUTED by Frestine Dairy Australia Pty Ltd

.....
Signature (Authorised Representative)

.....
Print name

.....
Position

……..
Date

EXECUTED by <INSERT>

.....
Signature (Director)

.....
Print name

……..
Date

.....
Signature (Director)

.....
Print name

……..
Date

Party Details

Milk Supplier	
Business Name or Entity	<INSERT>
ABN	<INSERT>
Individual Milk Supplier Names	<INSERT>
	<INSERT>
Address for service of notices	<INSERT>
Bank Account Details for ETF Purposes	<INSERT>
Address of Dairy Premises	<INSERT>
Dairy Licence Number	<INSERT>
Farm Vat size	<INSERT>
Milk Buyer:	
Name	Frestine Dairy Australia Pty Ltd
ABN	40 641 142 485
Address for Services of Notices	International Tower 3 - Level 38 300 Barangaroo Avenue Sydney – 2000, NSW Australia
Contact Details	Email: john.b@frestine.com Attention: John Best
Field Service Representative	
Field Services Representative	Milk2Market
Contact Number	1300 645 526
Email	contact@milk2market.com.au
Address	307/91 Murphy Street Richmond VIC 3121
Responsibilities	Without limiting the responsibilities that we may allocate to FDA's Field Services Representative in its absolute discretion, the Field Services Representative will: – Provide Farm Quality Assurance and HACCP Programmes for implementation at the Farmer's cost. – Audit the Farmer's compliance with Quality Assurance and HACCP Programmes – Support the Milk collection and testing processes
Complaints Handling Officer	
Contact Name	John Best
Address	International Tower 3 - Level 38 300 Barangaroo Avenue Sydney – 2000, NSW Australia
Email	john.b@frestine.com

Summary of Key Terms

A summary of the key commercial terms of this agreement is as follows, although the summary should be read together with the other terms of this agreement:

Section A What will you supply?

Agreed Volume of Milk Produced at Your Dairy	The annual volume of raw Milk set out in Schedule 4 must be supplied by You and purchased by Us in accordance with the terms of this Agreement. Annual estimated volume <**INSERT**>
Dairy	Milk from the dairy situated at <**INSERT**>
Specifications	The Milk will meet or exceed the minimum specifications set out in Schedule 3. Milk supplied outside the specification Control Limit may not be accepted / purchased.
Type of Milk Supply Agreement	This Milk Supply Agreement (MSA) is NON-EXCLUSIVE. You are under no obligation to supply us all Milk from your Dairy during the Supply Period

Section B How much will you be paid?

Milk Price and Minimum Price	We will pay you the Milk Price in accordance with the Milk Price structure as set out in Schedule 5 for the supply of Milk to us. For the avoidance of doubt, the Milk Price as set out in Schedule 5 represents the Minimum Price you will be paid for the relevant Year. See also the statement of justification of Minimum Price in Schedule 5.
Payment Period	Each calendar month.
Payment terms	On or before 15 days of the end of the Payment Period to which the relevant invoice relates.
GST and invoicing	The Milk Price payable under this agreement is GST exclusive. We will provide a tax invoice to you which includes GST at the end of each Payment Period.

Section C Where and when must you supply?

Delivery Interval	Daily, “skip a day” or at such other frequency as mutually agreed.
Delivery place	At the Dairy. You are to provide safe all-weather access to the Dairy to enable collection.
Collection	We are responsible for the collection of all the specific or estimated volume Litres of Milk from the Dairy. We will sample that Milk at collection. Testing will be conducted within 24 hours from pick-up
Ownership	Ownership and risk of loss or damage to the Milk will pass from you to us upon collection.

Section D What is the length of our agreement?

Commencement Date	<INSERT COMMENCEMENT DATE>
End Date	<INSERT END DATE> unless ended earlier in accordance with this agreement.

Cooling-off period	You may terminate this agreement with immediate effect without incurring any liability to FDA by giving written notice of termination to FDA during the period that starts on the day this agreement is executed by both parties and ending 14 days later.
Variation	We may change this agreement if required by the law, to the extent necessary. You and Us may agree in writing or by written offer and written acceptance to change this agreement as long as it is compliant with the Dairy Code.
Termination	Either party may terminate this agreement for Fundamental Breach in accordance with clause 12.1. We may also terminate this agreement in accordance with clause 14.3 (Non-compliance). If we implement a Unilateral Prospective Stepdown (which we will only do where permitted under the Dairy Code) you have the right to terminate this agreement in accordance with 11.2(b).

Section E What are our other key obligations

Conditions	You must comply with our Milk Supply Policy set out in Schedule 1.
Insurance	You must maintain to our satisfaction comprehensive insurance policies including for public liability (for a minimum $10 million) and workers compensation (if applicable).
Governing law	Our agreement is governed by the laws of Victoria

Summary Details from Schedules

Estimated Volume	<INSERT > Litres	FAT < INSERT > %	Protein < INSERT > %

Minimum Milk Price

The Minimum Price is based on the supply of grade 1 quality milk and is the minimum monthly butterfat and protein price paid in each month for the 2021/22 season.

For the supply of Grade 1 quality milk, the overall **opening minimum price is $6.80 per kilogram Milk Solids.**

This price is based on butterfat and protein at a ratio of 1:2 and reference milk solids of 4.0% butterfat and 3.2% protein

Payments to Suppliers are made in terms of $ per kilogram of fat and $ per kilogram of protein and paid as at the Commencement Date of this Agreement is as follows:

For the 2021/22 Milk Year	Opening minimum price
Butterfat	**$4.71 per kilogram**
Protein	**$9.42 per kilogram**

General Terms

1 Parts of this agreement

1.1 Parts of this agreement

This agreement is made up of the following parts:

(a) Contract Details;

(b) General Terms; and

(c) Schedule(s) 1 – 7 attached to the General Terms.

If there is an inconsistency between the parts of this agreement, the part listed earlier prevails to the extent of the inconsistency.

1.2 Compliance with the Dairy Code

(a) 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.

(b) If any part or whole of one or more of the 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 in this agreement will not be affected, prejudiced or impaired.

Section A – What will you supply?

2 General obligations to supply and purchase

2.1 What is your general obligation to supply?

You agree to:

(a) sell to us the Agreed Volume of Milk Produced at Your Dairy (as modified in accordance with clause 3) of Milk during the Contract Term in accordance with this agreement; and

(b) comply with our reasonable directions in the performance of your obligations under this agreement.

2.2 What is our general obligation to purchase?

(a) We agree to purchase all Agreed Volume of Milk Produced at Your Dairy (as modified in accordance with clause 3) during the Contract Term in accordance with this agreement; and

(b) pay you the Milk Price for Milk pursuant to clause 5 (Payment and Invoicing).

3 Specific supply obligations

3.1 Volume accuracy assurances

The volume accuracy is managed by the milk collection transport companies who are required to maintain the accuracy of their metres. The milk composition and quality parameters are tested by an accredited laboratory.

3.2 Updating the Estimated Volume

(a) Each Quarter you are required to provide us with an updated Estimated Volume of Milk.

(b) If you believe, from your quarterly volume review, that your updated Estimated Volume of Milk will increase or decrease by more than 10% of the initial Estimated Volume of Milk set out in Schedule 4 you are required to meet with us, so we can determine if the over / under supply will be ongoing.

(c) Where you wish to make a substantial change to your operation by more than 20% in volume through acquiring an additional farm or adjusting your herd size you are required to contact FDA to gain agreement that FDA is able to process the extra milk volume. If FDA is not able to take the extra milk volume from the change in your operation during the current season FDA will discuss options for managing the proposed change.

3.3 Notification of Changes to Initial Estimated Volume of Milk

(a) To assist FDA to plan for receipt of your Milk, if you believe you will not

be able to supply at least 90% of the initial Estimated Volume of Milk set out in Schedule 4 in any calendar month, you must advise us (or our Representative) of the fact and amount of the likely short supply as soon as you form such belief.

(b) Similarly, if you believe you will supply over the initial Estimated Volume of Milk set out in Schedule 4 by more than 10% (i.e., 110% of Specific Volume) in any calendar month, you must advise us (or our Representative) of the fact and amount of the likely over supply as soon as you form such belief.

3.4 Meeting the Specifications

(a) Schedule 3 sets out the minimum Specifications required for the supply of Milk to us. You agree to meet or exceed the minimum Specifications in the provision of all Litres of Milk.

(b) Schedule 3 also sets out the Control Limits for supply of Milk to us. You agree not to supply any milk that does not meet the Control Limits.

(c) If you believe you will not be able to supply the Milk at or better than the minimum Specifications for a particular delivery, you will advise us (or our Representative) of the likely specification problem as soon as you form such belief. Where you supply Milk for collection by us at the Dairy for a particular delivery that does not meet the minimum Specifications but meets the Control Limits ("**Failed Milk**") on:

(i) 5 consecutive milk collections; or

(ii) 10 individual milk collections in a 6-month period,

you will trigger a "**Failed Milk Corrective Action**" event.

(d) For any "Failed Milk Corrective Action" event you are required, within 5 working days of being notified, to:

(i) conduct further investigations into the causes of the Failed Milk and report back to us; and

(ii) take whatever other action we deem reasonably necessary in order to mitigate the risk of a re-occurrence of those causes.

Until you satisfy us that the causes of the Failed Milk have been rectified, we shall not be liable to accept Milk from you.

(e) If you have 3 "Failed Milk Corrective Action" events in any 12 month period or you do not comply with the requirements of any single "Failed Milk Corrective Action" event as outlined in clause 3.4(d) then we will meet with you to discuss how to resolve this ongoing failure in good faith.

(f) If you supply any Milk that does not meet the Control Limits or specifications, we have no obligation to purchase that Milk. We may:

(i) deduct certain amounts from the payment for the Milk in accordance with Schedule 3;

(ii) reject the Milk; or

(iii) undertake whatever other reasonable action regarding that Milk, including disposal at your cost.

(g) If milk supplied by you that does not meet the Control Limits results in the contamination of other milk within the FDA pick up / processing system, you will be held responsible for the total volume of milk and the total cost of rectification.

3.5 Rejection of Milk

(a) If we reject the Milk, then we must give written notice to you as soon as practicable after the rejection, including:

(i) the reasons for the rejections; and

(ii) the consequences for you of the rejection, including any fees payable by you for matters arising as a result of the rejection.

(b) If we reject the Milk, then the following conditions apply in addition to clause 3.4(f):

(i) On farm; if milk within the Farmers vat is rejected the Farmer is responsible for disposal of the Milk.

(ii) In tanker; if the Farmer is at fault for contaminating the milk tanker which is subsequently rejected the Farmer is responsible for paying for the full cost of the Milk in the tanker along with Milk disposal cost, freight costs and tanker wash costs.

3.6 You are not liable for Shrinkage

You acknowledge that your obligation is to deliver all Agreed Volume of Milk Produced at Your Dairy to be collected from the Dairy. We acknowledge that you otherwise have no responsibility or liability for Shrinkage that occurs during our collection, transport or delivery of the Milk.

3.7 Testing of Milk

We have the right to test the Milk from time to time, at our own cost, provided that:

(a) we collect the sample of Milk directly from the Dairy and ensure that any relevant tests are conducted within 48 hours of the sample being collected;

(b) all tests will be conducted by an appropriately accredited testing facility.

(c) we shall provide you with any test results on Milk supplied by you as soon as practicable after the Milk is tested.

We may authorise our Representative to test the Milk in accordance with this clause 3.7. You will provide us or our Representative with all reasonable assistance that is required in inspecting and testing the Milk.

3.8 Milk Supply Conditions

You agree to have read and understand the Milk Supply Policy (Schedule 1) which may be amended in accordance with clause 11.3(b) (Changes together by you and us).

3.9 Written statements about Milk

(a) We will give written statements about your Milk to you each month. The written statements will include:

(i) The value of the milk;

(ii) The volume of the milk;

(iii) Quality adjustments; and

(iv) Levies.

Section B – How much will you be paid?

4 Milk Price and Taxes

4.1 Milk Price

(a) We will pay you the Milk Price in accordance with the Milk Price structure as set out in Schedule 5 for the supply of Milk to us.

(b) For the avoidance of doubt, the opening Milk Price as set out in Schedule 5 represents the Minimum Price you will be paid for the relevant Year.

(c) The Minimum Price may only be varied in accordance with Clause 11 (Can we change our agreement?). If a variation under that clause reduces the Minimum Price, the reduction will not operate as a Retrospective Stepdown.

4.2 GST

The parties agree that:

(a) despite the definition of consideration in the GST law, and unless otherwise expressly stated in this agreement, the Milk Price or other sums payable or consideration to be provided under or in accordance with this agreement are exclusive of GST;

(b) if a party makes a taxable supply under or in connection with this agreement, the other party will pay to the supplier at the same time, and in addition to the GST-exclusive consideration, an amount equal to the GST payable on that supply;

(c) if an adjustment event arises in connection with a supply made under this agreement, the supplier agrees to give the other party an adjustment note in accordance with the GST law;

(d) if this agreement requires one party to pay for, reimburse or contribute to any expense, loss or outgoing suffered or incurred by the other party, the amount required to be paid, reimbursed or contributed by the first party will be reduced by the amount of input tax credits (if any) to which the other party is entitled in respect of the reimbursable expense.

4.3 No additional charges

If this agreement requires you to provide a benefit or do an act, and no additional charges are stated, then this is to be performed as part of the Milk Price.

4.4 No other amounts payable

Other than payment of the relevant amounts under this clause 4 (Milk Price and Taxes), there are no other amounts payable by us under this agreement.

5 Payment and invoicing

5.1 Payment by us

(a) We will pay to you the undisputed payments for all purchases of Milk made by us during each monthly supply period of the Contract Term on or before 15 days after the end of the calendar month to which that invoice relates.

(b) We will deduct from payments due and payable to you pursuant to this clause all Levies.

5.2 Recipient Created Tax Invoice for Milk Price

We agree to:

(a) provide a recipient created Tax Invoice which complies with the requirements of the GST Act or the GST law (as applicable); and

(b) provide copies of the recipient created Tax Invoice to you at the end of each Payment Period.

5.3 Acknowledgements

(a) So that we can issue an invoice which is a recipient created Tax Invoice, the parties agree that:

(i) we can issue tax invoices in respect of a supply under this agreement;

(ii) you will not issue tax invoices in respect of a supply under this agreement;

(iii) you acknowledge that you are registered for GST when you enter into this agreement and that you

will notify us if you cease to be registered; and

(iv) we acknowledge that we are registered for GST when we enter into this agreement and that we will notify you if we cease to be registered or if we cease to satisfy any of the requirements for us to issue a recipient created Tax Invoice.

(b) Within 14 days of becoming aware of an adjustment event occurring in relation to a taxable supply under the agreement for which a recipient created Tax Invoice has previously been issued, we will issue an adjustment note.

5.4 Where an invoice is in dispute

You may not suspend, cancel or withdraw the provision of Milk in whole or in part as a result of any disputed invoice.

Section C – Where and when must you supply?

6 Delivery and Collection

6.1 You are responsible for delivery to the Dairy

You will ensure that the Milk is available for collection from the Dairy and provide safe all-weather access to the Dairy to enable us or our Representative to collect the Milk.

6.2 We are responsible for collection from the Dairy

(a) We are responsible for the collection of all Milk purchased from you from the Dairy and for the delivery of that Milk to the processor of our choice. We will have regard to your reasonable instructions and requirements when arranging collection of Milk purchased from you.

(b) We may authorise our Representative to collect the Milk in accordance with this clause 6.2.

7 Timing for delivery

7.1 When must you deliver?

Subject to this clause 7, you will provide all Agreed Volume of Milk Produced at Your Dairy in accordance with the Delivery Intervals.

7.2 What if you cannot deliver on time?

As soon as it becomes apparent to you that you will not be able to comply with the Delivery Intervals, you will notify us of the details of the possible delay, the cause of such delay and the period of any requested extension.

7.3 Will we grant you an extension of time?

We will make all endeavours to meet your request but retain the right at our absolute discretion, to reject or agree to the extension requested by you under clause 7.2, subject to any obligations under the Dairy Code.

7.4 What if you cannot deliver due to a natural disaster?

(a) Notwithstanding clauses 7.2 and 7.3, if you are unable to provide all Agreed Volume of Milk Produced At Your Dairy to us in accordance with the Delivery Intervals due to a natural disaster (i.e. severe weather events, fire or disease-related governmental actions or restrictions) ("**Natural Disaster**"), then you agree to notify us of that fact and, subject to clause 7.4(b) below, your affected obligations will be suspended during the period of the Natural Disaster.

(b) Should a Natural Disaster, or any other unforeseen event outside the reasonable control of the affected party, occur that prevents either party from performing any of its obligations under this agreement, then:

(i) the affected party will:

(A) give the other party prompt notice of the relevant event and the probable extent to which it will be unable to perform its obligations; and

(B) take all steps as are reasonably necessary to remedy the effect of the relevant event as quickly as possible; and

(ii) the affected obligations will be suspended during the period of the Natural Disaster and the parties agree to work together in good faith to develop an interim workaround plan of supply or otherwise (to the extent possible).

8 When does title and risk pass to us?

Title in, and risk of loss or damage to, the Milk in any particular delivery passes to us upon our collection of the Milk from the Dairy.

9 Non-Exclusive Supply Agreement conditions

9.1 Volume of Milk Supply

This is a Non-Exclusive Supply Agreement with an annual fixed volume of Milk to be supplied under this agreement is outlined in Schedule 4.

Section D – What is the length of our agreement?

10 Duration of this agreement

10.1 Contract Term

This agreement commences on the Commencement Date and continues until the End Date.
or otherwise brought to an end earlier in accordance with this agreement ("**Contract Term**").

11 Can we change our agreement?

11.1 Changes in law

If there is a change in a Commonwealth, State or Territory law, then we may unilaterally change this agreement:

(a) only to the extent necessary to comply with the changed law; and

(b) without reducing the Minimum Price.

11.2 Unilateral Prospective Stepdowns

(a) We will not implement a Unilateral Prospective Stepdown of the Minimum Price unless in accordance with section 28(1) of the Dairy Code and only on the occurrence of exceptional circumstances.

(b) If we implement a Unilateral Prospective Stepdown in accordance with clause 11.2(a) above, you have the right to terminate this agreement within 21 days of receipt of a notice informing you of the Unilateral Prospective Stepdown. Such termination will be effective from the date on which the Unilateral Prospective Stepdown is specified in our notice to take effect.

11.3 Mutual change

(a) Subject to clause 11.1, this agreement may only be changed by further agreement in writing between the us and you and be accepted by either by signature of both parties, or a written notice of offer and a written notice of acceptance.

(b) If we wish to change our Milk Supply Conditions, we will notify you and discuss whether, and the terms and conditions on which you are willing to supply Milk in accordance with our request. Any changes to our Milk Supply Conditions, and the terms and conditions applying to such changes, must be made in writing. A minimum notice period of 3 months will apply, unless the required change is considered business critical.

11.4 Written notice

If we unilaterally change this agreement under clause **Error! Reference source not found.**, then we must as soon as practicable after the change, provide you with:

(a) the change; and

(b) written notice of:

(i) the reason for the change; and

(ii) the day the change takes effect.

11.5 Compliance with Dairy Code

All changes to this agreement must comply with the Dairy Code and must be in writing. If parts of a variation are noncompliant with the Dairy Code, those parts will be severed from the variation, to the extent of the noncompliance, and the validity, existence, legality and enforceability of the remaining parts will not in this agreement any way be affected, prejudiced or impaired.

12 Can this agreement be brought to an early end?

12.1 Mutual early end

Either party may bring this agreement to an end in whole or in part immediately by written notice to the other party if the other party commits a Fundamental Breach.

12.2 By us with cause

We may terminate this agreement in accordance with clause 14.3(vi).

12.3 Cooling-off period

You may terminate this agreement with immediate effect without incurring any liability to FDA by providing written notice of termination to FDA during the period that starts on the day this agreement is executed by both parties and ending 14 days later. For the avoidance of doubt, this clause does not allow you to terminate this agreement in response to any variation of this agreement.

12.4 Written notice

If one of us (**first party**) brings this agreement to an end, then the first party must give to the other party as soon as practicable:

(a) the termination; and

(b) written notice of:

(i) the reason for the termination; and

(ii) the day the termination takes effect.

13 Responsibilities at end or expiry of agreement

13.1 Agreement continues until the end or expiry of agreement happens

To avoid doubt, if the agreement is terminated (including during a cooling-off period or in response to a Unilateral Prospective Stepdown), the agreement continues to apply to Milk supplied under the agreement before the termination takes effect.

13.2 Payments upon ending or expiry of agreement

Upon this agreement coming to an end or expiry of this agreement for any reason:

(a) you agree to reimburse us for any amounts paid by us for any Milk which has not been provided to us in accordance with the terms of this agreement; and

(b) we agree to pay you all amounts that are due and owing to you up to the date on which this agreement ends, but not any other amounts that would or may be payable if this agreement had continued.

13.3 Other responsibilities

Upon this agreement coming to an end or the expiry of this agreement for any reason:

(a) each party will at its own cost deliver to the other party (and not retain any copies of) the other party's Confidential Information and other property identifiable or designated as the other party's property (including documents, FDA signage, data, records, registers, files, security packets, stationery, cheques and agreements) in the first party's possession or control; and

(b) we may acquire all or part of the of the Milk from another supplier and you agree to do all things, reasonably required to facilitate:

(i) the Milk to be provided by another supplier; and

(ii) an orderly and smooth transition of the provision of the Milk from you to the other supplier.

13.4 What if this agreement ends in part only?

If this agreement comes to an end in part, then:

(a) clauses 13.1 (Payments upon ending or expiry of agreement) and 13.3 (Other responsibilities), will apply in respect of that part that has come to an end only; and

(b) you will continue to perform this agreement in respect of the other parts which have not come to an end.

13.5 What rights survive the ending or expiry of this agreement?

Without limiting the above, clause 4 (Milk Price and Taxes), 5 (Payment and Invoicing), 8 (When does title and risk pass to us?), 13 (Responsibilities at end or expiry of agreement), 15 (Confidentiality), 15 (Warranties), 18 (Indemnity), 19 (Insurance), 21 (Governing

law), 24 (General) and any other clause intended to survive the ending or expiry of this agreement will continue in effect after the ending or expiry of this agreement.

Section E – What are your and our other obligations?

14 Our Policies

14.1 You must notify us of accidents and incidents

If you become aware of an accident or incident which may adversely affect the provision of the Milk, you will at the same time or as soon as practicable thereafter notify us of the accident or incident.

14.2 General notice

(a) You will promptly notify us of any accident, injury, property or environmental damage that occurs during the provision of the Milk. All lost time incidents must be immediately notified to us.

(b) Within 5 Business Days of any such incident, you will provide us with a report giving complete details of the incident, including results of investigations into its cause, and any recommendations or strategies for future prevention.

14.3 Non-compliance

(a) If we inform you in writing that you or your Representatives are:

(i) not providing the Milk in compliance with the Relevant Law or the Specifications;

(ii) conducting the work in such a way as to endanger the health and safety of your or our representatives, employees, subcontractors' employees, plant, equipment or materials; or

(iii) conducting the work in such a way that is not in accordance with the spirit of Industry Animal Welfare practices,

then:

(iv) you will promptly remedy the non-compliance;

(v) we may, but have no obligation to, direct that all or any supply of Milk be suspended until the breach is remedied; and

(vi) if the non-compliance is not remedied, we will be entitled to exercise our rights and terminate this agreement by 90 days' notice to you whether or not we have elected to suspend the supply of Milk.

(b) If we elect to suspend a supply of Milk, during any period of suspension, we will not be required to make any payment to you for the suspended supply.

14.4 Signage

During the Contract Term you agree to prominently display any FDA signage supplied to you by FDA or our Representative, including, on your front gate and fencing.

15 Confidentiality

15.1 Treatment of Confidential Information

Each party acknowledges that the Confidential Information of the other party is valuable to the other party. Each party undertakes to keep the Confidential Information of the other party secret and to protect and preserve the confidential nature and secrecy of the Confidential Information of the other party.

15.2 Use of Confidential Information

A Recipient may only use the Confidential Information of the Discloser for the purposes of performing the Recipient's obligations or exercising the Recipient's rights under this agreement.

15.3 Disclosure of Confidential Information

A Recipient may not disclose Confidential Information of the Discloser to any person except:

(a) representatives, legal advisers, auditors, subcontractors and other consultants of the Recipient who require it for the purposes of this agreement;

(b) with the prior written consent of the Discloser;

(c) if the Recipient is required to do so by law or a stock exchange; or

(d) if the Recipient is required to do so in connection with legal proceedings relating to this agreement.

15.4 Disclosure by Recipient

A Recipient disclosing information under clause 15.3(a) or 15.3(b) (Disclosure of Confidential Information) must ensure that persons receiving Confidential Information from it are aware it is Confidential Information and do not disclose the information except in the circumstances permitted in clause 13.3 (Disclosure of Confidential Information).

15.5 Return of Confidential Information

Subject to clause 13.6 (Exceptions), on the Discloser's request, the Recipient must immediately deliver to the Discloser all documents or other materials containing or referring to the Discloser's Confidential Information which are:

(a) in the Recipient's possession, power or control; or

(b) in the possession, power or control of persons who have received Confidential Information from the Recipient under clause 15.3(a) or 15.3(b) (Disclosure of Confidential Information).

15.6 Exceptions

The obligation in clause 13.5 (Return of Confidential Information) does not apply to Confidential Information of the Discloser that the Recipient requires in order to perform its obligations under this agreement or is otherwise entitled to retain.

16 Records

16.1 Record keeping

The parties must keep originals or copies of:

(a) this agreement;

(b) any variations to or termination of this agreement; and

(c) any notices or statements issued under this agreement or the Dairy Code for the period set out in clause 16.2 below.

16.2 Period

A record, or a copy of a record, must be kept for the period:

(a) starting on the day on which the record is made or given; and

(b) ending on the last day of the 6 years beginning on the day this agreement ends.

17 Warranties

You represent and warrant that:

(a) the Dairy will be operated in accordance with the Quality Assurance Program and any Relevant Law;

(b) all Milk supplied to us will:

(i) comply with the Specifications;

(ii) comply with all Relevant Laws and good industry practice;

(iii) be of good quality and fit for purpose; and

(iv) upon title passing to us, be free from any charge or encumbrance (including any Security Interests);

(c) the Milk will not be adulterated, tainted or contaminated in any way at the time it is supplied to us;

(d) at the time of collection by us at the Dairy, you own the Milk and have the right to supply all Milk to us; and

(e) you will provide safe all-weather access to the Dairy to allow a tanker arranged by us to collect Milk from the Dairy.

18 Indemnity

You indemnify us and our Representatives, against all losses, damages, liabilities, claims and expenses (including legal costs) incurred by us or our Representatives, arising out of or in connection with:

(a) any death or injury to persons, and any loss or damage to our Representatives or a third party's real or personal property, caused by any act or omission of you or your Representatives;

(b) any breach of clause 15 (Confidentiality); or

(c) any breach of clause 17 (Warranties).

19 What insurance must you maintain?

(a) You will maintain to our satisfaction, and at your own cost, comprehensive insurance policies in

relation to any liability arising out of this agreement and ensure that your subcontractors have sufficient insurance for the goods and services they will supply in relation to this agreement including:

(i) workers compensation insurance (if applicable); and

(ii) public liability insurance for no less than $10,000,000 per claim.

(b) If a policy is a "claims made" or "claims made and notified" policy, you agree to keep it or a "tail out" policy to our satisfaction in place for three years after the later of termination or expiration of this agreement.

(c) We may request that you produce written evidence of such insurances at any time (including certificates of currency of insurance from the insurer).

20 How do we resolve any dispute?

20.1 Continuing to perform despite dispute

Notwithstanding the existence of a dispute, each party will continue to perform its obligations under this agreement.

20.2 Dispute resolution mechanisms

If a party to this Agreement has a complaint or there is a dispute in relation to a matter arising under or in connection with the Agreement, the matter may be dealt with or resolved:

(a) in accordance with the complaint handling procedure provided in clause 20.8; or

(b) by mediation as provided by the Dairy Code and replicated in Schedule 2.

20.3 Termination and dispute resolution

If the matter relates to the termination of this agreement, then a reference to a party to the agreement includes a reference to a person who was a party to the agreement before it was terminated.

20.4 FDA's complaint handling officer

(a) We have a nominated a complaint handling officer to manage complaints in accordance with the complaint handling procedure provided in clause 20.8.

(b) The details of this complaint handling officer are in Schedule 2, unless notice in accordance with this agreement is provided to you with new details of the complaint handling officer.

20.5 Information for dispute reports

You will provide us with any information reasonably requested by us to assist us in complying with our dispute reporting obligations under regulation 56 of the Dairy Code.

20.6 Confidentiality and dispute resolution

The parties to a complaint or a dispute about a matter arising under or in connection with this agreement must observe the obligations about confidentiality in clause 15.

20.7 Compliance with the Dairy Code

Schedule 2 of this agreement adapts the procedures for mediation and arbitration outlined in the Dairy Code to this agreement. To the extent there is any inconsistency between Schedule 2 and the Dairy Code, then the Dairy Code prevails.

20.8 Complaint Handling Procedure

(a) A complaint in relation to a matter arising under or in connection with the agreement must be dealt with in accordance with the complaint handling procedure before the parties take action to resolve the complaint by mediation or arbitration.

(b) When a party wishes to have a matter dealt with in accordance with the complaint handling procedure (**Complainant**), the complainant must notify the other party to the agreement (**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,

(together, the **Complaint Notice**).

(c) Within 5 working days after receiving notice of the complaint under clause 20.8(b), the Respondent must give a written acknowledgement to the Complainant stating:

(i) that the Complaint Notice has been received; and

(ii) the steps to be taken to deal with the complaint.

(d) If the complaint is not resolved within 60 days after the acknowledgement was given to the Complainant under clause 20.8(c) then either party may take action to have the complaint resolved by mediation.

(e) The Complainant may, at any time, withdraw the complaint by notice in writing to the Respondent.

21 Governing law

This agreement is governed by the law in force in the place specified in the Contract Details. Each party submits to the non-exclusive jurisdiction of the courts of that place.

22 Notices

22.1 Requirements

Unless expressly stated otherwise in this agreement, all notices, certificates, consents, approvals, waivers and other communications in connection with this agreement ("**Notices**") must be:

(a) in writing;

(b) marked for the attention of the person identified in the Contract Details or, if the recipient has notified otherwise, then marked for attention in the way last notified;

(c) signed by the sender (if an individual) or an authorised officer of the sender; and

(d) either:

(i) left at the address set out or referred to in the Contract Details;

(ii) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Contract Details;

(iii) sent by email to the email address set out in the Contract Details; or

(iv) given in any other way permitted by law.

However, if the intended recipient has notified a changed postal address or email address, then the communication must be to that address or email address.

22.2 When effective

Notices take effect from the time they are received except if a later time is specified in the Notice.

22.3 Receipt – post and email address

Notices are taken to be received:

(a) if sent by post, three days after posting (or seven days after posting if sent to or from a place outside Australia); or

(b) if sent by email, at the time shown in the email as the time that the email was sent.

23 Assignment and Change in Control

(a) Subject to clause 23(b), a party will not assign, transfer, novate, encumber or otherwise deal with all or part of its rights or obligations under this agreement without the other party's prior written consent.

(b) We may assign, transfer or novate our rights and obligations under this agreement to a member of the FDA Group on notice to you without your prior written consent.

(c) You may not undergo a Change in Control without our prior written consent, which we must not unreasonably withhold or delay.

24 General

24.1 Severability

If the whole or any part of a provision of this agreement is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of this agreement has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause has no effect if the

severance alters the basic nature of this agreement or is contrary to public policy.

24.2 No relationship

Nothing in this agreement will be taken to constitute you as our employee, agent, partner or joint venturer nor are you authorised to represent yourself as acting, or to incur any obligation, on our behalf.

24.3 Entire agreement

This agreement constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

25 Interpretation

25.1 Definitions

Agreed Volume of Milk Produced at Your Dairy means the annual fixed volume of raw Milk set out in Schedule 4 that must be supplied by You and purchased by Us in accordance with the terms of this Agreement.

Business Day means a day other than a Saturday, Sunday or public holiday in Victoria.

FDA Group means FDA, its Related Bodies Corporate and its Joint Venture Partners.

Change in Control of you means:

(a) the persons who previously had Control of you cease to have Control of you; or

(b) one or more persons acquire Control of you.

Commencement Date means the date specified under that heading in the Contract Details. If there is no Commencement Date specified, then the Commencement Date is the Date of this Agreement.

Complaint Notice is defined in clause 20.8.

Confidential Information means:

(a) all confidential, non-public or proprietary information, regardless of how the information is stored or delivered, exchanged between the parties (or in our case provided by a member of FDA Group and in your case provided by your Related Body Corporate) before, on or after the Date of Agreement relating to the business, technology or other affairs of the Discloser of the information; and

(b) in our case, all information disclosed by a third party which we are required to keep confidential, and all information created by you or your Representative in the course of providing the Milk under this Agreement or in respect of Intellectual Property Rights owned by us,

but does not include information:

(c) which is in or becomes part of the public domain other than through breach of this agreement or an obligation of confidence owed to the Discloser;

(d) which the Recipient can prove by contemporaneous written documentation was:

(i) already known to it at the time of disclosure by the Discloser (unless such knowledge arose from disclosure of information in breach of an obligation of confidentiality); or

(ii) independently developed by the Recipient without reference to the Confidential Information of the Discloser; or

(e) which the Recipient acquires from a source other than the Discloser or any of its representatives where such source is entitled to disclose it.

Contract Details means the section of this agreement headed “Contract Details”.

Contract Representatives means the persons nominated by each party to act as representatives for the purpose of resolving disputes and communicated to the other party from time to time.

Contract Term is defined in clause 10 (Duration of this agreement).

Control in relation to any entity, means:

(a) in our case, our ability directly or indirectly to direct the management and policies of such entity, whether through ownership of 30% or more of the share (or any other percentage that entitles

shareholders to participate in the governance of the entity), by contract, credit arrangement or otherwise; and

(b) in your case, the ability (whether it is legally enforceable or not) to control, whether directly or indirectly, the composition of the board of directors (or other governing body) of that entity, the voting rights of the majority of voting securities of the entity, or the affairs of the entity.

Control Limit means the specification level at which milk will not be accepted.

Controller has the meaning given to it in the Corporations Act.

Corporations Act means the Corporations Act 2001 (Cath).

Dairy means the dairy situated at the location or locations in the key terms.

Dairy Code means the *Competition and Consumer (Industry Codes – Dairy) Regulations 2019* (Cth), as updated from time to time.

Date of Agreement means the date on which the last party executes this agreement.

Delivery Intervals means the frequency with which you will supply the Milk as specified Summary of Key Terms Section C

Discloser means the party disclosing Confidential Information.

Estimated Volume means the volume of milk you estimate will be produced from your farm in total during each month of the year.

Non-Exclusive Supply Agreement means an agreement between the Farmer and FDA which allows the Farmer to supply milk to another dairy processor from the farm address during the Supply Period.

Failed Milk is defined in clause 3.4(c).

Failed Milk Corrective Action is defined in clause 3.4(c).

Field Services Representative means FDA's field services representative as specified in Schedule 7 or as otherwise notified in writing from time to time.

A **Fundamental Breach** means any material breach of this Agreement and includes:

(a) a material breach by you that is incapable of remedy;

(b) subject to clause 5.4, if FDA is late making a payment and does not to rectify that failure within 14 days' of receiving notice in writing from you to do so;

(c) regular or habitual breaches by you of the same provision of this agreement whether or not they are remedied which collectively constitute a material breach;

(d) a significant number of breaches of this agreement by you which are not remedied and collectively constitute a material breach;

(e) where permitted by law, if either party becomes Insolvent; and

(f) a Change in Control in you occurs without our written consent where such Change in Control is reasonably likely to materially impact on your ability to perform your obligations under this Agreement.

General Terms means the section of this agreement headed "General Terms".

GST has the meaning it has in the GST Act.

GST Act means A *New Tax System (Goods and Services Tax) Act 1999* (Cth).

GST law has the meaning given to that term in the GST Act, if that Act does not exist for any reason, means any Act imposing or relating to the imposition or administration of a goods and services tax in Australia and any regulation made under that Act.

A person is **Insolvent** if:

(a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or

(b) it has had a Controller appointed or is in liquidation, in provisional liquidation, under administration or wound up or has had a Receiver appointed to any part of its property; or

(c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other party to this agreement); or

(d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or

(e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or

(f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this agreement reasonably deduces it is so subject); or

(g) it is otherwise unable to pay its debts when they fall due; or

(h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Intellectual Property Rights means all intellectual property rights including current and future registered and unregistered rights in respect of copyright, designs, circuit layouts, trademarks, trade secrets, know-how, confidential information, patents, invention and discoveries and all other intellectual property as defined in article 2 of the convention establishing the World Intellectual Property Organisation 1967.

Joint Venture Partner means any entity other than a Related Body Corporate over which we have direct or indirect Control.

Loyalty Payments means an amount payable to the Farmer under a milk supply agreement because the agreement is not terminated before the end of the supply period of the agreement (whether or not the agreement describes the amount as a loyalty payment, and whether or not the payment is subject to other conditions).

Levies means any levy or charge including government taxes and duties paid on your behalf by us as set out in Schedule 5.

Milk means raw milk produced at the Dairy to be supplied under this agreement.

Milk Price is defined in clause 4.1 (Milk Price) and includes the Minimum Price.

Minimum Price means the lowest price payable, for a period, under the agreement for milk supplied during the period, disregarding:

(a) Loyalty Payments; and

(b) any possibility of a Unilateral Prospective Stepdown; and

(c) any fees payable by the Farmer under this agreement.

Milk Supply Policy means the conditions relating to best practice farming applicable to you in the production of Milk contained in schedule 1.

Payment Period means each calendar month during the Contract Term.

PPSA means the *Personal Property Securities Act 2009* (Cth).

Quality Assurance Program means an accredited hazard and critical control point program (HACCP) required by us.

Quarter means any consecutive three-month period.

Receiver includes a receiver or receiver and manager.

Recipient means the party receiving Confidential Information.

Related Body Corporate has the meaning given to it in the Corporations Act.

Relevant Law means any statute, ordinance, code or other law including regulations under them and any code of practice, membership rules or standards issued by relevant regulators or industry bodies, whether or not having the force of law, applicable to this agreement, the Confidential Information, the Supply, the provision of the Supply or any other obligations performed under this agreement.

Representative of a party includes an employee, agent, officer, director, auditor, advisor, partner, consultant, contractor or sub-contractor of that party. For us, as at the date of this agreement, this includes the Field Services Representative whose details are included at Schedule 7. FDA may change the Field Services Representative from time to time by notice in writing to you.

Retrospective Stepdown means a variation of this agreement that reduces a Minimum Price for milk supplied under the agreement before the variation occurs.

Security Interest has the meaning given to it in section 12 of the PPSA.

Shrinkage means that the volume of Milk delivered to us is less than the volume of Milk collected at the Dairy from you (for example through minor spillages during collection or delivery or through the inability to completely drain milk from a tanker).

Specifications means the specifications set out in Schedule 3, which you will meet in accordance with the provisions of Schedule 3.

Supply means the supply of Milk pursuant to this agreement.

Tax Invoice has the meaning given to it in the GST Act.

Taxes means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them except if imposed on, or calculated having regard to, our net income.

Tier Pricing means the Minimum Price payable for a specified amount of Milk supplied during a period is greater than the Minimum Price for Milk supplied in excess of the specified amount.

Unilateral Prospective Stepdown means a unilateral variation of this agreement by FDA that reduces a Minimum Price for Milk supplied under the agreement after the variation occurs.
Year means the 12-month period ending on 30 June each year.

25.2 Headings

Headings are included for convenience only and are not to affect the interpretation of this agreement.

Schedule 1 Milk Supply Policy

INTRODUCTION

This Milk Supply Policy document sets out the terms and conditions for dairy farmers who supply milk to FDA. This Milk Supply Conditions document may be updated and amended during the year in accordance with the milk supply agreement. For clarity, in this document we refer to all milk quality standards and factory procedures as FDA standards, and all pricing information is referred to as FDA pricing.

MILK PRICING

The specific details of milk pricing are set out in Schedule 5.

Component Payment System

Payments to Suppliers are made in terms of $ per kilogram of fat and $ per kilogram of protein - and expressed in total as $ per kilogram of milk solids (MS). FDA quotes milk prices at a reference solids value of 4.0% butterfat and 3.2% protein, with a protein to fat ratio of 2:1

Stop Charges

FDA does not have a stop charge for milk collections.

Milk Payments

FDA will pay for all purchases during each monthly supply period of the Contract Term on or before 15 days after the end of the calendar month to which that invoice relates.

MILK QUALITY

Bactoscan IBC, Thermoduric and Retesting

FDA Bactoscan IBC (Bacto) and Thermoduric retest regimes were put in place in order to recognise those suppliers with good quality Bacto and Thermoduric records. The use of a retest result is in accordance with the guidelines outlined below:

Milk is tested at least twice a month for microbiological quality using Bactoscan and Thermoduric tests.

Bactoscan test

This is a rapid test which counts all bacteria by staining bacterial DNA. The result is a count of bacterial cells contained in the raw milk sample.

Thermoduric test

This test identifies bacteria that can survive a heating process. These bacteria can cause product spoilage and may affect food safety. This test takes a minimum of 72 hours to complete.

Sampling

If a random sample result for either test identifies milk as being Grade 2, Grade 3 or Grade 4 quality (refer to Milk Quality Payment Matrix in Schedule 5) for Bactoscan or Thermoduric, FDA will continue testing each subsequent milk consignment until three consecutive Grade 1 Premium results are achieved for the relevant test.

The first three results outside Premium in a given testing cycle attracts no discount. For the fourth (and any further) consignment that is 2nd Grade, 3rd Grade or 4th Grade quality for Bactoscan or Thermoduric (as applicable), a percentage deduction to those consignments will apply.

It is the suppliers' responsibility to use the SMS/email/internet (FDA Portal) system to monitor milk quality results. Additional samples may be tested for the Milk supplier but will not be used to adjust existing results.

A supplier who supplies more than 60 days of Grade 3 or Grade 4 Bactoscan or Thermoduric (considered separately) milk across a rolling 12-month period may upon written notice have their milk collection suspended by FDA until the supplier demonstrates their milk production has returned to Grade 1 Premium for all quality parameters.

Somatic Cell Count (SCC) - monthly weighted average

SCC testing measures the number of white blood cells (somatic cells) in milk and is a measure of mastitis in the herd.

Each farm's milk consignment is tested for SCC with results reported to the supplier. FDA calculates a monthly weighted average by taking into account the total SMCC of the supplier's milk and litres collected, as set out below.

Calculation of the monthly SCC weighted average

The weighted average is determined in two steps:

1. The pickup cell count is determined by multiplying daily pick up litres by the total SCC for that daily pick up.
For example, Day 1 pickup of 2,000 litres x 240,000 SCC = 480,000,000;
Day 2 pick up of 2,100 litres x 300,000 SCC = 630,000,000; etc.

2. The monthly sum of the pickup cell counts is then divided by the total litres supplied in that month by the supplier.
For example, total cell count of 15,900,000,000 in the month ÷ 64,150 litres in the month = SCC monthly weighted average of 247,857 (Grade 1 Premium)

Where results are consistently above 400,000 SCC, FDA representative will advise suppliers that collection may be suspended until FDA is satisfied that a suitable mastitis control program has been put in place and SCC results have improved. During suspension, suppliers must have three consecutive representative tests less than 400,000 to recommence milk collection. The supplier is responsible for making arrangements to test the milk. After recommencing milk collection, suspension from supply will recur should the monthly weighted average SCC exceed 400,000 again.

Temperature

Milk will not be collected from Farmers who consistently exceed collection temperature requirements. Milk cooling systems must comply with the requirements of FDA's Milk Quality Assurance program (Suppliers who fail to comply with quality assurance requirements may have their Farm Quality Assurance accreditation revoked (*after being given suitable opportunity to correct the problem*)).

Milk temperature will be measured using a thermometer of the transport company at the time of collection. Although the State Regulatory Authority in Vic requires milk to be cooled to less than 5 degrees Celsius within 3 ½ hour from the commencement of milking for practical reasons FDA requires that you aim to have your milk collected at 4°C or less with a maximum control Limit: ≤5C within 2 hours of milking.

Should your milk collection occur within 2 hours from the completion of milking then milk may be collected at temperatures above 5ºC subject to compliance with the following temperature chart:

Time after milking finished	Time 0*	Time 0 – 1 Hr	Time 1 – 2 Hr	Time >2 Hr
1st Milking	25°C	15°C	8°C	5°C
2nd- 4th Milking	15°C	10°C	6°C	5°C

Discretion will be applied by FDA's Field Services Representative with respect to the temperature of milk collected in the immediate hours following the completion of milking.

Extraneous Matter

This test is done on tankers initially and individual samples are only taken when there is a problem with the tanker. Farmers will be contacted regarding problems as they arise.

Freezing Point

This test is to detect added water. Suppliers will be notified of issues if they arise.

Poor Milk Quality

Suppliers who have poor quality milk (i.e., high Bacto, high Thermodurics, high SCCs, high Temperature, etc.) will be advised in writing and collection may be suspended until FDA Representative is satisfied that a suitable milk hygiene program has been put in place. Milk

collection may cease entirely if poor milk quality persists over the course of three months.

Communication of Milk Quality Results

All milk test results are available within approximately 36 hours of the milk being collected. Tests are available by SMS/email/internet (FDA Portal).

Suppliers are reminded that the tanker docket system may not always be available, and it is recommended that they use the electronic methods for regular retrieval of milk quality and production results. The email/SMS/internet system is the most timely and efficient way of getting your results.

Insurance Cover

All suppliers are advised to have adequate insurance to cover any and all incidences of milk loss, contamination or damage to other supplier's milk in the milk tanker.

FDA will not be responsible for payment of milk not collected or not utilised by FDA due to:

Milk contamination as defined by these Conditions of Supply -

- Inhibitory substances
- Milk temperature
- Adverse weather conditions
- Where the farm has restricted access due to safety, or notified public health reasons – such as animal disease (botulism, FMD, Anthrax) etc.
- Road access – specifically lack of adequate road access due to weather conditions: Farmers are reminded that they must have 24-hour, all-weather access and safe road access for milk tankers under all weather conditions to the dairy (see transport section 6 for further details).

Inhibitory Substances and Residues

FDA strongly encourages suppliers to discuss with FDA Representative any suspect milk before pick-up and take advantage where necessary of the preliminary testing if advised to do so. FDA strives to remove the risk of contaminated milk entering the processing system.

Inhibitory substances can include, but are not limited to: antibiotics, pesticides, herbicides, detergents (especially quaternary ammonium compounds), blood, and colostrum. These substances, especially antibiotics, can have extreme effects on the manufacturing processes.

All tankers are AB tested upon arrival at a processing facility with subsequent additional testing for individual farmer's milk if there has been a positive antibiotic result. The penalty for supplying milk not suitable for human consumption is non-payment for that collected milk volume.

If a positive result is detected on the tanker, the milk will be segregated while further testing is conducted. Each supplier's vat sample is then checked for the presence of inhibitory substances and the offending supplier will be notified.

Once the offending supplier is notified it is the supplier's responsibility to have the next consignment of milk tested before the next tanker collection. Positive milk tanker results can be reported to the State Food Authority immediately. Where a supplier has tested positive for antibiotics through routine testing procedures, FDA reserve the right to have an audit conducted of the offending suppliers Quality Assurance Program, at the supplier's cost, to assist with improving the farm management system if repeat milk contaminations occur.

Costs

Please note that it is the position of this policy document that any milk suspected of being contaminated as described by this policy document, will not be accepted and therefore not collected or paid for. If unacceptable chemical, residues, antibiotics and other factors leading to the rejection of milk are found present in milk supplied, a farmer will be subject to the terms below.

If a supplier supplies milk which subsequently tests positive for any of the factors listed above and FDA does not use the milk for human consumption, the supplier will not be paid for their milk. If the contaminated milk has been collected by the milk tanker, the relevant supplier will be responsible for the cost of the milk in the tanker including the following costs:

- The total cost of all the milk in the tanker, if any, that is not the offending suppliers milk (at the current value of the milk as determined by the relevant processor, ex GST)
- Freight costs (ex GST as determined by the relevant logistics company)
- Disposal costs (ex GST as incurred by the relevant logistics company)

If antibiotic or contaminated milk is supplied by more than one supplier for that tanker run, milk will not be paid for and the costs will be applied on a litre pro-rata basis across those suppliers who supplied contaminated milk to that tanker.

FDA will commence deductions from your monthly milk payment in the next pay period, and the amount owing will be deducted over four (4) equal instalments.

If, however any milk supplied by a farmer is deemed by FDA suitable for human consumption, the supplier will be paid for the milk supplied.

QUALITY ASSURANCE PROGRAM

It is the Suppliers responsibility to ensure that their Farm Quality Assurance manuals are compliant with relevant state authority requirements and that recording sheets and manuals are kept updated. All dairy producers are required to have an approved and audited Food Safety Program. They must comply with state legislation and FDA requirements with regards to auditing of these systems by, or for, the authorities. Any farmer that fails an audit (Critical Non-conformance) could be immediately suspended from supply until the cause of the failure is rectified. Suppliers who have a minor or major non-conformance entered on their audit will be given time to rectify the issue.

FDA Representative is available for assistance in implementing an on-farm quality system. For purposes of compliance, FDA's Representative has developed Farm Quality Assurance Manual which FDA suppliers are required to implement. All forms and manuals are available from FDA's Representative.

Stock Feed

Suitability of Feed for Animal Use

Vendor declarations must be sought for all feed stuffs as part of each suppliers On Farm Quality Assurance Program. The Vendor Declarations should identify the supplier of the feed, give a description of the stock feed and date of supply, and should guarantee that the feedstuffs are suitable for use for dairy cows in line with current dairy industry standards (which includes being free from chemical residues and ruminant animal material).

Genetically Modified Feed

FDA does not permit its suppliers to use genetically engineered or genetically modified (GE/GM) feed. It is a requirement that suppliers avoid GE/GM feed for their cows and seek warranties (vendor declarations) in regard to the GE/GM status of purchased feed.

Animal Health

The Australian dairy industry has in place a National Dairy Industry Animal Welfare Strategy (NDIAWS) and the federal government also has an Australian Animal Welfare Strategy to ensure the best possible welfare standards for Australian animals. FDA endorses these strategies and expects all its farmers to maintain the highest standards of animal welfare practices on their farms.

The safety of milk for consumers is essential. Cows must be managed in a manner that prevents the introduction of hazards to the milk. If suppliers notice unusual symptoms such as dramatic shifts in production, skin lesions, sudden deaths, downer cows, etc.; they should immediately remove and isolate any suspect cows from the milking herd. It is a supplier's responsibility to contact their veterinary officer and if necessary, report any incident of concern to FDA Representative. Pick up may be suspended during an investigation if recommended by either a veterinary officer or a state authority. Suppliers are reminded that they should have insurance to cover any milk lost in circumstances such as this. Milk will not be picked up from herds infected with notifiable diseases unless it is deemed safe by the relevant authorities.

Issues that may affect our ability to pick up milk (but not limited to):

- Pesticide and chemical poisoning
- Botulism, Anthrax
- Foot and mouth disease

Vaccinations for diseases such as botulism, three-day sickness, leptospirosis; etc., are recommended as best practice in order to minimise the occurrence of such diseases on farms.

In the event that a supplier does not notify, or delays notifying, FDA Representative of an incident we may cease milk collection immediately and FDA reserves the right to cease collection on a permanent basis.

Enzootic Bovine Leucosis (EBL) and Bovine Johnes Disease (BJD)

Suppliers must comply with individual state legislation relating to BJD and EBL testing. It is the aim that all suppliers milk supplied to FDA shall be EBL free (monitored free). If a breakdown occurs, suppliers shall follow the state EBL testing protocol. For herds over 200 cows, sub sampling will be used in line with state statutory guidelines. FDA has the right to ask suppliers to supply evidence of what their current EBL status is.

MILK TRANSPORT

Sampling of Milk

Bulk milk samples will be taken using aseptic proportional milk sampling devices. Suppliers who have concerns regarding tanker drivers or sampling methods should immediately report this to FDA Representative.

Collection requirements include:

- Collection on a previously agreed daily or skip a day basis except in emergencies.
- The tanker must empty the vat (however, this may not occur for logistical reasons) or take only the contracted volume.

Farm Access

In order to guarantee the safety of suppliers, drivers and animals and to facilitate the efficient collection of milk, FDA requires all farms to have acceptable dairy access.

The minimum suitable standard includes:

- An all-weather access road to provide safe access for the milk tanker.
- No towing of trucks will be permitted under any circumstance.
- No reversing of tankers into a farm from a public road
- No cows are permitted to walk on tanker access tracks, especially where the milk tanker stops to begin pumping - This is essential for OH&S and biosecurity reasons on farm.

All suppliers are encouraged to have an entrance that allows milk tanker access from either left or right direction to their property for safe entry and exits without the need for the milk tanker to verge onto the opposite side of the road.

There are times of the year when milk production may exceed a supplier's storage capacity even on daily collection. Farmers may also be unfortunate enough to have a refrigeration failure that is not immediately repairable. In these types of situations, the farmer may request one additional pickup. At its discretion, FDA will attempt to assist the farmer by providing an additional daily collection. Milk must meet temperature provisions as the additional collection is at the election of the farmer and not FDA, unless FDA has agreed to assist a farmer with a refrigeration problem.

Milk Vat Requirements

Suppliers are advised to have a milk vat capacity of at least 1.5 times peak daily production.

Behavioural Standards

It is the intent of this policy to provide a safe workplace that offers all people associated with our business with an environment that is free from abusive and offensive behaviour. If FDA believes that such behaviour has occurred (this will be at FDA's discretion), and it is determined the offensive behaviour was caused by a FDA supplier or the supplier's employee, the supplier will be suspended from milk pick up until FDA believes a suitable atonement has been made.

Schedule 2 Mediation

Appointment of mediator

1.1 **Mediation Adviser** means the person appointed as mediation adviser under regulation 44 of the Dairy Code by the Minister for Agriculture, Drought and Emergency Management (Federal).

1.2 The parties must request the Mediation Adviser to appoint a mediator for the dispute.

1.3 The Mediation Adviser:

(a) must appoint a mediator within 14 days after receiving the request under subclause 1.2 unless the Mediation Adviser is satisfied that the complaint giving rise to the dispute:

(i) is frivolous or vexatious; or

(ii) has previously been the subject of another mediation; and

(b) must give the parties to the dispute, in writing, details of the mediator appointed.

Conduct of mediation

1.4 Subject to subclause 1.5, the mediator must decide:

(a) how the mediation is to be conducted (for example, by telephone or in meetings); and

(b) the time and place for the mediation; and

(c) the day the mediation commences for the purposes of this Agreement.

1.5 The mediation must be conducted in Australia.

Notice of commencement of mediation

1.6 Within 14 days after the mediation has commenced, the mediator must notify the Mediation Adviser, in writing, that the mediation has commenced and of the nature of the dispute.

Attendance at mediation

1.7 Each party to the dispute must attend the mediation and attempt to resolve the dispute.

1.8 For the purposes of subclause 1.7, a party is taken to attend a mediation to attempt to resolve a dispute if the party is represented at the mediation by a person who has authority to enter into an agreement to settle the dispute on behalf of the party.

Notice of successful mediation

1.9 If an agreement is reached in relation to the dispute, the mediator must, within 14 days after the agreement is reached:

(a) set out, in writing, the terms of the agreement; and

(b) give a copy of the terms to each party to the dispute; and

(c) notify the Mediation Adviser that an agreement has been reached.

1.10 The party who requested the mediation may, at any time, withdraw the complaint that is the subject of the dispute by notice in writing to the other party to the dispute and the mediator.

Termination of mediation

1.11 The mediator conducting a mediation of a dispute in accordance with this Agreement:

(a) may terminate the mediation at any time if the mediator is satisfied that a resolution of the dispute is not likely to occur; and

(b) must terminate the mediation if the party who requested the mediation requests the mediator to do so.

1.12 If a dispute that is the subject of mediation in accordance with this Agreement is not resolved within 30 days after the mediation commenced:

(a) the respondent to the mediation may ask the mediator to terminate the mediation; and

(b) the mediator must do so.

1.13 If the mediator terminates a mediation under subclauses 1.11 or 1.12, the mediator must issue a certificate stating:

(a) the names of the parties to the mediation; and

(b) the nature of the dispute that was the subject of the mediation; and

(c) that the mediation has been terminated; and

(d) that the dispute has not been resolved.

1.14 The mediator must give a copy of the certificate to:

(a) the Mediation Adviser; and

(b) each party to the dispute.

Costs of mediation

1.15 Each party to a dispute that was the subject of a mediation must pay half the costs (if any) of the mediation (being all reasonable costs associated with the conduct of the mediation).

Schedule 3 Specifications

Raw Milk Specification

All raw milk supplied must comply with the requirements of the FSANZ Food Standards Code (ref 4.2.4) and other Statutory / Regulatory requirements as prescribed in addition to the criteria defined within the specification. FDA has an expectation that the raw milk supplied will meet or exceed the Targets in the raw milk specification.

<table>
<tr><th>Test</th><th>Result</th><th>Application</th></tr>
<tr><td>Butterfat</td><td>Target Butterfat Content 4.0% m/v; Specification minimum Butterfat Content 3.6% m/v; Control Limit ≥3.2%. Test methodology based on International Dairy Federation (IDF) Standard 141C:2000.</td><td>Tested Each Pickup</td></tr>
<tr><td>Protein</td><td>Specification minimum Protein Content >3.3% m/v; Control Limit is 3.1%. Test methodology based on IDF Standard 141C:2000.</td><td>Tested Each Pickup</td></tr>
<tr><td>Somatic Cell Count (SCC)</td><td>SCC is an indicator of the quality of milk. The number of somatic cells increases in response to pathogenic bacteria like Staphylococcus aureus, a cause of mastitis. Target ≤250,000. Control Limit 600,000 Refer to milk quality payment scale. Test methodology based on IDF Standard 148-2:2006 (E).</td><td>Tested Each pickup</td></tr>
<tr><td>Bactoscan IBC</td><td>Tests for overall dairy farm milk hygiene program. Target ≤80,000. Control Limit 300,000 Refer to milk quality payment scale. Test methodology based on IDF Standard 161A:1995 & Australian Standard (AS) 5013.5-2004.</td><td>At least twice per month</td></tr>
<tr><td>Thermoduric</td><td>Test for heat resistant Bacteria. Target ≤2,000. Control Limit 10,000. Refer to milk quality payment scale. Test methodology based on AS 5013.28 & AS 5013.14.2</td><td>At least twice per month</td></tr>
<tr><td>Temperature</td><td>Milk temperature will be measured using a thermometer of the transport company at the time of collection. Although the State Regulatory Authority in Vic requires milk to be cooled to less than 5 degrees Celsius within 3 ½ hour from the commencement of milking for practical reasons FDA requires that you aim to have your milk collected at 4°C or less with a maximum control Limit: ≤5C within 2 hours of milking.

Should your milk collection occur within 2 hours from the completion of milking then milk may be collected at temperatures above 5ºC subject to compliance with the following temperature chart:

<table>
<tr><th>Time milking finished</th><th>Time 0*</th><th>Time 0 – 1 Hr</th><th>Time 1 – 2 Hr</th><th>Time >2 Hr</th></tr>
<tr><td>1st Milking</td><td>25°C</td><td>15°C</td><td>8°C</td><td>5°C</td></tr>
<tr><td>2nd - 4th Milking</td><td>15°C</td><td>10°C</td><td>6°C</td><td>5°C</td></tr>
</table>

Discretion will be applied by FDA’s Representative with respect to the temperature of milk collected in the immediate hours following the completion of milking.</td><td>Check prior to every pickup</td></tr>
<tr><td>Freezing Point</td><td>Test to detect added water. Freezing point must be no greater than -0.517°C.

Test methodology based on IDF standard 108:2002.</td><td>Random checks will be conducted</td></tr>
</table>

Test	Result	Application
Antibiotics and Other Inhibitory Substances	Target: zero. Control Limit: Clear of antibiotics (<0.003 ug/ml) and other inhibitory substances. FDA's Representative offer farmer's the option to have their vat tested for antibiotics and other inhibitory substances prior to collection on a fee-for-service basis. This may provide an assurance regarding compliance with this specification; however, eligibility for payment is determined by the official tests undertaken upon delivery to a processor or by the random tests undertaken by FDA's Representative. If a farmer suspects milk from a cow treated with antibiotics has been milked into the vat, please contact FDA's Representative.	Antibiotics tests will be conducted on each tanker before unloaded to a processor / manufacturer
Blood in Milk	No Blood in Milk	Sensory check prior to every pickup
Sour Milk	Clear	Sensory check prior to every pickup
Extraneous Matter (Sediment)	Clear	Random checks will be conducted
Colostrum	Clear – Colostrum should be withheld from milk supply for at least 96 hours after calving.	Sensory check prior to every pickup
Stock Feed	FDA's Representative On-Farm Quality Assurance Program requires the suitability of all stock feed to be assured. Regulatory compliance, including compliance with the ruminant feed ban, must be guaranteed. Milk sourced through FDA's Representative must be GMO free. Compliance with this requirement will be audited and verified by random tests undertaken by FDA's Representative.	Random checks will be conducted

Schedule 4 Milk Volume

Agreed Volume of Milk Produced at Your Dairy: <INSERT Address>

This is a NON-EXCLUSIVE Agreement

This is a fixed volume Supply Agreement with an annual volume of <insert volume of Milk> litres of Milk >

You may supply any of your Milk to other parties during the Supply Period.

If at any time during the Supply Period you intend to supply one or more other processors at the same time as FDA, we request that you provide us with at least 14 days' prior written notice of this intent, for safety and operational reasons.

We may also need to discuss additional farm safety measures with you.

Estimated Volume as at Commencement Date

	Monthly litres	Fat content (%)	Protein content (%)	Milk Fat (KG)	Protein (KG)	Milk Solids (KG)
Jul						
Aug						
Sep						
Oct						
Nov						
Dec						
Jan						
Feb						
Mar						
Apr						
May						
Jun						
Total						

Schedule 5 Milk Price

Milk Price

The Minimum Price is based on the supply of grade 1 quality milk and is the minimum monthly butterfat and protein price paid in each month for the 2021/22 season.

For the supply of Grade 1 quality milk, the overall opening minimum price is $6.80 per kilogram.

This price is based on butterfat and protein at a ratio of 1:2 and reference milk solids of 4.0% butterfat and 3.2% protein

Payments to Suppliers are made in terms of $ per kilogram of fat and $ per kilogram of protein and paid as at the Commencement Date of this Agreement is as follows:

For the 2021/22 Milk Year	Opening minimum price
Butterfat	**$4.71 per kilogram**
Protein	**$9.42 per kilogram**

Quality deductions apply in accordance with the Milk Supply Policy (see Schedule 1) and this Schedule 5 (see Milk Quality Payment Matrix below).

The opening Milk Price represents the Minimum Price you will be paid for the relevant Year.

Justification of the Minimum price

The opening minimum price has been determined based on an assessment of the expected dairy market and general business conditions for the 2021/22 Milk Year.

The factors which FDA consider in setting the minimum price include:

- evaluation of expected dairy market conditions in particular export dairy market conditions, with variable factors including global commodity prices and exchange rates;
- anticipated milk supply volumes and strong competition for milk;
- costs of dairy manufacturing including operating and overhead costs; and
- providing certainty to our milk supplier base.

FDA may increase (step-up) the Milk Price during based upon prevailing business conditions.

Step-ups may be retrospective or not depending upon business conditions. If a step-up is retrospective, you will be paid the step-up value on all Milk you supply from the commencement of the current Year.

Milk Quality Payment Matrix
FDA's quality requirements for milk supplied under this agreement are set out in the milk supply policy.

Grade 1 Premium is the base payment for milk. All other grades incur a percentage deduction.

Quality Parameters	Test Frequency	Grade 1 Premium	Grade 2	Grade 3	Grade 4	Basis of quality percentage deduction
Bactoscan	Per pick up	<80,000	80,001 – 200,000	200,001 – 300,000	>300,000	
Somatic Cell Count - SCC	Per pick up	<250,000	250,001 – 400,000	400,001 – 600,000	>600,000	Monthly (weighted average)
Thermoduric	At least twice per month	<2,000	2,001 – 5,000	5,001 – 10,000	>10,000	Per pick up

The following percentage deduction rates to be applied.

Grade	% Deduction of Milk Price	Action
Grade 1 Premium	0%	Milk delivered in specification.
Grade 2	-5.00%	Corrective action required.
Grade 3	-10.00%	Corrective action urgent. Action Plan to be submitted to FDA's Representative for approval.
Grade 4	-20.00%	Corrective action urgent. Action Plan to be submitted to FDA's Representative for approval. Collection may be suspended. Enquire with FDA's Representative regarding alternative supply options.

Dairy Levy

Levies and membership fees to be deducted under the following legislation:

- Primary Industries Levies and Charges Collection Act 1991
- Primary Industries (Excise) Levies Act 1999
- Other associated legislation.

Levies exclude GST.

Stop Charges

FDA does not have a stop charge for milk collections.

Schedule 7 – Special Conditions